



Provisional Version
11 May 2021

Transparency and regulation of donations to political parties and electoral campaigns from foreign donors

Report¹

Committee on Political Affairs and Democracy

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Summary

Political parties and electoral campaigns are key elements of the democratic decision-making process. Citizens' trust in the integrity of this process is of crucial importance to ensure acceptance and resilience of democracy.

There is growing concern with regard to the integrity of democratic decision-making in Council of Europe member States in light of recent reports about improper or illicit interference through financial contributions by foreign States or State-linked entities to political parties and electoral campaigns.

The report argues that such contributions may constitute an inappropriate influence on a State's political processes, democracy, and State integrity and sovereignty.

While legal regulations governing financial contributions to political parties and electoral campaigns from foreign sources are in place in many countries, the report identifies a number of loopholes which circumvent such regulations.

The draft Resolution contains concrete proposals to address the deficiencies of existing regulations and of their enforcement. The draft Recommendation calls on the Committee of Ministers to consider carrying out further work in the field of foreign financing of political parties and electoral campaigns.

¹ Reference to committee: Doc.14818, Reference 4438 of 12 April 2019.

A. Draft resolution²

1. Political parties play a key role in the democratic systems of Council of Europe member States. They are essential tools of expression of the political will of citizens and of organising political debates and campaigns in a democratic society.
2. Citizens' confidence in the integrity and independence of the democratic decision-making process is of crucial importance to ensure acceptance and resilience of democracy. In political systems based on political parties, the citizens' trust in the integrity of political processes also depends on the internal functioning of a political party including its financing and accountability and the prevention of corruption.
3. While the systems of political financing and the rules governing party and campaign funding differ in Council of Europe member States according to their distinct political, historical, social and cultural characteristics, the Assembly, referring to its [Recommendation 1516 \(2001\)](#) "Financing of political parties", reaffirms the general principles with respect to the financing of political parties and electoral campaigns: a reasonable balance between public and private funding, fair criteria for the distribution of state contributions to parties, strict rules concerning private donations, a threshold on parties' expenditures linked to election campaigns, complete transparency of accounts, the establishment of an independent audit authority and meaningful sanctions for those who violate the rules.
4. The Assembly recalls the Committee of Ministers Recommendation Rec(2003)4 "on common rules against corruption in the funding of political parties and electoral campaigns". This recommendation, which builds on Assembly [Recommendation 1516 \(2001\)](#), provides fundamental principles for political financing and expenditure as well as provisions on transparency and supervision in this area. In particular, it provides in its Article 7 that "States should specifically limit, prohibit or otherwise regulate donations from foreign donors."
5. The Assembly takes note that citizens express growing concern with regard to the integrity of democratic decision-making in Council of Europe member States in the light of recent reports about improper or illicit interference through financial contributions by foreign States or State-linked entities to political parties and electoral campaigns. It is worried that the attempts to interfere in a country's democratic decision-making through financial contributions are increasingly combined with other means of interference such as disinformation and cyberattacks.
6. The Assembly acknowledges that both the role of migration and of the digital revolution have contributed to an increasing interdependence between Council of Europe member States, their citizens, democratic decision-making processes and public spaces. This development poses challenges for regulating financial contributions to political parties and electoral campaigns from foreign sources and its enforcement.
7. The Assembly condemns all attempts by Council of Europe member States and non-member States to interfere improperly or illicitly in democratic decision-making processes in other States through financial contributions to political parties and electoral campaigns.
8. In particular, the Assembly:
 - 8.1. outlines that co-operation and dialogue between citizens and political organisations of different Council of Europe member States help to increase mutual understanding and serve to maintain a constant dialogue. Regulating financial contributions to political parties and electoral campaigns from foreign sources should not discourage such co-operation;
 - 8.2. stresses that regulations governing the funding of political parties and electoral campaigns should not impede the work of NGOs and political foundations as these organisations are important actors of civil society. The important role of foreign organisations contributing to democracy building should be recognised. The Assembly refers to [Resolution 2362 \(2021\)](#) "Restrictions on NGO activities in Council of Europe member States" in which member States are urged to "ensure that NGOs can seek, secure and use financial and material resources of both domestic and foreign origin, without suffering discrimination or encountering unjustified obstacles, in line with the recommendations included in the Venice Commission "Report on the funding of associations" (Paragraph 10.7.);

² Draft resolution adopted by the committee on 11 May 2021.

- 8.3. acknowledges that different legal regimes exist in member States, allowing or prohibiting financial co-operation between political parties representing national minorities and States inhabited by members of the respective group, including as part of electoral campaigns;
- 8.4. acknowledges that different legal regimes exist in member States, allowing or prohibiting financial contributions to their national political parties by their citizens residing abroad and by foreign citizens permanently residing in the respective member State;
- 8.5. stresses that regulations governing financial contributions to political parties and electoral campaigns from foreign sources must comply with the European Convention on Human Rights, particularly with Article 10 (Freedom of expression) and Article 11 (Freedom of assembly and association).

9. The Assembly expresses serious concern that legal loopholes in the existing regulations governing financial contributions to political parties and electoral campaigns from foreign sources are or could be exploited, and that regulations could be deliberately circumvented, *inter alia*:

- 9.1. by contributing in-kind instead of in-cash;
- 9.2. by providing loans;
- 9.3. by contributing in-kind or in-cash to politicians and political candidates instead of political parties and electoral campaigns;
- 9.4. via intermediary individuals or companies;
- 9.5. via straw companies deliberately created to establish a legal presence in the target country;
- 9.6. by contributing to foundations, associations, charities, religious organisations and other non-profit or non-governmental organisations with the aim to covertly benefiting a political party or electoral campaign, thus diverting the funding from the original goal of a non-profit or non-governmental organisation;
- 9.7. by using cryptocurrencies;
- 9.8. by contributing anonymously or by exploiting de-minimis or cash rules;
- 9.9. by concealing the foreign contribution in a business operation, particularly in the energy or natural resources sector.

10. The Assembly expresses serious concern that the exploitation of legal loopholes and the deliberate circumvention of existing regulations governing financial contributions to political parties and electoral campaigns from foreign sources can be performed in order to:

- 10.1. allow political campaigning by third parties which are subjected to less strict transparency requirements than political parties participating in electoral campaigns;
- 10.2. combine financial interference in a country's democratic decision-making process with other tools of interference, such as disinformation and cyberattacks;
- 10.3. combine financial interference in a country's democratic decision-making process with money-laundering and other criminal activities.

