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Third Evaluation Round

Second Compliance Report on the Netherlands

“Transparency of Party Funding”

Adopted by GRECO
at its 56th Plenary Meeting
(Strasbourg, 20-22 June 2012)

I. INTRODUCTION

1. The Second Compliance Report assesses further measures taken by the authorities of the Netherlands to implement the recommendations contained in the Third Round Evaluation Report (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 38th Plenary Meeting (13 June 2008) and made public on 10 September 2008, following authorisation by the Netherlands (Greco Eval III Rep (2007) 8E, [Theme I](#) and [Theme II](#)). The subsequent Compliance Report was adopted at GRECO's 47th Plenary Meeting (7-11 June 2010) and made public on 23 July 2010, following authorisation by the Netherlands ([Greco RC-III \(2010\) 5E](#)). It is recalled that all six recommendations adopted in respect of Theme I were considered as implemented satisfactorily or dealt with in a satisfactory manner in the compliance procedure.
3. As required by GRECO's Rules of Procedure, the authorities of the Netherlands submitted their Second Situation Report with information on measures taken to implement the recommendations in respect of Theme II that were considered partly implemented or not implemented, according to the Compliance Report. This report dated 25 January 2012, as well as some additional written information provided on 11 June 2012, served as a basis for the Second Compliance Report.
4. GRECO selected Spain to appoint a rapporteur for the compliance procedure on Theme II. The Rapporteur appointed was Mr Rafael VAILLO RAMOS. He was assisted by the GRECO Secretariat in drawing up the Second Compliance Report.

II. ANALYSIS

Theme II: Transparency of Party Funding

5. It is recalled that, in its Evaluation Report in respect of Theme II, GRECO addressed thirteen recommendations to the Netherlands. All these recommendations were considered as partly implemented or not implemented in the compliance procedure. It is also recalled that, at the time of the on-site visit, in addition to the currently effective Political Parties Subsidisation Act (PPSA) of 1999¹, the evaluation team examined the first draft Financing of Political Parties Act (WFPP). The WFPP was developed with a view to improving the transparency of party funding and replacing the PPSA. The draft WFPP was subsequently amended, in order to respond to GRECO recommendations, and the revised text was subject to extensive debates with chairs of political parties and in the cabinet. In April 2011, the draft WFPP was presented to Parliament. It was

¹ According to the Evaluation Report, the main objective of the PPSA is to ensure the proper use of state subsidies provided to political parties with more than 1000 members and at least one seat in Parliament, and their youth organisations and scientific institutes. The objective of the PPSA explains the limited scope of its transparency requirements.

approved by the House of Representatives (Lower House) on 4 April 2012. Following its adoption by the Senate (Upper House), the WFPP is expected to enter into force on 1 January 2013.

6. GRECO is pleased to acknowledge that the procedure for the formal adoption of the WFPP is nearing completion. The analysis provided below is based on the draft dated 22 November 2011, as complemented by further proposals for amendments communicated by the authorities of the Netherlands in their written submission of 11 June 2012.

Recommendation i.

7. *GRECO recommended to require all entities represented in parliament (political parties and other groupings) to submit an annual financial report.*
8. This recommendation was considered as not implemented in the Compliance Report. It is recalled that the draft WFPP available at the time of the compliance procedure imposed the obligation on all political parties with seats in Parliament to send, before 1 July of each calendar year, an annual financial report to the Electoral Council (which was to replace the Ministry of the Interior in its supervisory role in the area of party funding). The authorities indicated that the elaboration of similar rules for other groupings was deemed inappropriate, as between the evaluation and the compliance procedure, all those represented in Parliament had formed associations with full legal capacity. The authorities confirmed that, once adopted, the draft WFPP would apply to all parties and groupings constituted as associations with full legal capacity represented in Parliament.
9. The authorities of the Netherlands now report that the new draft WFPP obliges all political parties² represented in Parliament to send their annual financial reports to the Minister of the Interior (article 24). The authorities reiterate that only political parties are now represented in Parliament and that other “groupings” may be created in case they splinter off from a party. These persons, however, are not considered to be creating a separate party, provided they do not affiliate themselves with a political association with full legal capacity, and thus are regarded as individual members of parliament. Financial rules do not apply to such individuals, as this would allow insight into their personal financial situation and loans. In times of elections, however, the regulations on donations and debts apply to candidates in election, in accordance with article 31 WFPP.
10. GRECO is satisfied that the new draft WFPP, if adopted, will apply, in line with the recommendation, to all parties with seats in Parliament and that no other “groupings” could be represented in Parliament. GRECO also notes that candidates participating in elections are subject to the rules on donations, pursuant to article 31 WFPP.
11. Pending adoption of the new draft WFPP, GRECO concludes that recommendation i has been partly implemented.

