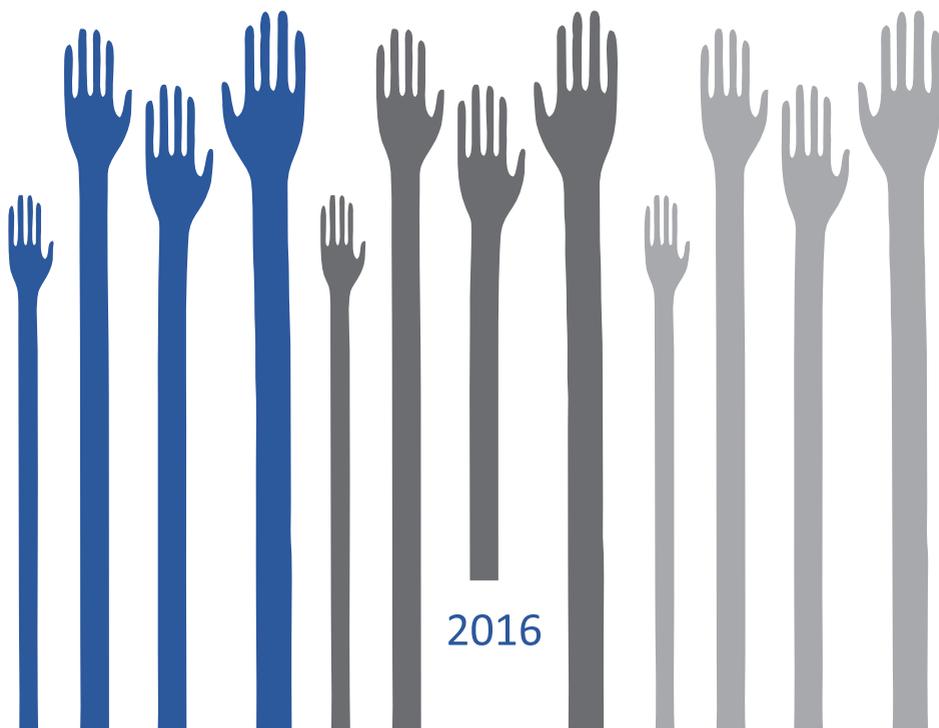


# ASSESSMENT OF LEGISLATION AND PRACTICE OF PRIVATE DONATIONS TO POLITICAL PARTIES IN ARMENIA



<b>Preface .....</b>	<b>2-4</b>
<b>Introduction .....</b>	<b>5-7</b>
<b>1. Methodology .....</b>	<b>7-9</b>
<b>2. International framework .....</b>	<b>9-15</b>
<b>3. Essential elements of private funding .....</b>	<b>15-37</b>
<b>4. Practice in Armenia .....</b>	<b>38-48</b>
<b>5. Snapshot of regulations in EU and in some EU member states .....</b>	<b>49-55</b>
<b>6. Conclusions and Recommendations .....</b>	<b>55-62</b>
<b>Endnotes .....</b>	<b>63-69</b>
<b>Annexes .....</b>	<b>70-77</b>
<b>Bibliography .....</b>	<b>78-80</b>

# Preface

**Dr. Thomas Schrapel**  
**Konrad Adenauer Foundation**  
**"Political Dialogue in South Caucasus"**  
**Regional Program Manager**

Konrad Adenauer Foundation implements democracy enhancing activities in different parts of the world. In a number of countries KAS partners may also be political parties.

Konrad Adenauer Foundation is represented in Armenia with its office since 2008 and the cooperation with political parties is one component among the activities of the foundation. In the sphere of cooperation with political parties, the actions of Konrad Adenauer Foundation are specifically targeted for the members of parties' youth organizations. KAS wishes to support young politicians on their way to become future mandate holders and decision makers. The study "Donations to the Parties" is Konrad Adenauer Foundation's contribution in promoting intraparty democracy. In fact, the role of political parties has significantly increased as a result of the constitutional reform that took place on December 6, 2015 in Armenia. However, at the same time there is an increase in the parties' political commitment to be transparent in the presentation of their financial means to the public. The study is based on practical and methodological research conducted by Transparency International. KAS believes that the political parties are very important for the enhancement of democracy, that's why the Foundation supports intraparty democracy and transparency.

This research is published at the very right moment and prior to the parliamentary elections of 2017. We do hope that with this study we will be able to promote the strengthening of democracy in Armenia.

## Նախաբան

### Դոկտոր Թոմաս Շոափել

### Կոնրադ Ադենաուերի հիմնադրամ, «Հարավային Կովկասում քաղաքական երկխոսություն» ծրագրի ղեկավար

Կոնրադ Ադենաուեր հիմնադրամն անց է կացնում ժողովրդավարության ամրապնդմանն ուղղված տարբեր միջոցառումներ աշխարհի տարբեր ծայրերում: Մի շարք երկրներում ԿԱՀ-ի գործընկերները կարող են լինել նաև կուսակցություններ:

Կոնրադ Ադենաուեր հիմնադրամը ներկայացված է հայաստանյան իր գրասենյակով 2008թ.-ից սկսած և կուսակցությունների հետ համագործակցությունը հանդիսանում է հիմնադրամի գործունեության միայն մի մասը: Կուսակցությունների հետ համագործակցության ոլորտում Կոնրադ Ադենաուեր հիմնադրամի գործողությունները հատկապես թիրախավորում են կուսակցությունների երիտասարդական կառույցները: ԿԱՀ-ն ցանկանում է աջակցել երիտասարդ քաղաքական գործիչներին՝ մանդատի տիրապետող և որոշում կայացնող դառնալու իրենց ճանապարհին: Այս ուսումնասիրությունը (Մասնավոր նվիրատվությունները կուսակցություններին) Կոնրադ Ադենաուեր հիմնադրամի կողմից ներկուսակցական ժողովրդավարությանը բերվող նպաստ է: Իրականում կուսակցությունների դերը էապես մեծացել է Հայաստանում 2015թ. դեկտեմբերի 6-ին անցկացված սահմանադրական բարեփոխումների արդյունքում: Այնուամենայնիվ, միևնույն ժամանակ մեծացել է կուսակցությունների հանձնառությունն առ հանրությանը՝ սեփական ֆինանսական միջոցների ներկայացման թափանցիկության մասով:

Այս ուսումնասիրությունը հիմնված է գործնական և մեթոդաբանական հետազոտության վրա, որն անց է կացվել Թրանսփարենսի Ինթերնեշնլի կողմից: ԿԱՀ-ը հավատում է, որ կուսակցությունները շատ կարևոր են ժողովրդավարության ամրապնդման համար, և այդ իսկ պատճառով հիմնադրամն աջակցում է ներկուսակցական ժողովրդավարությանը և թափանցիկությանը:

Այս հետազոտությունը հրապարակվում է ճիշտ ժամանակին և մինչև 2017թ. խորհրդարանական ընտրությունները: Մենք հուսով ենք, որ այս հետազոտությամբ մենք ունակ կլինենք խթանելու ժողովրդավարության ամրապնդումը Հայաստանում:

## Introduction

Political parties are critical means by which citizens participate in the government and representative democracy is realized.<sup>1</sup> Besides, they are foundational to a pluralist political society and play active role in ensuring an informed and participative electorate.<sup>2</sup>

Money is essential to the operation of any democracy.<sup>3</sup>As Anthony Butler notes

"Competitors who cannot raise equivalent funds risk losing the political race before it has even begun."<sup>4</sup>

In other words, money is the blood in the vessels of a pluralistic and representative democracy. Despite having crucial importance, as Max Weber once noted in 1920s "party funding"

"is one of the least transparent areas of party activity".<sup>5</sup>

Also, it must be noted that sufficient access to funding by political parties helps people to believe in and trust in politics and politicians.<sup>6</sup> According to Caucasus Barometer 2013 results, the political parties in Armenia are the least trusted institution (only 2% unequivocally trust and 8% somewhat trust).<sup>7</sup>The "National Integrity System Assessment. 2014. Armenia", a fundamental research on law and practice of 13 institutions and sectors of Armenia, tried to reveal the main weaknesses and strengths of political parties in Armenia, across various indicators such as "Resources", "Transparency"<sup>8</sup>. Based on the research conducted across these indicators, it was noted that

“The main shortcoming of political parties continues to be the lack of effective internal democratic mechanisms”.<sup>9</sup>

As on the main causes of the lack of effective internal democratic mechanisms, the same report notes:

“The weakness of political parties, in terms of the lack of effective internal democratic mechanisms, is caused by many factors, such as lack of donations by business to finance political parties, which would raise the demand side inside political parties. Another reason is the lack of resources of civil society to conduct fundamental research in this field and to make respective advocacy campaigns for improving the conduct of political parties.”<sup>10</sup>

In view of the recent alterations to the Constitution of Armenia (December 6, 2015) by which the form of government has been changed from semi-presidential to parliamentary, the issue of securing overall enabling environment for political parties' effective operation becomes crucial. Besides, the issue is also part of Armenia's international commitments (UN Convention against Corruption - Article 7, para.3<sup>11</sup>, Recommendation 21 under OECD's Istanbul Anti-corruption Action Plan<sup>12</sup>, Recommendation 2003(4) of the Council of Ministers of Council of Europe<sup>13</sup>).

This project was aimed at revealing the main causes of low level of private regular donations to political parties in Armenia. The project also was aimed at finding the types (legislative, institutional and practical) and extents of the causes which are hindering ordinary citizens and private sector to make significant donations to the political parties of Armenia (especially those who are not participating in the Government's formation). The main hypothesis was that both citizens and private sector are abstaining to make significant donations

due to fear of being targeted by different state bodies with inspectional powers or representatives of criminal groups. In this regard it must be mentioned that the first hypothesis (abstention because of state bodies) was confirmed by the representatives of opposition political parties and experts, while the second part of the hypothesis didn't receive confirmation.

This paper presents a product of research which was aimed at revealing both legal and practical shortcomings which hinder private donations to political parties across political landscape in Armenia. Based on the results of the research recommendations to address the shortcomings are laid down.

## 1. Methodology

Data in this qualitative study are collected through desk research (study of the relevant legislative acts of Armenia, annual statements for the period of 2012-2015 of those political parties which have at least one representative in the National Assembly, international and regional legal instruments, legislation and practice of foreign countries, academic literature, reports on implementation by Armenia its commitments in regard to party finance) and interviews with the representatives of political parties, state institutions, experts in the field and some of those donors who made significant contributions to political parties (more than 100.000 AMD (which is approximately 184 EUR<sup>1</sup>) in any period of time during the last 4 years). Within the course of this project representatives of both parliamentary and non-parliamentary parties

---

<sup>1</sup> All conversions from AMD to EUR are made at the rate available at the moment of 31.03.2016 via OANDA currency converter <https://www.oanda.com/currency/converter/>

were interviewed. The decision whom to interview among political parties was based on studying their annual reports, which are available at [www.azdarar.am](http://www.azdarar.am) .In this regard, it must be mentioned that reports of only those political parties were studied, which have at least 1 representative in the current convocation of the National Assembly. Exception are newly formed 2 political parties “Civic Contract” and “Bright Armenia”. The representatives of the following political parties were interviewed:

- Armenian National Congress
- Armenian Revolutionary Federation Dashnakcutyun
- Heritage political party
- Freedom political party
- Civic Contract
- Bright Armenia<sup>14</sup>

Three parliamentary political parties (Republican, Prosperous Armenia and Rule of Law) were approached for interview but unfortunately due to different reasons from their side (procrastination, change of the name of the political party, putting the duty of interview on each other), the interviews didn't take place. This project was bound by strict time-frame and it was impossible to procrastinate further, in which case the publication of this report would be impossible.

Interviews were conducted with private donors Mr. Arshak Avagyan (5.000.000 AMD (9181EUR) to “Freedom” in 2013) and Mr. Gevorg Kalenchyan (775.000 AMD (1423 EUR) to “Heritage” in 2012), as well with the representative of the Standing Committee on State and Legal Affairs of National Assembly (member of the committee Mr. Levon Martirosyan), Ministry of Justice (Deputy Minister Mr. Suren Krmoyan), and local experts and representative of academia (Mr. Alexander Iskandaryan, Mr. Richard Giragosyan, Mr. Hamazasp Daniel-

yan). In this regard, it must be mentioned that the most important state body for these matters (Oversight and Audit Service of the Central Electoral Commission) was approached for the interview but due to the principle of political neutrality of CEC rejected to provide interview.

## 2. International framework

### United Nations

The international legal framework in regard to donations to political parties is not very developed due to various reasons. However, there are various tools which worth citing. At the international level at the first place is the UN Convention against Corruption, article 7 (part 3) of which stipulates:

“Each State Party shall also consider taking appropriate legislative and administrative measures, consistent with the objectives of this Convention and in accordance with the fundamental principles of its domestic law, to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties.”

The wording of this article suggests that this part of the article is non-mandatory, because this paragraph uses the words “where applicable”, which means it is left to the discretion of state parties to decide whether to have appropriate legislative and administrative measure at place or no.