11. The Assembly believes that member States should seriously consider the risk of inappropriate or illicit foreign financial interference and should recognise potential interconnection with disinformation and cyberattacks. Consequently, it calls on member States to review their regulations governing financial contributions to political parties and electoral campaigns from foreign sources, including their enforcement, by in particular:

- 11.1. specifically limiting, prohibiting or otherwise regulating financial contributions to political parties and electoral campaigns from foreign sources in line with Article 7 of Recommendation Rec(2003)4, where such regulations do not already exist;

- 11.2. broadening the definition of financial contributions in order to include in-kind contributions and loans;
- 11.3. including financial contributions (both in-kind or in-cash) to politicians and political candidates within the regulatory framework governing financial contributions to political parties and electoral campaigns;
- 11.4. including financial contributions to foundations, associations, charities, religious organisations and other non-profit or non-governmental organisations within the regulatory framework governing financial contributions to political parties and electoral campaigns, whenever these organisations take part in electoral campaigns or finance political parties. These measures should not however be misused to impede the work of NGOs;
- 11.5. limiting, prohibiting or otherwise regulating financial contributions in the form of cryptocurrencies and anonymous financial contributions;
- 11.6. assessing and, if need be, tightening regulations regarding de-minimis and cash contributions;
- 11.7. reviewing regulations and enforcement practices with regard to financial contributions via intermediary individuals or companies, or straw companies;
- 11.8. reviewing regulations and enforcement practices with regard to political campaigning by third-parties;
- 11.9. stepping up activities to combat money laundering and acknowledging their potential interconnection with inappropriate or illicit foreign financial interference;
- 11.10. strengthening the independence of authorities responsible for auditing political parties and electoral campaigns, as well as improving their equipment;
- 11.11. assessing and, if need be, strengthening sanctions for violating rules of financing political parties and electoral campaigns;
- 11.12. investigating relevant cases of alleged inappropriate or illicit foreign financial interference;
- 11.13. increasing efforts to gather scientific and technical knowledge about inappropriate or illicit foreign financial interference;
- 11.14. developing a common international strategy against inappropriate or illicit foreign financial interference;
- 11.15. fully implementing the recommendations of the Group of States against Corruption (GRECO) on transparency of political party and election campaign financing, so as to provide for more transparency of foreign donations, limit possibilities for circumvention of the rules and strengthen oversight and enforcement of regulations.

12. The Assembly stresses that the growing interdependence between European states in the political, social, cultural and media domains makes it more difficult for member States' governments and parliaments to oppose the harmonisation of the principles governing financial contributions to political parties and electoral campaigns from foreign sources by invoking unique historical, cultural, social or political characteristics of their respective countries.

13. The Assembly encourages parliaments of Council of Europe member States to organise hearings on the issue of financial contributions to political parties and electoral campaigns from foreign sources and on their potential of influencing democratic decision-making processes in their respective political systems, including regarding the correlation with other forms of interference such as disinformation and cyberattacks.

14. The Assembly welcomes the monitoring by GRECO of the implementation of the Recommendation Rec(2003)4 and expresses appreciation of its evaluation and compliance procedures, ultimately aiming at preventing corruption in relation to party and campaign funding. It encourages GRECO to include the implementation of Article 7 of the said Recommendation in the scope of its future evaluations.

15. The Assembly equally welcomes the work of the Venice Commission on political parties, in particular the "2nd edition of the Guidelines on Political Party Regulation" issued jointly with OSCE/ODIHR in 2020. It

encourages the Venice Commission to initiate a new study to update its Opinion no. 366/2006 “On the Prohibition of Financial Contributions to Political Parties from Foreign Sources”, as well as to consider whether it is appropriate to update its “Guidelines on the Financing of Political Parties” (2001) in the light of recent events, legal developments and the findings of the present Resolution.

B. Draft recommendation³

1. The Assembly refers to Resolution xxxx (2021) “Transparency and regulation of donations to political parties and electoral campaigns from foreign donors”.
2. It recalls that political parties play a key role in the democratic systems of Council of Europe member States, and are essential tools of expression of the political will of citizens and of organising political debates and campaigns in a democratic society.
3. Citizens’ confidence in the integrity and independence of the democratic decision-making process, which is of crucial importance to ensure acceptance and resilience of democracy, depends, *inter alia*, on the internal functioning of political parties including their financing and accountability and the prevention of corruption.
4. The Assembly expresses concern with reported attempts to interfere improperly or illicitly in democratic decision-making in Council of Europe member States through financial contributions by foreign States or State-linked entities to political parties and electoral campaigns.
5. In view of the above, the Assembly calls upon the Committee of Ministers to:
 - 5.1. -- consider carrying out further work in the field of foreign financing of political parties and electoral campaigns, building on relevant existing standards, and
 - 5.2. -- ask the Group of States against Corruption (GRECO) to consider focusing on the specific area of foreign financing of political parties and electoral campaigns in its forthcoming evaluation rounds.

³ Draft recommendation adopted by the committee on 11 May 2021.

C. Explanatory memorandum by Mr Kuhle, rapporteur

1. Introduction

1.1. Procedure

1. The present report is based on the motion “Transparency and regulation of donations to political parties and electoral campaigns from foreign donors”⁴ which I tabled together with other members of the Parliamentary Assembly in January 2019. I was appointed as rapporteur by the Committee on Political Affairs and Democracy on 26 June 2019.

2. In March 2020 an outline for the report was sent to the committee members for written comments. On 15 October 2020 the committee held an exchange of views with the participation of Mr Yves-Marie Doublet, Deputy Director at the French National Assembly, expert to the Group of States against Corruption (GRECO); Mr Nicolae Eșanu (Republic of Moldova), Substitute member of the Venice Commission, Legal Advisor to the Prime Minister; and Mr Fernando Casal Bértoa, Associate Professor at the University of Nottingham and member of the OSCE/ODIHR Core Group of Political Party Experts. In December 2020 I conducted two bilateral hearings with the journalists and authors Stefano Vergine (Italy) and Anton Shekhovtsov (Ukraine).

3. The Committee on Political Affairs and Democracy discussed a preliminary version of the present report on 30 March 2021. Several aspects of the memorandum are further elaborated on in the preliminary version.⁵

1.2. Purpose of the report

4. Political decision-making in Council of Europe member States is increasingly exposed to international influence. Developments like digitization and migration interfere with democratic processes which are designed and regulated on a merely national level.

5. One aspect of regulating political campaigns is the legal framework for financial contributions, i. e. donations or other financial support. Freedom of movement, e. g. between Council of Europe member States which are also European Union member States, migration and the existence of diaspora communities and national minorities cause a situation in which financial contributions may be performed by actors other than national citizens or resident companies of the state in which the contribution is performed. In addition to financial contributions by foreign citizens or non-resident private companies, financial contributions to political parties and electoral campaigns in one state may also be performed by public or state-linked entities from another state. Both financial contributions from foreign private and public donors may constitute an inappropriate influence on a state’s political processes, democracy and, ultimately, state integrity and sovereignty.