² Pursuant to article 1 of the draft WFPP, political party is an association, which has participated in the most recent elections to the Lower or Upper House of the States General under the name registered with the Electoral Council and which has been allocated one or more seats in those elections.

Recommendation ii.

12. *GRECO recommended (i) to require all entities represented in parliament to report on their financial situation in appropriate detail, including information on income, expenditure, debts and assets, and (ii) to establish a standardised format (accompanied by appropriate guidelines, if necessary) for the financial reports to be submitted by all entities represented in parliament.*
13. This recommendation was considered as not implemented in the Compliance Report. Firstly, the obligations under the previous draft WFPP did not apply to all the entities represented in Parliament. Secondly, it was recalled that both the currently effective PPSA and the first draft WFPP already included a provision stipulating that, by ministerial regulation, requirements could be set for the structure of the annual financial report. No concrete action in this regard had, however, been undertaken.
14. As far as the first part of the recommendation is concerned, the authorities of the Netherlands now report that, pursuant to the new draft WFPP, the parties represented in Parliament will be obliged to meet the following requirements regarding their annual financial report: to include income, expenditure, debts and assets and to have these certified by an auditor. As regards the second part of the recommendation, the authorities indicate that article 24(1) of the new draft WFPP provides the necessary guidance to political parties on what information should be included in the annual financial report. Moreover, on 8 February 2012, the Minister of the Interior had addressed a letter to Parliament, providing a detailed interpretation of the aforementioned draft legislative provision. The authorities submit that the new draft WFPP provides sufficient basis for a uniform presentation of the parties' annual financial reports. Moreover, article 26 of the draft allows for the setting up of criteria for the structure of such reports via adopting a Ministerial Decree. For these reasons, the inclusion of requirements for the standardised format of annual financial reports in the new draft WFPP was deemed inappropriate. However, at a later stage, depending on the practical implications of the new legislation and the apparent need and desirability for standardisation, a Ministerial Decree may or may not be adopted requiring further standardisation.
15. GRECO notes that, pursuant to the new draft WFPP, all entities represented in Parliament will be requested to present information on income, expenditure, debts and assets in their annual financial reports. GRECO also accepts that article 24.1 of the new draft WFPP, read in conjunction with article 19, enables a certain degree of uniformity in the preparation and submission of the annual financial reports by political parties. GRECO further acknowledges the steps taken by the Ministry of Interior to provide guidance to Parliament regarding the interpretation of the aforementioned articles, thus clarifying the scope of reporting requirements applicable to political parties.
16. Pending adoption of the new draft WFPP, GRECO concludes that recommendation ii has been partly implemented.

Recommendation iii.

17. *GRECO recommended (i) to require all entities represented in parliament to disclose, at least annually, all donations and bequests received from natural persons (including party members) and legal persons, including information on the source of these donations (at least above a certain threshold), their nature and value; (ii) to lower the current disclosure threshold of €4,537.80 for (corporate) donations in the Political Parties Subsidisation Act to an appropriate*

level and (iii) to prohibit donations from donors whose identity is not known to the political party/grouping/candidate.