## Council of Europe

Within the framework of Council of Europe there are various soft law instruments on the topic: 2 recommendations and 2 resolutions. The 2 resolutions are **“Twenty guiding principles for the fight against corruption” (Res. (97) 24)** and **“The code of good practice for political parties” (Res. 1546 (2007))**. In the first one, the Committee of Ministers in the principle 15 states “promote rules for the financing of political parties and election campaigns which deter corruption”. The second document (Res. 1546 (2007) focuses on the development of internal rules, complimentary to legislation, within the political parties in order to portray issues of accountability, transparency, corruption, monitoring, evaluation and discipline.<sup>15</sup>

As was noted there are also 2 recommendations: **“Common rules against corruption in the funding of political parties and electoral campaign” (Rec. (2003) 4)** and **“Financing of political parties” (Rec. 1516 (2001) )**.

Those 2 documents are far more complex and contain numerous provisions in regard to both public and private funding. The first one (Rec. (2003) 4) states:

“7. The Assembly believes that the rules on financing political parties and on electoral campaigns must be based on the following principles: a reasonable balance between public and private funding, fair criteria for the distribution of state contributions to parties, strict rules concerning private donations, a threshold on parties’ expenditures linked to election campaigns,

complete transparency of accounts, the establishment of an independent audit authority and meaningful sanctions for those who violate the rules”.

Thus, there are 5 principles which Assembly recognizes in regard to private donations:

1. Reasonable balance between public and private funding
2. Strict rules on private donations
3. Complete transparency of accounts
4. Establishment of independent audit authority
5. Meaningful sanctions

In regard to private donations, besides those principles, this recommendation contains specific rules on private donations, rules on transparency, sanctions and control. Besides, quite interestingly, it also touches the issue of third parties. Sub-points a (i) and (ii) of point 8 deal with the need of balancing public and private funding. At sub-point a (i) the Recommendations states:

“States should encourage citizens’ participation in the activities of political parties, including their financial support to parties. It should be accepted that membership fees, traditional and noncontroversial sources of finance, are not sufficient to face the ever increasing expense of political competition.”

At the same time, immediately in the next sub-point the Assembly notes:

*“Political parties should receive financial contributions from the state budget in order to prevent dependence on private donors and to guarantee equality of chances between political parties.”*

In other words, the Assembly recognizes both the importance and danger posed by private donations. Therefore, in the same document, the Assembly lays down 5 rules. Particularly:

“As private financing, in particular donations, creates opportunities for influence and corruption, the following rules should apply:

a. a ban on donations from state enterprises, enterprises under state control, or firms which provide goods or services to the public administration sector;

b. a ban on donations from companies domiciliated in offshore centres;

c. strict limitations on donations from legal entities;

d. a legal limit on the maximum sum of donations;

e. a ban on donations by religious institutions.”

In more precise terms, the Assembly suggests to ban the following actors to be involved in donating political parties:

- a) State enterprises
- b) Enterprises under state control
- c) Companies which provide goods and services to public bodies
- d) Companies domiciliated in offshore zones
- e) Religious institutions

In regard to control mechanisms, the recommendation suggests establishing independent auditing bodies endowed with sufficient powers to supervise the accounts of political

parties.<sup>16</sup> It is noteworthy the types of sanctions which the recommendation provides for. It particularly provides: a) partial or total loss of state contributions; b) mandatory reimbursement of state contributions; c) fines; d) annulment of the elected mandate or a period of ineligibility (in case if individual responsibility is established).<sup>17</sup>

Besides, it must be mentioned that the recommendation also suggests to make all the rules applicable to entities related to political parties.<sup>18</sup>

As about Recommendation (2003) 4, it generally repeats the most provisions contained in the Rec.1516 (2001). However, there are some noteworthy points, which need to be presented here. First, it provides the definition of donation.<sup>19</sup> Secondly, among the principles on donations there are 2 which were not covered in the previous recommendation (states governing donations to political parties should provide specific rules to: avoid conflicts of interests and prejudice to the activities of political parties; ensure the independence of political parties).<sup>20</sup> Thirdly, it requires from the states to adopt measures to prevent established ceilings from being circumvented.<sup>21</sup> Fourthly, it recommends considering tax incentives for donations.<sup>22</sup> Fifthly, it requires from the states to guarantee that shareholders or any other individual member of the legal entity be informed of donations.<sup>23</sup>

## **Venice Commission**

Within the framework of Venice Commission there are 2 important documents which relate to this subject and its opinions provided while commenting on different draft laws. The 2 documents are: Code of Good Practice in the Field of

Political Parties (December, 2008) and Guidelines and Report on the Financing of Political Parties (March, 2001). The Code, in regard to private donations, contains only one statement which differs from the documents presented above, and which is worthy to quote here:

“By no means may parties interpret private donations as granting any possibility to influence and/or alter the party programme and/or party policies.”<sup>24</sup>

In regard to the Guidelines, there are 2 provisions which are different and unique. Firstly, as a form of limitations for private funding, it provides prior control of contributions by members of parties, who wish to stand as candidates in elections by public organs specialized in electoral matters<sup>25</sup>. Secondly, as form of sanction it provides “Any irregularity in the financing of a political party shall entail sanctions proportionate to the severity of the offence that may consist of the loss of all or part of public financing for the following year”.<sup>26</sup>

There are 2 interesting and important observations, which made the Commission and which are not contained in the previous documents. The first one is about regulating the party membership fees and the second one is about type of limitations in regard to private funding. The first observation the Commission made in regard to the draft law on financing of political parties in Serbia. The Commission, particularly noted:

“While it is not for the state to establish [the membership] fees, it is noteworthy that legislation should ensure that membership fees are not on the other hand used to circumvent contribution limits, which can be

accomplished by treating membership fees as contributions. It is therefore recommended to consider for the (...) law to treat the amount of membership fee as part of the total contributions possible by members under the (...) Law.”<sup>27</sup>

As about the second (type of limitations in regard to private funding), the Commission made its observation in regard to the Law on Political Parties of Azerbaijan. The Commission suggests to consider prohibiting donors from receiving state contracts within a certain type of the donation.<sup>28</sup>

### **3. Essential elements of private funding of political parties**

In regard to private donations there are 8 essential elements which must be analyzed in order to understand where country stands in regard to effective framework on private donations. Those elements are:

1. Definition of donation
2. Private sources of income
3. Types of banned donations
4. Limits (caps) on donations
5. Transparency and reporting
6. Sanctions
7. Enforcing institution
8. Regulations in regard to 3<sup>rd</sup> parties

These elements are analyzed in terms of relevant international/regional legal instruments, practice of other countries and legislation of Armenia.

### **Element 1: Definition of donation**

At international level there is no legal instrument which would provide the definition of donation. However, within the framework of CoE there is a definition of donation which is contained in Recommendation (2003) 4 (Common Rules against corruption in the field of political parties and electoral campaigns). Article 2 of this Recommendation provides:

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

As it can be seen from the definition, the key word here is “advantage”. The Recommendation in order to layer the field between different political parties, uses the word “advantage”. This makes possible to consider as donation not only financial means and property but also in-kind contributions, services, forgiving debts, cheap advertisement fees and everything which provides advantage for a party.

In comparison with Armenian legislation, the Law on Political Parties puts emphasize on asset feature of donations, although the Law doesn’t contain direct definition of the donation itself. In particular, article 25, para.1 of the law stipulates:

“Political parties have right to receive donations in the form of property, including financial means, from natural and legal persons...”

The term “property” is defined in the RA Civil Code. According to article 132, the features of property are money, commercial paper and securities, and property rights.<sup>29</sup> At the same time, the second part of the same article expands the boundaries of donations and includes also services and works performed for the party which in monetary terms cannot exceed 1.000.000.000 AMD which equals to 1,836,400 EUR approximately.<sup>2</sup>

Following the comparison, it can be argued that Armenian legislation leaves in-kind contributions and everything else which don't correspond to the term “property” and services and works out of regulation. For example, buying air tickets or railway tickets doesn't need to be declared in the annual statement, if the ticket was bought not by the political party itself. Besides, there is another problem connected with this: the legislation doesn't provide effective and feasible mechanisms to monetize services and works provided to the party. For example, member of a party owns a big house and regularly provides it to the party to organize discussions and meetings. Thus, the second problem in this regard is lack of effective mechanisms to monetize the provided works and services.

## **Element 2: Private sources of income for political parties in general**

At the international level there are no detailed specifications of private sources of political parties' income in general. In the

---

<sup>2</sup> Conversion is made by OANDA currency converter <https://www.oanda.com/currency/converter/>. At the moment of 31.03.2016

joint Guidelines on Political Party Regulation produced by OSCE/ODIHR and Venice Commission, indirectly are being classified 4 types of income:

- 1) membership fees;
- 2) sale of merchandize or party-related materials;
- 3) private contributions;
- 4) loans and payment of the loan.<sup>30</sup>

#### 1. Membership fees

Armenian legislation leaves the issue of membership fees completely to the discretion of political parties (whether to have it or no, their limits).<sup>31</sup> Also, Armenian legislation makes a clear division between membership fees and private donations. Membership fees are not considered as donations in Armenia.

Leaving completely unregulated this issue creates corruption risks and risks for circumventing contribution limits. In the “Guidelines of Political Party Regulation” of OSCE/ODIHR and Venice Commission, in regard to membership fees are being made several observations:

- a) it shouldn't be so high to restrict membership;
- b) legislation should ensure that the fees are not used to circumvent contribution limits;
- c) any membership fee should be of a reasonable amount.<sup>32</sup>

While, as was noted above, Armenian legislation leaves the issue of membership fees to the discretion of political parties and doesn't regulate it at all.

## 2. Sale of merchandize or party related materials

This avenue of income is quite aloof from Armenian reality. While in contrast to Armenia this is recognized source of income in some countries from Asia and Africa (Myanmar, Singapore, Malaysia, Japan, Benin, and Libya). Magnus Ohman, a recognized international senior expert of IDEA for these matters, in regard to commercial activities of political parties notes:

“Given the lack of funding available to many political parties, the unwillingness of many private interests to support them and the limited public resources available, it may be advisable to consider allowing political parties to engage in limited commercial activities related to their normal activities, such as printing and publishing. Certain limitations should be in place: (1) commercial activities by political parties should not be considered for public contracts, (2) the share of total income that a party can derive from such activities should be limited, and (3) transactions connected to any commercial activity should be included in the party’s financial reporting requirements.”<sup>33</sup>

Armenian legislation is not clear in this regard. On the one hand, article 23 of the Law on Political Parties stipulates the sources based on which assets of a party is formed (membership fees, entrance fees, donations, budget support and other sources not forbidden by law) and one of that sources is “Other sources not forbidden by law”. On the other hand, article 3 of the same law while providing definition of a

political party it notes “Political party is a societal amalgamation established based on individual membership, the activities of which are aimed at participating in the political life of society and the State”. The key words here are “Societal amalgamation” the definition of which is provided in article 122 of the RA Civil Code. According to part 1 of article 122 of the RA Civil Code:

“Societal amalgamations are voluntary amalgamations of citizens who have joined in the manner provided by a statute on the basis of communality of their interests to satisfy spiritual or other non-material needs.”

Thus, if the very notion of Political Parties under Armenian legal perception will be put at the top of the analysis, then the logical consequence would be to claim that Armenian legislation forbids political parties to be engaged in commercial activities.

3. Private contributions: see below.

4. Loans and repayment of loans

The issue of getting loans by political parties in Armenia is unregulated. It is identical situation to the situation in regard to commercial activities. There is no clear ban but also the very essence of the notion of political parties under Armenian legislation doesn't allow to consider political parties as creditor.

Although, this is not widely used practice, but for example political parties in Greece have been borrowing from banks since the end of the 1990s and in 2007 the bank loans

accounted for 63% of PASOK and 42% of NeaDemocratia, which were the 2 main political parties in Greece.<sup>34</sup> The practice of loans also used in the United Kingdom, where a revealed scandal of money for peerage made the legislators to out the issue of loans under the control of the Electoral Administration Act in 2006.<sup>35</sup>

In regard to loans, it is also noteworthy the “Guidelines on Political Party Regulation” of OSCE/ODIHR and Venice Commission, which says that “A loan might also be repaid not by the party or the individual candidate, but by a third person, in which case the loan also becomes a form of contribution”.<sup>36</sup>

### **Element 3: Types of banned donations**

Recommendation 1516 (2001) provides 3 bans in regard to private donations: 1) a ban on donations from state enterprises, enterprises under state control or firms which provide goods or services to the public administration sector; 2) a ban on donations from companies domiciliated in offshore centres; 3) a ban on donations by religious institutions.<sup>37</sup>

The first 2 types of bans are being repeated also in Recommendation 2003 (4).<sup>38</sup> However, the same Recommendation contains also one ban which is missing from the previous recommendation-ban from foreign donors.<sup>39</sup> Also, the same Recommendation contains very unique provision about private funding from the legal entities. It particularly states that state should provide that shareholders or any other individual member of the legal entity be informed of donations.<sup>40</sup>

To sum up these bans, there are bans of donations:

- from state companies and those which provide services to public sector;
- from companies domiciled in offshore zones;
- from religious organizations;
- from foreign donors.

There are also different bans applicable in different countries. For example as Venice Commission in its opinion in regard to Law on Political Unions of Georgia notes the bans on corporate donations exist in France, Poland and Bulgaria, inter alia.<sup>41</sup>

IDEA reports that in Africa the most common type of ban (present in 80% of African countries) relates to state resources given to a particular political party (which represents efforts to avoid the abuse of state resources).<sup>42</sup> Bans on foreign funding (60 %) and funding from anonymous sources (50 %) are also common.

