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Third Evaluation Round

Questionnaire on Transparency of Party Funding

NORWAY

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(States are requested to answer the questions with regard to central, regional and local levels to the extent possible. Federal States may, in respect of their sovereign entities, answer the questions in a summarised way.

Whenever questions/answers refer to legislation or other regulations, please provide the relevant text (or summary thereof) in English or French).

I. General part

1.1 Preface

The Kingdom of Norway has been a constitutional monarchy since 1814 and has a stable democratic tradition going back to the early nineteenth century. Although the political parties are rather briefly mentioned in the Constitution: "*The election of representatives of constituencies is based on proportional representation and the seats are distributed among the political parties in accordance with the following rules.*" (Article 59.1), political parties have played a central role in the democratic system in Norway since the emergence of Parliamentarianism in the mid-1880s.

1.2 Elections

Both registered political parties and unregistered groups are eligible in elections to the Parliament (Storting) and in elections to local government (county councils and municipal councils). A characteristic feature of the Norwegian election system is that the electors cast ballots for a particular party rather than for a candidate. List proposals are put forward by political parties and unregistered groups. In parliamentary elections, an elector may change the order in which the candidates are listed. In county council and municipal council elections, an elector may give the candidates on the ballot paper one personal vote. In elections to municipal councils, an elector may give a personal vote to candidates on other electoral lists.

Traditionally there has been no person centred (direct) political elections in Norway. Election campaigns have mainly been pertained to political parties. During the three last local elections (1999, 2003 and 2007) there have been pilots where a number of municipalities (varying from 20 in 1999 to 50 in 2007 out of a total of 434 municipalities) have been permitted to elect the mayor by direct elections. Pilots have been based on permission from the Minister of Local Government and Regional Development at each election. The Ministry also sets regulations for the election.

There are no threshold limits for election campaigns expenditures, and there are no specific public funding for electoral campaigns - neither external campaigns nor internal nomination processes.¹

1.3 Political parties

Political parties are non-profit associations whose primary purposes are to exert influence in matters of state. In Norway, especially at national level, political parties in general are characterized by strong and stable organisations. The political party's main functions in the Norwegian democracy can be summarized in the following bullet points:

- formulate and put forward complete political programmes
- nominate candidates and put forward list proposals for parliamentary and local governmental elections
- provide/ensure recruiting and education of political leadership
- negotiate, coordinate opinions and decisions in elected organs

¹ Until 2005, there was a specific public reimbursement system for travelling expenses applicable for participants to nomination meetings. From 2006, this support has been merged with the general public support to registered political parties.

- contribute to making the public debate relevant and insightful

Political parties are deemed as the most appropriated foundations in dealing with the aforementioned matters – which can be regarded as the main reasoning behind the state subsidies to the political parties.

At present there are 22 registered political parties in Norway. Seven of these have representatives in the Parliament (Storting). Ranked with respect to size, these are The Norwegian Labour Party, The Progress Party, The Conservative Party, The Socialist Left Party, The Christian Democratic Party, The Centre Party and The Liberal Party. The current Government is a coalition between The Norwegian Labour Party, The Socialist Left Party and The Centre Party.

The nomination procedures behind the final electoral list proposals are traditionally a part of the internal activity in the political parties. The final list (including the order of the candidates) for parliamentary election is a matter of the Nomination Meetings at county level and *inter alia* based on proposals from the party's municipal and county branches. Traditionally, there are no public election campaigns or any kind of “primaries” (as we know from the US), anticipating the final decision taken by the Nomination Meeting. Private money (from donators), accordingly, plays an insignificant role in the nomination process in the political parties.

1.4 The Political Party Act (PPA) – overview

1.4.1 General aspects

The total size of the population of political parties that applies to the PPA, including affiliated organisations at county and municipal level and youth organisations at national and county level, is about 3 200. (The actual number varies during an election period). There are 434 municipalities and 19 counties in Norway.

The PPA balances *inter alia* three considerations which are deemed as of high importance for a well functioning democracy:

- freedom of action for political parties (independence)
- the right for individuals to support political parties
- the right for the public to be disclosed to the identities of donators behind gifts to political parties over certain limits that may have impact on political decision making

Anonymous donations (i.e where the benefactor is unknown to the party), donations from foreigners and legal entities under the control of the state or other public agency are prohibited.

1.4.2 Transparency

The scope of the PPA is *inter alia* to establish transparency of legal transaction to political parties. The PPA has no impact on the measures of relevance for corruption established in the Penal Code. Basically within scope of the PPA, it's up to the voters to determine the acceptable limit for gifts to political parties. If the voters find that a political party has become too dependent on certain donors, they might cast their ballots for a different party in the next election. The transparency regime facilitates the possibility of managing such considerations.

All political parties, including organisational units of parties that are comprised by the PPA, shall submit annual reports on their income (Section 18). The report shall contain all income during the period 1 January to 31 December and shall be submitted no later than six months after the closing of the accounts to a central register (Statistics Norway). Income reports from unregistered groups are voluntary.

Political parties or units of political parties whose total income during the year is less than 10,000 kroner (about 1 200 EUR) after the deduction of all public support, are exempted from the obligation to report accounts of their income pursuant to Section 19. These parties are obliged to submit a declaration that their income for the year has been below this level. One reason behind the simplified reporting regime for the smallest parties, is the concern about administrative burdens in organizations where the staff commonly are volunteers (non professionals).

The report shall contain a complete overview of the income received by the party or the party organisations during the period (Section 19.1) according to income sources in a list. The accounts are separated in the following three main parts where each category shall be itemized in the returns - income from public grants, income from the party's own activity and donations from others. In the latter part, income from private donations, trade unions, other organisations, associations and unions, institutions, foundations, including affiliated and internal organisations should be reported.

Pursuant to Section 19.3 donations are to be understood as monetary donations and the value of goods, services and other corresponding benefits that are received free of charge or at a reduced price. Benefits from private individuals consisting of ordinary volunteer work that does not require special qualifications, or that is not part of the benefactor's income basis (i.e. by non professionals), are not counted as donations. The same applies to the loan of premises and objects by private individuals who do not have this as part of their income basis.

It appears from Section 19.3 that donations other than monetary donations shall be valued at market value and reported as income. Such donations below the determined limits in Section 20 (1) may nonetheless be exempted.

If a donor during the period has made one or more donations to the party's head organisation (national level) to a total value of 30 000 kroner (about 3 650 EUR) or more, the value of the donation and the identity of the donor shall be reported separately. This also applies to donations to party units at county level up to a total value of 20 000 kroner (about 2 440 EUR) or more, and to donations to party units at municipal level to a total value of 10 000 kroner (about 1 220 EUR) or more. Donations to the parties' youth organisations are governed by the rules for donations to the parent party at a corresponding level (Section 20.1).

This threshold limits regime balances two important concerns or considerations: The right for the citizens to support political parties with money or nonmonetary donations *in privacy*, and the society's right to be disclosed to the identities of donors behind gifts to the political parties of amounts which could possibly influence political decision making.

Private individuals shall be identified by name and address and the municipality in which they live. Other donors shall be identified by name and postal address (Section 20.2).

The scope of reporting obligations is discussed in the Bill - the Proposition to the Odelsting No. 84(2004-2005) On the Act relating to certain circumstances concerning political parties (Party Act)² The Democracy Financing Committee³ discussed whether the reporting obligation should be extended to also include the parties' expenses, but did not propose this and argued that the risk of corruption and bribes first and foremost is entailed or related to the parties' income⁴. The Ministry supported this proposal. This should also be regarded in relation to the absence of expenditure limits in the PPA, which alternatively might call for corresponding returns from the political parties.

² Attached to the questionnaire.

³ I.e. the Committee behind the Norwegian Official Report 2004:25 Money counts, but votes decide. The Committee was appointed in 2003 with the task of making a survey including a law proposal on this issue.

⁴ The discussion is quoted on page 62 in the Proposition.

The scope of the reporting obligations should also be regarded in relation to Section 23, which cites that parties or party units comprised by the PPA, are obliged on request to allow inspection of the accounts that have been prepared for the previous year. This disclosing obligation covers both the expenditures and the income of the party as they are accounted. Anyone can make such requirements to a political party.

In accordance with Section 22.2, The Statistics Norway (hereinafter the SN) shall compare the information concerning the party's income and sources of income and make this available to the public in an appropriate manner, for example by electronic means. The register shall send an overview to the Political Parties Act Committee and to the Ministry of any parties or party units that have failed to comply with the requirement to report within the time limit. Statistics Norway is an independent institution and the central body for production and dissemination of official statistics.

In 2006, The Ministry and The SN established in cooperation the web site www.partifinansiering.no/english

for the matter of publishing the political parties, including affiliated organisations, income accounts and the name of donors behind gifts over the specific threshold limits. The web site is managed by the SN.

The SN is given the authority to issue more detailed guidelines concerning the reporting system, including the comparison of the information and presentation (Section 14.2 in the Regulation).

It should also be noted that the reporting and funding provisions in the PPA and the Regulation, applies in the same manner to all registered political parties and affiliated organisations irrespective of electoral level.

Donors are not subject to any reporting obligations.

1.4.3 State grants ("government grants")

In Norway, registered political parties at national level have been subsidised by the state since the early 1970s. Parties at local and county level have received state subsidies since 1975. Provisions on public grants to political parties are laid down in The Act on certain aspects relating to the political parties (The Political Parties Act 2005-06-17 no. 102, hereinafter the PPA)⁵.

The main goals for the public financing system for political parties in Norway can be summarized in the following bullet points:

- Ensure satisfactory, stable and fair funding of political parties ⁶
- Contribute to trust, confidence in politicians, parties and in government action in general
- Combat corruption or suspicion of corruption

The system for state grants to political parties is vote based. Of the total annual allowance, 9/10 is distributed as vote support and 1/10 as basic support. Regarding vote support, there are no threshold limits for public grants neither at national nor at local or regional level: A registered party which participates in a parliamentary or a local governmental election receives vote support from the very first vote. The basic support is distributed as an equal amount of kroner to parties with a relative share of votes over a threshold limit (2,5 % in parliamentary elections, 4 % in county council and municipal council elections), or which had at least one representative elected to the Storting or the

⁵ Prior to the enforcement of the act in 2006, the legal basis for public grants was the Guidelines P- 650 of 1993-5-24 issued by The Ministry of Government Administration and Reform.