6. Accordingly, some Council of Europe member States and the Council of Europe itself as well as other international organisations such as the European Union have adopted regulation and have expressed their political proposals concerning financial contributions to political parties and electoral campaigns from foreign donors. The present report shall describe the existing political and legal framework concerning contributions to political parties and campaigns by foreign donors while stressing the strengths and weaknesses of the texts and proposals which have been adopted or discussed so far.

7. Recently, doubts and questions surrounding inappropriate foreign influence on political campaigns have arisen in a number of cases in different Council of Europe member States. The question is whether donations from abroad are performed by foreign private, public or state-linked donors in order to inappropriately interfere in a state’s political process. In addition to that, challenges like the use of digital technologies change the possibilities of donating to political parties or campaigns. The present report shall describe the recent developments and current challenges with regard to contributions to political parties and campaigns by foreign donors.

8. Furthermore, the present report shall introduce proposals to update the existing political and legal framework concerning contributions to political parties and campaigns by foreign donors considering recent developments and current challenges. In doing so, the report shall contribute to strengthening citizens’ confidence in the integrity and independence of the process of public decision-making in Council of Europe member States.

⁴ [Doc. 14818](#); 24 January 2019.

⁵ Doc. AS/Pol (2021) 04.

1.3. Scope of the report and definitions

9. The present report deals with constellations in which foreign citizens, foreign companies or foreign-state-linked entities perform voluntary financial contributions, i. e. donations or other financial advantages, to political parties or campaigns in Council of Europe member States.

10. The report focusses on constellations in which the recipient political party or electoral campaign resides in one Council of Europe member State while the donating source sits in another Council of Europe member State. However, foreign donations may also be performed by a donating source residing in a non-member State of the Council of Europe.

11. The report focusses on political parties, meaning political organisations which present candidates and ideas to public elections. It deals with the funding of political parties' electoral campaigns as well as their funding which is not related to a particular electoral campaign. Moreover, the report aims to address political campaigns which are not linked to an election, but to a referendum. Due account must, however, be taken of the fact that not all Council of Europe member States possess national instruments of direct democracy. The exact distinction between party and campaign funding is therefore based on the national legal situation. Although some relevant political and legal statements, guidelines or rules which are to be assessed in the report refer either to parties or to campaigns, some general principles governing democratic processes will be drawn from them.

12. The object and purpose of the report is intensely linked to the issue of corruption. Pursuant to the *Transparency International* definition "corruption" means "the abuse of entrusted power for private gain." Accordingly, improper or illicit donations to political parties and electoral campaigns from foreign donors may also constitute an act of corruption, if some financial advantage is directly or indirectly granted to a private recipient. However, an improper or illicit donation to a political party or an electoral campaign in a foreign country does not automatically fulfil the definition of corruption.

13. Despite the scope of the presented definitions, the present report explicitly aims to investigate constellations of circumvention. Hence, an improper or illicit donation to a political party or an electoral campaign may be deliberately performed in a way to avoid the fulfilment of the abovementioned definitions, e. g. by donating to individuals or NGOs and foundations instead of political parties and electoral campaigns. However, such action may under certain circumstances still constitute an act of improper influence in a country's democratic process.

2. Political parties, electoral campaigns and foreign donors – political and legal framework

2.1. Funding of political parties and electoral campaigns as a key challenge in democracies

14. Political parties and the freedom to organise political campaigns are fundamental elements of the democratic systems in Council of Europe member States. They are essential tools of expression of the political will of citizens and of organising political debates within a society.

15. Citizens' confidence in the integrity and independence of the process of public decision-making are important aspects to ensure acceptance and resilience of democratic systems. In political systems based on political parties, the internal organisation of a political party is subject to the citizens' expectation concerning the integrity of political processes.

16. The role of political parties, in particular the organisation of electoral campaigns and the participation in elections, cannot be carried out without adequate financial resources. In order to ensure the democratic rights of citizens to form political organisations, to protect the equality between parties and to avoid corrupt or undue influence, states typically impose regulation on political parties and electoral campaigns regarding their finances.⁶

17. There are various possibilities of financing political parties from public and private sources. Council of Europe member States apply a variety of different regulatory and budgetary models in the field of financing political parties. "At present there is no international standard or reference, the question of political party

⁶ The Assembly has stressed the role of political parties and the importance of their financial transparency on numerous occasions, comp. PACE [Resolution 1546 \(2007\)](#) (The code of good practice for political parties) adopted 17 April 2007; PACE [Resolution 1736 \(2010\)](#) (Code of good practice in the field of political parties) adopted 21 Mai 21 2010; [PACE Resolution 1897 \(2012\)](#) (Ensuring greater democracy in elections) adopted 12 October 2012.

financing being closely linked to the constitutional and electoral systems of each State, which are themselves generally the product of each country's historical or cultural background."⁷

18. Nevertheless, several Council of Europe institutions have tried to set standards with respect to the financing of political parties and electoral campaigns.⁸ In 2001, the Parliamentary Assembly stated general principles with respect to the financing of political parties.⁹

2.2. *Committee of Ministers Recommendation Rec(2003)4*

19. In Committee of Ministers Recommendation Rec(2003)4 (On Common Rules Against Corruption in the Funding of Political Parties and Electoral Campaigns)¹⁰ Article 7 provides that "states should specifically limit, prohibit or otherwise regulate donations from foreign donors".¹¹

20. The Recommendation also contains general guidelines with respect to ensuring transparency and regulations of donations to political parties and electoral campaigns.

2.3. *European Convention on Human Rights (hereafter the Convention) and EU Law in assessment by the Venice Commission (2006)*¹²

21. In 2005 the European Court of Human Rights (hereafter the Court) requested the Venice Commission¹³ to prepare an opinion on the problem of political parties receiving financial contributions from abroad. As a result, the "Opinion on the Prohibition of Financial Contributions to Political Parties from Foreign Sources" was adopted by the Venice Commission in 2006 (Opinion no. 366/2006; CDL-AD(2006)014).

22. It has to be noted that the 2006 opinion focusses on the financing of a political party by another political party. The focus of the study did not lie in the financing of a political party, movement or campaign by a foreign state. When assessing the different regulations in Council of Europe member States the Venice Commission included regulations concerning the donations by foreign states, foreign citizens and foreign legal persons. Also, the financing of a political party by a foreign political party may constitute an indirect financing by a foreign state as the donor organisation may have received state funding in its country of origin. However, the legal aspect of the financing of a political party, movement or campaign by a foreign state was not the core aspect of the study.

