



## Resolution 2390 (2021)<sup>1</sup>

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

Parliamentary Assembly

1. Political parties play a key role in the democratic systems of Council of Europe member States. They are essential tools for expressing the political will of citizens and for organising political debates and campaigns in a democratic society.
2. Citizens' confidence in the integrity and independence of the democratic decision-making process is of crucial importance in ensuring the acceptance and resilience of democracy. In political systems based on parties, citizens' trust in the integrity of political processes also depends on the internal functioning of a political party, including its financing and accountability, and the prevention of corruption.
3. While the systems of political financing and the rules governing party and campaign funding differ in Council of Europe member States according to their distinct political, historical, social and cultural characteristics, the Parliamentary Assembly, referring to its [Recommendation 1516 \(2001\)](#) "Financing of political parties", reaffirms the general principles with respect to the financing of political parties and electoral campaigns: a reasonable balance between public and private funding, fair criteria for the distribution of State contributions to parties, strict rules concerning private donations, a ceiling on parties' expenditure linked to election campaigns, complete transparency of accounts, the establishment of an independent auditing authority and meaningful sanctions against those who violate the rules.
4. The Assembly recalls Recommendation Rec(2003)4 of the Committee of Ministers on common rules against corruption in the funding of political parties and electoral campaigns. This recommendation, which builds on Assembly [Recommendation 1516 \(2001\)](#), provides fundamental principles for political financing and expenditure as well as provisions on transparency and supervision in this area. In particular, it provides in its Article 7 that: "States should specifically limit, prohibit or otherwise regulate donations from foreign donors."
5. The Assembly takes note that citizens are increasingly concerned about the integrity of democratic decision making in Council of Europe member States in the light of recent reports about improper or illicit interference through financial contributions by foreign States or State-linked entities to political parties and electoral campaigns. The Assembly is concerned that the attempts to interfere in a country's democratic decision-making process through financial contributions are increasingly combined with other means of interference such as disinformation and cyberattacks.
6. The Assembly acknowledges that both migration and the digital revolution have contributed to an increasing interdependence between Council of Europe member States, their citizens, democratic decision-making processes and public spaces. This development poses challenges for the regulation of financial contributions to political parties and electoral campaigns from foreign sources and for the enforcement of such regulations.
7. The Assembly condemns all attempts by Council of Europe member and non-member States to interfere improperly or illicitly in democratic decision-making processes in other States through financial contributions to political parties and electoral campaigns.

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1. *Assembly debate* on 24 June 2021 (22nd sitting) (see [Doc. 15302](#), report of the Committee on Political Affairs and Democracy, rapporteur: Mr Konstantin Kuhle). *Text adopted by the Assembly* on 24 June 2021 (22nd sitting).  
See also [Recommendation 2208 \(2021\)](#).



8. In particular, the Assembly:

8.1. outlines that co-operation between citizens and political organisations in different Council of Europe member States helps to increase mutual understanding and serves to maintain a constant dialogue. Regulating financial contributions to political parties and electoral campaigns from foreign sources should not discourage such co-operation;

8.2. stresses that regulations governing the funding of political parties and electoral campaigns should not impede the work of non-governmental organisations (NGOs) and political foundations, as these organisations are important actors in civil society. The important role of foreign organisations in contributing to democracy-building should be recognised. The Assembly refers to [Resolution 2362 \(2021\)](#) "Restrictions on NGO activities in Council of Europe member States", in which member States are urged to "ensure that NGOs can seek, secure and use financial and material resources of both domestic and foreign origin, without suffering discrimination or encountering unjustified obstacles", in line with the recommendations included in the report on the funding of associations of the European Commission for Democracy through Law (Venice Commission) (paragraph 10.7);

8.3. acknowledges that different legal regimes exist in member States which allow (or prohibit) financial co-operation between political parties representing national minorities and the States in which members of the respective group reside, including as part of electoral campaigns;

8.4. acknowledges that different legal regimes exist in member States which allow (or prohibit) financial contributions by their citizens residing abroad and by foreign citizens permanently residing in the respective member State to their national political parties;

8.5. stresses that regulations governing financial contributions to political parties and electoral campaigns from foreign sources must comply with the European Convention on Human Rights (ETS No. 5), particularly with Articles 10 (freedom of expression) and 11 (freedom of assembly and association).