⁶ Without making them too dependent on neither the public nor private donors

county/municipal council. Affiliated youth organisations at national and county level receive state subsidies proportional to the number of votes the parent party received in the last election.⁷

An important feature of the Norwegian system for state grants to political parties is the absence of a controlling system for the use of the funds. In accordance with the principles of political freedom of action and independence, the political parties are free to use the state funding as they want, without any supervision or control by the public (regarding the use of the funds). There are no restrictions imposed on the total amount of expenditures, either.

Over the approximately four decades, there has been a significant increase in the state subsidies to political parties in Norway – from about 1 mill. EUR in the beginning of the 1970s to about 40 mill. EUR in 2008 (nominal terms). In terms of the number of electors, which on average is about 3,5 million⁸, the rate in 2008 is about 11,4 EUR. In addition, parliamentary groups are supported directly by the Storting through office allowance with a total amount of 127 mill. kroner (15,5 mill EUR) in 2008.

It appears from a survey carried out by Statistic Norway, that government funding accounted for three quarters of the political parties' income in 2006, compared with two thirds in the 2005 election year. Contributions from labour organisations, enterprises, organisations and individuals played a minor role in 2006, when no elections were held. More information of the financing sources of the political parties can be found on:

http://www.ssb.no/english/subjects/07/02/10/partifin_en/

and

www.partifinansiering.no/english

It appears from a comparable survey carried out in 2004 by the Democracy Financing Committee, that the self financing ratio among the four largest political parties in Norway is about 33 %. The same ratio among the three smallest parties in the Storting is about 12 %.

1.4.4 Other kinds of public grants to parties and groups

Pursuant to Section 10 paragraph 2, the Storting finances the elected groups in the Storting. The county and the municipal administrations are responsible for the financing of the elected groups in the county or the municipal councils. This kind of grants includes representative support and basic support to council groups (commonly 1/10 of the total support). Almost all municipalities and counties in Norway have established the aforementioned support systems for representatives and groups, although with varying supporting levels.

Unregistered groups do not receive state subsidies and are not comprised by the PPA. In general, these groups operate on a short term ad hoc basis focusing on local or regional matters. The ambit is in general confined to special cases of local interest rather than complete political programmes. However, unregistered groups represented in county councils and municipal councils are comprised by the system for representative support and basic support in the same manner as registered political parties.

The Storting provides grants to its elected groups over Chapter 41 post 70 in the State budget. The allowance for 2008 is 127 mill. kroner (15,5 mill. EUR) which is distributed

⁷ Until 1995, the state support to the political parties youth organisations was dependant on the total amount of members in the youth organisation.

⁸ The number of electors to the parliamentary election in 2005 was 3 421 741. The corresponding number to the municipal and county election in 2007 was 3 613 356.

among seven parties (listed above). The purpose of the allowance is to cover expenses required to carry out parliamentary activity.

1.4.5 Indirect subsidies

Pursuant to Section 3-1 in the Broadcasting Act, political commercials on television are prohibited. In Norway, this prohibition can be regarded as absolute in the sense that there is no distribution of broadcasting time free of charge to political parties prior to elections, either. However, all the political parties are invited to participate in political TV-debates prior to the elections. Also small parties participate in TV-debates, although in more modest manner as to speaking time. The possibilities for the Government (including the local and regional governments) to facilitate its own election campaign or benefit in any way from utilizing public resources, are modest. Pursuant to Section 2-32 in the Taxation Act, political parties are exempted from taxation of income and assets, in case of activities without any commercial purposes. Further there are some privileges laid down in the VAT act for NGO including political parties. The privileges include e.g. an exemption for membership fees, cf. Section 5 first paragraph subsection number 1 letter f, a special threshold for liability to register for VAT purposes cf. Section 28 first paragraph second sentence.

1.4.6 The role of the Ministry of Government Reform and Administration in the PPA

The Ministry of Government Administration and Reform has purely an administrative role in this system, which mainly comprises the allotments of state grants, administrative issues concerning the Political Parties Act Committee, technical and practical issues concerning the reporting system, disclosing regime and proposals concerning amendments of the provisions in the PPA, etc.

According to the Constitution, the Storting is to be the final authority in matters concerning the finances of the state expenditures as well as revenues. The Storting decides the total annual amount of state grants to the political parties (chapter 1530 in the annual fiscal budget) based on proposals from the Government (Proposition No. 1.) In general, a budgetary decision of the Storting may be regarded both as a permission *and* an obligation for the Government to spend the set amount of money on that specific purpose during the year.

Based on the budgetary statements of the Storting and the official election results of Statistics Norway, The Ministry of Government Administration and Reform computes the vote support rates and the basic support rates at national, county and municipal level. Pursuant to Section 11, 12 and 13 in the PPA, the computation formula is simple and could in principle be checked by anyone. The rates are submitted to the County Governors in annual guidelines (primo January) attached the relevant election statistics. The guidelines and the relevant statistics are also subject for publishing on the web site of the Ministry. From 1 January 2008, all relevant information is also available on a specially designed web site for handling applications from political parties (english version):

<http://fylkesmannen.no/fagom.aspx?m=6661>

The Ministry disburses state grants to the central organisations and central youth organisations. The County Governors disburse the grants to the party's county and municipal organisations and the county youth organisations. Pursuant to section 24, paragraph 2 d) in the PPA, the independent administrative body The Political Parties Act Committee has the authority to decide on appeals concerning decisions relating to government grants.

1.4.7 Supervision and control - The Political Parties Act Committee and the SN

Pursuant to Section 24 1) in the PPA, the Political Parties Act Committee is an independent administrative body, administratively subordinate to the King and the Ministry. Neither the King nor the Ministry may issue instructions concerning the

execution of authority by the Political Parties Act Committee in individual cases under the law, nor may they alter it. According to Section 25, the members of the Committee are appointed by the King in Council for six years at a time. The Committee shall have at least five members, and the chairman of the Committee shall have the qualifications required for a judge.

The current Committee was appointed in March 2006 (about three months after the PPA entered into force) and consists of five persons. The chairperson is a High Court judge in Eidsivating Lagmannsrett Hamar. Three members have experience from political work. In the appointment of the members to the political fraction of the Committee, there has been paid attention to achieve a proper balance with respect to the left-centre-right axis⁹. In the appointment of the committee (as a whole), there has been paid attention to gender and geography. The fifth member comes from Statistics Norway (SN). Summarized, the committee consists of two neutral members and three political members. Pursuant to Section 21 in the Regulations¹⁰, the chairman has the casting vote in the event of a tie.

In accordance with Section 24 in the PPA, the Political Parties Act Committee is empowered to:

- interpret the relevant regulations
- make decisions on withholding grants
- decide on appeals concerning decisions relating to registration, cf. Section 8
- decide on appeals concerning decisions relating to government grants, cf. Section 15

The Act empowers the Committee to interpret the provisions and to decide with binding effect whether to withhold government grants or not. In addition the Committee is the appeal body regarding decisions by the Registry of Political Parties, cf. Section 2 of the PPA, and regarding decisions by the Ministry or the County Governor concerning the allotment of grants, cf. Section 11, 12 and 13. The Committee has defined its commission also to include advisory or consultative statements regarding the provisions in the Act. Decisions made by the Committee cannot be appealed, but may be brought before the courts of law. Since the enforcement of the PPA in 2006, there has been no cases on this matter.

The task for the Committee is discussed in further details in the preparatory documents to the PPA (the Bill). The proposals by the Democracy Financing Committee are quoted in paragraph 8.2 in the proposition. The Committee assumes that it would be appropriate to appoint a separate, independent body or board which would be assigned the task of performing supervisory controls of the system. This proposal was followed up in the Ministry's proposition to the PPA.

The supervisory controlling function is mainly based on the annual reports from the SN which contains information about the actual population of political parties and affiliated organisations, inter alia an identification of entities that have not fulfilled their reporting obligations.

The accuracy of the income returns is a matter of the reporting party itself. Neither the Committee nor the SN has legal authority to scrutinize the truthfulness of the reports or to supervise the accountancy practice in the political parties.¹¹ Still, reporting units might be requested by the SN to clarify relevant matters in their returns. In doubt of correct

⁹ The Labour Party, The Centre Party and The Progress are represented in the current Committee.

¹⁰ REG 2006-03-16 no. 321: Regulations on certain aspects relating to the political parties (The Political Parties Act Regulations).

¹¹ Otherwise, this would be regarded as a serious breach of the principle of political freedom of action.

reporting, comparisons with recent reports might be a useful tool for the SN. The SN also offers the political parties guidance in reporting. Anyway, all reports will be made subject to double checking by the SN to ensure that all data are correct in the web site presentation. According to Section 23.1 in the PPA, the report shall contain a declaration that the party or the party unit has had no other income than that reported. Reports from the party's head organisation shall be signed by the party leader and be approved by an auditor¹². Reports, including declarations from parties or party units at municipal or county level, shall be signed by the person who is applying for or signing in receipt of party support plus one additional member of the board. No auditor's approval is required at county and municipal level. (Section 23. paragraph 3 and 4).¹³

Summarized, the reporting system, especially at local and regional level, is based on trust and political responsibility. The mass media is supposed to play a key role in contributing to satisfactory reporting habits and law abiding at all levels in the Norwegian system.

The task for The Political Parties Act Committee is to assess whether the state grants to the individual parties or affiliated entities, which have not discharged their reporting duties within the statutory deadline or in a satisfactory manner, should be withheld the forthcoming year (Section 24.2 letter b). This is the only sanction The Committee is entrusted effectuating. In 2008, the Committee decided withholding grants in 124 incidents, whereas it decided to drop the case in 40. In 12 cases the Committee set aside its own decisions after receiving requests and new facts from the party entity concerned. The individual decisions were addressed to parties on county or municipal level, including county youth organisations. All parties at national level delivered satisfactory income reports, with the exception of the Norwegian Communist Party.¹⁴ The total amount of withheld state grants accounted for 750 000 kroner (about 91 000 EUR) in 2008.

The infirmity in the reporting attitudes of the political parties was spotlighted in one of the largest newspapers in Norway (Aftenposten, 29 January 2008), and followed up by interviewing leaders in the parent parties (with the highest negative score), the Ministry and the SN. In addition, many local newspapers across the country covered the case. The Ministry is convinced that both the economical consequences and the interests of the mass media in this issue, will lead to increased focus on and consciousness about the political parties' obligations in the future - and accordingly a higher degree of fulfilment of the reporting provisions in the PPA. Against the background of the high levels of public grants to political parties in Norway, i.e about 40 mill EUR per about 3,5 mill electors, and the relatively modest level of private donations or other income sources for political parties at least at county and municipal level, a decision of withholding grants is supposed to be an effective, proportionate and dissuasive sanction in the sense of Article 16 in the Rec 2003/4.