23. The Commission conducted an analysis of the legal situation in 44 Council of Europe member States. It concluded, that, at the time, 28 member States of the Council of Europe prohibited or substantially limited foreign donations to political parties and 16 did not impose any such restrictions. The Commission held that regulations on political parties differed substantially from one country to another. The legislative framework for parties as a specific type of association is, according to the Commission, largely based on national history, political tradition and practice and it is very hard to draw unambiguous conclusions on the advantages and disadvantages of each system. The Commission considers several historical and politico-cultural factors, like for example attempts to exert influence during the Cold War, geographical affiliation to the post-Soviet area and membership in the European Union.

⁷ Provision 5 of the revised addendum CM(2001)195 concerning Committee of Ministers [Recommendation Rec\(2003\)4](#) (On Common Rules Against Corruption in the Funding of Political Parties and Electoral Campaigns).

⁸ As part of the integrated Council of Europe project "Making democratic institutions work" (2002-2004) Prof. Ingrid van Biezen published the manual "Financing political parties and election campaigns – guidelines" in 2003. A summary of her recommendations is part of the introductory memorandum (paragraph 2.4.).

⁹ [PACE Recommendation 1516 \(2001\)](#) (Financing of political parties), adopted 22 May 2001.

¹⁰ In provisions 8-16 of the revised addendum CM(2001)195 concerning Committee of Ministers [Recommendation Rec\(2003\)4](#) (On Common Rules Against Corruption in the Funding of Political Parties and Electoral Campaigns) previous efforts by the Committee of Ministers are summarized.

¹¹ As stated in provisions 51 and 52 of the revised addendum CM(2001)195 concerning Committee of Ministers [Recommendation Rec\(2003\)4](#) (On Common Rules Against Corruption in the Funding of Political Parties and Electoral Campaigns), Article 7 "enables States to control foreign donations more strictly than domestic donations or even to prohibit them entirely. The rationale for the provision is that foreign donations may exert an improper, interfering influence on the political life of a country. Furthermore, the identity of a foreign donor or the origin of the donation may be more difficult to verify. A donation may be defined as "foreign" if it emanates from abroad or if it is made by a non-citizen. It is for each State to determine the "nationality" status of legal entities and subsidiaries of legal entities."

¹² The introductory memorandum (paragraph 2.5.) contains a more detailed summary of the Opinion.

¹³ A summary of the Venice Commission Guidelines on the Financing of Political Parties (2001) is part of the introductory memorandum (paragraph 2.2.).

24. The Commission came to the overall conclusion that each case of prohibition of financing from foreign sources has to be considered separately. Due consideration must be given to the political system of the country concerned, its relations within neighbours, its Constitution and constitutional values as well as the general system of financing of political parties. Widely accepted international or regional legal texts and standards, such as Article 11 of the Convention (Freedom of assembly and association) must be respected. The Commission also stresses the importance of EU regulation concerning political parties on the European level.

2.4. *Guidelines on political party regulation by OSCE/ODIHR and Venice Commission (2010, updated 2020)*

25. In 2010, the Venice Commission and the Office for Democratic Institutions and Human Rights (ODIHR) of the OSCE published joined Guidelines on political party regulation.¹⁴ Referring to Committee of Ministers Recommendation Rec(2003)4 (On Common Rules Against Corruption in the Funding of Political Parties and Electoral Campaigns), the Guidelines state in their paragraph 172 that “Contributions from foreign sources should generally be prohibited”. Nevertheless, such regulation shall not undermine the international co-operation of political parties. These Guidelines were updated in 2020¹⁵.

2.5. *Parliamentary Assembly*

26. In 2001, the Parliamentary Assembly stated general principles with respect to the financing of political parties without explicitly mentioning the issue of transparency and regulation of donations to political parties and electoral campaigns from foreign donors.¹⁶ Since then, the assembly has repeatedly reaffirmed its call for transparency of the financing of political parties.¹⁷ In 2019, the Assembly voted in favour of a resolution proposing a prohibition of foreign donations to political campaigns with respect to referenda.¹⁸

27. It should be noted that the Assembly has set a specific focus on the situation of NGOs after restrictive laws and regulations had been adopted in several Council of Europe member States.¹⁹ In [Resolution 2362 \(2021\)](#) “Restrictions on NGO activities in Council of Europe member States”²⁰ it is stated in Article 10. 7. that member States are urged to “ensure that NGOs can seek, secure and use financial and material resources of both domestic and foreign origin, without suffering discrimination or encountering unjustified obstacles, in line with the recommendations included in the Venice Commission “Report on the funding of associations” (Article 10.7.)” Accordingly, regulations governing donations to political parties and electoral campaigns from foreign donors should not impose inappropriate restrictions on NGOs.

2.6. *GRECO*

28. The Council of Europe’s “Group of States against Corruption” (GRECO) focussed on the transparency of party funding as part of its third evaluation round. In doing so, GRECO referred to the abovementioned Recommendation of the Committee of Ministers to member States on “common rules against corruption in the funding of political parties and electoral campaigns (Rec (2003) 4)”.

29. Despite the fact that member States were invited to elaborate on their regulation regarding donations from foreign donors in the questionnaire circulated among member States,²¹ Article 7 of the Council of Ministers Recommendation (“states should specifically limit, prohibit or otherwise regulate donations from foreign donors”) is not explicitly part of the Country-specific Evaluation Reports. At the beginning of each country report the „Theme II – Transparency of party funding“ is narrowed to Articles 8, 11, 12, 13b, 14 and 16 of Recommendation Rec(2003)4 on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns, and, more generally, Guiding Principle 15 (financing of political parties and election

¹⁴ [CDL-AD\(2010\)024](#); adopted 15/16 October 2010.

¹⁵ [CDL-AD\(2020\)032](#) adopted 11-12 December 2020.

¹⁶ [PACE Recommendation 1516 \(2001\)](#) (Financing of political parties), adopted 22 May 2001.

¹⁷ [PACE Resolution 1546 \(2007\)](#) (The code of good practice for political parties) adopted 17 April 2007; [PACE Resolution 1736 \(2010\)](#) (Code of good practice in the field of political parties) adopted 21 Mai 2010; Paragraphs 8.1.4. and 8.2.2. of [PACE Resolution 1897 \(2012\)](#) (Ensuring greater democracy in elections) adopted 12 October 2012.

¹⁸ See Paragraph 4.12. of [PACE Resolution 2251 \(2019\)](#) (Updating guidelines to ensure fair referendums in Council of Europe member States), adopted 22 January, 2019.

¹⁹ See [PACE Resolution 2096 \(2016\)](#) (How to prevent inappropriate restrictions of NGO activities in Europe?) adopted 28 January 2016.

²⁰ [PACE Resolution 2362 \(2021\)](#) (Restrictions on NGO activities in Council of Europe member States), adopted 27 January 2021.