Quite interesting types of bans exist in Asian countries. In Cambodia, the donation ban applies to NGOs and other associations; in Timor-Leste philanthropic and religious bodies, as well as employers' associations and foundations, cannot donate; and in Mongolia stateless and under-age individuals, religious organizations and entities that are less than one year old, bankrupt or in debt are prohibited from donating.<sup>43</sup> While in the Philippines, donations are also banned from financial institutions, educational institutions that receive state support, officials and employees in the civil service and members of the armed forces. In Pakistan, only donations from individuals are allowed. In Japan, companies that have incurred deficit in the last three years are not allowed to contribute to political parties.

In Armenia, part 3 of article 25 of the Law on Political Parties stipulates 8 categories from whom/which donations are prohibited. Those categories are:

- a. Charities and religious organizations, including from such entities in which have participation charities and religious organizations;
- b. State and municipal budgets and (or) extra budgetary means, unless it is state funding of political parties as prescribed by the Law on Political Parties;<sup>44</sup>
- c. State or municipal non trade organizations, as well as trade organizations founded with the participation of the state and municipal bodies;
- d. Legal persons registered up to six months prior to the date of making the donation;
- e. Foreign states, foreign citizens and legal persons, as well from those legal persons in whose charter capital (shareholders' equity, nominal capital) 30% or more belongs to foreigner (physical or legal person);
- f. International organizations and international non-governmental movements;
- g. Stateless persons
- h. Anonymous persons.

From the list of bans stipulated under the recommendations mentioned above, Armenia is not meeting only the ban on donations which provides goods or services to the public sector. Also, although Armenian legislation provides a ban from foreign legal entities, still to have plain language it would advisable to use phrase companies registered in a foreign country and/or operating in Armenia via branches or by any other means.

From foreign practices, and taking into consideration the realities of Armenia, it would be advisable to use Philippines practice (ban on civil servants and army's servants), Japan (ban on donations from companies which during last year worked with deficit), Mongolia (ban on under-aged persons and companies which are in debt) and Cambodia (bans from NGOs and other associations as Trade Unions).

#### **Element 4.Limitations on donations**

Limitations on the amounts and frequency of donations differ across the globe and relevant regional instruments don't set any limits.<sup>45</sup> This is left to the discretion of countries, as because the domestic policy makers able to perceive the necessary limit the best.

The limits and avenues of regulating them vary from country to country. There are some interesting ways of regulating limits on donations in Taiwan, where it employs variation of contribution limits and where the ceiling for donations to political parties is based on the percentage of individual's annual income (20%) and enterprise's annual income (10%).<sup>46</sup>

In Europe the limits are significantly differs from country to country: for example in Belgium it is 4,700 euros per annum from a natural person, in Iceland it is just 20 euros, while in Spain it is 100.000 euros.<sup>47</sup> While in New Zealand, UK and Australia there are no limits at all.<sup>48</sup>

In Armenia article 25 (part 7) of the Law on Political parties provides maximum limits (caps) for donations. Particularly,

during one year period a political party can't receive more than 10000000000 AMD (which equals to around 1,836,400 EUR). The Law also prescribes limits, depending on the category of donor, for donations. Below is provided the maximum donations which are allowed for different categories of donors.<sup>49</sup>

### Box 1. Categories of donors and maximum donations possible

Category	Maximum donation possible during one year period
Non trade organization	1000000 (1.000 times of the minimum wage, equals to around 1,836 EUR)
Trade company	10000000 AMD (10.000 times of the minimum wage, equals to around 18.364 EUR)
Natural person	10000000 AMD (10.000 times of the minimum wage, equals to around 18.364 EUR)

In addition, the immovable property which is being donated can't exceed 200.000 times of the minimum wage<sup>50</sup> (200.000.000 AMD around 367.279 EUR).

The limits prescribed here seem that don't portray the realities of Armenia and the real needs. Political parties shall be concerned with involving the regular citizens more in their activities and such limits can't serve their purpose. If Iceland and Belgium, by being countries with much higher level of democracy and political involvement of citizens, had set such small limits, then it is not grounded to have such high limits in Armenia. This doesn't provide incentives to political parties to build better relationships at grassroots level and to involve citizens in the politics. It must be noted that low limits on donations creates sense of equality and ownership between

regular citizens, because everyone can donate equally and this makes their demands for accountability much more legitimate.

In this regard it is worthy to quote Resolution 1546 (2007) point 8 of which states:

“The Assembly is convinced that political parties should recognize their duty to enhance the reputation of the political system. They should take urgent steps to:

8.1. reconnect with individual citizens and focus on their aspirations and concerns;

8.2. improve their accountability to their electorate;

8.4. develop their openness and that of the decision-making bodies on which they serve.”

### **Element 5. Transparency and reporting**

The Code for Good Practice for Political Parties (Res. 1546 (2007) in this regard notes that the good practices for the financing of political parties include developing internal rules completing and strengthening national legislation in particular regarding transparency and accountability,<sup>51</sup> while Recommendation 1516 (2001) in regard to transparency suggests that:

“Financing of political parties must be fully transparent, which requires political parties, in particular:

i. to keep strict accounts of all income and expenditure, which must be submitted, at least once a year, to an independent auditing authority and be made public;

ii. to declare the identity of donors who give financial support exceeding a certain limit.”<sup>52</sup>

Most importantly, the Code of Good Practices in the field of Political Parties of Venice Commission, specifically notes:

“Party funding must comply with the principles of accountability and transparency.”<sup>53</sup>

Besides, the same Venice Commission in Guidelines and Report on Financing of Political Parties (March, 2001) notes:

“The transparency of private financing of each party should be guaranteed. In achieving this aim, each party should make public each year the annual accounts of the previous year, which should incorporate a list of all donations other than membership fees. All donations exceeding an amount fixed by the legislator must be recorded and made public.”<sup>54</sup>

In the Guidelines on Political Party Regulations co-produced by Venice Commission and OSCE/ODIHR, in regard to transparency it is being noted that it is important to protect the rights of voters and to prevent corruption.<sup>55</sup>

The newly altered Constitution of Armenia contains paragraph 3 of article 46, which stipulates that:

“Political parties publish annual reports on their financial sources and spending, as well on property”.<sup>56</sup>

The transparency and accountability requirements in regard to donations are regulated under article 28 of the Law on Political

parties. First of all, political parties are obliged to publish annual reports on received and spent means on annual basis (before March 25): the report should be published in mass media and RA's public notifications' official website.<sup>57</sup> The report should contain data on: sources and size of means entered into the account of party; how that means were spent; data on the assets of the political party by mentioning its price.<sup>58</sup> Most importantly, the source of a donation which exceeds 100.000 AMD (around 184 EUR) must be mentioned in the report.<sup>59</sup> The format of the report and the manner of submission and publication is being regulated by the authorized body.<sup>60</sup> Here it must be mentioned, that those political parties assets of which exceeds 10000000 AMD (around 18.364 EUR) shall publish their reports only together with a conclusion of audit<sup>61</sup> as well those political parties which receive public funding.<sup>62</sup>

The decision no. 309-N (October 5<sup>th</sup>, 2012) of the Central Electoral Commission (hereafter CEC) addresses 3 issues: 1) Manner of publication and submission of the report to the CEC; 2) the format of the report; 3) Guidance on filling in the report. Screening the 3 annexes of the mentioned CEC's decision, where the mentioned 3 issues are addressed, it is being concluded that they are corresponding to the requirements of the law. Most importantly, the point 4 of the annex I reveals that only after publishing in media and the official website of public notifications ([www.azdarar.am](http://www.azdarar.am) ) a political party shall lodge its report with the Oversight and Audit Service. For publication of the report at [www.azdarar.am](http://www.azdarar.am) , a political party should approach to the State Registry of Legal Persons of the Ministry of Justice.<sup>63</sup>

As it was discussed already in the previous parts, anonymous donations are forbidden in Armenia. Moreover, according to part 6 of article 27 of the Law on Political Parties:

“Natural persons making a donation shall be obliged to specify their name, surname, place of residence, and legal persons — all information (requisites) required by the rules of noncash settlements between legal persons”.

In addition, if the sum of donation exceeds 100 times the minimum wage stipulated by law (in other words 100,000 AMD which equals to around 184 EUR) then the donation must be conducted in non-cash manner.<sup>64</sup>

An important shortcoming is that according to article 20, part 1 (9) of the Law on Political Parties, political parties can establish publishing houses and mass media entities. However, the reporting requirements of Armenia’s legislation don’t equalize donations to publishing houses and mass media entities with the donations to political parties. Thus, they are out of any transparency and reporting.

Besides, Armenia also is voluntarily participating in OECD’s Istanbul Anti-corruption Action Plan.<sup>65</sup> In 2014, within the framework of the 3<sup>rd</sup> round monitoring, was adopted “Monitoring Report” on Armenia, where there are several recommendations concerning the issue in relation to Armenia. One of them states:

“Ensure that political parties disclose their financial data, including bank loans and contracts with foundations, associations and other bodies related to them.”<sup>66</sup>

## Element 6. Sanctions

Recommendation 1516 (2001) 8 (e) of Council of Europe in regard to sanctions mentions that

"In the case of a violation of the legislation, political parties should be subject to meaningful sanctions, including the partial or total loss or mandatory reimbursement of state contributions and the imposition of fines. When individual responsibility is established, sanctions should include the annulment of the elected mandate or a period of ineligibility."

As Guidelines on Political Party Regulation of Venice Commission and OSCE/ODIHR puts

"Irregularities in financial reporting, non-compliance with financial-reporting regulations or improper use of public funds should result in the loss of all or part of such funds for the party. Other available sanctions may include the imposition of administrative fines on the party."<sup>67</sup>

It goes further and notes that all sanctions must be proportionate in nature this should include consideration of the amount of money involved, whether there were attempts to hide the violation, and whether the violation is of a recurring nature.<sup>68</sup> It also notes that while criminal sanctions are reserved for serious violations that undermine public integrity, there should be a range of administrative sanctions available for the improper acquisition or use of funds by parties.<sup>69</sup>

Recommendation 2003 (4) of the CoE again makes emphasize on proportionate nature of sanctions. It particularly notes that all sanctions shall be effective, proportionate and dissuasive.<sup>70</sup>

The joint Guidelines of Venice Commission and OSCE/ODIHR provide list of possible sanctions. In regard to political parties the list includes the following sanctions:

- Administrative fines, the amount of which should be determined according to the nature of the violation – including whether the violation is recurring;
- Partial or total loss of public funding and other forms of public support for a set period of time;
- Ineligibility for state support for a set period of time;
- Partial or total loss of reimbursement for campaign expenses;
- Forfeiture to the state treasury of financial support previously transferred to or accepted by a party;
- Ineligibility to run candidates in elections for a set period of time
- In the cases involving significant violations, criminal sanctions against the party members responsible for the violation(s);
- Annulment of a candidate's election to office, but only as determined by a court of law, in compliance with due process of law and only if the legal violation is likely to have impacted the electoral result; and
- Loss of registration status for the party.<sup>71</sup>

In Armenia the applicable sanctions are stipulated under RA Administrative Code of Delinquencies. The acts which result in sanctions are:

1. Failing to publish annual report or failing to lodge it with the Oversight-Audit Service of CEC (article 189.13)

2. Refusing to provide documents in order to check the authenticity of the submitted reports (article 189.14)
3. Processing donations exceeding 100.000 AMD (around 184 EUR) not in non-cash manner (article 189.15)
4. Not channeling to state budget or returning to donors those donations which exceeds the stipulated limits or those donations which are banned (article 189.16)

For the first act the sanction is fine against officials of a political party in the amount of 40.000-50.000 AMD (73 to 92 EUR). If the same act is being repeated within one month period after being fined, then the new fine will be in the amount of 400.000 – 500.000 AMD (735-918 EUR).

For the second act the sanction is fine against officials of a political party in the amount of 80.000-100.000 AMD (147 to 184 EUR). If the same act is being repeated within one month period after being fined, then the new fine will be in the amount of 150.000-200.000 AMD (275-367 EUR).

For the third act the sanctions will be aimed against: officials of a donor legal entity; donor physical person; officials of a political party. Against the officials of a donor legal entity the fine would be in the amount of 200.000-250.000 AMD (367-459 EUR), against donor physical person the fine would be in the amount of 100.000-150.000 AMD (184-275 EUR), against the officials of a political party, the fine would be in the amount of 250.000-300.000 AMD (367-551 EUR). And the fines are going up if the same acts are being repeated within one month period after being fined.

For the fourth act the sanctions will be aimed against officials of a political party in the amount of 100.000-150.000 AMD (184-275 EUR) and it will be raised if the act will be repeated within one month period after being fined.

The sanctions for the first 3 types of fines are being exercised by the Central Electoral Commission, according to the article 223.2 of the RA Administrative Code of Delinquencies. For the fourth type of fine, according to article 223<sup>1</sup> of the RA Administrative Code of Delinquencies, administrative examinations are being conducted by the RA Ministry of Justice. This approach seems not grounded as because according to RA Electoral Code the Oversight-Audit Service of the Central Electoral Commission shall also supervise the ongoing financial operations of parties.<sup>72</sup>

In regard to fines it must be mentioned that they are not-proportional and can't be effective, because they don't put parties in a position which would make violating the requirements not-beneficial. For example, if the party receives more donation than it is allowed, the fine is set 275 EUR maximum. If the donation was e.g. 100.000 EUR then such kind of approach surely doesn't provide any incentive to political parties to refrain from violating the law. They can each time receive banned donations or donations exceeding the limits and just pay small fines. Also, it must be noted that sanctions are not diverse in nature too (only administrative fines).