In addition, the Committee is expected to evaluate the threshold limits in the PPA and the general efficiency of the system as well.

1.5 Taxation issues

Pursuant to Section 2-32 in the Taxation Act, political parties are exempted from taxation of income and assets, in case of activities without any commercial purposes. Income exempted from taxation is e.g membership fees, public grants, gifts, returns from political arrangements etc. Commercial activities for the purpose of funding the political activity, is subject to taxation. Pursuant to Section 2-32 subsection 2 in the

¹² The largest political parties apply to the Accounting Act as well.

¹³ The cash flow in these party units is presumably modest, and the absence of requirements concerning auditing (by professionals) is accordingly both a matter of purpose and cost. The sanction provided by the PPA is thus without direct effect on a party that does not apply for state grants.

¹⁴ This is a small party that acts like an outsider in the Norwegian system. The party has not applied for public grants nor received such grants.

Taxation Act, income deriving from activities with commercial purposes is only subject to taxation when revenues from sales of goods or services exceeds NOK 70 000 (about 8 500 EUR).

Gifts to political parties are not deductible from the benefactor's income.

Part II Replies to the Questionnaire

1. Please describe the legal framework in your country, in particular, with regard to the following elements:

a) the legal definition of political parties,

Reply:

Due to the principle of freedom of organisation, there is no legal definition of political parties in the Political Party Act (the PPA). Parties are non-profit associations whose primary purpose is to exert influence in public matters. The definition of a registered political party appears indirectly from chapter 2 in the PPA - Registration of political parties. Pursuant to Section 2.1, a political party satisfying the conditions in Section 3 may apply to register the party's name in the Register of Political Parties at the Brønnøysund Register Centre. The main conditions in Section 3 are:

- it must not be possible to confuse it with the name of
 - another party registered in the Register of Political Parties or
 - Sami political entity registered with the Sami Parliament
- The party shall present the following documentation along with the application:
 - The party's founding document,
 - information as to which persons have been elected members of the party's executive bodies, and which persons have been authorised to act as the official representatives of the party in cases pursuant to this Act,
 - statutes determining which party body elects the party's executive bodies, and
 - declarations from at least 5,000 persons who are eligible to vote in a general election, that they want the party's name to be registered. The individuals making the declarations must have reached voting age by the end of the calendar year in which the application is made. If the application is submitted less than one year before an election, it is sufficient to have reached voting age by the end of the election year. Each declaration shall include the name, date of birth and address of the person making the declaration. The declaration shall be signed in person and dated by the person who has made it. No declaration shall be more than one year older than the application.

When special grounds exist, the registration authority can refuse to register the name of a political party.

b) if there is no legal definition, please provide other definition(s),

Reply:

In lack of a legal definition, an indication of the characteristic features of a political party may serve as a description of a political party. As mentioned in the general part above, the political parties' main functions in Norway can be summarized in the following bullet points,

to:

- formulate and put forward complete political programmes
- nominate candidates and put forward list proposals for parliamentary and local governmental elections
- provide/ensure recruiting and education of political leadership

- negotiate, coordinate opinions and decisions in elected organs
- contribute in making the public debate relevant and insightful

c) do political parties hold legal personality,

It appears from Section 2.2 in the PPA that before a party can be registered in the Register of Political Parties, it must be registered in the Central Coordinating Register for Legal Entities and be allocated its own organisation number, cf. Section 5 of Act on the Central Coordinating Register for Legal Entities. The order to register a party as a legal entity applies to the political party's main (parent) organisation. Subordinated bodies of a registered party, i.e. party organisations at local and regional level, including youth organisations, have the option to register in the Central Coordinating Register for Legal Entities and accordingly be allocated its own organisation number. Therefore, registered political parties' main organisations all hold legal personality. However, there are no definite rules regarding subordinated bodies on this topic although many party organisations, as youth organisations at national level and party organisations at county level, are registered in the Central Coordinating Register.

d) the requirements for recognition and/or registration of a political party.

Reply: Please see the answer under 1 a) above

2. Please provide, where applicable,

a) the number of recognised and/or registered political parties in your country,

Reply:

At present, 22 parties are listed in the party register. However, the number of registered political parties, including national youth organisations, county and municipal organisations and county youth organisations that applies to the PPA, is about 3 200.

b) a list of political parties who participated in the most recent national assembly/ies election,

Reply:

Ranked with respect to size, the following 18 parties participated in the 2005 parliamentary election: The Norwegian Labour Party, The Progress Party, The Conservative Party, The Socialist Left Party, The Christian Democratic Party, The Centre Party, The Liberal Party, The Reds, The Coast Party, The Pensioner Party, The Christian Assembling Party, The Greens, The Democrats, The Norwegian Communist Party, The Reform Party, The Sami Party, The Liberal Popular Party and The Social Party.

c) information on which parties are represented in the national assembly/ies and their number of seats.

Reply:

Seven parties are currently represented in the Parliament (The Storting): The Norwegian Labour Party (61), The Progress Party (38), The Conservative Party (23), The Socialist Left Party (15), The Christian Democratic Party (11), The Centre Party (11) and The Liberal Party (10). The total number of seats is 169.

3. Please describe the rules for participating in elections and if there are threshold rules to enter the national parliament / assembly/ies (a minimum number of votes, per cent of the votes cast, etc).

Reply:

a. Rules for participating at parliamentary elections

The People Representation Act §§ 6-1 – 6-5 contains requirements concerning the list proposals:

Both political parties and other groups may put up one list in each constituency. The closing date for the submission of list proposals is 31 March in the year of the election.

Each list proposal must satisfy the following conditions:

- a. It must specify to which election it applies.
- b. It must have a heading which specifies the party or the group that has put the proposal forward. Where the list proposal has been put forward by a registered political party, the heading shall be identical with the registered name of the party.
- c. It must specify which candidates are standing for election on the list. A list proposal must not have joint candidates with other list proposals applying to the same election in the same constituency.
- d. The candidates shall be listed with their forename(s), surname and year of birth. Information about the candidates' occupation or residence may be shown.

At parliamentary elections a list proposal shall be filled out with the names of as many candidates as there shall be returned members of the Storting from the county. The proposal may in addition contain no more than six other names.

For parties included in the Register of Political Parties which at the previous parliamentary election polled no fewer than 500 votes in one county or no fewer than 5000 votes in the whole country, the list proposal shall be signed by no fewer than two of the members of the executive committee of the party's local branch in the constituency to which the list applies. The same applies to parties that have been included in the Register of Political Parties subsequent to the previous parliamentary election.

The rules applying to other proposers: A list proposal shall be signed by no fewer than 500 persons entitled to vote in the county at the election concerned.

A list proposal that has been submitted may be withdrawn by the representation committee. Notice of withdrawal must be submitted no later than 20 April in the year of the election.

According to § 3-1 eligible to the Storting and bound to accept election is any person who is entitled to vote at the election and who is not subject to any legal incapacity or exempt. Disqualified from election to the Storting are

- a) members of staff in the ministries with the exception of ministers, state secretaries and political advisers,
- b) justices of the Supreme Court and
- c) members of the diplomatic corps or of the consular service.

Whether a person shall be disqualified from election to the Storting depends on whether the person in question holds such office on Election Day.

b. Threshold rules to enter the national parliament.

In Norway there is only one threshold rule to enter the national parliament, referring to the seats at large.

According to The People Representation Act, § 11-2, 169 members shall be returned to the Storting. Of these, 150 are returned as constituency members and 19 as members at large. One member at large shall be returned for each constituency. Only registered parties may obtain seats at large. In addition The Constitution Article 59, section five, declares that no party may be allotted a seat at large unless it has received at least four per cent of the total number of votes cast in the entire Realm.

4. Please provide an overview of the rules/principles (and submit/indicate the relevant parts of the constitution/law/by-law, etc) on the financing at national level of

a) political parties,

Reply:

For the sake of oversight regarding the issue of financing of political parties and the relationship to the Penal Code provisions on corruption, we cite the relevant sections of the penal code:

Section 276a:

Any person shall be liable to a penalty for corruption who

a) for himself or other persons, requests or receives an improper advantage or accepts an offer of an improper advantage in connection with a post, office or commission, or

b) gives or offers anyone an improper advantage in connection with a post, office or commission.

By post, office or commission in the first paragraph is also meant a post, office or commission in a foreign country.

The penalty for corruption shall be fines or imprisonment for a term not exceeding three years. Complicity is punishable in the same manner.

Section 276b:

Gross corruption is punishable by imprisonment for a term not exceeding 10 years. Complicity is punishable in the same manner.

In deciding whether the corruption is gross, special regard shall inter alia be paid to whether the act has been committed by or in relation to a public official or any other person in breach of the special confidence placed in him as a consequence of his post, office or commission, whether it has resulted in a considerable economic advantage, whether there was a risk of significant economic or other damage or whether false accounting information has been recorded or false accounting documents or false annual accounts have been prepared.

Section 276c:

Any person shall be liable to a penalty for trading in influence who

a) for himself or other persons, requests or receives an improper advantage or accepts an offer of an improper advantage in return for influencing the performance of a post, office or commission, or

b) gives or offers anyone an improper advantage in return for influencing the performance of a post, office or commission.

By post, office or commission in the first paragraph is also meant a post, office or commission in a foreign country.

Through the alternative "office", section 276a) covers corruption committed by or in relation to persons with political office, board appointments or other positions of trust. It is not a requirement that the passive party to bribery receives remuneration for the position of trust, and it is immaterial whether the person concerned occupies the position by virtue of election or appointment. Elected officers in associations and organizations fall into this category, as do members of the Storting, municipal councillors and other popularly elected representatives.

There are no provisions providing immunity from prosecution.

For more a more comprehensive outline of the range and requirements of the Penal Code provisions against corruption, please see the reply to questionnaire Greco Eval III (2006) 1E (Theme I).

The legislation of direct relevance on the financing of political parties, is The Act on certain aspects relating to the political parties (The Political Parties Act, PPA), which entered into force 1.1.2006. The PPA is inter alia based on the REC 2003/4 and applies to registered political parties in the same manner at different levels (national, regional and local). The act replaced The Act on the disclosure of the political parties income (1998), which only applied to registered political parties participating in parliamentary elections.