²¹ See Question N° 7 in GRECO Third Evaluation Round, Questionnaire on Transparency of Party Funding, Adopted by GRECO at its 29th Plenary Meeting (Strasbourg, 19-23 June 2006).

campaigns). The reports, however, do contain observations regarding foreign donations. Also, the issue of foreign funding of political parties and political campaigns does not play a role in the overall thematic review of GRECO's third evaluation round.²²

30. When GRECO's recommendations are implemented as foreseen, it will contribute to making foreign funding to political parties and election campaigns more transparent (e.g. by requiring parties and campaigns to keep accounts and disclosing information on their income and expenditure in a sufficiently detailed and standardised manner). In addition, for those countries which have regulations on foreign donations, implementation of GRECO's recommendations will limit possibilities for circumvention (given that GRECO requires countries, *inter alia*, to strictly regulate anonymous donations, in-kind donations, loans, donations to entities related directly or indirectly to political parties, and also addresses the issue of spending by third parties benefiting a certain party or campaign) and will contribute to having violations of these rules addressed (given that GRECO requires its members to ensure effective and independent supervision over political party and campaign finance rules and effective, proportionate and dissuasive sanctions for violations of these rules).

2.7. European Union²³

31. In the aftermath to the European Parliament election of 2019, the European Parliament adopted a resolution "on foreign electoral interference and disinformation in national and European democratic processes."²⁴ In doing so, the Parliament "acknowledges that the overwhelming majority of Member States have full or partial bans on foreign donations to political parties and candidates; recalls with concern that even where laws place restrictions on the sources of political funding, foreign actors have found ways to circumvent them and have offered support to their allies by taking out loans with foreign banks, as in the case of the Front National in 2016, through purchase and commercial agreements, as in the case of the allegations reported by Der Spiegel and Süddeutsche Zeitung on 17 May 2019 against the Freedom Party of Austria and by Buzzfeed and L'Espresso on 10 July 2019 against Lega per Salvini Premier, and the facilitation of financial activities, as reported by the British press in relation to the Leave.eu campaign."

32. As a result, the European Parliament "calls on the Commission to address the question of foreign funding of European political parties and foundations without impeding the creation of a European public space going beyond the European Union, and to launch a discussion with the Member States to address these issues in relation to their domestic political parties and foundations."

2.8. Scientific assessments of foreign donations

33. Besides the Venice Commission, several other scholars have repeatedly assessed the regulation of various countries regarding transparency and regulation of donations to political parties and electoral campaigns from foreign donors. As an example, the International Institute for Democracy and Electoral Assistance (IDEA) shall be mentioned. The institution publishes the current legal situation in its online database.²⁵

34. According to the database, 68.3 % of countries prohibit donations from foreign interests to political parties whereas 30.6 % of countries do not. Moreover, 57.5 % of countries prohibit donations from foreign interests to candidates whereas 39.7 % do not. Both the fact that a majority of jurisdictions entails a respective ban on donations and the fact that IDEA differentiates between donations to parties and donations to candidates should be noted.

2.9. Preliminary conclusions and outlook

35. The Council of Europe and its institutions have issued numerous political or legal statements, guidelines or rules governing foreign donations to political parties and campaigns. They show that the distinct historic, social, cultural and political characteristics of member States heavily influence their respective rules on party funding.²⁶

²² Doublet, Yves-Marie, Political Funding – thematic review of GRECO's third evaluation round.

²³ For further assessment of initiatives by EU institutions see paragraph 2.9. of the introductory memorandum.

²⁴ "European Parliament resolution of 10 October 2019 on foreign electoral interference and disinformation in national and European democratic processes (2019/2810(RRSP))"²⁴

²⁵ <https://www.idea.int/data-tools/data/political-finance-database>; accessed 5 January 2021. The data provided by IDEA were also referred to by Mr Fernando Casal Bértoa in the exchange of views with experts conducted by the Committee on Political Affairs and Democracy on 15 October 2020.

²⁶ I want to thank the members of the Parliamentary Assembly Mr Sergey KISLYAK and Mr Sergey FABRICHNYY who contributed a written comment to the outline of the preliminary memorandum pointing out that "there is no single model for

36. In spite of these differences, the importance of regulating the funding of political parties or making it transparent is recognised by various Council of Europe institutions. To that end, principles and rules were established in the past which should now be evaluated and discussed by both the Committee of Ministers and the Parliamentary Assembly. The evaluation and discussion of those rules and principles, moreover, should be carried out in the light of current developments and, if necessary, revised.

37. The assessment of the legal and political statements, guidelines or rules, issued by Council of Europe institutions shows that the Committee of Ministers Recommendation Rec(2003)4 (On Common Rules Against Corruption in the Funding of Political Parties and Electoral Campaigns) which provides in its Article 7 that “states should specifically limit, prohibit or otherwise regulate donations from foreign donors” remains an important guideline for further considerations.

38. The important work of the Venice Commission needs to be updated in light of recent developments. Since the Commission assessed the Convention and EU law in 2006, both EU treaties and EU secondary law have changed, the latter proving an explicit prohibition of foreign donations to European political parties. Also, the focus of the Venice Commission study laid in the assessment of the possibility of donations from a party to a party in another country. After all, the national legislation assessed by the Commission may have changed since 2006.

39. As the issue of donations to political parties and electoral campaigns from foreign donors has not been a focus of GRECO so far, the institution should be invited to take into account the findings of the present report and to evaluate the implementation of Article 7 of Rec(2003)4, given that this did not form part of its earlier evaluations.

3. Recent developments and current challenges²⁷

3.1. Circumventions and loopholes

40. In August 2020, scholars Josh Rudolph and Thomas Morley of the Alliance for Securing Democracy, an initiative housed at the German Marshall Fund of the United States (GMF), published the study “Covert Foreign Money: Financial loopholes exploited by authoritarians to fund political interference in democracies”.²⁸ Although their elaborations are to a large extent focussed on the legal situation in the United States, several observations and examples from the context of Council of Europe member States are mentioned. The present report seeks to compare their findings with the outcome of discussions and hearings in the Committee on Political Affairs and Democracy, with open-source media reports and with scientific sources regarding recent developments and current challenges.

41. The authors point out that foreign interference in democratic processes through financial contributions²⁹ has to be seen in the context of further tools of interference like cyberattacks and disinformation.

42. They identify seven legal loopholes which are exploited by foreign donors to perform improper or illicit donations to political parties and electoral campaigns.³⁰

donations to political parties and individual candidates in European countries, because political and cultural traditions in the member-countries are mostly different. An ideal solution for some will be unacceptable for the others so there is no single correct method of the election campaign funding regulation.” Among other suggestions, both colleagues propose that “that a key role should be given to improving national regulations on the principles of national sovereignty and the constitutional and legal relationship between the citizen and the state in the process of legislative reforming.”