As Juan Fernando Londono and Daniel Zovatto note in regard to sanctions in the Latin American countries "The existence of regulation is not enough unless it is seriously and fairly implemented. Toothless regulation can also be an issue. If the

sanctions for wrongdoing hurt less than committing the unlawful act, the incentive to remain on the right side of the law decreases".<sup>73</sup>

The last sentence of Londono and Zovatto are especially applicable to the realities of Armenia: sanctions in Armenia don't hurt the political parties and offenders and therefore they are not serving their purpose or in other words there is no incentive to remain on the right side of the law.

### **Element 7: Enforcing institution**

According to D.R. Piccio "Effective monitoring is among the most important features of political finance regulation; it is ultimately the crucial means by which the legislation can claim to be effectively implemented."<sup>74</sup>

Daniel Smilov, internationally recognized expert in this field, recognizes 4 types of institutional arrangements.<sup>75</sup> First, state audit offices can be used for enforcement, but they may lack sufficient resources and prerogatives to properly audit the internal affairs of political parties. A second option is a parliamentary commission, as in the Czech Republic. Yet such a commission's lack of independence—and conflicts of interest between parties—can render it ineffective. The judiciary as the enforcement force is a third option, but generally has not been widely utilized in the regions discussed here. The fourth institutional option, independent commissions such as electoral commissions, is used in countries such as Albania and Bosnia and Herzegovina. Unfortunately, this option has suffered from most of the weaknesses of the other options

discussed above, and has in some cases led to very low levels of activity from the enforcing institution (such as in Georgia and Serbia before the mandate was moved to the State Audit Office and the Anti-Corruption Agency respectively).

Andreas Ufen, while analyzing Asian experience notes that “The lack of scrutiny and enforcement is a common problem in countries with authoritarian traits. The difference between regulatory frameworks and real politics is most glaring in these systems.”<sup>76</sup>

Recommendation 2003 (4) of the Council of Europe in article 14 provides

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

In the joint Guidelines on Political Party Regulation of Venice Commission and OSCE/ODIHR, the main stress is being put again on the independence of the monitoring body. It particularly notes:

“Whichever body is tasked to review the party’s financial reports, effective measures should be taken in legislation and in state practice to ensure that body’s independence from political pressure and commitment to impartiality. Such independence is fundamental to this body’s proper functioning, and it is strongly recommended, in particular, that appointment procedures be carefully drafted to avoid political influence over members.”<sup>77</sup>

OECD in its “Financing Democracy: Framework for supporting better public policies and averting policy capture” (2014) notes 3 factors for proper functioning of a supervisory body. Namey:

- Independent appointment of its members (independence from both political parties and the executive at the same time) and security of their tenure;
- Independent budget providing sufficient resources;
- Specialized expertise of personnel and methodologies to discover illegal funding of political parties and candidates.<sup>78</sup>

In Armenia the responsible body for party finance issues is the Oversight and Audit Service, which is structural part of the Central Electoral Commission.<sup>79</sup> Its head is being appointed by the President of the Central Electoral Commission.<sup>80</sup> The funding of the Service is being done from the resources of the Commission.<sup>81</sup> The powers of the Service are provided in the Electoral Code and in the Order of its operations which is adopted by the Central Electoral Commission. In regard to party financing it is just conducting oversight and study the appeals on party funding and providing conclusions on it to the Commission.<sup>82</sup> The Service in conducting its functions in regard to party funding have rights to demand information just from political parties and banks.<sup>83</sup>

As it can be seen the Service doesn't satisfy the requirements on independence. OECD in regard to this issue, in its last monitoring report on Armenia (2014) had recommended:

“Ensure substantial and independent monitoring of election campaign funding and monitoring of political parties financing by an independent authority, with adequate staff, material resources and powers to proactively supervise such funding, investigate alleged infringements of political financing regulations and impose sanctions. At a minimum, the Control and Verification Service should be given the power and corresponding tools to assess and verify the validity of declarations”<sup>84</sup>.

### **Element 8: Regulations in regard to 3<sup>rd</sup> parties**

As was mentioned already political parties in Armenia can establish publishing houses and mass media entities<sup>85</sup>. However, the reporting requirements of Armenia’s legislation don’t equalize donations to publishing houses and mass media entities with the donations to political parties. Thus, they are out of any transparency and reporting.

While Recommendation 1516 (2001) of the Council of Europe in this regard notes:

" The legislation on financing political parties and on electoral campaigns should also apply to entities related to political parties, such as political foundations".<sup>86</sup>

In Latvia party-affiliated NGO-s were set up to circumvent spending limits<sup>87</sup>, while in Spain there is specific ban on third-party donations<sup>88</sup>.

## 4. Practice of Armenia

While drafting this report annual reports for the period of 2012-2015 of those political parties which have at least one representative in the current convocation of the National Assembly were studied.<sup>89</sup> There are such 17 political parties. Also, were interviewed some donors who gave over 100.000 AMD (184 EUR) donations to political parties, representatives of 5 opposition political parties and ARF Dashnakcutyun, 3 experts in the field of political science (Alexander Iskandaryan, Richard Kirakosyan, Hamazasp Danielyan), representative of the Standing Committee on State and Legal Affairs of the National Assembly (Levon Martirosyan) and Deputy Minister Justice (Suren Krmoyan).

As about practice on paper (annual reports): First, absolute majority of political parties has not received monetary donations exceeding 100.000 AMD (184 EUR) during the period of 2012-2015<sup>3</sup>. Second, only minority of political parties reported about receiving donations in general, in their annual reports. Thirdly, about other kind of donations (such as computer supplies and furniture) the absolute majority of such donations (lion's share) come to the Republican Party.

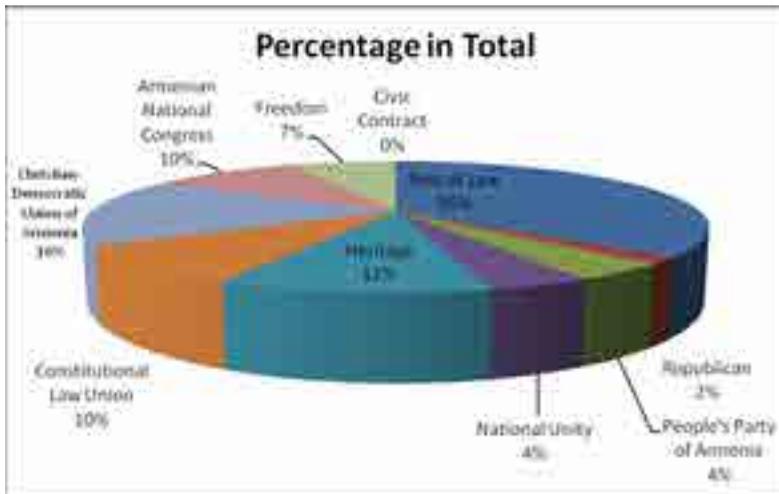
During the period of 2012-2015 the total donations which received 10 out of 17 political parties equals to 93563200 AMD (171829 EUR). From the graph bellow it becomes evident that the first 3 leaders in terms of receiving financial donations the

---

<sup>3</sup> The detailed information is contained in the annexes

most, are Rule of Law (36%) , Christian-Democratic Union of Armenia (16%) and Heritage (11%).

Graph 1. Percentage of Donations received by political parties with at least one representative in the current convocation of the National Assembly for the period of 2012-2015<sup>4</sup>



However, it must be mentioned that in case of Christian-Democratic Union of Armenia, all donations exceeding 100.000 AMD came from the leader of the party himself Mr. Khosrov Harutyunyan. Similar is situation with the Heritage where the donors for the year of 2012 (a year when approximately 80% of the total donations for the period of 2012-2016 were collected) came from the party leader and

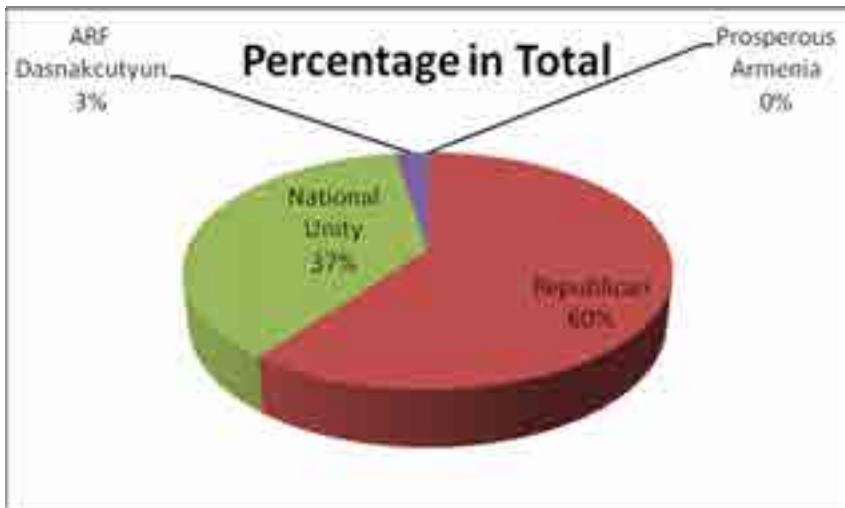
<sup>4</sup> At the moment of 31.03.2016 annual reports of Republican, Prosperous Armenia, Reorganized Social-Democrat Hncahkyan, MIAK, Democracy and Work, Bright Armenia and ARF Dashnakcutyun were not posted at the website [www.azdarar.am](http://www.azdarar.am)

party's 2 members. Similar is the situation with the Freedom, while the case of National Unity is identical to Christian-Democratic Union of Armenia (all donations exceeding 100.000 AMD came from the leader of the party himself). Below is provided the chart with donations on annual basis for the period of 2012-2016.

**Table 2: Donations for the period of 2012-2016**

Political Party	2012	2013	2014	2015	Total	In EUR	Percentage in Total
Rule of Law	10953000	10351000	5610200	6485000	33399200	61334	35,6
Republican	1650000	0	0	NA	1650000	3030	1,7
People's Party of Armenia	1625000	481000	1295000	608000	4009000	7362	4,2
National Unity	326000	1518000	1180000	1088000	4112000	7551	4,3
Heritage	8490000	2142000	0	0	10632000	19524	11,3
Constitutional Law Union	5100000	2145000	0	1600000	8845000	16242	9,4
Christian-Democratic Union of Arm.	4320000	2991000	3185000	4810000	15306000	28108	16,3
Armenian National Congress	500000	6000000	1710000	1060000	9270000	17023	9,9
Freedom	0	6300000	0	0	6300000	11569	6,7
Civic Contract	0	0	0	40000	40000	73	0,04
					93563200	171829	

However, totally different picture is being drawn when one looks at other kind of donations not prohibited by law, received by political parties during the period of 2012-2015. In this case, the 60% of such sources belong to the Republican and 37% to National Unity. In the case of National Unity, such a big share is because of receiving an immovable property from “Hayhydroenergonaxagic” CJSC. In case of Republican it is receiving computer equipment and other sources not prohibited by law.



It must be mentioned also that Alliance, a newly formed political party, also would find its place in the diagram above, if the price of the donated car would find its place in its annual report. Otherwise, other kind of donations have the following picture:

**Table 3: Other kind of donations received from not prohibited sources**

Political Party	2012	2013	2014	2015	Total in AMD	In EUR
Alliance	NA	NA	NA	Mitsubishi car	NA	NA
Prosperous Armenia	69000	35000	7000	NA	111000	202
Republican	8035000	51040000	14662000	NA	73737000	135410
National Unity	45449000	0	0	0	45449000	83462
ARF Dasnakutyun	3200000	0	0	0	3200000	5876
					122386000	224749

Also, the Republican Party is unique in the sense that it also benefits from leasing its property and selling it. For the period of 2012-2014 such transactions of the Republican Party equaled to 510277000 AMD which equals to 937.000 EUR, while other parties haven't reported about such transactions. It can be said that in terms of financial self-sufficiency (state funding, financial donations, other kind of donations, membership fees, selling and leasing property) there is extremely high misbalance between the Republican Party and other parties. Continuing about financial self-sufficiency, it must be mentioned that study of the reports show that among those parties which operate more than 5 years, only Republican, ARF Dashnakutyun, Armenian National Congress, Christian-Democrats Union and Constitutional Law Union are regularly benefiting from membership fees.

In their interviews all representatives of political parties were asked about their opinion why people and private sector don't donate big money to political parties in Armenia? The answers

to these questions have some commonalities. Thus, the answer of “Fear/worries of pressure” was the absolute champion mentioned by ANC, Civic Contract, ARF Dashnakcutyun, Heritage, Freedom and 2 out of 3 experts (Alexander Iskandaryan’s answer was that some business opportunities will decrease for the private sector), continued by “Social-economic situation in Armenia” and “Lack of trust in politics and political parties”.

Mr. Armen Martirosyan from Heritage political party brought even specific cases:

“In the “Heritage” we had a member of the board who was as the same time entrepreneur-Garnik Sahakyan Director of “Szni” LLC. It can be said that he was the most fair tax payer and he was involved in importing pharm drugs. From the President’s office was an order to check his tax accounts. After checking it was revealed that everything is clean and that he was a businessman conducting his business in clean manner. However, he was deprived from finances in another manner, just in order that “Heritage” wouldn’t be financed. He was pulled out from the market by tenders employing various illegal mechanisms.”