As described further in the General part 1-1 (above), the elections in Norway are strongly party centred, without any formal person elections. Accordingly the legislation concerning funding and reporting applies to political parties, not to candidates.

The provisions concerning the financing of political parties' organisations and elected groups appear in the Chapter 3 and 4 of the PPA. Chapter 3 contains rules about the overarching principles for grants from public funds (Sec 10), government grants to political parties' organisations and youth organisations at national level (Sec 11), government grants to political parties' organisations and youth organisations at county level (Sec 12), government grants to political parties' organisations at municipal level (Sec 13). In addition, Chapter 3 contains provisions concerning The Ministry's right to withhold government grants (Sec 14), Appeals against decisions concerning government grants (Sec 15) and Regulations (Sec 16).

It appears from Section 11 that political parties may apply to the Ministry (of Government Administration and Reform) for government grants to the party's organisation at national level. The grants are provided as vote support and basic support. The vote support is paid as an equal amount in kroner (NOK) to each vote received at the last general election (without any threshold limit). The basic support is paid as an equal amount in kroner to parties that at the last general election received at least 2.5% of the votes on a national basis or that had at least one representative elected to the Storting (Parliament). Of the total support, 9/10 is distributed as vote support and 1/10 as basic support. In 2008, about 211 mill. kroner (i.e about 26 mill EUR) are distributed among 18 parties. The current vote support rate is 72,10 kroner (i.e 8,8 EUR). The current basic support rate is 3,017 mill. kroner (i.e 370 000 EUR). In 2008, seven parties get basic support at national level.

Chapter 4 in the PPA covers support from others, including private donors (both natural and legal persons). Pursuant to Section 17, anyone is permitted to donate to political parties within the following limitations:

- No political party may receive a donation if the identity of the donor is unknown to the party (anonymous donations). Such donations fall to the public purse.
- Political parties may not receive donations from
 - a) legal entities under the control of the state or other public agency,
 - b) foreign donors, which means private individuals who are not Norwegian citizens or who do not satisfy the conditions for eligibility to vote at municipal and county council elections, cf. the Election Act Section 2-2, or corporate bodies that are registered abroad.

In this provision, donation means any form of support that the party would be obliged to report pursuant to Section 19.

There are no threshold limits regarding the size of the legal donations to political parties.

Large political parties must prepare annual accounts in accordance with the provisions of the Norwegian Accounting Act (Act No. 56 of 17.7. 1998). This follows from the Accounting Act's general obligation to prepare annual accounts for associations exceeding either one of the following thresholds: During the last year (i) has had total assets exceeding 20 million NOK (about 2.4 million EUR) or (ii) an average number of employees exceeding 20 man-labour years. In addition to the requirement to prepare annual accounts, the accounting obligations for these political parties include requirements to prepare annual reports, to have their accounts audited by a registered or state authorised auditor (cf. the Act on Audits and Auditors of 15.1.1999 No. 2) and to submit the annual accounts, annual report and the auditor's report to the Register of Company Accounts. The Act explicitly provide for these accounting documents to be publicly available at request from the Register of Company Accounts (an easy access Internet service exist at the Register).

b) entities related, directly or indirectly, to political parties or otherwise under the control of a political party (including organisations/groups participating in an election campaign, e.g. issue based campaigning),

Reply:

Exactly the same provisions in the PPA Chapter 3 and 4, as described under a) above, apply to

- youth organisations subordinated to registered political parties at national level
- registered political parties at county level
- youth organisations subordinated to registered political parties at county level
- registered political parties at municipal level

The amount of State grants to subordinated bodies was about 105 mill. kroner (about 12,7 mill. EUR) in 2008.

c) organisations affiliated to political parties,

Reply:

No public support offers to affiliated organisations to political parties which is not listed in letter a) and b) above. No restrictions regarding the financing exist, either.

d) electoral campaigns of political parties (including organisations/groups participating in an election campaign, e.g. issue based campaigning), regular and ad-hoc elections, referenda,

Reply:

There is no public support to election campaigns.

There are no provisions in the Norwegian legislation limiting or capping the expenditures of registered political parties or unregistered groups in electoral campaigns. Among other factors, the prohibition against political commercials in TV, provided by Section 3-1 in the Broadcasting Act, is supposed to have a negative impact on the increase in the expenditure level for election campaigns.

e) candidates for election.

Reply:

There is no public support for election campaigns regarding candidates. (Please see section 1.2 in the General part above for further details)

5. Please indicate to what extent and in which context there are restrictions (exhaustive list if possible) and/or limits on the provision/acceptance of various sources for funding of the entities/persons/issues as listed in Question 4 with regard to

a) party membership subscriptions (flat or differentiated),

Reply:

There are no restrictions on membership fees in the Norwegian legislation.

b) public funding (e.g. monetary, subsidies, tax exemption, free or discounted use of services),

As mentioned above under question 4 a), Section 17 of the PPA provides a prohibition for political parties and affiliated organisations on all election levels against the acceptance of donations (monetary and non-monetary) from legal entities under the control of the state or other public agency. There is a similar prohibition against the acceptance of gifts where the identity of the donor is unknown to the party (anonymous donations) and foreign donors. The latter means private individuals who are not Norwegian citizens or who do not satisfy the conditions for eligibility to vote at municipal and county council elections, cf. the Election Act Section 2-2, or corporate bodies that are registered abroad. Donations from sister organisations of political parties abroad are exempted.

Pursuant to Section 2-32 in the Taxation Act, political parties are exempted from taxation of income and assets, in case of activities without any commercial purposes. Income exempted from taxation is e.g membership fees, public grants, gifts, returns from political arrangements etc. Commercial activities for the purpose of funding the political activity, is subject to taxation. Pursuant to Section 2-32 subsection 2 in the Taxation Act, income deriving from activities with commercial purposes is only subject to taxation when revenues from sales of goods or services exceeds NOK 70 000 (about 8 500 EUR). Gifts to political parties are not deductible from the benefactor's income.

There are no restrictions on the use of free or discounted services.

c) contributions from entities related to a party,

Reply: No restrictions exist. However, in the Storting, and likewise in the local and regional councils, there are systems for notifications of gifts, bindings etc on voluntarily basis.

d) contributions from/to elected representatives,

Reply: No restrictions exist (other than provided by the Penal Code). However, gifts from elected representatives to a party should be accounted and disclosed in the same manner as gifts from private persons.

e) cash and non-cash donations,

Reply: No restrictions exist.

f) income from property,

g) loans,

h) income from party business or activities,

i) fundraising activities,

j) private business,

k) individuals,

l) other sources, please specify.

Reply (f-l): No restrictions exist.

6. If your country provides direct or indirect public funding, please explain who can receive the public funding,

Reply:

Pursuant to Section 11 -13 in the PPA, only registered political parties at national, county and municipal level (including affiliated youth organisations at national and county level) apply to the state funding system for political issues. According to Section 10 paragraph 2, the Storting, the county councils and the municipal councils are responsible for the financing of their elected representatives and groups. At county and municipal level, this will also include represented unregistered groups.

There are few, if any, sources of indirect funding of political parties or unregistered groups.

Please see the explanations in the General part under section 1.4.3 - 1.4.5 and the reply to question 4 a) above for further details.

a) for what purpose,

Reply:

The purpose of the state grants to political parties is to create an economic foundation for their dedicated role in the democratic system. The political parties main functions or tasks are listed in section 1.3 the General part above (page 1). However, there are no public norms for a proper use of the state grants, or any control with the actual use of the funds.

b) the conditions which must be met in order to receive public funding,

Reply:

It derives from Section 11-13 first paragraph in the PPA that only registered political parties at the corresponding levels (national, county and municipal), including the affiliated youth organisations at national and county level, are allowed to apply for state grants. Applications shall be forwarded to the Ministry of Government Administration and Reform (national level) and the County Governor (county and municipal level). Applications for grants during the first year after an election are regarded as applicable for the entire election period as long as the applicant does not provide other information during the period.

The system for state grants to political parties is vote based. Of the total annual allowance, 9/10 is distributed as vote support and 1/10 as basic support. Regarding vote support, there are no threshold limits for public grants neither at national nor at local or regional level: A registered party which participates in a parliamentary or a local governmental election receives vote support from the very first vote. The basic support is distributed as an equal amount of kroner to parties with a relative share of votes over a threshold limit (2,5 % in parliamentary elections, 4 % in county council and municipal council elections), or which had at least one representative elected to the Storting or the county/municipal council. Affiliated youth organisations at national and county level receive state subsidies proportional to the number of votes the parent party received in the last election.

No other state funding systems for political issues exist. Please see section 1.4.3 in the General part above for more details.

c) basis and method for allocation,

Reply: Based on the budgetary statements of the Storting and the official election results of the Statistics Norway, The Ministry of Government Administration and Reform computes the vote support rates and the basic support rates at national, county and municipal level. Pursuant to Section 11, 12 and 13 in the PPA, the computation formula is simple and could in principle be approved by anyone. The rates are submitted to the County Governors in annual guidelines (primo January) attached the relevant election statistics. The guidelines and the relevant statistics are also subject for publishing on the web site of the Ministry. From 1 January 2008, all the relevant information is also available on a specially designed web site for handling applications from political parties (english version exist):

<http://fylkesmannen.no/fagom.aspx?m=6661>

The Ministry disburses state grants to the central organisations and central youth organisations. The County Governors disburse the grants to the party's county and municipal organisations and the county youth organisations. Pursuant to section 24, paragraph 2 d) in the PPA, the independent administrative body The Political Parties Act Committee has the authority to decide on appeals concerning decisions relating to government grants.

d) different forms of indirect funding¹⁵ including limits on such funding.

Reply:

There are few, if any, sources of indirect funding of political parties or unregistered groups. However, there are no limits to indirect funding in the legislation. Please see section 1.4.5 in the General part above for further details.

7. If your country allows for private funding, please describe to what extent, if at all, such funding may consist of

Reply:

Pursuant to Section 17 in the PPA, anyone is permitted to donate to political parties within the limitations that follow from the provision. Donation means any form of support that the party would be obliged to report pursuant to Section 19. Please see the reply to Question 4 a) for further details.

a) contributions from anonymous contributors,

Reply:

Political parties are not allowed to receive a donation if the identity of the donor is unknown to the party (anonymous donations). Such donations go to the public purse. (paragraph 2)

b) contributions which do not require disclosure of the contributor,

Reply:

Private persons (natural and legal) are permitted to support political parties with gifts (monetary, non-monetary) *in privacy* up to certain threshold limits specific to the different election level. If the sum of the gifts from a single benefactor exceeds the limit within a year, the political party is obliged to disclose the value of the gift(s) and the identity of the donator behind it. Please see section 1.4.2 in the General part and Question 12 a) underneath for further details.