²⁷ Many of the cases mentioned in this chapter became known thanks to the work of journalists and scientists. Although I am relying on their publicly available work in order to propose a political position for the Parliamentary Assembly, it is not my attention to prejudge the respective facts. Especially in the field of possible violations of party and campaign law or even criminal law provisions, it is up to national law enforcement and supervisory authorities to investigate and assess the facts. However, political conclusions can be drawn from the used media and science sources. I focused on recent developments and current challenges in Council of Europe member States. Nevertheless, inappropriate or illicit financial interference by non-member States towards political parties in Council of Europe member States does also occur.

²⁸ Rudolph/Morley; [Covert Foreign Money: Financial loopholes exploited by authoritarians to fund political interference in democracies](#); August 2020.

²⁹ Rudolph/Morley, p. 7, use the concept of “malign finance”, i. e. “tool of foreign interference. The funding of foreign political parties, candidates, campaigns, well-connected elites, or politically influential groups, often through non-transparent structures designed to obfuscate ties to a nation state or its proxies.”

³⁰ Rudolph/Morley, p. 1.

43. The authors consider it a first loophole that “legal definitions of political donations are too narrowly scoped in many countries, effectively legalizing some foreign in-kind contributions.” According to the authors, examples include loans to the French party Rassemblement National from banks linked to the Russian government as well as luxurious gifts and trips for individuals. By pointing out this loophole, the authors effectively mention two relevant constellations of circumvention: (1) a direct loan by a bank linked with a foreign state in order to circumvent the prohibition of a donation; (2) a contribution to individual politicians which may not be subject to strict rules applying to the entire party or political campaign. The study contains several other examples of potential in-kind contributions from foreign nationals to political parties or politicians.³¹

44. As a second loophole, the authors identify the use of intermediaries who enrich favoured donors, politicians or parties.³² As an example, donations to the British Conservative Party by several Russian nationals are mentioned.³³

45. As a third loophole, the authors identify the use of corporate entities as footholds to establish a legal presence, and thus the ability to donate, within target countries.³⁴ As an example, donations to several British politicians by Ukrainian businessman Dmytro Firtash are mentioned.³⁵

46. According to the authors, the fourth loophole lies in the use of “foundations, associations, charities, religious organisations, and other non-profits” as they “are handy vehicles for malign finance because Western legal systems treat them as third parties permitted to spend on politics without meaningfully disclosing the identities of their donors.” In the eyes of the authors one example lies in a German association supporting the party Alternative für Deutschland (AfD).

47. The fifth loophole is considered to be the purchase of “political ads on social media platforms in order to covertly influence elections and public opinion in democratic societies.”³⁶ The “intersection of malign finance and information manipulation, including covert funding of online media outlets” is seen as the sixth loophole.³⁷ The present report does not seek to focus on the fifth and sixth loophole as the issues of paid political ads and the challenges of a changing media landscape for democracy were recently discussed in the Parliamentary Assembly.³⁸ However, the possible intersections of financial interference with cyberattacks and disinformation campaigns have to be taken into consideration.³⁹

48. Finally, the study mentions the use of emerging technologies providing anonymity, such as political spending in the form of cryptocurrencies, as well as the use of donor bots capable of automating thousands of political contributions in the names of stolen identities, keeping such operations under disclosure thresholds.⁴⁰

49. Besides the abovementioned abuse of legal loopholes, the study by Rudolph and Morley also mentions examples of possibly illegal activities. As an example, negotiations of the Italian party La Lega with Russian state-linked entities about financial aid in 2019 are mentioned.⁴¹ Examples for possibly illegal activities also involve reports about financial aids for the Italian party M5S by the Venezuelan government in 2010.⁴²

3.2. France: Rassemblement/Front National

50. In September 2014, the French political party Front National (now: Rassemblement National) received a loan of 9 million euros from the “First Czech Russian Bank” (FCRB) – an institution whose ownership is said to have had close connections to the Russian government.⁴³ While the FCRB approached insolvency and had its banking license revoked in 2016, the loan was transferred to another Russian company which has filed a

³¹ Rudolph/Morley, pp. 74-79.

³² Rudolph/Morley, p. 1/2.

³³ Comp. Harper; [Russian Tory donors named in secret report which was ‘blocked by government’](#); 10 November 2019.

³⁴ Rudolph/Morley, p. 2.

³⁵ Faucon/Mason; [Ukrainian Billionaire, Wanted by U.S., Builds Ties in Britain](#); 2 December 2014.

³⁶ Rudolph/Morley, p. 3.

³⁷ Rudolph/Morley, p. 3.

³⁸ [PACE Resolution 2326 \(2020\)](#) (Democracy hacked? How to respond?) adopted 31 January 2020.

³⁹ Rudolph/Morley, p. 54, refer to the combination of utilizing legal loopholes together with non-financial tools of interference as “multi-vector campaigns”.

⁴⁰ Rudolph/Morley, p. 3.

⁴¹ Rudolph/Morley, p. 99;

⁴² Rudolph/Morley, p. 100; García Rey, [El chavismo financió el Movimiento 5 Estrellas que hoy gobierna en Italia](#), 16 June 2020.

⁴³ Comp. Shekhovtsov; [Russia and the Western Far Right](#); 2018; p. 196; Turchi; [How a Russian bank gave France's far-right Front National party 9m euros](#); 24 November 2014; Alliance for Securing Democracy, German Marshal Fund; [Illicit Influence – Part One: A Case study of the First Czech Russian Bank \(FCRB case study\)](#); Rudolph/Morley, p. 74.

claim against the party demanding the repayment of the loan. Until now there has been no repayment of the loan.⁴⁴ The 2014 loan is only one example of extensive financial negotiations and relations between the Front/Rassemblement National and Russian state-linked entities or Russian banks.⁴⁵

51. The Case of the Rassemblement/Front National is an example for the phenomenon that a mere prohibition of a foreign donation may not be sufficient regulation to avoid any financial advantage or in-kind contribution to a political party from abroad. At the time of the arrangement, French law only banned parties from accepting direct or indirect contributions or material aid from foreign States or a legal person governed by foreign law.⁴⁶ For the reasons that a subsidiary of the FCRB hold a European license in the Czech Republic and that the Rassemblement/Front National had to pay interest at market rate, the loan of September 2014 may not have violated French regulation at the time. Subsequently, the rules governing financial transparency of political parties were amended in September 2017. Since then, French parties are also prohibited from receiving loans from a foreign State or a legal person governed by foreign law with the exception of credit institutions or finance companies with their registered office in a Member State of the European Union or in a State which is party to the Agreement on the European Economic Area.⁴⁷

3.3. *Italy: Lega*

52. In February 2019, two Italian investigative journalists revealed that in connection with the campaign for the European Parliament election of 2019 the Italian party La Lega had sought financing from Russian authorities or Russian state-linked companies to the tune of millions of euros, a support that was to be hidden behind a resource deal. In July 2019, journalists published an article referring to an audio recording containing the explicit negotiations concerning financial contributions on behalf of a Russian state-linked company that should have covertly channelled the financial resources for La Lega to an Italian company via intermediate companies.⁴⁸

53. When reports of these negotiations emerged, an Italian public prosecution authority opened investigation into representatives of La Lega in accordance with Art. 322 bis of the Italian Penal Code.⁴⁹ These investigations have not yet been completed. As far as known, a payment has not materialised.