Representative of Armenian National Congress Mr. Aram Manukyan in regard to the reasons of low scale of donations brought reasons which were all interconnected and were about fear to donate because of pressure by authorities. He particularly noted:

“A “hidden” arm just prohibits them (donations)... Generally, if around us there were people who had a business, they quite quickly disappeared.”

Another interesting reason, which although was not across all the representatives of political parties, but taking into consideration Armenia reality, it sounds quite to the point: political parties fail to present understandable projects to the attention of society. This was mentioned by the representatives of “Civic Contract” Mr. Arayik Harutyunyan.

Interviewees were also asked about existence of strategy on donations by their political parties. Only “Civic Contract”, “Bright Armenia” and “ARF Dashnakcutyun” mentioned that they have such strategies and it is mainly in the forms of fundraising events and evenings. Those who don’t have such strategies pointed out about uselessness of such strategies in Armenia.

During the interviews it was revealed that financial sustainability of “Heritage”, “ANC” and “Freedom” is quite weak, while “Civic Contract”, “Bright Armenia” are new and it is quite early to draw conclusions about them. The “ARF Dasnakcutyun” is better off than others. Representative of “ANC” MP. Aram Manukyan even mentioned that lack of resources is such evident in their case, that they don’t have even enough money to pay their fees in international platforms to which they are members.

On the side of recommendations, representatives of ANC, Heritage, Freedom and ARF Dashnakcutyun mentioned that the state funding to political parties must be raised because the current funding which they receive is not serious enough.

“Civic Contract” mentioned that there is need of advocacy aimed at people explaining the importance of donations and try to involve small money but from a lot of people. Also, to present attractive programs to people. “Bright Armenia” links possibility of improvement in regard to donations with the implementation of Justice and Economic reforms in Armenia.

Expert community’s view also were harmonic in the sense that they touched different aspects of the same reasons. Mr. Richard Giragosian considers that the main reasons of current situation in regard to low level donations are: fear of people; absence of culture of such donations and lack of clear pragmatic messages by the political parties. The same opinion is being shared by Mr. Hamazasp Danielyan (Ph.D. in Political Science and Lecturer in Yerevan State University). He adds to these reasons also poverty of the population. Mr. Alexander Iskandaryan pointed out to the reverse side of the coin. He is of the opinion that private sector don’t finance opposition parties because they realize that they will not benefit from it and accessibility of some opportunities will decrease for them. As about private persons in general, he pointed out 3 reasons: lack of culture of donations; people don’t feel that they will benefit from it and that they will face some sort of pressure. All 3 experts had different recommendations on changing the situation. Mr, Iskandaryan is of the opinion that political parties should change their rhetoric and concentrate on pragmatic and concrete programs. Mr. Kirakosyan thinks that state should provide also indirect funding such as covering costs of transportation and providing air time on TV and spaces for rent occupied by state bodies. He also thinks that the field must be leveled and financing of governing political party should be curbed. Also, he noted on enforcement side of the law. Mr,

Danielyan brought 2 recommendations: increasing state funding and giving legislative incentives for making donations.

Representative of the Standing Committee on State and Legal Affairs of the National Assembly Mr. Levon Martirosyan is of different opinions in regard to the issue. He thinks that people are not donating because they fear from a 'headache', which is not connected with the fear from state authorities. He is of the opinion that all political parties are somehow being financed but they are not portraying it properly due to desire of donors who don't want to be revealed in order to avoid 'headache'. He brought examples that persons are willing to take care for the expenses of events for example but not directly donate big amount of money in order to avoid 'headache". Low level of donations he conditions also with the lack of culture of political donations and that political parties are unfulfilled due to the same lack of cultures and the quality of elections. Besides, there is no demand side in the society and that people are discouraged by politics and have low trust, as they do have toward each other.

The same point about the culture was articulated by the Deputy Minister of Justice Mr. Suren Krmoyan. He is also of the opinion that the main hindrance for making more donations is the lack of respective culture in the society. However, he believes that the situation will drastically be improved due to the fact that Armenia became Parliamentary Republic which assumes bigger roles for political parties and opposition and it automatically will have impact on donations too (donations will rise).

During the project also were interviewed 2 out of 3 donors who donated more than 100.000 AMD (184 EUR) to opposition

political parties and who were not the head of party himself.<sup>90</sup> It was revealed that both of them were members of their parties to which they made donations and that they were not persecuted.

During the stage of interviews Oversight and Audit Service of the CEC also was approached with the invitation to be interviewed. The Service declined to interview due to the necessity to maintain the principle of political neutrality. However, the research revealed that the Service is not rigorously involved in the enforcement of the relevant legislation. For example, they don't maintain universal version of reports a perfect example of which is the annual report for the year of 2012 by Rule of Law party which is a just one page document. Besides, the screening of the relevant pages of the official website of the CEC ([www.elections.am](http://www.elections.am)) to see what kind of actions are being taken by the Service, there was nothing revealed in connection with regular (out of elections period) party funding. The Service is not being perceived seriously by some experts too: Mr. Hamazasp Danielyan considers that the Service is just doing mechanical job and is not going deep to the essence of the reports. This report would benefit from the interview of the Service but unfortunately here the conclusions are being drawn missing the opinion of the Service itself. Nevertheless, the OECD in its 3rd round "Monitoring Report" on implementation of Istanbul's Anti-corruption Action Plan by Armenia mentioned:

““Ensure substantial and independent monitoring of election campaign funding and monitoring of political parties financing by an independent authority, with adequate staff, material resources and powers to proactively supervise such

funding, investigate alleged infringements of political financing regulations and impose sanctions. At a minimum, the Control and Verification Service should be given the power and corresponding tools to assess and verify the validity of declarations”.<sup>91</sup>

In a nutshell, the practice of the political parties reveals that:

1. The level of monetary donations is low among all political parties
2. The level of other kind of donations is extremely high only in regard to Republican Party
3. The financial sustainability of political parties is low across political parties with the exception of Republican the financial situation of which is incomparable with others
4. The main reason of low donations is attributed to fear from persecutions by the side of state authorities, socio-economic situation and low level of culture of political donations
5. Political parties don't rigorously advocate on the importance of small donations by people
6. Necessity of increasing state funding
7. Oversight and Audit Service is weak in enforcement of the law

## **5. Snapshot of regulations in EU and in some EU member states**

The regulations on private donations in EU countries differs geographically (south, east, north, west) which is conditioned with different political traditions and historical roles played by political parties in the political-social life of their nations. A typical example is Malta where virtually there are no regulations in regard to the issue and Sweden where if a party will receive an anonymous donation it will be disqualified from state funding.<sup>92</sup> In Malta up to 2015 there was no special law or other legal acts in connection with donations.<sup>93</sup>

The type of bans on donations differs. There are countries where the bans are diverse and there are countries where there are just few. For example, in Romania donations from trade unions, state-owned companies, trading and banking companies, public institutions and religious organizations, foreign associations and foundations (if those donations were made with obvious intention of gaining an economic or political advantage) are banned at all, but at the same time limited anonymous donations are allowed.<sup>94</sup> While in Czech Republic although donations from foreign interests, corporations with government contracts and state entities, charities are forbidden, but there are no limits on how much donations can be provided.<sup>95</sup>

The same diversity stands true in regard to monitoring bodies over party finances with an exception that few oversight organs are independent, and granted effective monitoring and enforcement powers.<sup>96</sup> For Example, in Ireland political parties

deliver a Donation Statement to the Standards in Public Office Commission chaired by a former Judge of the High Court<sup>97</sup>, while in Cyprus, Bulgaria and Luxembourg it is audit state body, and in Germany it is the President of Bundestag.<sup>98</sup> In a nutshell, each case is different and each institutional setup is different due to national peculiarities and challenges faced.

## **Netherlands**

Netherlands is one of the few democracies where the majority of finances of political parties are accumulated based on membership fees.<sup>99</sup> Up to 1990 basically issues pertaining to political funds were not regulated<sup>100</sup> and only in 1999 by the adoption of the "Subsidies Act for Political Parties" was stipulated that those political parties which receive state funding must have mechanisms on identification of donors and on financial accountability. Article 18, part 1 of this Act was stipulating:

" A gift to a political party of € 4 537,80 or more, coming from other than a natural person, will be made public by the party. The publication of the gift takes place in any case by mentioning it in the financial report of the party."

Interestingly enough, according to part 2 of the same article, "if the donor complains about mentioning his name, this can be omitted, and in that case a description will be given of the category of institutions or organizations to which the donor belongs". It must be noted that Netherlands before 2011, were one of the 12 states which didn't prescribe any sort of bans for donations by foreigners. Besides, both anonymous donations were allowed and there were no caps on donations.<sup>101</sup>

However the situation was changed in 2011 by adoption of a new law. Now, political parties are obliged to register gifts starting at €1,000, and at €4,500 they are obliged to publish the name and address of the donor and direct provision of services and facilities to political parties is also regulated.<sup>102</sup>

## **Estonia**

Since 2003, in Estonia political donations are possible only from natural persons.<sup>103</sup> The Political Parties Act explicitly states that the following donations are prohibited: anonymous donations and donations from legal persons.<sup>104</sup> Provision of free services, goods or legal rights for using such resources that would not be available to other entities at the same conditions, is also deemed as an illegal donation: besides, it also includes providing goods or services at a discount which is only available for the relevant party and no-one else. Also, forgiving debts are considered as a type of illegal donation. However, voluntary work is not a donation in Estonia and is allowed to perform.

In Estonia there are no limits on how much a person can donate and there are no limits on how much donations can receive a party during a year. Political parties can take loans only from official credit companies and only under market conditions. The security for the loans can be party's property or a contract of suretyship signed by its members.

Independent body, the Supervision Committee on Political Party Funding monitors whether parties have properly declared all financial resources and expenditures; besides it can also impose sanctions.<sup>105</sup> It consists of seven members,

three of whom are named by the following institutions - Chancellor of Justice, National Audit Office and Electoral Management Body (in addition to the official member, a substitute is appointed by each institution) and four (number depends on the number of political parties in the parliament) of whom by parties in the Parliament (one member per parliament party). Members appointed by the parties cannot be members of the Parliament or government.<sup>106</sup>

The Political Parties Act obliges parties to report on related entities (such as interest groups, foundations, trade unions and other institutions affiliated with a party or otherwise under its control).<sup>107</sup> There are 2 types of report which political parties should publish: report on donations and annual financial report which also relates to affiliated organizations. Quarterly reports have to be made publicly available on the website of the parties and they are also available on the website of the Committee.<sup>108</sup> The reports contain quite detailed information on donors: donation reports have to contain the name of the donor, the personal ID number, the sum, the date of the donation, and also it must be clearly state that the sum received was a donation.

## **Germany**

In Germany the issue of private donations are regulated by the Act on Political Parties. Section 25 of the Law provides the list of illegal donations, which are: donations from public corporations, parliamentary parties and groups and from parliamentary groups of municipal councils (local assemblies); donations from political foundations, corporate entities, associations of persons and those estates which directly or indirectly intended

for non-profit, charitable or church purposes; foreign donations (with exceptions)<sup>109</sup>; donations from professional organizations, which were made to the latter subject to the proviso that such funds be passed on to a political party; donations from enterprises that are fully or partly in public ownership or are managed or operated by public agencies if the state's direct participation amounts to more than 25 per cent; any donations exceeding 500 euros each, which are made by an unidentified donor or which evidently are passed on as a donation by unnamed third parties; donations evidently made in the expectation of, or in return for, some specific financial or political advantage; donations solicited by a third party against a fee to be paid by the political party and amounting to more than 25 per cent of the value of the solicited donation.<sup>110</sup>

In Germany exists also so called "Ear-marking" provision and the law stipulates that parties shall their funds solely for performing the functions incumbent on them under the Basic law and the Law on Political Parties.<sup>111</sup>

Political parties are obliged to present an audited statement of accounts to the President of Bundestag, which must include information on party income and expenditures, party's property and liabilities and must be accompanied by an explanatory report. If a party fails to comply with the regulations, a fine of two or even three times the amount of a misstated donation can be imposed.<sup>112</sup> Private donations which exceed the threshold must be disclosed separately accompanied with the details of the donors.

The President of the German Bundestag verifies the parties' compliance with the requirement to submit a statement of

accounts, fixes the rate of public funds to be allocated to each individual party.

Germany has quite interesting mechanism on public funding: besides financing those parties which meet 0.5% threshold in federal or EU elections or 1% in state elections and that party's first 4 million votes make the party qualifying for funding of 0.85 euro per one vote, for each individual donation received (not more than 3.300 euros) the party receives 38 % (for example if party raised 2.000.000 euros and the whole money are small donations then it will receive as a state funding 38% of the 2.000.000 ).

### **United Kingdom**

In the UK the Political Parties, Elections and Referendum Act is the main piece of legislation regulating donations.<sup>113</sup> It establishes an independent Electoral Commission with the function of keeping and controlling the registration of political parties and of scrutinizing the parties' incomes and expenditures. Also, political parties are required to provide an audited annual account of incomes and expenditures to the Commission. In the UK there are important restrictions and controls over the financial activities of political parties: foreign donations and anonymous donations above a threshold of £200 are forbidden. The mentioned act requires from the shareholders' approval to companies making donations to political parties

Another law, the Political Parties and Elections Act (2009) further strengthens the regulatory powers of the Electoral Commission (providing new powers of investigation as well as

the imposition of civil sanctions) and it places further requirements on parties to clarify the source of donations (whose permissibility threshold is however heightened, together with the threshold for reporting).