:

c) contributions from corporate entities and publicly held companies,

Reply:

Pursuant to Section 17 paragraph 3 in the PPA, Political parties may not receive donations from legal entities under the control of the state or other public agency.

¹⁵ "Indirect funding" could be for example various forms of state subsidizes, such as free time on state television, use of premises etc.

d) contributions from entities which provide or seek to provide goods or services to public administration,

Reply:

No restrictions exist. This issue is discussed in further detail in the Bill, chapter 6 page 32 where the arguments of the Democratic Financing Committee are quoted:

"The Committee is not in favour of introducing a general prohibition of donations to political parties from legal entities that supply goods or services to the public administration. Many businesses supply or will in the future make such supplies to various parts of the public administration. The wording of such rules will raise various problems – inter alia whether the rules shall also apply to subcontractors for this type of business, whether the business which has previously given donations shall be precluded from making deliveries in the future, whether the prohibition shall apply to donations to all registered political parties regardless of representation or not, etc. There are already rules in place in various sets of rules, i.e. Administration Act, Municipalities Act, Penal Code and the Act relating to public procurement, which inter alia are intended to prevent corruption in relationships between parties and suppliers. If the rules for disclosure of the parties' income is extended to also include local levels, it will work in the same direction. The provisions regarding transparency will increase the possible of efficient enforcement of the remainder of the rules. (...) Norwegian legislation contains controls which have been passed with the aim of preventing corruption in connection with supplies to the state. The Committee is of the opinion that this must be taken into consideration in connection with the European Council's recommended controls in this area. The Committee assumes that the present state of the law is not contrary to the recommendation on this point."

The Ministry supported the proposal of the Committee, and argues on page 32 in the Bill:

"The Ministry shares the Committee's opinion that there is a delimitation problem here both with regard to extent (suppliers of end products, subcontractors, parent companies and subsidiaries, associate companies, etc.), and a time aspect. The Ministry assumes that the existing legislation will probably cover most of the cases where gifts from this type of supplier must be regarded as bribes or in another way can provide the basis for misuse of public authority. Reference is made here inter alia to the Act relating to public procurement with appurtenant Regulations."

e) contributions from foreign persons/entities,

Reply:

Pursuant to Section 17 paragraph 3 in the PPA, political parties on all levels may not receive donations from foreign donors, which means private individuals who are not Norwegian citizens or who do not satisfy the conditions for eligibility to vote at municipal and county council elections, cf. the Election Act Section 2-2 , or corporate bodies that are registered abroad. (However, contribution from sister party organisations abroad are exempted).

f) contributions from non-profit organisations, such as employee or employers' organisations, religious institutions, political organisations etc.

Reply:

No restrictions apply.

g) other sources (e.g. legacies, trusts).

Reply:

No restrictions apply.

8. Are there limits with regard to the amount/size/periodicity of contributions a private contributor can make - or may be received - by political parties or by other entities or persons as listed in Question 4?

Reply:

No limits exist.

9. Are contributions to political parties, entities affiliated with political parties, elected representatives, candidates for election and election campaigns tax deductible? If yes, please explain.

Reply:

Donations to political parties are not deductible from the benefactor's income. Please see section 1.5 in the General part above.

10. Please specify with regard to their expenditure, any quantitative or qualitative restrictions or limits in your country concerning

- a) political parties,
- b) entities related, directly or indirectly, to political parties or otherwise under the control of a political party (including organisations/groups participating in an election campaign, e.g. issue based campaigning),
- c) organisations affiliated with political parties,
- d) electoral campaigns of political parties, regular and ad-hoc elections, referenda,
- e) candidates for election.

Reply (a-e):

No expenditure limits exist, irrespective of organisation or election levels. The opinion of the Democracy Financing Committee was that the risk of corruption is entailed or connected to the income of the political parties. And further, that caps on expenditures in the legislation applying to political parties (and candidates as well) may create circumventions, and accordingly may have negative impact on the confidence in politicians and the democratic system.

11. If the rules as requested above differ at the sub-national level, please summarise.

Reply:

Please see the reply to question 10 above.

II. Specific part

i) Transparency (Articles 11, 12 and 13b of Recommendation Rec(2003)4¹⁶)

Article 11 Accounts

States should require political parties and the entities connected with political parties mentioned in Article 6 to keep proper books and accounts. The accounts of political parties should be consolidated to include, as appropriate, the accounts of the entities mentioned in Article 6.

(Entities mentioned in Article 6: "all entities which are related, directly or indirectly, to a political party or are otherwise under the control of a political party".)

Article 12 Records of donations

a. States should require the accounts of a political party to specify all donations received by the party, including the nature and value of each donation.

b. In case of donations over a certain value, donors should be identified in the records.

Article 13 Obligation to present and make public accounts

b. States should require political parties regularly, and at least annually, to make public the accounts referred to in Article 11 or as a minimum a summary of those accounts, including the information required in Article 10, as appropriate, and in Article 12.

Books and accounts

12 Please describe the rules and practices for keeping books, records, financial accounts and supportive documents of income and expenditure of

a. political parties,

Reply:

Large political parties must prepare annual accounts in accordance with the provisions of the Norwegian Accounting Act (Act No. 56 of 17.7. 1998)¹⁷. This follows from the Accounting Act's general obligation to prepare annual accounts for associations exceeding either one of the following thresholds: During the last year (i) has had total assets exceeding 20 million NOK (about 2.4 million EUR) or (ii) an average number of employees exceeding 20 man-labour years. In addition to the requirement to prepare annual accounts, the accounting obligations for these political parties include requirements to prepare annual reports, to have their accounts audited by a registered or state authorised auditor (cf. the Act on Audits and Auditors of 15.1.1999 No. 2) and to submit the annual accounts, annual reports and the auditor's report to the Register of Company accounts. The Act explicitly provide for these accounting documents to be publicly available at request from the Register of Company accounts (an easy access Internet service exist at the Register).

The accounting principles, applicable to all companies and other entities covered by the Accounting Act, in general also apply to the political parties that are covered. This includes the obligation to apply the Norwegian generally accepted accounting practices. Alternatively the parties have the option to apply International Financial Reporting Standards (IFRS). Exceptions from some of the Act's accounting principles and disclosure requirements apply to political parties and other not-for profit organisations, provided

¹⁶ See appendix.

¹⁷ Unfortunately, no electronic English version exist.

these exceptions are applied in conformity with accepted accounting practices for not-for-profit organisations. A special accounting standard have been issued by the Norwegian standard setter to specify this requirement. The standard includes provisions on consolidated accounts in organisations with a multi-entity structure, the accounting for contributions and the accounting for the use of these funds. The standard provides that for material contributions, the name of the payer, the amount and any conditions attached should be disclosed.

Political parties covered by the Accounting Act, also have an obligation to keep books in accordance with the general bookkeeping requirements of the Act on Bookkeeping (19.11.2004 No. 73)¹⁸ and the regulations under the Act. In addition this requirement will apply to political parties with taxable sales exceeding NOK 140 000 per year (about EUR 17 000). The bookkeeping requirements facilitate, in particular, internal and external controls of the economic activities and economic relationships, including that of the political parties.

As mentioned in section 1.4.2 in the general part above, all political parties, including organisational units of parties comprised by the PPA, shall submit annual reports on their income (Section 18). The report shall contain all income during the period 1 January to 31 December and shall be submitted no later than six months after the closing of the accounts to a central register (Statistics Norway, SN).

Section 19 in the PPA has the following requirements:

§19. Income that must be reported

(1) The report shall contain a complete overview of the income received by the party or the party organisations during the period.

(2) The income shall be categorised as follows:

Public grants:

- a) Government grants pursuant to Chapter 3*
- b) Municipal/County support for the party*
- c) Other public support*

Income from the party's own activity:

- d) Subscription revenues*
- e) Income from lotteries, fund-raising campaigns and similar*
- f) Income from capital*
- g) Income from business activities*
- h) Other income*

Donations from others:

- i) Private individuals*
- j) Commercial enterprises*
- k) Organisations in working life*
- l) Other organisations, associations and unions, institutions, foundations and funds*
- m) Others*

Internal transfers:

- n) Transfers from other party units*

Pursuant to paragraph 3, donations are to be understood as monetary donations and the value of goods, services and other corresponding benefits that are received free of charge or at a reduced price. Benefits from private individuals consisting of ordinary volunteer work that does not require special qualifications (non professionals), or that is not part of the benefactor's income basis, are not counted as donations. The same applies to the loan of premises and objects by private individuals who do not have this as part of their income basis.

¹⁸ Unfortunately, no electronic english version exist.

According to paragraph 4, donations other than monetary donations shall be valued at market value and reported as income. Such donations below the determined limits in Section 20 (1) may nonetheless be exempted.

Political parties or units of political parties whose total income during the year is less than 10,000 kroner (about 1 200 EUR) after the deduction of all public support, are exempted from the obligation to report accounts of their income pursuant to Section 19. These parties are obliged to submit a declaration that their income for the year has been below this level. One reason behind the simplified reporting regime for the smallest parties, is the concern about administrative burdens in organizations where the staff commonly are volunteers (non professionals) and the fact that contributions to small, local parties are modest.

If a donor during the period has made one or more donations to the party's head organisation (national level) to a total value of 30 000 kroner (about 3 650 EUR) or more, the value of the donation and the identity of the donor shall be reported separately. This also applies to donations to party units at county level to a total value of 20 000 kroner (about 2 440 EUR) or more, and to donations to party units at municipal level to a total value of 10 000 kroner (about 1 220 EUR) or more. Donations to the parties' youth organisations are governed by the rules for donations to the parent party at a corresponding level (Section 20.1).

Private individuals shall be identified by name and address and the municipality in which they live. Other donors shall be identified by name and postal address (Section 20.2).

Section 21 requires a declaration that the party or the party unit has had no other income than that reported. If political or commercial agreements have been entered into with any donor, the report shall contain a declaration to this effect. The party or the party unit is obliged on request to allow inspection (by anyone) of agreements entered into with donors.