18. This recommendation was considered as not implemented in the Compliance Report. It is recalled that the first draft WFPP obliged political parties to disclose contributions with a value exceeding 750 EUR. This obligation concerned monetary and in-kind donations and applied to donors who were natural and legal persons. The WFPP also prescribed disclosure of the party's debts. Bequests were excluded from the regime applicable to donations since it was understood that only the deceased could make legacy donations. Donations in excess of 4 500 EUR, as well as debts exceeding 25 000 EUR, were to be notified to the Electoral Council. The latter was mandated to publish details pertaining to the donations in the Government Gazette and on the Internet. In case a party received an anonymous donation exceeding 750 EUR, the amount in excess of the threshold was to be transferred to the Electoral Council or the in-kind donation was to be destroyed. The rules on donations covering, in particular, record keeping and ceiling requirements were also made applicable to ancillary institutions (political science institutes, youth organisations and other entities attributed to a party according to certain criteria).
19. The authorities of the Netherlands now report that the new draft WFPP obliges political parties to record all contributions over 1 000 EUR, whether monetary or in-kind. Public disclosure requirements applicable to (1) donors (natural and legal persons); (2) contributions totalling 4 500 EUR and more from a single donor in a calendar year, and (3) debts totalling 25 000 EUR and more in a calendar year remain the same as above, except that notifications are to be made to the Minister of the Interior. Bequests are excluded from the regulation on the assumption that there is no risk of conflicts of interest or improper influence. The authorities further explain that the disclosure threshold (4 500 EUR) is the result of a comparative assessment striking a fair balance between greater transparency of contributions, on the one hand, and placing too heavy an administrative burden on political parties, on the other. The authorities insist that the administrative burden on the parties should be proportionate to the objectives pursued by the WFPP; from this perspective, contributions over a certain value that may influence a political party are to become transparent, whereas small contributions, which are not conducive to financial dependence on the donor, do not require registration. Anonymous donations (in money and in-kind) in excess of 1 000 EUR are not to be accepted but handed over to the Minister of the Interior or destroyed. The authorities also submit that some form of registration of amounts below 1 000 EUR will have to be introduced as the disclosure rules would become applicable as soon as the total amount of such donations exceeds 4 500 Euros.
20. GRECO takes note of the information supplied. In so far as the first part of the recommendation is concerned, GRECO is reassured that the new draft WFPP requires the disclosure of donations, including in-kind, above a certain value provided by legal and natural persons, the latter also comprising members of political parties. Bequests (legacies), however, remain outside of the WFPP's scope. As regards the second part of the recommendation, GRECO notes that the disclosure threshold for donations (4 500 EUR) remains nearly at the same level as in the PPSA. As concerns the third part of the recommendation, GRECO observes that donations from donors whose identity is not known to the political party have not been prohibited. Moreover, whereas the draft WFPP available at the time of the visit imposed a ban on anonymous monetary donations above 150 EUR and in-kind donations above 700 EUR, the subsequent draft had raised the threshold for acceptable anonymous donations (both monetary and in-kind) to 750 EUR, and the most recent draft - to 1 000 EUR. GRECO notes, however, that some form of registration of anonymous donations will have to be introduced, namely that, as soon as anonymous donations

would have reached the threshold of 4 500 EUR, they would fall under the public disclosure provisions of the new draft WFPP.

21. In the opinion of GRECO, modest progress in implementing this recommendation is largely offset by the new legislative developments going in the opposite direction.

22. GRECO concludes that recommendation iii has not been implemented.

Recommendations iv and vii.

23. *GRECO recommended (i) to extend the applicability of the future provisions on donations (and possible limits on donations) to local and regional/provincial units of political parties and (ii) to ensure that the accounts of political parties are consolidated to include the accounts of local and regional/provincial units, in line with Article 11 of Recommendation Rec (2003)4 on common rules against corruption in the funding of political parties and electoral campaigns (**recommendation iv**).*

24. *GRECO recommended to take measures to enhance transparency of income and expenditure of political parties at local level (**recommendation vii**).*

25. The two recommendations were considered as not implemented in the Compliance Report. The authorities indicated that the intention of the draft WFPP was only to regulate donations to political parties with seats in Parliament and that the country had no experience in supervising the political finances in the Netherlands. From that perspective, it was foreseen that, five years from the adoption of the WFPP, its practical implementation would be subject to an evaluation and, on that occasion, a possible need to broaden its scope would be examined.

26. The authorities of the Netherlands now report that, following discussions in Parliament, an amendment was introduced in the new draft WFPP obliging national and local political parties to elaborate rules concerning donations, including provisions on their administration and disclosure. These rules, to be constituted by the parties themselves, would apply to local and regional/provincial units of national political parties. Also, the Minister of the Interior had made a commitment in Parliament to assess, in co-operation with the Council of Municipalities, the possibility of drafting a model municipal regulation laying down rules aiming at greater transparency of donations received by local political parties. The authorities furthermore stress that amounts of money transferred from local to national units within a political party are to be qualified as donations and fall under the scope of the new draft WFPP.