Political parties in the UK receive direct and indirect contributions: direct ones are 'Short' and 'Cranborne' money (granted to opposition parties of the House of Commons and the House of Lords, introduced in 1975 and 1996 respectively), and 'Policy Development Grants' (provided to those parties holding at least two seats in the House of Commons) and indirect ones are being provided to political parties in the form of free broadcasting time, free postal delivery, free use of public halls.

87-88

## **6. Conclusions and Recommendations**

The conducted research of legislation and practice results in drawing certain conclusions. The conclusions can be divided into 3 groups: a) conclusions on legislation; b) conclusions on practice; c) conclusions on institutional framework.

On the side of legislation it was revealed numerous problems.

1. The ban on donations from foreign enterprises doesn't specifically refers to companies which were registered in offshore zones, which as a type of banned donations is mentioned in Article 7 of CoE's Recommendation 2003 (4);
2. There is no ban over companies which provide services or goods to public administration, which is

stipulated under Point 8 (a) (v) of CoE's Recommendation 1516 (2001);

3. There are no bans on donations from civil servants and National Army's representatives, which although is not recommended to be prohibited under international and regional legal instruments, but it would be advisable to have in place as it is the practice of Phillipines, due to vulnerability of civil servants in Armenia. As Bertelsmann Stiftung in its country report on Armenia for 2016 mentions "Civil servants are not sufficiently protected in Armenia."<sup>114</sup>
4. The legislation fails to provide effective mechanisms to monetize in-kind contributions and other types of contributions in general. For example identifying the market price by making 3 inquiries to the leading providers of the services or goods for the particular type of donation can be utilized.
5. The term donation isn't properly provided in the legislation as it is contained in article 2 of the CoE's Recommendation (2003) 4.
6. The legislation doesn't regulate donations pertaining to related organizations with the political parties, such as donations and media entities, while it is very important to have in place in order to prevent manipulations.
7. Paying political parties' debts by third parties isn't considered as something to be reported in the annual reports.
8. Sanctions in regard to violations are very weak and have only administrative nature and are not

meaningful, as recommended in point 8 (e) of Recommendation 1516 (2001) of CoE.

Also, some issues were revealed in terms of political party's financing in general. Firstly, the legislation leaves the issue of membership fees open, while the Guidelines on Political Party Regulation. OSCE/ODIHR and Venice Commission recommend setting membership fees of a reasonable amount. Besides, there is no requirement to portray loans in the annual reports which is an issue which was also raised by the OECD in the 3<sup>rd</sup> monitoring report on Anti-corruption commitments of Armenia within the framework of Istanbul's action plan.

On the side of practice, the original hypothesis that low level of financial donations to political parties is conditioned with fear from persecutions was confirmed by the representatives of those political parties which are in opposition and 2 out of 3 experts who were interviewed, while the third expert pointed out worries of private sector of not benefiting from business opportunities. The reasons of fear, especially for business are twofold, according to interviewees: fear from tax inspections and fear from not benefiting from business opportunities (e.g. losing public tenders constantly).

Secondly, it was revealed that monetary donations are low across all political parties, but in case of ruling Republican party the level of other kind of donations (immovable and movable property) is disproportionately high in comparison with all the remaining 17 political parties.

Thirdly, half of interviewed political parties revealed that they don't have specific fundraising strategy.

Also, although not connected to the main issue of this research, but was revealed that financial sustainability of political parties is quite weak: some parties are relying only on state funding and funds of their leaders and don't collect membership fees at all. Besides, the majority of interviewees pointed out to the need of raising state funding.

As about Oversight and Audit Service the main concern about this body is that it lacks proper independence and proper mandate in order to rigorously implement its mission. This is confirmed by the OECD's recommendation, its structure foreseen by the law and even by the simple fact of rejection to be interviewed as a reason of which they mentioned political neutrality of the CEC.

While drafting recommendations for these matters due considerations should be given to 3 group of issues: goals; context and current regulations.<sup>115</sup> These are the group of issues suggested by international recognized expert from IDEA Mr. Magnus Ohman. Within the goals it is assumed to consider what kind of role political parties are desired to play in internal politics and how they are perceived. For example he suggests to give due consideration to such issues as what kind of roles they should play during non-campaign period (regular times) in the public life of the country, or whether the state's intervention is considered as necessary or damaging.

In the group of issues named under "context" basically are listed 2 sub-group of issues: Political System and Technical Factors and Challenges (Political System Challenges and Political Finance Control Challenges). Under "Regulations" are assumed current in force legislation and whether it is being

rigorously enforced or no, and for what reasons it is not being enforced.

Taking into consideration the previous chapters and the above-mentioned, below are suggested 3 groups of recommendations. First is aimed at improvement of private donations, second is aimed at improving institutional structure and the third is aimed at improving political finance in general.

As was shown in previous chapters big donations (not financial ones) come mainly to the Republican party, and not to other political parties. As majority of interviewees and experts noted the main reason is that donors are afraid to make donations to opposition political parties and that they realize that in that kind of scenario they will be deprived from certain business opportunities. To solve this issue there can be basically 2 different groups of recommendations: to ban corporate donations at all or to provide strong guarantees for private sector to feel guaranteed that because of donations they will not be subjected to illegal and unfair treatment. Such guarantees can include higher transparency (giving inspections of such donors much more transparency by the state bodies) or drafting special legislative mechanisms for inspections of such donors.

Taking into consideration the realities of Armenia, and in order to develop culture of donations at grassroots level in order to have vibrant and accountable to their constituencies political parties in place it would be recommended to ban corporate donations at all, as it is in Poland, Estonia, Greece<sup>116</sup>.

Another problem in connection with private donations is the lack of advocacy strategy and activities by the opposition political parties to fundraise small money from people. Also, almost all interviewed political parties's representatives complained from small state donations. To solve this issue it is recommended to use New Yorks' practice mentioned in previously or Germany's, where the level of state funding depends on how much donations the political party raises. For example such a formula can be developed: State funding= 40% of the amount of raised private donations (each donation not exceeding 25.000 AMD equivalent to 46 EUR).

However, even in such situation will remain a problem of manipulation by some organizations and businesses to make private persons to donate money. In order to prevent or minimize such occurrences it would be suggested to adopt meaningful sanctions (including criminal sanctions and sanctions up to dissolution of parties) which would deter such behavior and install truly independent monitoring agency which would rigorously enforce the law. Also, it would be suggested to ban donations from civil servants and National Army's members, in similarity with the experience of Philippines. It would be suggested to employ Chile's unique experience where all the donations (monetary) first goes to the respective state body in charge of monitoring these matters, which after screening the origins of the money channels the money to the recipient. Besides, it would be advisable to employ also Lithuania's practice where the donors who donate money above some level are obliged to present declarations on income and assets for some period of time. This will have preventing factor and will demotivate people to be manipulated

to make fake donations. Besides, donations to 3<sup>rd</sup> parties which are connected with the political party also must be legislated (e.g. foundations, media entities).

Another issue with the private donations is to give proper incentives to people to donate. Incentives can be in the form of tax incentives. Also, important activities must be undertaken by the political parties in order to properly raise awareness among the people on the importance of private donations. They need to have advocacy strategies which would be suggested to have posted at their websites.

On the issue of improving political funding in general, after taking abovementioned steps, would remain increasing accountability of the political parties, which can be done by making mandatory reporting requirements to the public on the conducted activities during the last 3 months. Besides, it would be advisable to provide right to political parties to be engaged in limited commercial activities, as it is done in South East Asian countries and some modern democracies.

The last set of recommendations would relate to establishing new, independent, transparent monitoring agency eager to enforce legislation rigorously. The new agency will need to have clear and sufficient mandate which wouldn't overlap with the mandate of other state agencies and the appointment of its leadership must be conducted in transparent and inclusive manner by proper involvement of civil society and opposition political parties: appointment must be made in strong consensus. The leadership must be granted strong secured tenure and immunity from prosecutions during their term of service. In addition, the new agency must be provided with

independent and sufficient budget. Besides, there must be installed strong transparency and accountability mechanisms for the agency.

In a nutshell, the recommendations are:

1. Banning corporate donations or drafting special legislative mechanisms in order to give strong guarantees for private sector against unfair or illegal treatment by the state inspectorial or other bodies
2. In addition to public funding provided to political parties based on the won seats in the National Assembly, to draft and install special formula of matching raised small donations (46 EUR) to bonus public funding, as it is in Germany.
3. Adopt meaningful sanctions of diverse nature against political parties for various violations of the legislation (criminal, administrative and up to dissolution of a party)
4. Introduce obligation for those donors who donate above the threshold to present declaration on income and assets as in Lithuania
5. Regulate donations to 3rd parties connected with the political parties (media entities and foundations)
6. Provide tax incentives for the citizens to make financial donations
7. Establish new independent monitoring body, instead of OAS of CEC, with necessary powers to rigorously enforce the legislation.

---

## ENDNOTES

<sup>1</sup>Guidelines on Political party regulation.OSCE/ODIHR and Venice Commission.2011. Page 17

<sup>2</sup> Ibid, page 20

<sup>3</sup>Anthony Butler. "Paying for politics. Party funding and political change in South Africa and global south".Edited by Anthony Butler.Konrad Adenauer Foundation and Jakacana Media (Pty) LTD. 2010.page 1

<sup>4</sup> Ibid

<sup>5</sup>Kristina Weissenbach and Karl Rudolf-Korte. "Paying for politics. Party funding and political change in South Africa and global south". Edited by Anthony Butler.Konrad Adenauer Foundation and Jakacana Media (Pty) LTD. 2010.Page 138

<sup>6</sup> "Funding of political parties and election campaigns. A handbook on political finance". International Institute of for Democracy and Electoral Assistance. 2014. Page 1

<sup>7</sup> The presentation of the Barometer is available at the following link: <http://www.crrc.am/hosting/file/ static content/barometer/2013/CB%20013 Public%20Presentation Armenian.pdf> (page 18)

<sup>8</sup> The indicators are: "Resources" (Law and Practice); "Transparency" (Law and Practice); "Independence" (Law and Practice); "Accountability" (Law and Practice); "Integrity" (Law and Practice); "Interest aggregation and representation"; "Anti-corruption Commitment".

<sup>9</sup>National Integrity System Assessment of Armenia. 2014. Page 21. Available at: <http://transparency.am/files/publications/1430407572-0-563326.pdf>

<sup>10</sup> See ibid, page 184

<sup>11</sup> The convention is available online at:

[https://www.unodc.org/documents/brussels/UN\\_Convention\\_Against\\_Corruption.pdf](https://www.unodc.org/documents/brussels/UN_Convention_Against_Corruption.pdf)

<sup>12</sup>Anti-corruption reforms in Armenia. Round 3 monitoring of Istanbul's Anti-corruption Action plan. New Recommendation 21.Page 92. The report is available online at: <http://www.oecd.org/daf/anti-bribery/Armenia-Round-3-Monitoring-Report-ENG.pdf>

<sup>13</sup> The Recommendation is available at:

<https://wcd.coe.int/ViewDoc.jsp?id=2183>

<sup>14</sup> Instead of interview Bright Armenia answered to the questions in the written manner

<sup>15</sup>13. The Assembly considers that the code of good practice for political parties should embrace the following issues: 13.3. good practices for the financing of political parties and the funding of electoral campaigns:

---

13.3.1. developing internal rules which complete and strengthen national legislation on financing of political parties and funding of electoral campaigns, in particular, regarding transparency and accountability;

13.3.2. developing internal rules, complementary to national legislation, enabling monitoring of the financial status of elected representatives before, during and after their term of office;

13.3.3. ensuring transparency, high standards of conduct and sound management in parties' public performance in order to maintain the confidence of citizens;

13.3.4. reinforcing and supporting preventive and repressive measures aimed at combating corruption;

13.3.5. setting up independent disciplinary bodies to investigate and apply sanctions to corruption within parties;

13.3.6. strengthening evaluation, monitoring and disciplinary processes;

<sup>16</sup> Point 8 (d), Recommendation 1516 (2001)

<sup>17</sup> Point 8 (e), Recommendation 1516 (2001). In the case of a violation of the legislation, political parties should be subject to meaningful sanctions, including the partial or total loss or mandatory reimbursement of state contributions and the imposition of fines. When individual responsibility is established, sanctions should include the annulment of the elected mandate or a period of ineligibility.

<sup>18</sup> Point 8 (f), Recommendation 1516 (2001)

<sup>19</sup> "Donation means any deliberate act to bestow advantage, economic or otherwise, on a political party". Article 2. Recommendation 2003 (4)

<sup>20</sup> Article 3. Recommendation 2003 (4)

<sup>21</sup> See *Ibid*

<sup>22</sup> "Fiscal legislation may allow tax deductibility of donations to political parties. Such tax deductibility should be limited". Article 4. Recommendation 2003 (4)

<sup>23</sup> Article 5. Recommendations 2003 (4)

<sup>24</sup> Point 40. Code of Good Practice in the Field of Political Parties (December, 2008)

<sup>25</sup> Point b, 6, c. Guidelines and Report on the Financing of Political Parties (March, 2001)

<sup>26</sup> Point 13. Guidelines and Report on the Financing of Political Parties (March, 2001)

<sup>27</sup> CDL-AD(2010)048 Joint opinion on the draft law on financing political activities of the Republic of Serbia by the Venice Commission and the OSCE/ODIHR, adopted by the Venice Commission at its 85th plenary session (Venice, 17-18 December 2010), §13.

