



Groupe d'Etats contre la corruption
Group of States against corruption

DIRECTORATE GENERAL I - HUMAN RIGHTS AND RULE OF LAW
INFORMATION SOCIETY AND ACTION AGAINST CRIME DIRECTORATE



COUNCIL OF EUROPE CONSEIL DE L'EUROPE

Strasbourg, 9 December 2011

Public
Greco RC-III (2011) 4E
Interim Report

Third Evaluation Round

Interim **Compliance Report** **on Sweden**

“Incriminations (ETS 173 and 191, GPC 2)”

“Transparency of Party Funding”

Adopted by GRECO
at its 53rd Plenary Meeting
(Strasbourg, 5-9 December 2011)

I. INTRODUCTION

1. The Third Round Evaluation Report on Sweden was adopted at GRECO's 41st Plenary Meeting (19 February 2009) and made public on 31 March 2009, following authorisation by Sweden (Greco Eval III Rep (2008) 4E [Theme I](#) / [Theme II](#)).
2. As required by GRECO's Rules of Procedure, the Swedish authorities submitted a Situation Report on measures taken to implement the recommendations. GRECO selected Finland and Poland to appoint Rapporteurs for the compliance procedure.
3. In the Compliance Report, which was adopted by GRECO at its 50th Plenary Meeting (Strasbourg, 28 March – 1 April 2011) it was concluded that Sweden had implemented satisfactorily or dealt with in a satisfactory manner three of the ten recommendations contained in the Third Round Evaluation Report. In view of the fact that none of the recommendations concerning Theme II ("Transparency of party funding") had been complied with, GRECO categorised the overall response to the recommendations as "globally unsatisfactory" in the meaning of Rule 31, paragraph 8.3 of the Rules of procedure. GRECO therefore decided to apply Rule 32 concerning members found not to be in compliance with the recommendations contained in the evaluation report and asked the Head of the Swedish delegation to provide a report on the progress in implementing the pending recommendations (i.e. recommendations i–vii, regarding Theme II) by 31 October 2011.
4. The current Interim Compliance Report, drawn up by Mr Kaarle J. LEHMUS, Inspector General of the Police, National Police Board/Ministry of the Interior (Finland) and Mr Piotr FIRLUS, Counselor, Chancellery of the Prime Minister (Poland), assisted by the GRECO Secretariat, assesses the further implementation of the pending recommendations since the adoption of the Compliance Report, and performs an overall appraisal of the level of compliance with these recommendations.

II. ANALYSIS

Theme II: Transparency of Party Funding

5. It is recalled that GRECO in its evaluation report addressed 7 recommendations to Sweden in respect of Theme II. Compliance with these recommendations is dealt with below.
6. GRECO recommended:
 - *to widen considerably the range of political parties at central, regional and local level required to keep proper books and accounts (including in connection with election campaigns); to ensure that income, expenditure, assets and debts are accounted for in a comprehensive manner following a coherent format; to seek ways to consolidate the accounts to include local branches of parties as well as other entities which are related directly or indirectly to the political party or under its control; and to make sure that the annual accounts are made public in a way that provides for easy access by the public (recommendation i).*
 - *to consider introducing reporting on income and expenditure relating to election campaigns at appropriate intervals and to make sure that relevant information is disclosed in a way that provides for easy access by the public (recommendation ii).*

- to introduce a general ban on donations from donors whose identity is not known to the party/candidate and to introduce a general requirement for parties/election candidates to report individual donations above a certain value together with the identity of the donor (recommendation iii);

- to consider elaborating a co-ordinated approach for the publication of political financing reports (including party and election campaign financing) in order to facilitate the public's access to such documents (recommendation iv);

- to ensure independent auditing in respect of political parties, as appropriate, obliged (or yet-to-be obliged) to keep books and accounts (recommendation v);

- to ensure independent monitoring of political party funding and electoral campaigns, in line with Article 14 of Recommendation Rec(2003)4 (recommendation vi); and

- that existing and yet-to-be-established rules on financing of political parties and electoral campaigns be accompanied by appropriate (flexible) sanctions, which are effective, proportionate and dissuasive (recommendation vii).