27. GRECO recalls that the primary objective of the rules on transparency and supervision of political finances – and of Recommendation Rec(2003)4 on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns – is not only to verify the proper use of public subsidies but, more importantly, to achieve greater transparency of the financial situation of a political party, irrespective of whether or not it receives public funding. From this perspective, as far as the first part of recommendation iv is concerned, GRECO observes that the future provisions of the WFPP on donations (and the possible limits on donations) would not apply to local and regional/provincial units of political parties. On the contrary, once the new law enters into force, the political parties would have to elaborate rules, in addition to the WFPP, that would extend to their local units. As concerns the second part of recommendation iv, GRECO regrets that no tangible steps were taken to ensure that the accounts of national political parties are consolidated to include the accounts of local and regional/provincial units. Lastly, as regards

recommendation vii, GRECO regrets the lack of concrete measures to enhance transparency of income and expenditure of political parties at local level.

28. GRECO concludes that recommendations iv and vii have not been implemented.

Recommendation v.

29. *GRECO recommended to take measures to enhance the transparency of fundraising activities by entities related, directly or indirectly, to political parties and other groupings in parliament.*
30. This recommendation was considered as partly implemented in the Compliance Report. It is recalled that the authorities of the Netherlands indicated that the transparency requirements included in the draft WFPP would apply equally to political parties and to institutions affiliated with them, namely scientific institutes, youth organisations, training institutions and other organisations carrying out activities for the benefit of a political party.
31. The authorities of the Netherlands now provide information identical to the one included in the Compliance Report and appearing above.
32. GRECO notes that the new draft WFPP (article 29) will improve considerably the situation as regards the transparency of political parties and related entities. In particular, the requirement for political parties to register donors and donations will extend to the parties' ancillary institutions. Such institutions will include political science institutes, political youth organisations and legal entities focusing exclusively or predominantly on systematic and structural performance of works/activities for a political party, under condition that the party clearly benefits from such works or activities. Moreover, in case a party is granted a subsidy for a political science institute or a political youth organisation, such an organisation would become subject to the same record keeping requirements as the party itself. Having commended these provisions before, GRECO is satisfied that they have been maintained in the new draft WFPP.
33. Pending adoption of the new draft WFPP, GRECO concludes that recommendation v has been partly implemented.

Recommendation vi.

34. *GRECO recommended to take measures to ensure that the annual reports of political parties, as well as financial information on parties and other groupings represented in parliament currently not under any reporting requirement, are disclosed to the public.*
35. It is recalled that this recommendation was considered as partly implemented in the Compliance Report. The authorities of the Netherlands indicated that, in accordance with article 24 WFPP, political parties represented in Parliament would have to send their annual financial reports to the Electoral Council and that such reports would be made public. The (draft) explanatory report to the draft WFPP explicitly stated that the reports would have to be published online.
36. The authorities of the Netherlands now report that, in accordance, with article 24 of the new draft WFPP, political parties represented in Parliament will have to send their annual financial reports to the Minister of the Interior; these annual reports will be made public. The (draft) explanatory report to the draft law further indicates that these reports will be, most probably, published online.

37. GRECO takes note of this information. It observes that the annual financial reports submitted by political parties with seats in Parliament are public in principle but that the Minister of the Interior will be required only to publish the overviews of donations exceeding 4 500 EUR and of debts over 25 000 EUR in the Government Gazette. As regards the financial reports as such, the law is silent as to what arrangements will be made to facilitate access by the public. GRECO is particularly concerned that the (draft) explanatory report to the WFPP no longer insists on the obligatory online publication of such reports but only considers such publication as a possible option. In the opinion of GRECO, this is not in keeping with the recommendation, which requires that annual financial reports of political parties and other groupings represented in Parliament be disclosed to the public.
38. GRECO concludes that recommendation vi has been partly implemented.

Recommendations viii and ix.