The scope of reporting obligations are discussed in the Bill - the Proposition to the Odelsting No. 84(2004-2005) On the Act relating to certain circumstances concerning political parties (Party Act). The Democracy Financing Committee discussed whether the reporting obligation should be extended to also include the parties' expenses, but did not propose this and argued that the risk of corruption and bribes first and foremost are entailed or related to the parties' income. The Ministry supported this proposal. There are no expenditure limits in the PPA, either, which alternatively could call for corresponding returns from the political parties.

The scope of the reporting obligations should also be regarded in relation to Section 23, which cites that parties or party units comprised by the PPA, are obliged on request to allow inspection of the accounts that have been prepared for the previous year. This disclosing obligation covers both the expenditures and the income of the party as they are accounted. Anyone can make such requirements to a political party.

b. entities related, directly or indirectly, to political parties or otherwise under the control of a political party (including organisations/groups participating in an election campaign, e.g. issue based campaigning),

Reply:

The provisions of the Accounting Act may apply in the same manner as described above. In addition, the consolidation requirements of the Accounting Act apply to political parties covered by the Act. This includes the special consolidation requirements for not-for-profit organisations mentioned above. In general, all entities controlled by the reporting entity (the political party in this case) must be included in its consolidated annual accounts.

The same provisions in the PPA as described in item a) to this question, apply to affiliated organisations of political parties at county and municipal level participating in elections. Youth organisations at national and county level are also comprised by these provisions.

c. organisations affiliated to political parties,

Reply:

The general accounting principles and disclosure requirements in the Accounting Act that apply to political parties as described in item a) include provisions on accounting for affiliates. These are entities that are not controlled by the reporting entity (the political party in this case), but where the reporting entity retain a significant influence (e.g. by ownership or a right to appoint board members). The accounting principles for affiliates are in line with the similar principles in International Financial Reporting Standards (IFRS).

No additional requirements exist for organisations affiliated to political parties, other than organisations mentioned in item a) and b) above. In any case, donations from such organisations, will be displayed in the income reports of the political parties, column i) to n)

d. electoral campaigns of political parties, regular and ad-hoc elections, referenda,

Reply: The accounting provisions mentioned above may apply depending on the economic substance of the relationship with the political party. No specific requirements exist in addition.

e. candidates for election.

Reply: The Accounting Act includes disclosure requirements for related party transactions that, depending on the nature of the relationship between the political party and the candidate, may require disclosures in the annual accounts of the political party. No additional requirements apply to the political party, and no requirements on the candidate exist. Please see the explanation in the section 1.2 in the General part above.

N.B. When answering question 12, please make sure that all issues in the following checklist are covered:

- *to what extent debts and assets are required to be included in the records,*
- *which contributions are required to be included (financial donations and in-kind contributions, such as services provided for free or with a discount,*
- *to what extent the nature and value of contributions are to be detailed,*
- *how contributions are required to be reported: individually or in aggregate form,*
- *the details of the information required with regard to the identity of donors, lenders and other contributors (names, addresses or social security numbers etc.),*
- *if only contributions above a certain amount are required to be identified, have any measures been taken to ensure that donations from a single source are not being split into several smaller donations by either the contributor or the recipient,*
- *if permitted, how foreign contributions are registered/recorded,*
- *how loans are registered/recorded,*
- *how written off (forgiven) loans are registered/recorded (as donations?)*
- *whether the cash value of contributed products and services is required to be included,*
- *which expenditure is required to be included in the accounts and the level of detail,*

- *with respect to expenditure, whether information on the purpose, amount and vendor or provider of a service is required to be included,*
- *whether expenditure made by organisations related to a party is required to be included,*
- *to what extent accounting records of political parties are required to make a distinction between regular income/expenditure on the one hand, and income/expenditure in election campaigns on the other,*
- *how income/expenditure of different election campaigns running in parallel, is distinguished from each other in the accounts,*
- *whether certified accountants/audits are required.*

13. Please explain the requirements – if any - placed upon contributors, natural or legal persons (including foreign contributors), with regard to the recording/reporting of contributions made to

- a) **political parties,**
- b) **entities related, directly or indirectly, to political parties or otherwise under the control of a political party (including organisations/groups participating in an election campaign, e.g. issue based campaigning),**
- c) **organisations affiliated to political parties,**
- d) **electoral campaigns of political parties, regular and ad-hoc elections, referenda,**
- e) **candidates for election.**

Reply to letter a) – e):

No recording/ reporting requirements are placed upon contributors.

14. Please describe to what extent the entities and persons referred to in Question 13 are required to report various forms of income (including donations) and expenditure, as well as their origin, to competent authorities:

Reply:

As explained in the reply to Question 11 above and in section 1.4.2 in the General part above, registered political parties, including affiliated organisations participating in elections and youth organisations at national and county level, are obliged to submit a detailed report regarding their income to Statistics Norway on an annual basis. Pursuant to Section 18 paragraph 2 in the PPA, the report shall include income in the period 1 January to 31 December and shall be submitted no later than six months after the closing of the accounts. Please see the reply to Question 11 for further details regarding the content of the returns.

15. Are the entities and persons, referred to in Question 13, required to make their financial records public?

- a. **How often in general and where?**
- b. **When in relation to an election?**
- c. **What is the format and content of the financial records to be made public? Please list which information, if any, may be excluded from being published, using the *checklist* contained in Question 12.**
- d. **How can the public access the information?**
- e. **Are there other ways for the general public and the media to have access to the information contained in the financial records? For example, are the accounts accessible under the general regulations on access to public documents? If so, please provide further details.**

Reply to a)-e):

There are no obligations in the legislation placed upon the political parties concerning publication of their income reports. Several parties do so, voluntarily, on their web sites. The obligation to make the income reports derived from section 19 in the PPA public, are placed upon Statistics Norway (SN). In accordance with Section 22.2 in the PPA, The SN shall compare the information concerning the party's income and sources of income and make this available to the public in an appropriate manner, for example by electronic means. The publication frequency is one time a year (prior to 1. October). The register shall send an overview to the Political Parties Act Committee and to the Ministry of any parties or party units that have failed to comply with the requirement to report within the time limit.

Pursuant to Section 11 in the Regulations on certain aspects relating to the political parties (The Political Parties Act Regulations, REG 2006-03-16 no. 321), the SN shall make the compared information concerning the parties' income and sources of income electronically available to the general public. SSB shall also publish the name of reported donors pursuant to Section 20 of the PPA. Information concerning income, sources of income and the names of donors in relation to donations for individual years, shall be electronically available for five years from the reporting date. The publication shall also include a list of entities that are obliged to report (Section 12 in the Reg.)

The registration data shall comprise the party organisation's name, postal address and telephone number, including those of the organisation's leader, plus the party's number in the Register of Political Parties or the Central Coordinating Register for Legal Entities, if relevant. The Regulation also requires that the units shall be separated according to central, regional and local levels, and a special registration shall be made of the youth organisations.

Pursuant to Section 13 in the Regulation, the SN shall report any breach of the duty to report, cf. Section 22, 2nd subsection, 2nd sentence of the Act, by 1 October to the Political Part Act Committee and the Ministry.

The Ministry of Government Administration and Reform and the County Governors send SN an overview of the entities with a report obligation, i.e parties that have been granted the party support they have applied for pursuant to the Political Parties Act Chapter 3. The overview shall be sent before 1 April in the election year, or as soon as the applications have been presented. However, the SN is responsible for carrying out a survey of the whole population political parties with reporting obligations (including parties which have not applied for state grants).

The SN is given the authority to issue more detailed guidelines concerning the reporting system, including the comparison of the information and presentation (Section 14.2 in the Regulation).

In 2006, the Ministry and the SN established in cooperation the web site www.partifinansiering.no for the purpose of publishing the political parties', including affiliated organisations', income accounts and the name of donors of gifts over the specific threshold limits. The web site is managed by the SN:

<http://www.partifinansiering.no/english>

There are no specific reporting obligations connected to electoral campaigns. Donors are not subject to any reporting obligations.

16 To what extent have competent authorities (e.g. law enforcement, prosecution, tax authorities etc) access to the accounting records of the entities referred to in Question 13? What are the procedures to access such records?

Reply:

Concerning access provided by the PPA, please see the section 1.4 in the General part and the reply to Question 15 for further details.

The Act on Bookkeeping requires that the entities covered by the Act, including political parties as described in item 12, shall give public control authorities the necessary assistance to inspect the accounting system and the accounting material, and to this end, put equipment and software at the authority's disposal. This requirement also applies to an external accountant.

17. Please indicate for how long records must be held by entities and persons referred to in Question 13 and by a mechanism/authority referred to in Question 19.

Reply:

Annual accounts, annual reports and auditor's reports must be held at least 10 years by the reporting entity (but the Register of Company Accounts has not yet any routine for deleting older documents). The books, invoices and other primary bookkeeping documentation must be held by the bookkeeping entity for at least 10 years. Secondary documentation (e.g. lists of contents) must be held for at least 3.5 years.

The PPA provides that the income accounts of the political parties (all levels), including the identities of donors of gifts over the threshold limits, shall be available on the dedicated web site (www.partifinansiering.no/english) for five years (i.e. one year longer than the election period). Please see the reply to Question 13 for further details.

ii) Supervision (Article 14 of Recommendation Rec(2003)4)

Article 14 Independent monitoring

a. States should provide for independent monitoring in respect of the funding of political parties and electoral campaigns.

b. The independent monitoring should include supervision over the accounts of political parties and the expenses involved in election campaigns as well as their presentation and publication.

18. Please describe to what extent the accounts of the below listed entities and persons are subject to internal audits. If so, please describe the selection of auditors in respect of:

a. political parties,

Reply:

According to Section 21 in the PPA, paragraph 3, reports from the party's head organisation shall be signed by the party leader and be approved by an auditor.

The selection of the auditor, within the requirements of the Auditor Act, is otherwise a matter of the political party itself.

There are no specific requirements in the legislation concerning internal audits. The subject is supposed to be a matter of the political parties bylaws.

b. entities related, directly or indirectly, to political parties or otherwise under the control of a political party (including organisations/groups participating in an election campaign, e.g. issue based campaigning),

Reply: Pursuant to Section 21 paragraph 4 in the PPA, reports, including declarations under Section 18 (3) from parties or party units at municipal or county level, shall be signed by the person who is applying for or signing in receipt of party support under Chapter 3 plus one more member of the board. No auditor's approval is required.