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

9.1. by contributing in-kind instead of in cash;

9.2. by providing loans;

9.3. by making contributions in-kind or in cash to politicians and political candidates instead of political parties and electoral campaigns;

9.4. via intermediary individuals or companies;

9.5. via shell companies deliberately created to establish a legal presence in the target country;

9.6. by contributing to foundations, associations, charities, religious organisations and other non-profit organisations or NGOs with the aim of covertly benefitting a political party or an electoral campaign, thus diverting the funding from its original purpose, namely the financing of a non-profit organisation or NGO;

9.7. by using cryptocurrencies;

9.8. by contributing anonymously or by exploiting *de minimis* rules or rules regarding cash contributions;

9.9. by concealing a foreign financial contribution in a business operation, particularly in the energy or natural resources sector.

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

10.1. allow political campaigning by third parties, which are subject to less-strict transparency requirements than political parties participating in electoral campaigns;

10.2. combine financial interference in a country's democratic decision-making process with other tools of interference, such as disinformation and cyberattacks;

10.3. combine financial interference in a country's democratic decision-making process with money laundering and other criminal activities.

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

- 11.1. specifically limiting, prohibiting or otherwise regulating financial contributions to political parties and electoral campaigns from foreign sources in line with Article 7 of Recommendation Rec(2003)4, where such regulations do not already exist;
- 11.2. broadening the definition of financial contributions in order to include in-kind contributions and loans;
- 11.3. including financial contributions (both in-kind or in cash) to politicians and political candidates in the regulatory framework governing financial contributions to political parties and electoral campaigns;
- 11.4. including financial contributions to foundations, associations, charities, religious organisations and other non-profit organisations or NGOs in the regulatory framework governing financial contributions to political parties and electoral campaigns, whenever these organisations take part in electoral campaigns or finance political parties. These measures should not, however, be misused to impede the work of NGOs;
- 11.5. limiting, prohibiting or otherwise regulating financial contributions in the form of cryptocurrencies and anonymous financial contributions;
- 11.6. assessing and, if need be, tightening regulations regarding *de minimis* and cash contributions;
- 11.7. reviewing regulations and enforcement practices with regard to financial contributions via intermediary individuals or companies, or shell companies;
- 11.8. reviewing regulations and practices for their enforcement with regard to political campaigning by third parties;
- 11.9. stepping up activities to combat money laundering and acknowledging its potential interconnection with inappropriate or illicit foreign financial interference;
- 11.10. strengthening the independence of authorities responsible for auditing political parties and electoral campaigns, as well as improving their facilities;
- 11.11. assessing and, if need be, strengthening the sanctions imposed for violating rules on the financing of political parties and electoral campaigns;
- 11.12. investigating cases of alleged inappropriate or illicit foreign financial interference;
- 11.13. increasing efforts to gather scientific and technical knowledge about inappropriate or illicit foreign financial interference;
- 11.14. developing a common international strategy against inappropriate or illicit foreign financial interference;
- 11.15. fully implementing the recommendations of the Group of States against Corruption (GRECO) on transparency of political party and election campaign financing, so as to increase the transparency of foreign donations, limit possibilities for circumvention of the rules and strengthen oversight and enforcement of regulations.

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

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

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

15. The Assembly also welcomes the work of the Venice Commission on political parties, in particular the "Guidelines on Political Party Regulation – 2nd edition", issued jointly in 2020 with the Office for Democratic Institutions and Human Rights of the Organization for Security and Co-operation in Europe (OSCE/ODIHR). The Assembly encourages the Venice Commission to initiate a new study to update its Opinion No. 366/2006 "The Prohibition of Financial Contributions to Political Parties from Foreign Sources", as well as to consider whether it is appropriate to update its "Guidelines on the Financing of Political Parties" (2001) in the light of recent events, legal developments and the findings of this Resolution.