39. *GRECO recommended (i) to establish independent monitoring of political funding, including electoral campaigns, in line with Article 14 of Recommendation Rec(2003)4 and (ii) to provide the body to be entrusted with carrying out this monitoring (which is most likely to be the Electoral Council) with adequate powers and financial and human resources (**recommendation viii**).*
40. *GRECO recommended to take further measures to safeguard the independent and impartial functioning of the Electoral Council and its Secretariat in the future supervision of political finance rules (**recommendation ix**).*
41. It is recalled that recommendation viii was considered as partly implemented and recommendation ix not implemented in the Compliance Report. It is also recalled that one of the key objectives of the earlier versions of the WFPP was to transfer to the Electoral Council the supervision of compliance with the WFPP by political parties and their affiliated institutions. As far as recommendation viii was concerned, pursuant to the previous draft WFPP, the Electoral Council was mandated to investigate the accuracy of the data submitted by the political parties and to impose administrative fines. It was expected to receive extra budget for the new duties in the field of the financing of political parties and to expand its secretariat. As concerns recommendation ix, further rules were introduced in the previous draft WFPP to guarantee the Council's independence (for example, article 40, paragraph A 5 WFPP ensured a separation between the exercise of duties in connection with the WFPP and all other duties of the Council).
42. In so far as recommendation viii is concerned, the authorities of the Netherlands now report that, in the new draft WFPP, it is the Minister of the Interior who is responsible for the supervision of compliance with the WFPP by political parties and their affiliated institutions. The Minister of the Interior will be authorised to investigate the accuracy of the data submitted by the parties and have the power to impose administrative fines. There is an intention to set up a monitoring commission, which is to advise the Minister on matters deemed politically sensitive in view of his/her position (e.g. the possibility of appointment of a legal person as an ancillary institution by a political party, the possible withholding of personal information due to security reasons and the possibility of imposing an administrative fine).
43. Concerning earlier plans to assign this function to the Electoral Council, the authorities explain that it was considered inappropriate that the Electoral Council be exposed to a situation where it has to discuss its individual decision with Parliament. The Electoral Council being a central polling station for parliamentary elections, this could undermine the impartial implementation of its tasks

and harm the trust in the voting process. The authorities believe that it is more adequate for such decisions to be discussed with Parliament by the Minister of the Interior. In the opinion of the authorities, the WFPP contains the necessary safeguards for an objective implementation and leaves no room for policy interference or prejudice by the Minister of the Interior.

44. As regards recommendation ix, the authorities indicate that, since the Electoral Council has no role in the supervision of the political financing rules, this recommendation is no longer applicable.
45. GRECO already observed in its Evaluation Report that “*although the current supervisory function of the Ministry of the Interior may very well be adequate for the limited scope of the PPSA, it is not in line with Article 14 of Recommendation Rec(2003)4 relating to the provision of “independent monitoring in respect of the funding of political parties and electoral campaigns”, including the “supervision over the accounts of political parties and the expenses involved in election campaigns as well as their presentation and publication.”* GRECO also previously stated that there is no single model for ensuring oversight of political financing regulations and that a different monitoring approaches can be found across GRECO membership, with a varying degree of independence from Government or political actors.³ That said, the independence of supervisory bodies may be open to doubt in case they are controlled by the executive, whatever the possible variations in their status. The situation in the Netherlands, where the Minister of the Interior, who has a clear political affiliation, is given the mandate to monitor compliance by political parties with the political financing regulations cannot be deemed fully compliant with the requirements of Recommendation Rec(2003)4. This situation is not remedied by the announcement of the setting up of a monitoring commission whose composition, remit and powers still need to be defined. GRECO regrets that these planned arrangements represent a step backwards, as compared to the previous drafts of the WFPP, which were clearly aimed at strengthening the independent supervision of party finances in the Netherlands.
46. GRECO concludes that recommendations viii and ix have not been implemented.

Recommendation x.

47. *GRECO recommended to clearly define infringements of political finance rules and to introduce effective, proportionate and dissuasive sanctions for these infringements.*
48. This recommendation was considered as partly implemented in the Compliance Report. It is recalled that the previous draft WFPP provided for sanctions if the rules on donations received were violated. The intention was for the Electoral Council to be able to impose administrative fines. The introduction of criminal sanctions was also examined in the drafting process but the preference was given to administrative penalties only.
49. The authorities of the Netherlands now report that the draft WFPP envisages sanctions for violations of political funding rules. Administrative fines to be imposed by the Minister of the Interior (article 34) will apply to a series of infringements, including, *inter alia*, failure to record contributions and debts by a political party, failure to submit a financial report, non-compliance with the rules on disclosure and acceptance of anonymous donations above the established threshold. The administrative fines may be imposed up to a maximum limit of 25 000 EUR. In case a political party is a recipient of state funding, the amount of the fines due is to be withdrawn

