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Third Evaluation Round

Addendum to the Second Compliance Report on Sweden

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

“Transparency of Party Funding”

Adopted by GRECO
at its 76th Plenary Meeting
(Strasbourg, 19-23 June 2017)

I. INTRODUCTION

1. The Second Compliance Report assesses the measures taken by the authorities of Sweden, since the adoption of the Compliance Report and four interim compliance reports, to implement the recommendations issued in the Third Round Evaluation Report on Sweden (see paragraph 2), covering two distinct themes, namely:
 - Theme I – Incriminations: Articles 1a and 1b, 2-12, 15-17, 19 paragraph 1 of the Criminal Law Convention on Corruption (ETS 173), Articles 1-6 of its Additional Protocol (ETS 191) and Guiding Principle 2 (criminalisation of corruption).
 - Theme II – Transparency of party funding: Articles 8, 11, 12, 13b, 14 and 16 of Recommendation Rec(2003)4 on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns, and - more generally - Guiding Principle 15 (financing of political parties and election campaigns).
2. The Third Round Evaluation Report 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](#)).
3. As required by GRECO's Rules of Procedure, the Swedish authorities have submitted situation reports on the measures taken to implement the recommendations prior to the adoption of each of the compliance reports below. GRECO selected Finland and Poland to appoint Rapporteurs for the compliance procedure.
4. In the [Compliance Report](#), which was adopted by GRECO at its 50th Plenary Meeting (1 April 2011), GRECO 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, all relating to Theme I ("Incriminations"). 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" (within 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.
5. In the first [Interim Compliance Report](#), which was adopted by GRECO at its 53rd Plenary Meeting (9 December 2011), GRECO took note of the intention of the Swedish authorities to provide more transparency in respect of political financing through an up-dated self-regulation agreement between the parties represented in Parliament; however, the level of compliance with the recommendations remained "globally unsatisfactory", as no tangible results had been achieved. In accordance with Rule 32, paragraph 2 subparagraph (ii) of its Rules of Procedure, GRECO instructed its President to transmit a letter to the Head of Delegation of Sweden, drawing attention to the need for determined action with a view to achieving tangible progress as soon as possible.
6. In the [Second Interim Compliance Report](#), which was adopted by GRECO at its 58th Plenary Meeting (7 December 2012), GRECO welcomed the Government's decision to initiate a process aimed at increasing the transparency of political financing in Sweden through legislation. Despite this positive signal from the Swedish authorities, the level of compliance with the recommendations remained "globally unsatisfactory" as no tangible results had been achieved. GRECO also invited the Secretary General of the Council of Europe to send a letter to the

Minister of Foreign Affairs of Sweden, drawing attention to the non-compliance with the relevant recommendations.

7. In the [Third Interim Compliance Report](#), which was adopted by GRECO at its 62nd Plenary Meeting (2-6 December 2013), it was noted that the Government was in the process of finalising draft legislation and that the recommendations in the Evaluation Report were under consideration in this context. GRECO welcomed the significant measures underway; however, in the absence of legislation or finalised draft legislation, it could not conclude that the recommendations had been even partly implemented. Consequently, the level of compliance with the recommendations remained “globally unsatisfactory” and the authorities were again requested to report on this matter.
8. In the [Fourth Interim Compliance Report](#), which was adopted by GRECO at its 66th Plenary Meeting (12 December 2014), GRECO commended the Swedish authorities for having established new legislation in the area of political financing, and concluded that out of the seven Theme II recommendations (“Transparency of Party Funding”), three had been implemented satisfactorily and four partly. GRECO also concluded that the level of compliance was no longer “globally unsatisfactory”.
9. In the [Second Compliance Report](#), which was adopted by GRECO at its 71st Plenary meeting (18 March 2016), while recalling the progress achieved with the establishment of the 2014 Act on Transparency of Party Financing, GRECO concluded that the level of compliance remained the same as in the previous report, and GRECO requested further information on pending matters, which were under consideration by a dedicated committee of enquiry.
10. On 15 December 2016, the Swedish authorities submitted additional information regarding actions taken to implement the pending recommendations, which served as a basis for the current Report, drawn up by the Rapporteur, Ms Catharina GROOP (Finland), assisted by the GRECO Secretariat.

II. ANALYSIS

11. It is recalled that Sweden at the time of adoption of the Compliance Report had implemented all recommendations in respect of Theme I (incriminations). By the time the Fourth Interim Compliance Report was adopted, Sweden had implemented satisfactorily or dealt with in a satisfactory manner recommendations ii, iv and vii of Theme II (party funding). The remaining recommendations are dealt with below.