54. According to scholars from the GMF's Alliance for Securing Democracy, the Moscow meeting occurred on 18 October 2018. At the time, the only limit on foreign funding in Italian elections was that all donations were capped at 100.000 euros. At the time, a new anti-corruption law was prepared in the Italian government coalition that completely forbade foreign funding of Italian parties and candidates. In the weeks following the Moscow meeting, representatives of La Lega proposed an amendment that would have removed the ban. The amendment was eventually withdrawn and the anti-corruption law containing the ban on foreign funding was passed in December 2018. According to media reports,⁵⁰ La Lega eventually managed to weaken the restrictions in April 2019. On that occasion, it added a provision in an unrelated economic bill that amended the law so as to exclude "foundations, association and committees" from its scope.⁵¹

3.4. *Germany: AfD*

55. In December 2020, the President of the German Bundestag, acting as the competent supervisory authority in the field of campaign and party financing, enacted two penalties against the Alternative für Deutschland (AfD) party for having accepted donations from Switzerland. The President of the Bundestag had already issued penalties in similar cases against the party before.⁵² In Germany, donations to political parties from EU-countries are legal under certain circumstances whereas donations from non-EU-countries are forbidden.⁵³

⁴⁴ Comp. [Russian company demands that Le Pen's party repay loan](#); 4 February 2020.

⁴⁵ Oliveira; [National Front seeks Russian cash for election fight](#); 19 February 2016; Shekhovtsov, pp. 189-203.

⁴⁶ Law no. 88-227 of March 11, 1988 on the financial transparency of political life Article 11-4, amended by Law n°2013-907 of October 11, 2013 - Art. 15.

⁴⁷ Law no. 88-227 of March 11, 1988 on the financial transparency of political life Article 11-4, amended by Law n°2017-1339 of September 15, 2017 - art. 25 (V); see also FCRB case study.

⁴⁸ Tizian/Vergine; Esclusivo - [La trattativa segreta per finanziare con soldi russi la Lega di Matteo Salvini](#); 21 February 2019; Rudolph/Morley, pp. 99/100; Nardelli, [Revealed: The Explosive Secret Recording That Shows How Russia Tried To Funnel Millions To The "European Trump"](#), 10 July 2019.

⁴⁹ dos Santos, [Investigation into a possible scheme between Russia and Italian political party](#), 11 July 2019; Reuters, Italian prosecutors probe allegations of League oil deal - sources, 11 July 2019.

⁵⁰ Giacobini, [La Lega ha tentato di rimuovere il divieto ai partiti di ricevere finanziamenti esteri](#), 12 July 2019.

⁵¹ Morley/Soula; [Caught Red Handed: Russian Financing Scheme in Italy Highlights Europe's Vulnerabilities](#), 12 July 2019.

⁵² Müller, [Spendenskandal: Weitere Strafen für die AfD](#), 9 December 2020.

⁵³ See Article 25 (3) of the Act on Political Parties (Parteiengesetz).

56. Another penalty was enacted against the party in December 2020 with regard to a case illustrating the overall tendency of campaigning by third-parties.⁵⁴ In the official OSCE/ODIHR report concerning the German parliamentary election of 2017, it is pointed out that a private association (Association for the Preservation of the Rule of Law and Civic Freedoms) produced and distributed about 600,000 copies of the weekly newspaper "Deutschland-Kurier", billboards, posters and online advertisements specially designed for the Bundestag election, effectively campaigning on behalf of the AfD. As a result, OSCE/ODIHR suggested that "consideration could be given to providing a regulation of any campaigning by third-parties to ensure transparency and accountability of the electoral process."⁵⁵

3.5. *United Kingdom: alleged Russian interference*

57. The Intelligence and Security Committee of the British Parliament (ISC) conducted a report investigating allegations of Russian interference in British politics, including alleged Russian interference in the 2016 Brexit referendum and the 2014 Scottish independence referendum. The committee completed the report in March 2019 and it was published in July 2020.⁵⁶

58. The report states that "there has been credible open source commentary suggesting that Russia undertook influence campaigns in relation to the Scottish independence referendum in 2014."⁵⁷ However, the report does not mention any direct donations or circumventing constellations in order to provide financial assistance to the campaigns related with the Scottish independence referendum in 2014.

59. The report states that "there have been widespread public allegations that Russia sought to influence the 2016 referendum on the UK's membership of the EU. The impact of any such attempts would be difficult – if not impossible – to assess, and we have not sought to do so."⁵⁸ However, the report expresses its discontent with the fact that neither the British intelligence community nor the British Government have provided sufficient evidence to investigate a possible interference.⁵⁹

60. It has to be noted that the issue of foreign financial contributions is not a specific chapter of the report. Instead, a potential interference with regard to the 2014 Scottish independence referendum and the 2016 Brexit referendum is discussed in the chapter dealing with "disinformation". Nevertheless, financial aspects are mentioned in the chapter dealing with "Russian expatriates" in the UK: "Whilst the Russian elite have developed ties with a number of countries in recent years, it would appear that the UK has been viewed as a particularly favourable destination for Russian oligarchs and their money."⁶⁰ The classified annex of the ISC report is said to name nine elite Russian expatriates who donated to the Conservative Party.⁶¹

61. Concerning the Leave.EU Campaign, the report notes "that Arron Banks became the biggest donor in British political history when he gave £8m to the Leave.EU campaign. In October 2018, the Electoral Commission – which had been investigating the source of this donation – referred the case to the National Crime Agency, which investigated it. In September 2019, the National Crime Agency announced that it had concluded the investigation, having found no evidence that any criminal offences had been committed under the Political Parties, Elections and Referendums Act 2000 or company law by any of the individuals or organisations referred to it by the Electoral Commission."⁶² Nevertheless, it has to be noted that Banks has several business connections with Russia.⁶³

⁵⁴ See Hobusch, Politische Parallelaktionen – Entfesselung der Parteienfinanzierung, Die Öffentliche Verwaltung 2020, pp. 548. The so called Ibiza affair caused a similar discussion about third-party campaigning in Austria, see Stelzer/Radatz, Österreichische Parteienfinanzierung nach "Ibiza": Transparenz oder Kartell?, MIP 2020, pp. 10. In May 2019, the governing coalition collapsed after Vice Chancellor and leader of the party Freiheitliche Partei Österreichs (FPÖ) Heinz-Christian Strache was caught on camera soliciting support from a woman posing as the niece of a Russian oligarch. Although, the material contains relevant aspects of a possible financial cooperation, the "Ibiza affair" was a sting operation and is therefore not included in the present report as a special chapter.