The reason behind the less stringent requirements applying to the regional and local party organisations, is the fact that these organisations normally are small or modest in economical terms. Accordingly, having to provide income accounts approved by an auditor is regarded as too costly and burdensome. Anyway, the overwhelming part of the party organisations at municipal level are exempted from the obligation to submit detailed income accounts, in section 18 paragraph 3 in the PPA.

No requirements concerning internal audits exist.

c. organisations affiliated to political parties,

Reply: No obligations concerning auditing are placed upon organisations affiliated to political parties (in the party funding sense) other than those mentioned in item a) above.

**d) electoral campaigns of political parties, regular and ad-hoc elections, referenda,
e) candidates for election.**

Reply: No restrictions apply.

19. Please describe the mechanism/s or authority/ies (if any) in your country entrusted with monitoring adherence of the entities and persons referred to in Question 18 to political financing laws and regulations in general and with checking the relevant accounting records and supporting documentation of these entities and persons.

Reply: The Auditor Act (attached) provides detailed measures in respect of auditing matters, i.e. auditor's independence and objectivity, auditor's tasks when auditing annual accounts, etc which also should be made subject to the auditing of political parties. There are no further requirements provided by the PPA on this issue.

Pursuant to Section 24 1) in the PPA, The Political Parties Act Committee is an independent administrative body, administratively subordinate to the King and the Ministry. Neither the King nor the Ministry may issue instructions concerning the execution of authority by the Political Parties Act Committee in individual cases under the law, nor may they alter it. According to Section 25, The members of the Committee are appointed by the King in Council for six years at a time. The Committee shall have at least five members, and the chairman of the Committee shall have the qualifications required for a judge.

The current Committee was appointed in March 2006 (about three months after the PPA entered into force) and consist of five persons. The chairperson is a High Court judge in Eidsivating Lagmannsrett, Hamar. Three members have experience from political work. In the appointment of the members to the political fraction of the Committee, attention has been paid to achieve a proper balance with respect to the left-centre-right axis. In the appointment of the committee (as a whole), attention has been paid to gender and geography. The fifth member comes from Statistics Norway (SN). Summarized, the committee consists of two neutral members and three political members. Pursuant to Section 21 in the Regulations, the chairman has the casting vote in the event of a tie.

In accordance with Section 24 in the PPA, the Political Parties Act Committee is empowered to:

- interpret the relevant regulations
- make decisions on withholding grants
- decide on appeals concerning decisions relating to registration, cf. Section 8
- decide on appeals concerning decisions relating to government grants, cf. Section 15

The Act empowers the Committee to interpret the provisions and to decide with binding effect whether to withhold government grants or not. In addition the Committee is the appeal body regarding decisions by the Registry of Political Parties, cf. Section 2 of the PPA, and regarding decisions by the Ministry or the County Governor concerning the allotment of grants, cf. Section 11, 12 and 13. The Committee has defined its commission also to include advisory or consultative statements regarding the provisions in the Act. Decisions made by the Committee cannot be appealed, but may be brought before the courts of law. Since the enforcement of the PPA in 2006, there have been no cases on this matter.

The task for the Committee is discussed in further details in the preparatory documents to the PPA (the Bill). The proposals by the Democracy Financing Committee are quoted in paragraph 8.2 in the proposition. The Committee assumes that it would be appropriate to appoint a separate, independent body or board which would be assigned the task of performing supervisory controls of the system. This proposal was followed up in the Ministry's proposition to the PPA.

The supervisory controlling function is based on the annual reports from the SN which contains information about the actual population of political parties and affiliated organisations, inter alia an identification of entities that have not fulfilled their reporting obligations.

The accuracy of the income returns is a matter for the reporting party itself. Neither the Committee nor the SN has legal authority to scrutinize the truthfulness of the reports or to supervise the accountancy practice in the political parties. Still, reporting units might be requested by the SN to clarify relevant matters in their returns. In doubt of correct reporting, comparisons with recent reports might be a useful tool for the SN. The SN also offers the political parties guidance in reporting. Anyway, all reports will be made subject to double checking by the SN to ensure that all data are correct in the web site presentation. According to Section 23.1 in the PPA; the report shall contain a declaration that the party or the party unit has had no other income than that reported.

The task for The Political Parties Act Committee is to assess whether the state grants to the individual parties or affiliated entities, which have not discharged their reporting duties within the statutory deadline or in a satisfactory manner, should be withheld the forthcoming year (Section 24.2 letter b).

In addition, the Committee is expected to evaluate the threshold limits in the PPA and the general efficiency of the system as well.

The Political Parties Act Committee is financed over the state budget chapter 1530 post 01. The allowance for 2008 is about 300 000 kroner (about 37 000 EUR).

20. Please describe the legal and institutional framework with regard to this (these) mechanism(s) / authority(ies) referred to in Question 19, in particular as regards

- i. independence and accountability,**
- ii. structure,**
- iii. organisation,**
- iv. funding,**
- v. composition, appointments, staff qualifications and term of office,**
- vi. remit (accounts of political parties, electoral campaigns etc.),**
- vii. powers: (regular checking of accounting records, interpreting relevant laws, investigative powers in respect of suspected violations of political financing regulations, applying sanctions, regulatory function etc.),**
- viii. type of body (electoral commission, parliamentary commission, anti-corruption body, audit institution or other),**
- ix. resources available,**
- x. measures to prevent undue influence,**
- xi. co-operation with other competent authorities, such as law enforcement.**

Reply:

All bullet points should be fully covered by the reply to the previous question 19.

21. Please describe the procedure that follows if suspected infringements of political financing regulations are encountered. Are there any reporting obligations? Where to? What is the trigger for investigations of suspected infringements (complaints from citizens, *ex officio*)?

Reply: According to the Auditor Act chapter 5, the auditor has several obligations concerning remarks or notes to the accounts. In particular:

The auditor shall in writing draw the following matters to the attention of the management of entities subject to the statutory audit obligation:

1. deficiencies in regard to the duty to produce a proper and clearly set out record and documentation of accounting information,
2. errors and deficiencies in the organisation and control of its asset management,
3. irregularities and errors that may lead to incorrect information in the annual accounts,
4. circumstances that may lead to liability on the part of members of the board, corporate assembly, supervisory board or general manager,
5. the reason for any signature missing in confirmations given to public authorities in accordance with laws or regulations, and
6. the reason for any withdrawal from an assignment

In the audit report the auditor shall express an opinion regarding the following matters:

1. a clear indication of whether the annual accounts in the auditor's judgement give a fair presentation in conformity with the rules for financial reporting that have been applied.
2. whether the annual accounts have been prepared and approved in accordance with law and regulations,
3. whether the management of the entity subject to the statutory audit obligation has fulfilled its duty to produce a proper and clearly set out record and documentation of accounting information, and
4. whether the information in the annual report concerning the financial statements, the going concern assumption and the proposal for application of profit or coverage of loss is in accordance with laws and regulations, and whether the information is consistent with the financial statements.

If the accounts fail to provide the information about an undertaking's results and financial position that should have been provided, the auditor shall make an audit reservation and in the event provide necessary supplementary information in his report.

Should the auditor deem that the accounts should not be approved as they stand, this shall be indicated separately.

Should the auditor find during his examinations that circumstances exist which may lead to liability on the part of members of the board, corporate assembly, supervisory board or the general manager, this shall be remarked upon in the audit report. The auditor shall also disclose any other information about circumstances which he believes should be drawn to the attention of the partners or shareholders of the audited entity.

Where an entity subject to the statutory audit obligation fails to fulfil a duty under law or regulations to surrender specific documents to public authorities the auditor shall at the request of the authorities concerned surrender copies of documents that he has in his possession.

An auditor is duty bound to withdraw without undue delay from an audit assignment for an entity subject to the statutory audit obligation if, during the course of his work, he has identified and drawn attention to significant breaches of law and regulations to which the said entity is subject, and the entity fails to take necessary steps to rectify the situation.

Notwithstanding the provision on the auditor's duty of confidentiality or a confidentiality agreement, an auditor may make a statement, and present documentation regarding an audit assignment or other services, to the police when an investigation has been initiated in a criminal case. Furthermore, an auditor may inform the police if, in the course of an audit assignment or other services, circumstances emerge that give reason to suspect that a criminal act has been committed.

Regarding infringements of the financial provisions provided by the PPA (for instance Section 3 letter b concerning illegal support from foreigners), no reporting obligations applies. However, any kind of breach of the legislation applying to political parties, is supposed to be of certain interest for the mass media.

Offences according to the Penal Code, will be investigated and possibly prosecuted by the police and the prosecution authority.

22. If possible, please provide information concerning the number of investigations, prosecutions and convictions as well as the types of cases dealt with within the framework of political funding supervision and/or by the law enforcement since 1996.

Reply: The PPA entered into force in 2006. The 2007 was an amnesty year in the sense that only a couple of breaches of the reporting regime in chapter 4 were handled by the Political Party Act Committee. However, the Committee heralded a tougher line for the forthcoming year in a letter to the parties which did not fulfil the reporting obligations.

As mentioned in section 1.4.7 in the General part above, the Committee decided in 2008 withholding grants in 124 incidents, whereas it decided to drop the case in 40. In 12 cases the Committee set aside its own decisions after receiving requests and new facts from the party entity concerned. The individual decisions were addressed to parties on county or municipal level, including county youth organisations. All parties at national level delivered satisfactory income reports, with the exception of the Norwegian Communist Party. The total amount of withheld state grants was 750 000 kroner (about 91 000 EUR) in 2008.

The infirmity in the reporting attitudes of the political parties was spotlighted in the one of the largest newspapers in Norway (Aftenposten 29th of January 2008), and followed up by interviews with leaders in the parent parties (with the highest negative score), The Ministry and the SN. In addition, many local newspapers across the country covered the case.

Since 1996 no criminal investigations have been initiated related to political party funding. However, investigative steps were taken in relation to youth organizations of political parties and other voluntary organizations in connection with the publication of information indicating that there were irregularities and possible fraud related to the distribution of state grants to voluntary organizations. All of the cases were dismissed by the prosecution.

Following investigations which were initiated in 1995, four representatives of the youth organization of a political party were convicted for fraud in 1998. The organization received approximately EUR 70.000,- in unlawful contributions within a grants program administered by the municipality of Oslo (not state grants). The basis for the unlawful contributions was the organizations reporting of fictitious members. The sentences ranged from six months unconditional to three months conditional imprisonment.

23. Please describe the reporting requirements and requirements for making the reports public (where applicable) upon the monitoring body/mechanism, referred to in Question 19. Are there any exceptions?