³ For the analysis of GRECO jurisprudence, see, for example, the feature article “Independent monitoring of party funding” by Patricia Peña Ardanaz included in the Ninth General Activity Report of GRECO (2008) and “Political financing: GRECO’s first 22 evaluations. Third Evaluation Round” by Mr Yves-Marie Doublet, Council of Europe 2010.

from the subsidy. In case the Minister of the Interior encounters a possible criminal act, s/he is obliged to inform the Public Prosecutor thereof (article 35). In cases involving criminal convictions, eligibility for state subsidies is suspended for a certain period of time.

50. The authorities furthermore indicate that a letter was recently addressed by the Minister of the Interior to Parliament explaining on what grounds the administrative fine can be imposed. Reportedly, the letter clarified that the maximum fine (i.e. 25 000 EUR) may be imposed in relation to a number of administrative obligations arising from the draft WFPP, namely the obligation to maintain the integrity of the administration, register donations and debts and send an annual financial report to the Minister of the Interior. In cases where multiple violations have been established, several fines, equalling 25 000 EUR each, may be imposed in respect of a political party.
51. GRECO had already observed in its Compliance Report that, as far as violations of the party funding rules are concerned, the Netherlands seemed to have opted for a system of administrative fines, as opposed to criminal sanctions. GRECO is satisfied that the new draft WFPP clearly defines infringements of the political financing rules and subjects these infringements to specific administrative fines, which can be increased in cases of multiple violations of the WFPP. GRECO also notes that public support can be suspended in case of serious infringements of political financing rules by political parties.
52. Pending adoption of the new draft WFPP, GRECO concludes that recommendation x has been partly implemented.

Recommendation xi.

53. *GRECO recommended to clarify the provisions on sanctions in the draft Financing of Political Parties Act, ensuring that sanctions for violations of political funding rules can be imposed upon all entities on which the draft law imposes obligations.*
54. This recommendation was considered as partly implemented in the Compliance Report. It is recalled that, under article 34 WFPP, the possibility to impose sanctions applied to political parties and affiliated organisation to which these rules applied. Furthermore, sanctions could also be imposed on any legal body (party or affiliated organisation) as well as on natural persons subject to the rules on donations. It was up to the Electoral Council to pronounce the fine against the person found responsible. Moreover, the sanctions could also be applied in respect of natural persons who participated in parliamentary elections as candidates of an entity which was not a political party.
55. The authorities of the Netherlands now report that the language of article 34 WFPP has been maintained as above, except that the fines will be imposed by the Ministry of the Interior.
56. GRECO takes note of the wording of article 34 of the draft WFPP, namely that the (administrative) “fine will be imposed on political parties, ancillary institutions, associations (...) and candidates (...)”. It also notes that administrative fines for acts or omissions by associations or candidates will not be imposed if such acts were perpetrated before the date of registration of the appellation for an association or the date of nomination of the candidate in elections. It is, therefore, clear to the GET that, if the draft WFPP is adopted without any further alterations, it will be in line with the recommendation.

57. Pending adoption of the new draft WFPP, GRECO concludes that recommendation xi has been partly implemented.

Recommendation xii.

58. *GRECO recommended (i) to introduce appropriate (flexible) sanctions for less serious violations of political financing rules, as a complement to the criminal sanctions foreseen under the draft Financing of Political Parties Act, and (ii) to consider providing the Electoral Council with the authority to impose sanctions for the less serious violations of political financing rules.*
59. This recommendation was considered as partly implemented in the Compliance Report. It is recalled that the previous draft WFPP provided for administrative fines to be imposed by the Electoral Council.
60. The authorities of the Netherlands now report that the draft WFPP does not foresee any criminal sanctions but puts in place a system of administrative fines. Such fines can be also imposed for less serious violations of the political financing rules. The fines are to be imposed by the Minister of the Interior.
61. GRECO acknowledges that article 34 of the new draft WFPP will introduce more flexible sanctions for less serious violations of the political financing rules, along the lines suggested in the recommendation. GRECO also notes that the authority in charge of imposing the fines will be the Minister of the Interior and not the Electoral Council, as referred to in the second part of the recommendation (cf. paragraph 43 above).
62. Pending adoption of the new draft WFPP, GRECO concludes that recommendation xii has been partly implemented.