⁵⁵ Organization for Security and Co-operation in Europe (OSCE), Germany, Parliamentary Elections, 24 September 2017: Final Report, November 27, 2017, p. 6.

⁵⁶ Intelligence and Security Committee of the British Parliament (ISC); Russia report; published 21 July 2020.

⁵⁷ ISC Report, p. 13.

⁵⁸ ISC Report, p. 12.

⁵⁹ Comp. ISC Report, p. 13: "We repeat that this attitude is illogical; this is about the protection of the process and mechanism from hostile state interference, which should fall to our intelligence and security Agencies."; comp. p. 14.

⁶⁰ ISC Report, p. 15.

⁶¹ Rudolph/Morley, pp. 19, 80.

⁶² ISC Report, p. 13.

⁶³ Rudolph/Morley, pp. 80/81.

3.6. Donations to political organisations of national minorities

62. In Germany, it is legally permitted to perform donations from abroad to parties representing a national minority, if these donations originate from a bordering country inhabited by members of the respective ethnicity. In practise, the provision is applied for the Party Südschleswigscher Wählerverband/Sydslesvigsk Vælgerforening (SSW) representing the Danish minority in the north of Germany. The SSW currently receives an annual funding of approximately 500.000 euros from the Danish Ministry of Culture. The party fulfils all transparency requirements imposed by German law.⁶⁴

3.7. Cryptocurrencies

63. As stated above, digitization opens new ways of political funding, including threads for inappropriate or illicit financing. Catalina Uribe Burcher of the International Institute for Democracy and Electoral Assistance (IDEA) published a discussion paper in 2019 referring to the issue of “Cryptocurrencies and Political Finance”.⁶⁵ She states that as cryptocurrencies are currently relatively unregulated, it is often unclear whether political finance transactions using cryptocurrencies are allowed. According to her it is also often unclear “whether they should be considered a currency like the dollar or euro, or if they should be treated as an asset, or something else altogether. This is an important distinction for political finance purposes, since regulations often differ for in-cash vs. in-kind donations. Furthermore, cryptocurrencies can facilitate the violation of political finance regulations, for example by channelling foreign or anonymous donations to countries where these are banned.”⁶⁶

64. The author delineates the role of cryptocurrencies providing anonymity and recalls that virtual currency exchangers can play a role in effectively enforcing political finance reporting requirements since, as financial intermediaries, they provide a location data point for campaigns to identify foreign donors.⁶⁷ As a result of her observations, the author suggests that the use of cryptocurrencies should be limited or forbidden for political parties and candidates.

3.8. Anonymous, small and cash donations

65. As anonymous donations constitute a potential source of circumventing financial rules, they should also be considered. According to IDEA’s database,⁶⁸ 56.7 % of countries prohibit anonymous donations to political parties whereas 30.0 % of countries do not and 11.1 % of countries set a specific limit. Moreover, 43.0 % of countries prohibit anonymous donations to candidates whereas 30.7 % do not and 8.9 % of countries set a specific limit.

66. Moreover, the use of small financial quantities may constitute a source of circumventing financial rules as some jurisdictions generally have higher transparency requirements with larger sums of political donations. This issue can also be related to the regulation governing cash donations.

4. Preliminary conclusions and recommendations

67. Council of Europe statements, guidelines or rules tend to underestimate current developments in the field of financial contributions from foreign sources to political parties and electoral campaigns. The mere existence of rules is not sufficient. Besides reinforcing the existing legal and political framework, the Assembly should explicitly name legal loopholes, problematic constellations of circumvention and a lack of enforcement. It should provide criteria for transparency and comprehensive regulation.⁶⁹

⁶⁴ For the rules regarding parties representing a national minority See Article 25 (3) of the Act on Political Parties (Parteiengesetz). In general, any donation exceeding 50.000 euros must be published on [the website of the German Bundestag](#).

⁶⁵ Uribe Burcher, [Cryptocurrencies and Political Finance, International IDEA Discussion Paper 2/2019](#).

⁶⁶ Uribe Burcher, p. 7.

⁶⁷ Uribe Burcher, p. 13, 16.

⁶⁸ <https://www.idea.int/data-tools/data/political-finance-database>; accessed 5 January 2021.

⁶⁹ Mr Fernando Casal Bértoa in the exchange of views with experts conducted by the Committee on Political Affairs and Democracy on 15 October 2020 proposed (1) with regard to private funding: a general ban of foreign donations, except those from international organisations, international unions of parties or foreign political foundations; a ban of anonymous donations; a ban of corporate donations altogether (but certainly those with government contracts), an establishment of reasonable and clear donations ceilings; a promotion of bank transfers and limitation of cash donations; (2) with regard to electoral spending: an establishment of reasonable and clear limits; (3) Foundations and “third parties” should be subject to a similar regime than political parties/candidates; (4) with regard to control mechanisms: itemized regular financial reports; timely and easily accessible public disclosure (for an extended period of time); (5) with regard to the oversight authority: independence; sufficient financial and human resources; clearly defined competences (initiate investigations, co-

68. The Assembly should express its understanding of a growing interdependence between European societies, e. g. by migration and digitization, of European cooperation of political organisations, e. g. parties, NGOs and foundations, and of the development of a common European public space as desirable developments. However, the greater the degrees of interdependence between European states in the political, social, cultural and media domains, the less feasible it is for member States' governments and legislatures to oppose harmonisation of the rules governing financial contributions to political parties and electoral campaigns from foreign sources by invoking unique historical, cultural, social or political characteristics of their respective countries. The legal framework governing party finances will remain in the hands of sovereign states. Nevertheless, the Assembly should promote the states' interest in harmonizing their regulation.

69. The Assembly should put foreign interference into context with further tools of interference such as cyberattacks and disinformation. It should condemn all attempts of inappropriate or illicit foreign interference. I suggest future reports and resolutions concerning specific campaigns of foreign interference in which financial interference is combined with tools of interference like cyberattacks and disinformation.

ordinate with other authorities and impose sanctions) and (6) with regard to sanctions: clear, realistic, effective, dissuasive and proportional sanctions; variety of sanctions (i. e. financial, administrative and criminal) of harder sanctions both for parties and individuals.