Reply: The annual report of the Statistic Norway concerning possible breaches of the reporting obligations in chapter 4 of the PPA, is public. The same applies to decisions made by the Political Party Act Committee and the Ministry

iii) Sanctions (Article 16 of Recommendation Rec(2003)4)

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Article 16 Sanctions

States should require the infringement of rules concerning the funding of political parties and electoral campaigns to be subject to effective, proportionate and dissuasive sanctions.

24. What sanctions and measures (taking into account administrative, civil and criminal liability) are foreseen for what violations in case an entity or person listed below is held liable for violation of different political financing laws and regulations? Please specify.

a. **political parties,**

Reply: Pursuant to Section 24.2 letter b in the PPA and Section 15 in the Regulation, The Political Parties Act Committee can decide to withhold government party support on the recommendation of the Ministry or on its own initiative, when:

- a) the party or the party unit has failed to comply with the regulations for reporting of income under the Political Parties Act Chapter 4, or
- b) when there is doubt as to whether the party or the party unit exists.

Decisions to withhold support shall apply for one year at a time.

Section 16 has provisions about temporary withholding of support; The Ministry can withhold support in individual cases pending the decision of the committee.

No other sanctions apply in relation to the PPA. Against the background of the high levels of public grants to political parties in Norway, i.e about 40 mill EUR per about 3,5 mill electors, and the relatively modest level of private donations or other income sources for political parties at county and municipal level, a decision to withhold grants is supposed to be an effective, proportionate and dissuasive sanction in the sense of Article 16 in the Rec 2003/4.

Anyway, *political responsibility* is supposed to be the most important sanction in the system, first and foremost effectuated by the mass media and the electors.

b. entities related, directly or indirectly, to political parties or otherwise under the control of a political party (including organisations/groups participating in an election campaign, e.g. issue based campaigning),

Reply: The same regime as described in item a) applies to all subordinated bodies of registered political parties participating in elections. In addition: youth organisations at national and county level.

- c) **organisations affiliated to political parties,**
- d) **electoral campaigns of political parties, regular and ad-hoc elections, referenda,**
- e) **candidates for election.**

Reply: No sanctions apply for affiliated organisations or others not comprised by the PPA (other than sanctions provided by the Penal Code).

25. Who can impose these sanctions and/or measures? What, if any, are the appeal possibilities?

Reply: Sanctions provided by the PPA (withholding state grants), can only be imposed by the Political Party Act Committee. The decisions cannot be appealed, but can be brought before the courts of law (Section 24 1 paragraph).

Sanctions provided by the Penal Code are matters for the courts of law.

26. On whom can these sanctions be imposed (parties, individuals etc.)? Is it specified who is to be held accountable for which infringement of the laws and regulations? Would sanctions imposed on a party exclude that individuals be sanctioned and *vice-versa*?

Reply: Sanctions provided by the PPA (withheld of state grants), can only be imposed on political parties. There are no sanctions applying to individual persons in the party system.

27. Are there any persons (elected representatives or candidates for election) or entities (political parties or related entities) who benefit from immunities allowing them to avoid proceedings or sanctions for violating political funding laws and regulations? If so, please specify. Under which criteria and by whom can these immunities be lifted?

Reply: No

28. Please explain the rules on statutes of limitation in respect of procedure and sanctions for violation of laws and regulations on political financing.

Reply: No provisions or rules exist.

29. Please provide information (statistics or examples) on sanctions imposed on political parties, entities which are related, directly or indirectly, to a political party or under the control of a political party, elected representatives, candidates for election, third parties or others found liable of breaching political financing regulations since 1996, if possible.

Reply: As mentioned in the reply to the Question 22 above, 112 political party organisations were deprived of the state grants in 2008. The names and the accompanying allowances are displayed in the attached excel file.

APPENDIX

COUNCIL OF EUROPE

COMMITTEE OF MINISTERS



Recommendation Rec(2003)4 of the Committee of Ministers to member states on common rules against corruption in the funding of political parties and electoral campaigns

*(Adopted by the Committee of Ministers on 8 April 2003
at the 835th meeting of the Ministers' Deputies)*

The Committee of Ministers, under the terms of Article 15.b of the Statute of the Council of Europe,

Considering that the aim of the Council of Europe is to achieve a greater unity between its members,

Considering that political parties are a fundamental element of the democratic systems of states and are an essential tool of expression of the political will of citizens,

Considering that political parties and electoral campaigns funding in all states should be subject to standards in order to prevent and fight against the phenomenon of corruption,

Convinced that corruption represents a serious threat to the rule of law, democracy, human rights, equity and social justice, that it hinders economic development, endangers the stability of democratic institutions and undermines the moral foundations of society,

Having regard to the recommendations adopted at the 19th and 21st Conferences of European Ministers of Justice (Valetta, 1994 and Prague, 1997 respectively),

Having regard to the Programme of Action against Corruption adopted by the Committee of Ministers in 1996,

In accordance with the Final Declaration and the Plan of Action adopted by the Heads of State and Government of the Council of Europe at their Second Summit, held in Strasbourg on 10 and 11 October 1997,

Having regard to Resolution (97) 24 on the twenty guiding principles for the fight against corruption, adopted by the Committee of Ministers on 6 November 1997 and in particular Principle 15, which promotes rules for the financing of political parties and election campaigns which deter corruption,

Having regard to Recommendation 1516 (2001) on the financing of political parties, adopted on 22 May 2001 by the Council of Europe's Parliamentary Assembly,

In the light of the conclusions of the 3rd European Conference of Specialised Services in the Fight against Corruption on the subject of Trading in Influence and Illegal Financing of Political Parties held in Madrid from 28 to 30 October 1998,

Recalling in this respect the importance of the participation of non-member states in the Council of Europe's activities against corruption and welcoming their valuable contribution to the implementation of the Programme of Action against Corruption,

Having regard to Resolution (98) 7 authorising the Partial and Enlarged Agreement establishing the Group of States against Corruption (GRECO) and Resolution (99) 5 establishing the Group of States against Corruption (GRECO), which aims at improving the capacity of its members to fight corruption by following up compliance with their undertakings in this field,

Convinced that raising public awareness on the issues of prevention and fight against corruption in the field of funding of political parties is essential to the good functioning of democratic institutions,

Recommends that the governments of member states adopt, in their national legal systems, rules against corruption in the funding of political parties and electoral campaigns which are inspired by the common rules reproduced in the appendix to this recommendation, – in so far as states do not already have particular laws, procedures or systems that provide effective and well-functioning alternatives, and instructs the "Group of States against Corruption – GRECO" to monitor the implementation of this recommendation.

Appendix

Common rules against corruption in the funding of political parties and electoral campaigns

I. External sources of funding of political parties

Article 1 Public and private support to political parties

The state and its citizens are both entitled to support political parties.

The state should provide support to political parties. State support should be limited to reasonable contributions. State support may be financial.

Objective, fair and reasonable criteria should be applied regarding the distribution of state support.

States should ensure that any support from the state and/or citizens does not interfere with the independence of political parties.

Article 2 Definition of donation to a political party

Donation means any deliberate act to bestow advantage, economic or otherwise, on a political party.

Article 3 General principles on donations

a. Measures taken by states governing donations to political parties should provide specific rules to:

- avoid conflicts of interests,
- ensure transparency of donations and avoid secret donations,
- avoid prejudice to the activities of political parties,
- ensure the independence of political parties.

b. States should:

- i. provide that donations to political parties are made public, in particular, donations exceeding a fixed ceiling,
- ii. consider the possibility of introducing rules limiting the value of donations to political parties,
- iii. adopt measures to prevent established ceilings from being circumvented.

Article 4 Tax deductibility of donations

Fiscal legislation may allow tax deductibility of donations to political parties. Such tax deductibility should be limited.

Article 5 Donations by legal entities

a. In addition to the general principles on donations, states should provide:

- i. that donations from legal entities to political parties are registered in the books and accounts of the legal entities, and
- ii. that shareholders or any other individual member of the legal entity be informed of donations.

b. States should take measures aimed at limiting, prohibiting or otherwise strictly regulating donations from legal entities which provide goods or services for any public administration.

c. States should prohibit legal entities under the control of the state or of other public authorities from making donations to political parties.

Article 6 Donations to entities connected with a political party

Rules concerning donations to political parties, with the exception of those concerning tax deductibility referred to in Article 4, should also apply, as appropriate, to all entities which are related, directly or indirectly, to a political party or are otherwise under the control of a political party.

Article 7 Donations from foreign donors

States should specifically limit, prohibit or otherwise regulate donations from foreign donors.

II. Sources of funding of candidates for elections and elected officials

Article 8 Application of funding rules to candidates for elections and elected representatives

The rules regarding funding of political parties should apply *mutatis mutandis* to:

- the funding of electoral campaigns of candidates for elections,
- the funding of political activities of elected representatives.

III. Electoral campaign expenditure

Article 9 Limits on expenditure

States should consider adopting measures to prevent excessive funding needs of political parties, such as, establishing limits on expenditure on electoral campaigns.

Article 10 Records of expenditure

States should require particular records to be kept of all expenditure, direct and indirect, on electoral campaigns in respect of each political party, each list of candidates and each candidate.

IV. Transparency

Article 11 Accounts

States should require political parties and the entities connected with political parties mentioned in Article 6 to keep proper books and accounts. The accounts of political parties should be consolidated to include, as appropriate, the accounts of the entities mentioned in Article 6.

Article 12 Records of donations

a. States should require the accounts of a political party to specify all donations received by the party, including the nature and value of each donation.

b. In case of donations over a certain value, donors should be identified in the records.

Article 13 Obligation to present and make public accounts

a. States should require political parties to present the accounts referred to in Article 11 regularly, and at least annually, to the independent authority referred to in Article 14.

b. States should require political parties regularly, and at least annually, to make public the accounts referred to in Article 11 or as a minimum a summary of those accounts, including the information required in Article 10, as appropriate, and in Article 12.

V. Supervision

Article 14 Independent monitoring

a. States should provide for independent monitoring in respect of the funding of political parties and electoral campaigns.

b. The independent monitoring should include supervision over the accounts of political parties and the expenses involved in election campaigns as well as their presentation and publication.

Article 15 Specialised personnel

States should promote the specialisation of the judiciary, police or other personnel in the fight against illegal funding of political parties and electoral campaigns.

VI. Sanctions

Article 16 Sanctions

States should require the infringement of rules concerning the funding of political parties and electoral campaigns to be subject to effective, proportionate and dissuasive sanctions.