Recommendation xiii.

63. *GRECO recommended to provide advice and training to political parties and election candidates on the applicable political funding regulations.*
64. This recommendation was considered as not implemented in the Compliance Report. The authorities of the Netherlands reported that the political parties would be informed of and instructed on the WFPP and the practical application of rules when the new legislation entered into force. To that end, a brochure would be published and widely disseminated.
65. Identical information is communicated by the authorities of the Netherlands as part of the Second Situation Report. Also, in reaction to the statement included in the Evaluation Report that certain political parties represented in Parliament do not make use of state subsidies due to the lack of awareness thereof, the authorities report that there is only one such party, which, as a result of its political convictions, has made a deliberate decision not to resort to public funds.
66. GRECO acknowledges the intention to produce a brochure when the WFPP enters into force.
67. Pending adoption of the new draft WFPP and development of the relevant brochure as announced by the authorities, GRECO concludes that recommendation xiii has not been implemented.

III. CONCLUSIONS

68. **In view of the conclusions contained in the Third Round Compliance Report on the Netherlands and in light of the analysis contained in the present report, GRECO concludes that the Netherlands has implemented satisfactorily or dealt with in a satisfactory manner in total six of the nineteen recommendations contained in the Third Round Evaluation Report.** It is recalled that all six recommendations adopted in respect of Theme I were considered as implemented satisfactorily or dealt with in a satisfactory manner in the (first) Third Round Compliance Report on the Netherlands (Greco RC-III (2010) 5E). With regard to Theme II, Transparency of Party Funding, seven recommendations (i, ii, v, vi, x, xi, xii) have now been partly implemented, and six recommendations (iii, iv, vii, viii, ix, xiii) have not been implemented.
69. GRECO recognises that the draft Financing of Political Parties Act (WFPP), once adopted, will improve significantly the degree of transparency of the political finances in the Netherlands. In comparison to the previous law, which imposes obligations in respect of parties receiving state subsidies, the WFPP will apply to all parties and associations with full legal capacity represented in Parliament, as well as to candidates and associations participating in elections to the Parliament's Lower or Upper Chamber. The WFPP will introduce a requirement for parties and their affiliated institutions to identify and disclose donations (monetary and in-kind) over a certain value received from legal and natural persons, including members of parliament. The parties will be placed under the obligation to submit annual financial reports containing information on expenditure and assets. Violations of political financing rules will be subject to progressive administrative fines.
70. Notwithstanding, a number of important problems persists. As regards thresholds for registering donations, GRECO is concerned that these have been increased, alongside the ceiling for acceptable anonymous donations (1 000 EUR), whereas the legal regime governing the registration of anonymous donation below this amount remains unclear. GRECO also regrets that donations to local and regional/provincial units of political parties are not regulated by the new WFPP and that there is no requirement to consolidate the accounts of parties to include the accounts of local and regional/provincial units. As regards supervision, GRECO has serious misgivings about the preservation of the Minister of the Interior as the authority in charge of monitoring compliance by political parties and their affiliated institutions with the political funding rules, even if, under the new WFPP, s/he is to be advised by a monitoring commission whose precise composition, remit and powers still need to be defined and clarified.
71. In essence, compared to the situation assessed in the first Compliance Report, the Netherlands has not made any significant progress in implementing the GRECO recommendations. More particularly, at this stage none of the thirteen recommendations addressed to the country in respect of party funding has been implemented satisfactorily or dealt with in a satisfactory manner. Under these circumstances, GRECO has no choice but to consider the situation as "globally unsatisfactory" in the meaning of Rule 31, paragraph 8.3 of the Rules of Procedure. GRECO therefore decides to apply Rule 32 concerning members found not to be in compliance with the recommendations contained in the mutual evaluation report, and asks the Head of the delegation of the Netherlands to provide a report on the progress made in implementing recommendations i to xiii (Theme II – Transparency of Party Funding), as soon as possible, however – at the latest – by 31 December 2012, pursuant to paragraph 2(i) of that Rule.
72. GRECO invites the authorities of the Netherlands to authorise, as soon as possible, the publication of the current report, to translate it into the national language and to make the translation public.