---

<sup>28</sup>CDL-AD(2004)025 Opinion on the Law on Political Parties of the Republic of Azerbaijan, Adopted by the Venice Commission at its 59th Plenary Session (Venice, 18-19 June 2004), §22.

<sup>29</sup> Article 132, RA Civil Code

<sup>30</sup>Guidelines on Political Party Regulation.OSCE/ODIHR and Venice Commission. 2011. Pages 66-68. Here, as a type of income is being mentioned “Candidate’s personal resources” also. This type of income is not being mentioned here, because it is about electoral campaigns, while the focus of this research is private donations to political parties out of campaign period.

<sup>31</sup> Article 23, part 1. RA Law on Political Parties

<sup>32</sup>Guidelines on Political Party Regulation.OSCE/ODIHR and Venice Commission. 2011. Page 66

<sup>33</sup>Funding of Political Parties and Election Campaigns.A Handbook of Political Finance.IDEA 2014. Page 48

<sup>34</sup>Funding of Political Parties and Election Campaigns.A Handbook of Political Finance.IDEA 2014. Pages 217-218

<sup>35</sup> Ibid, page 267

<sup>36</sup>Guidelines on Political Party Regulation.OSCE/ODIHR and Venice Commission. 2011. Page 68

<sup>37</sup> Point 8 (a) (v). Recommendation 1516 (2001)

<sup>38</sup> Article 5 (b) (c). Recommendation 2003 (4)

<sup>39</sup> Article 7.Recommendation 2003 (4)

<sup>40</sup> Article 5 (a) (ii). Recommendation 2003 (4)

<sup>41</sup>CDL-AD(2011)044rev Joint Opinion on the Draft Law on Amendments and Additions to the Organic Law of Georgia on Political Unions of Citizens, adopted by the Venice Commission at its 89th plenary session (Venice, 16-17 December 2011), §13.

<sup>42</sup>Funding of Political Parties and Election Campaigns.A Handbook of Political Finance.IDEA 2014. Page 42

<sup>43</sup> Here and after see *ibid* page 90

<sup>44</sup> In Armenia, for the state funding are qualifying only those political parties (alliance of political parties) which during the last national elections to the parliament had received received at least 3% of the total sum of the total number of votes cast in favour of electoral lists of all parties that have participated in the voting and the number of inaccuracies. Part 2, article 27 of RA Law on Political Parties

<sup>45</sup> Recommendation (2003) 4, article (b) (ii) stipulates that states should consider the possibility of introducing rules limiting the value of donations to political parties. Recommendation 1516 (2001), point 8 (v)

---

(d) stipulates that “As private financing, in particular donations, creates opportunities for influence and corruption, the following rules should apply a legal limit on the maximum sum of donations.

<sup>46</sup>Funding of Political Parties and Election Campaigns.A Handbook of Political Finance.IDEA 2014. Page 91

<sup>47</sup> Ibid, page 220

<sup>48</sup> Ibid, page 263

<sup>49</sup>Part 2, article 25 of RA Law on Political Parties

<sup>50</sup>Part 2.1, article 25 of RA Law on Political Parties

<sup>51</sup>Point 13.3.1. Resolution 1546 (2007)

<sup>52</sup>Point 8 (c). Recommendation 1516 (2001)

<sup>53</sup>Point 38, Code of Good Practices in the field of Political Parties (December, 2008).Venice Commission.

<sup>54</sup>Point 8. Guidelines and Report on Financing of Political Parties (March, 2001). Venice Commission.

<sup>55</sup>Point 194.Guidelines on Political Party Regulation. Venice Commission and OSCE/ODIHR 2011.

<sup>56</sup>Article 46, para. 3 of RA Constitution (altered by December 6<sup>th</sup>, 2015 referendum)

<sup>57</sup> Part 2, article 28 of RA Law on Political Parties

<sup>58</sup> Part 3, article 28 of RA Law on Political Parties

<sup>59</sup> Part 5, article 28 of RA Law on Political Parties

<sup>60</sup> Part 3, article 28 of RA Law on Political Parties

<sup>61</sup>Part 1, article 28.1 of RA Law on Political Parties

<sup>62</sup>Part 2, article 28.1 of RA Law on Political Parties

<sup>63</sup>Paragraph 2, point 3, Annex I, Decision of RA CEC no. 309-N

<sup>64</sup>Part 7, article 25 of RA Law on Political Parties

<sup>65</sup>It is a sub-regional peer review programme launched in 2003 in the framework of the ACN. It supports anti-corruption reforms through country reviews and continuous monitoring of implementation of recommendations, which promote the UNCAC and other international standards and best practice. See at:

<http://www.oecd.org/corruption/acn/istanbulactionplan>

<sup>66</sup>Anti-corruption reforms in Armenia. Round 3 monitoring of Istanbul's Anti-corruption Action plan. New Recommendation 21.Page 92. The report is available online at: <http://www.oecd.org/daf/anti-bribery/Armenia-Round-3-Monitoring-Report-ENG.pdf>

<sup>67</sup>Point 215.Guidelines on Political Party Regulation.Venice Commission and OSCE/ODIHR. 2011

---

<sup>68</sup>Point 216.Guidelines on Political Party Regulation.Venice Commission and OSCE/ODIHR. 2011

<sup>69</sup>Point 217.Guidelines on Political Party Regulation.Venice Commission and OSCE/ODIHR. 2011

<sup>70</sup>Article 16.Appendix.Recommendation 2003 (4).CoE.

<sup>71</sup>Point 225.Guidelines on Political Party Regulation.Venice Commission and OSCE/ODIHR. 2011

<sup>72</sup>Part 2, article 28 of the RA Electoral Code

<sup>73</sup>Funding of Political Parties and Election Campaigns.A Handbook of Political Finance.IDEA 2014.Page 151

<sup>74</sup> See *ibid*, page 233

<sup>75</sup> See *Ibid*, page 191

<sup>76</sup> See *ibid*, page 106

<sup>77</sup>Point 212.Guidelines on Political Party Regulation.Venice Commission and OSCE/ODIHR. 2011

<sup>78</sup>Financing Democracy: Framework for supporting better public policies and advertng policy capture.OECD. 2014. Page 38

<sup>79</sup> Part 2, article 28 of the RA Electoral Code

<sup>80</sup> Part 3, article 28 of the RA Electoral Code

<sup>81</sup> Point 10 of the Order <http://res.elections.am/images/doc/54n.pdf>

<sup>82</sup> Point 8 of the Order <http://res.elections.am/images/doc/54n.pdf>

<sup>83</sup> Sub point 3, point 9 of the Order

<sup>84</sup>Anti-corruption reforms in Armenia. Round 3 monitoring of Istanbul's Anti-corruption Action plan. New Recommendation 21.Page 92. The report is available online at: <http://www.oecd.org/daf/anti-bribery/Armenia-Round-3-Monitoring-Report-ENG.pdf>

<sup>85</sup>Article 20, RA Law on Political Parties

<sup>86</sup>Point 8, f. Recommendation 1516 (2001)

<sup>87</sup>Funding of Political Parties and Election Campaigns.A Handbook of Political Finance.IDEA 2014.Page 190

<sup>88</sup>*Ibid*, page 217

<sup>89</sup>For the year of 2015, were studied only those annual reports which were posted at the website [www.azdarar.am](http://www.azdarar.am) at the moment of March 27, 2016

<sup>90</sup>The third donor was not in the country

<sup>91</sup>Anti-corruption reforms in Armenia. Round 3 monitoring of Istanbul's Anti-corruption Action plan. New Recommendation 21.Page 92. The report is available online at: <http://www.oecd.org/daf/anti-bribery/Armenia-Round-3-Monitoring-Report-ENG.pdf>

---

<sup>92</sup> Study performed for the AFCO Committee of the European Parliament. "Party Financing And Referendum Campaigns In Eu Member States", Dr. M. van Klingeren, M. Orozco, M.Sc., Dr. J. van Spanje LL.M. Prof. Dr. C. de Vreese from Amsterdam School of Communication Research (ASCoR), University of Amsterdam, Amsterdam. 2015. Page 33

<sup>93</sup> See GRECO's Second Interim Compliance Report on Malta (16/10/2015). Page 3. Available at:

[https://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3\(2015\)15\\_2nd\\_Interim\\_Malta\\_EN.pdf](https://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoRC3(2015)15_2nd_Interim_Malta_EN.pdf)

<sup>94</sup> Study performed for the AFCO Committee of the European Parliament. "Party Financing And Referendum Campaigns In Eu Member States", Dr. M. van Klingeren, M. Orozco, M.Sc., Dr. J. van Spanje LL.M. Prof. Dr. C. de Vreese from Amsterdam School of Communication Research (ASCoR), University of Amsterdam, Amsterdam. 2015. Page 31

<sup>95</sup> Ibid, page 32

<sup>96</sup> Working Document on financing of political parties in the European Union (EU) and Latin America. Euro-Latin American Parliamentary Assembly. Beatriz Becerra Basterrechea. 2015. Page 5

<sup>97</sup> The Legal Regulation of Political Parties. Working Paper 18. Daniela Romée Piccio. 2012. Page 42

<sup>98</sup> Study performed for the AFCO Committee of the European Parliament. "Party Financing And Referendum Campaigns In Eu Member States", Dr. M. van Klingeren, M. Orozco, M.Sc., Dr. J. van Spanje LL.M. Prof. Dr. C. de Vreese from Amsterdam School of Communication Research (ASCoR), University of Amsterdam, Amsterdam. 2015. Page 39-42

<sup>99</sup> Please see at: <http://www.idea.int/political-finance/country.cfm?id=164>

<sup>100</sup> Robert Hoppe, Jaap Woldendorp and Nils C. Bandelow. Sustainable Governance Indicators. Netherlands 2015 report. Page 24

<sup>101</sup> Please see at: <http://www.idea.int/political-finance/country.cfm?id=164>

<sup>102</sup> Robert Hoppe, Jaap Woldendorp and Nils C. Bandelow. Sustainable Governance Indicators. Netherlands 2015 report. Page 24

<sup>103</sup> EU Anti-corruption report 2014. Chapter on Estonia. Page 5.

Available at: [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014\\_acr\\_estonia\\_chapter\\_en.pdf](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014_acr_estonia_chapter_en.pdf)

<sup>104</sup> Here and after see Political party financing (PPF). National Analysis. Transparency International Estonia 2014. Page 4-5

<sup>105</sup> Anu Toots, Allan Sikk, Detlef Jahn (coordinator). Sustainable Governance Indicators. Estonia 2015 report. Page 19.

---

<sup>106</sup> Political party financing (PPF). National Analysis. Transparency International Estonia 2014. Page 5

<sup>107</sup> EU Anti-corruption report 2014. Chapter on Estonia. Page 5.

Available at: [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014\\_acr\\_estonia\\_chapter\\_en.pdf](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014_acr_estonia_chapter_en.pdf)

<sup>108</sup> Here and after see Political party financing (PPF). National Analysis. Transparency International Estonia 2014. Page 6

<sup>109</sup> donations accrue directly to a political party from the assets of a German as defined by the Basic Law, of a citizen of the European Union, or of a business enterprise, of whose shares more than 50 per cent are owned by Germans as defined by the Basic Law or by a citizen of the European Union or whose registered office is located in a Member State of the European Union; they are donations transferred to parties of national minorities in their traditional settlement areas from countries which are adjacent to the Federal Republic of Germany and where members of their ethnic group live; it is a donation not exceeding 1,000 euros made by a foreigner

<sup>110</sup> Section 25, Act on Political Parties of Germany

<sup>111</sup> Here and after see Study performed for the AFCO Committee of the European Parliament. "Party Financing And Referendum Campaigns In Eu Member States", Dr. M. van Klingeren, M. Orozco, M.Sc., Dr. J. van Spanje LL.M. Prof. Dr. C. de Vreese from Amsterdam School of Communication Research (ASCoR), University of Amsterdam, Amsterdam. 2015. Page 28

<sup>112</sup> Sustainable Governance Indicators. 2015 Germany country report. Friedbert Rüb, Friedrich Heinemann, Tom Ulbricht Reimut Zohlnhöfer (Coordinator). Bertelsmann Stiftung. Page 28 The report is available at: [http://www.sgi-network.org/docs/2015/country/SGI2015\\_Germany.pdf](http://www.sgi-network.org/docs/2015/country/SGI2015_Germany.pdf)

<sup>113</sup> Here and after see "The Legal Regulation of Political Parties. Working Paper 18. Daniela Romée Piccio. 2012." Pages 86-88

<sup>114</sup> <http://www.bti-project.org/en/reports/country-reports/detail/itc/arm/>

<sup>115</sup> Funding of Political Parties and Election Campaigns. A Handbook of Political Finance. IDEA 2014. Pages 12-30