Theme II: Transparency of Party Funding

Recommendations i, iii, v and vi.

12. *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)

- *GRECO recommended 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)*
- *GRECO recommended to ensure independent auditing in respect of political parties, as appropriate, obliged (or yet-to-be obliged) to keep books and accounts. (recommendation v)*
- *GRECO recommended to ensure independent monitoring of political party funding and electoral campaigns, in line with Article 14 of Recommendation Rec(2003)4. (recommendation vi)*

13. It is recalled that all these recommendations were partly implemented when the Fourth Interim Compliance Report was adopted and remained partly implemented at the stage of the Second Compliance Report, as detailed in those reports. In essence, GRECO was pleased that Sweden had adopted new legislation (the 2014 Act on Transparency of Party Financing) which partly complied with these recommendations. It also welcomed the establishment in 2014 of a committee of enquiry to further examine these issues. The Committee had not finalised its task at the time of the adoption of the Second Compliance Report.
14. The Swedish authorities now repeat (in respect of recommendations i, iii, v and vi) that the adoption of the 2014 Act on Transparency of Party Financing was a first step towards a coherent and regulatory framework addressing the issue of transparency of party funding in Sweden. The follow-up to this legislation was ensured through the establishment of a cross-party committee of enquiry in 2014. *The Committee on transparency in funding of parties* (Ju 2014:15) submitted its final report to the Government in November 2016 (SOU 2016:74). The report, which addresses some of the concerns in the pending recommendations, has been submitted to a large circle of stakeholders for comments; the report and the comments are currently being considered by the Government.
15. GRECO welcomes the report of the Committee of Enquiry which addresses some of the pending issues. For example, it is commendable that the Committee proposes to widen the reporting obligation to political parties at regional and local levels, to require such reporting by entities affiliated with the party, to increase the transparency of revenue statements and to introduce a ban on anonymous donations above a certain threshold (SEK 22,400; EUR 2,300). These positive signals are in line with some of GRECO's pending recommendations. There is also a proposal by the Committee that the revenue accounts are to be audited, but it would appear unclear to what extent this would cover the various parties. However, it is also noted that the Committee remains rather restricted in its proposal; for example, entities established solely for the purpose of resource mobilisation ("*insamlingsorganisationer*") are not to be obliged to report their income and it is not foreseen to provide public access to the identity of physical donors. Moreover, as pointed out in previous GRECO reports, the reporting obligations under the law do not cover expenditure, assets nor debts and nothing has been suggested to remedy this situation. GRECO encourages the authorities to further pursue pending matters.
16. GRECO concludes that recommendations i, iii, v and vi remain partly implemented.

III. CONCLUSIONS

17. In view of the conclusions contained in previous compliance reports and in view of the above, GRECO concludes that Sweden has implemented satisfactorily or dealt with in a satisfactory manner in total six of the ten recommendations contained in the Third Round Evaluation Report. Moreover, all of the remaining recommendations have been partly implemented.
18. With respect to Theme I – incriminations – it was already concluded in the first Compliance Report that all three recommendations had been implemented satisfactorily or dealt with in a satisfactory manner. With respect to Theme II – Transparency of Party Funding – recommendations ii, iv and vii had been implemented satisfactorily or dealt with in a satisfactory manner and recommendations i, iii, v and vi partly implemented at the stage of the Fourth Interim Compliance Report.
19. As concluded in the Fourth Interim Compliance Report and in the Second Compliance Report, the adoption of the 2014 Act on Transparency of Party Financing was a substantial achievement as it establishes enhanced transparency around political financing in Sweden. In summary, this legislation provides for obligatory reporting on the income - above a certain threshold value – of parties and election candidates; a supervisory body has been established to oversee political financing and the possibility of public scrutiny has been improved through the co-ordinated publication of revenue statements, and the possibilities to receive anonymous donations have in practice been considerably limited. The proposals of a committee of enquiry (November 2016) go further (e.g. to ban anonymous donations and to expand reporting obligations at regional and local levels) are to be welcomed. These will hopefully be followed up through new legislation in due course. That said, some concerns remain; *inter alia*, that party reporting is limited to income and that campaign financing is not singled out from the ordinary revenue statements.
20. Pursuant to Rule 31, paragraph 9 of its Rules of Procedure, GRECO requests the Head of the Swedish delegation to submit additional information concerning further actions taken to implement the pending recommendations i, iii, v and vi of Theme II (Transparency of Party Funding) by 31 March 2018 at the latest.
21. GRECO invites the authorities of Sweden to authorise, as soon as possible, the publication of this report, to translate it into the national language and to make the translation public.