7. The authorities of Sweden report that the "Joint Agreement concerning openness about the parties' income", dated April 2000, remains unchanged, i.e. the signatories to the agreement are still seven out of the eight political parties represented in Parliament. However, since May 2011 there is, according to the authorities, an ongoing discussion among all the political parties represented in Parliament, with the purpose of concluding a new joint agreement, intended to provide more transparency of political financing. Furthermore, the authorities report that currently seven of the eight political parties represented in Parliament have adopted or are in the process of adopting policies to make private donations above 20.000 SEK (EUR 2.100) - together with the identity of the donor - public. The authorities also report that the feasibility of introducing legislation in the area of transparency of political financing will be considered in 2012.
8. More specifically, in relation to *recommendation v*, the authorities report that the Accounting Act (1999:1079) (Article 12) and the Bookkeeping Act (1999:1078) (Chapter 6, Article 1) provide that all non-profit associations are obliged to have their accounts audited by a qualified public accountant, if they fulfil more than one of the three following criteria: at least 50 employees, a total balance sheet of at least 40 million SEK (EUR 4,2 million) or at least 80 million SEK (EUR 8,4 million) in net turnover. Moreover, according to the Act on State Financial Support to Political Parties (1972:625) (Article 14), parties which apply for public funding are obliged to submit their annual report, reviewed by an authorised or approved public accountant each year, as a condition for obtaining public funding.
9. Finally, the Swedish authorities submit that in May 2010 the Government established terms of reference for a commission of inquiry with the task, among other things, to review the legislation regulating public funding from municipalities and county councils to political parties at local level, in order to attain more transparency in that context. The findings of the Commission are to be released by 1 May 2012.
10. GRECO notes that the situation largely remains the same as it was at the time of the adoption of the Compliance Report; however, what has been reported indicates that improvements may be underway; the prospect of a common updated joint agreement between all parties in Parliament on transparency of political financing is one such indication and the new possibilities for a broad

agreement between political parties represented in Parliament to apply a common policy in respect of public disclosure of private donations above 20.000 SEK (EUR 2.100) is another positive sign. Moreover, the possibility of introducing legislation concerning transparency of political financing is no longer excluded by the authorities. GRECO regrets that the information on auditing of political party accounts was not submitted prior to the adoption of the Evaluation Report, as the legislation referred to existed well before that time. Nevertheless, such information would appear to be relevant and further details on the extent to which political parties have their accounts audited in practice would therefore be necessary in order to assess the situation properly. GRECO would also be interested in being informed about the findings of the Commission of inquiry dealing, *inter alia*, with public funding at the regional and local level, to the extent that they may be relevant for the implementation of the recommendations.

11. GRECO concludes that recommendations i - vii remain not implemented.

III. CONCLUSIONS

12. **In view of the above, GRECO concludes that no tangible progress has been achieved by Sweden as regards the implementation of the recommendations found to be not implemented in the Third Round Compliance Report.** All recommendations pertaining to Theme II – Transparency of Party Funding – i.e. recommendations i-vii, remain not implemented.
13. Notwithstanding this result, GRECO notes that improvements may be forthcoming, within the framework of “self regulation” supported by the parties represented in Parliament. A common practice of disclosure of party donations as well as an updated agreement on transparency of political funding between all political parties represented in Parliament would clearly be an improvement of the situation. However, it is recalled in this respect that the content of the *Joint Agreement concerning openness about the parties’ income* (April 2000) did not seem convincing to GRECO, as it was not deemed to provide for a sufficiently broad approach (cf., for example, paragraph 78 of the Evaluation Report). GRECO also notes with great interest that the possibility of introducing legislation in the area of political financing is currently under consideration by the Government.
14. Despite the above positive signals from the Swedish authorities, GRECO concludes that the current level of compliance with the recommendations remains “globally unsatisfactory” in the meaning of Rule 31, paragraph 8.3 of the Rules of Procedure as no tangible results have been achieved yet.
15. In accordance with Rule 32, paragraph 2 subparagraph (ii), GRECO instructs its President to send a letter – with a copy to the President of the Statutory Committee – to the Head of Delegation of Sweden, drawing his attention to the non-compliance with the relevant recommendations and the need to take determined action with a view to achieving tangible progress as soon as possible.
16. Pursuant to paragraph 8.2 of Rule 31 (revised) of the Rules of Procedure, GRECO requests the Head of the Swedish delegation to provide a report regarding the action taken to implement the pending recommendations (i.e. recommendations i-vii regarding Theme II) by 30 September 2012.
17. GRECO invites the authorities of Sweden to authorise, as soon as possible, the publication of the present report, to translate it into the national language and to make this translation public.