<sup>116</sup> Daniela R. Piccio, Public funding to political parties: a forward-looking approach. Background paper prepared for the Global Conference on Money in Politics, Mexico City 3 – 5 September, 2015. Page 5. Available at: [http://www.moneyinpolitics.info/wp-content/uploads/2015/05/Public\\_funding\\_GlobalConference\\_PICCIO.pdf](http://www.moneyinpolitics.info/wp-content/uploads/2015/05/Public_funding_GlobalConference_PICCIO.pdf)

Table 1: Resources for 2015

Political party	Fin. don.-s exceeding 100.000 AMD	Fin. don.-s general	Other type of donations	State funding	Membership fees	Total
Alliance	0	0	Vehicle: Mitsubishi pajero	0	0	0
ARF Dashnakutyun	Not published at the website www.azdarar.am (03.31.2016)					
Armenian National Congress	0	1.060.000 AMD	0	682.600 AMD	2.012.700 AMD	3.755.300 AMD
Bright Armenia	Not published at the website www.azdarar.am (03.31.2016)					
Civic Contract	0	40.000 AMD	0	0	717.000 AMD	757.000 AMD
Christian-Democrat Union of Armenia	4.810.000 AMD	0	0	0	72.000 AMD	4.882.000 AMD
Constitutional Law Union	1.500.000 AMD and 100.000 Total: 1.600.000 AMD	0	0	0	1.665.600 AMD	3.265.600 AMD

Democracy and Work	Not published at the website www.azdarar.am (03.31.2016)					
Free Democrats	0	0	0	0	0	0
Freedom	0	0	0	682.600 AMD	0	682.600 AMD
Heritage	0	0	0	4.444.400 AMD	0	4.444.400 AMD
MIAK	Not published at the website www.azdarar.am (03.31.2016)					
National Unity	1.088.000 AMD	0	116[1]0	0	0	1.088.000 AMD
People's Party of Armenia	0	608.000 AMD	0	682.600 AMD	0	1.290.600 AMD
Prosperous Armenia	Not published at the website www.azdarar.am (03.31.2016)					
Reorganized Social-Demokrat Hncakyan	Not published at the website www.azdarar.am (03.31.2016)					
Republican	Not published at the website www.azdarar.am (03.31.2016)					

**Table 2: Resources for 2014**

Political party	Fin. don.-s exceeding 100.000 AMD	Fin. don.-s general	Other type of don.-s	State funding	Membership fees	Total
ARF Dash-nakcutyun	0	0	0	4.370.400 AMD	35.900.000 AMD	40.270.400 AMD
Armenian National Congress	0	1.710.000 AMD	0	682.600 AMD	2.734.400 AMD	5.127.000 AMD
Christian-Democrat Union of Armenia	3.185.000 AMD	0	0	0	72.000 AMD	3.257.000 AMD
Constitutional Law Union	0	0	0	0	3.265.500 AMD	3.265.500 AMD
Democracy and Work	0	0	0	0	0	0
Free Democrats	0	0	0	0	0	0
Freedom	0	0	0	682.600 AMD	0	682.600 AMD
Heritage	0	0	0	4.444.400 AMD	0	4.444.400 AMD
MIAK	0	0	0	0	0	0
National Unity	1.180.000 AMD	0	0	0	0	1.180.000 AMD
People's Party of Armenia	0	1.295.000 AMD	0	682.600 AMD	0	1.977.600 AMD
Prosperous Armenia	0	0	7.000 AMD	23.227.000 AMD	0	23.234.000 AMD
Reorganized Social-Demokrat Hncakyan	0	0	0	0	0	0

Republican	0	0	Lease of property: 1.193.000 AMD  Sell of real estate: 1.245.000 AMD  Sell of movable property: 160.000 AMD  Other: 1.612.000 AMD  Computers and supplies: 13.050.000 AMD  Total: 17.260.000 AMD	33.943.000 AMD	71.693.000 AMD	122.896.000 AMD
	0	5.610.200 AMD		4.246.400 AMD	0	9.856.600 AMD
Rule of Law	0	5.610.200 AMD		4.246.400 AMD	0	9.856.600 AMD

**Table 3: Resources for 2013**

Political party	Fin. don.-s exceeding 100.000 AMD	Fin. don.-s general	Other type of donations	State funding	Membership fees	Total
ARF Dashnakcutyun	0	0	0	4.370.400 AMD	50.100.000 AMD	54.470.400 AMD
Armenian National Congress	0	6.000.000 AMD	0	682.600 AMD	3.179.700 AMD	9.862.300 AMD
Christian-Democrat Union of Armenia	2.991.000 AMD	0	0	0	72.000 AMD	3.063.000 AMD
Constitutional Law Union	2.145.000 AMD	0	0	0	1.262.600 AMD	3.407.600 AMD
Democracy and Work	0	0	0	0	0	0
Free Democrats	0	0	0	0	0	0
Freedom	6.300.000 AMD	0	0	1.048.700 AMD	0	7.348.700 AMD
Heritage	0	2.142.000 AMD	0	4.444.400 AMD	0	6.586.400 AMD
MIAK	0	0	0	0	0	0
National Unity	1.518.000 AMD	0	0	0	0	1.518.000 AMD
People's Party of Armenia	0	481.000 AMD	0	682.600 AMD	0	1.163.600 AMD

Prosperous Armenia	0	0	35.000 AMD	23.227.00 0 AMD	8.000.000 AMD	31.262.00 0 AMD
Republican	0	0	Lease of property: 750.000 AMD  Sell of real estate: 492.924.000 AMD  Sell of movable property: 1.000.000 AMD  Other: 1.001000 AMD  Computers, furniture and supplies: 50.039.000 AMD  Total: 545.714.000 AMD	33.943.00 0 AMD	97.838.00 0 AMD	677.495.0 00 AMD
Rule of Law	0	10.351.000 AMD		4.246.400 AMD	0	14.597.40 0 AMD

**Table 4: Resources for 2012**

Political party	Fin. don.-s exceeding 100.000 AMD	Fin.don.-s general	Other revenues/donations	State funding	Member-ship fees	Total
ARF Dashnak cutyun	0	0	3.200.000 AMD	6.740.900 AMD	48.900.000 AMD	58.840.900 AMD
Armenian National Congress	0	500.000 AMD	0	2.928.900 AMD	1.817.600 AMD	5.246.500 AMD
Christian-Democrat Union of Armenia	4.320.000 AMD	0	0	0	108.000 AMD	4.428.000 AMD
Constitutional Law Union	5.100.000 AMD	0	0	0	816.300 AMD	5.916.300 AMD
Democracy and Work	0	0	0	0	0	0
Free Democrats	0	0	0	0	0	0
Freedom	0	0	0	0	0	0
Heritage	8.490.000 AMD	0	0	4.387.000 AMD	0	12.877.000 AMD
MIAK	0	0	0	0	0	0
National Unity	326.000 AMD	0	Office space: 45.449.000 AMD	1.232.000 AMD	0	47.007.000 AMD

People's Party of Armenia	0	1.625.000 AMD	0	366.100 AMD	0	1.991.100 AMD
Prosperous Armenia	0	0	69.000 AMD	17.511.000 AMD	14.397.000 AMD	31.977.000 AMD
Republican	1.650.000 AMD	0	Lease of property: 13.005.000 AMD  Other: 8.035.000 AMD  Total: 21.040.000 AMD	29.530.000 AMD	362.890.000 AMD	415.110.000 AMD
Rule of Law	0	10.953.000 AMD	0	4.633.400 AMD	0	15.586.400 AMD

---

## Bibliography

1. Daniela R. Piccio, Public funding to political parties: a forward-looking approach. Background paper prepared for the Global Conference on Money in Politics, Mexico City 3 – 5 September, 2015.
2. Funding of Political Parties and Election Campaigns. A Handbook of Political Finance. IDEA 2014
3. Anti-corruption reforms in Armenia. Round 3 monitoring of Istanbul's Anti-corruption Action plan. The report is available online at: <http://www.oecd.org/daf/anti-bribery/Armenia-Round-3-Monitoring-Report-ENG.pdf>
4. Recommendation 1516 (2001)
5. Law on Political Parties of Armenia
6. Decision no. 54-N of the Central Electoral Commission
7. Financing Democracy: Framework for supporting better public policies and averting policy capture. OECD. 2014.
8. Guidelines on Political Party Regulation. Venice Commission and OSCE/ODIHR. 2011
9. Recommendation 2003 (4). CoE
10. Decision no. 309-N of the Central Electoral Commission
11. RA Constitution (as altered by referendum of December 6th, 2015)
12. Guidelines and Report on Financing of Political Parties (March, 2001). Venice Commission.
13. Code of Good Practices in the field of Political Parties (December, 2008). Venice Commission.
14. Recommendation 1516 (2001)
15. Resolution 1546 (2007)
16. CDL-AD(2011)044rev Joint Opinion on the Draft Law on Amendments and Additions to the Organic Law of Georgia on Political Unions of Citizens, adopted by the Venice Commission at its 89th plenary session (Venice, 16-17 December 2011)
17. RA Civil Code
18. CDL-AD(2004)025 Opinion on the Law on Political Parties of the Republic of Azerbaijan, Adopted by the Venice Commission at its 59th Plenary Session (Venice, 18-19 June 2004)

- 
19. CDL-AD(2010)048 Joint opinion on the draft law on financing political activities of the Republic of Serbia by the Venice Commission and the OSCE/ODIHR, adopted by the Venice Commission at its 85th plenary session (Venice, 17-18 December 2010)
  20. UN Convention against corruption
  21. National Integrity System Assessment of Armenia. 2014.
  22. Caucasus Barometer 2013
  23. Kristina Weissenbach and Karl Rudolf-Korte. "Paying for politics. Party funding and political change in South Africa and global south". Edited by Anthony Butler. Konrad Adenauer Foundation and Jakacana Media (Pty) LTD. 2010. Page 138
  24. Study performed for the AFCO Committee of the European Parliament. "Party Financing And Referendum Campaigns In Eu Member States", Dr. M. van Klingeren, M. Orozco, M.Sc., Dr. J. van Spanje LL.M. Prof. Dr. C. de Vreese from Amsterdam School of Communication Research (ASCoR), University of Amsterdam, Amsterdam. 2015.
  25. Anthony Butler. "Paying for politics. Party funding and political change in South Africa and global south". Edited by Anthony Butler. Konrad Adenauer Foundation and Jakacana Media (Pty) LTD. 2010
  26. GRECO's Second Interim Compliance Report on Malta (16/10/2015)
  27. Working Document on financing of political parties in the European Union (EU) and Latin America. Euro-Latin American Parliamentary Assembly. Beatriz Becerra Basterrechea. 2015
  28. The Legal Regulation of Political Parties. Working Paper 18. Daniela Romée Piccio. 2012
  29. <http://www.idea.int/political-finance/country.cfm?id=164>
  30. Robert Hoppe, Jaap Woldendorp and Nils C. Bandelow. Sustainable Governance Indicators. Netherlands 2015 report
  31. EU Anti-corruption report 2014. Chapter on Estonia.
  32. Political party financing (PPF). National Analysis. Transparency International Estonia 2014.

- 
33. Anu Toots, Allan Sikk, Detlef Jahn (coordinator). Sustainable Governance Indicators. Estonia 2015 report.
  34. Act on Political Parties of Germany
  35. Sustainable Governance Indicators. 2015 Germany country report. Friedbert Rüb, Friedrich Heinemann, Tom Ulbricht Reimut Zohlnhöfer (Coordinator). Bertelsmann Stiftung.
  36. <http://www.bti-project.org/en/reports/country-reports/detail/itc/arm/>

Annual Reports of Political Parties available on  
[www.azdarar.am](http://www.azdarar.am)

1. "Alliance"-2015
2. Armenian National Congress-2015,2014,2013,2012
3. Armenian Revolutionary Federation "Dashnakcutyun"- 2014, 2013, 2012
4. Civic Contract-2015
5. Christian Democratic Union of Armenia-2015, 2014, 2013, 2012
6. Constitutional Right Union-2015,2014,2013,2012
7. Democracy and Labour-2014,2013,2012
8. Free Demokrats-2015,2014,2013, 2012
9. Freedom-2015,2014,2013,2012
10. Heritage-2015,2014,2013,2012
11. MIAK-2014,2013,2012
12. National Unity-2015,2014,2013,2012
13. People's party of Armenia-2015,2014,2013,2012
14. Prosperous Armenia-2014,2013,2012
15. Republican party-2014,2013,2012
16. Reorganized Social-Democrat Party "Hncakyan"-2014
17. Rule of Law-2015,2014,2013,2012

Transparency International (TI) is the global civil society organization leading the fight against corruption. Through more than 100 chapters worldwide and an international secretariat in Berlin, we raise awareness of the damaging effects of corruption and work with partners in government, business and civil society to develop and implement effective measures to tackle it. Transparency International Anticorruption Center is the accredited national chapter of TI in Armenia

Author:

Khachik Harutyunyan

(Master of Advanced Studies in International Organizations, University of Zurich)

© 2016 Konrad Adenauer Foundation & Transparency International Anticorruption Center.  
All rights reserved.

*The contents of this publication are the sole responsibility of Transparency International Armenia and can in no way be taken to reflect the views of the Konrad Adenauer Foundation.*



**EDIT PRINT**  
12 Toumanyan str., Yerevan  
Tel.: (374 10) 520 848  
[www.editprint.am](http://www.editprint.am)  
[info@editprint.am](mailto:info@editprint.am)