



GOOD PRACTICE HANDBOOK ON POLITICAL PARTIES FINANCING



*Proiect cofinanțat din Fondul Social European prin
Programul Operațional Capacitate Administrativă 2014 - 2020*

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CONTENTS

	Page
List of abbreviations, acronyms and abridgements	5
List of tables and figures	7
Foreword of the management team	9
Introduction	11
To whom does this handbook refer?	13
The importance of the <i>Good Practice Handbook on Political Parties Financing</i> in the current electoral context	17
Contribution of <i>Good Practice Handbook on Political Parties Financing</i> to the implementation of the National Anticorruption Strategy 2016-2020	19
Purpose and main objectives of the handbook	20
Methodology for the elaboration of the <i>Good Practice Handbook</i>	22
Chapter 1 - Principles. Guidelines for financing political parties	24
1.1. Principle of legality	25
1.2. Equal opportunities principle	27
1.3. Principle of transparency of revenues and expenditures	33
1.4. Principle of independence of political parties and of candidates against financers	38
1.5. Principle of integrity of political and electoral competition.....	41
Chapter 2 - Reference documents, standards, regulations and recommendations applicable to the funding of political parties and electoral campaigns	44
2.1. Legislation in European countries regarding the funding of political parties and electoral campaigns	45
2.2. International regulations on financing political parties and electoral campaigns.....	59

2.3. Recommendations of international bodies concerning the funding of political parties and electoral campaigns.....	64
2.4. National regulations on the activity of financing political parties and electoral campaigns	86

Chapter 3 - Actors participating in political funding 90

3.1. Electoral competitors	90
3.2. Sponsors.....	104
3.3. Other categories of stakeholders	114
3.4. Good practices at EU level regarding participants in political parties and electoral campaigns funding	117

Chapter 4 - Types of financing of political parties 125

4.1. Private funding.....	127
4.2. Public funding.....	143
4.3. Prohibitions and limits of electoral expenses of electoral competitors	162

Chapter 5 - Types of funded activities 169

5.1. Financing of current activity.....	172
5.2. Financing of electoral campaigns	175
5.3. Financing of referendums	180

Chapter 6 - Financial trustee and coordinating financial agent 185

6.1. Role of financial agent	188
6.2. Eligibility conditions for the appointment of financial agents	189
6.3. Registration of financial trustees and of coordinating financial agents	192
6.4. Rights and obligations of the financial agent	197
6.5. Liability of the financial agent.....	200

Chapter 7 - Reporting and controlling the funding of political parties and electoral campaigns 209

7.1. Reporting of the financial information of the political competitors...	209
7.2. Control practices on political funding	226

Chapter 8 - Risks of the process of financing parties and electoral campaigns. Penalties.....	247
8.1. Risks of corruption in the financing of political parties and electoral campaigns.....	247
8.2. Penalties applicable to acts of corruption	251
Conclusions	295
Bibliography	297



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Programul Operațional Capacitate Administrativă 2014 - 2020



LIST OF ABBREVIATIONS, ACRONYMS AND ABRIDGEMENTS

ACEEEO	Association of European Election Officials
PEA	Permanent Electoral Authority
EC	European Commission
CECCAR	Body of Expert and Licensed Accountants of Romania
CEDAW	The Committee on the Elimination of Discrimination against Women
ECHR	European Court of Human Rights
CM	Council of Ministers
UIC	Unique Identification Code
DCFPPCE	Department for the control of the financing of political parties and election campaigns
GM	General Manager
GRECO	Group of States against Corruption
G.D.	Government Decision
G.D. 10/2016	Government Decision no. 10/2016 for the approval of the Methodological Norms for the application of Law no. 334/2006 on the financing of the activity of political parties and election campaigns, republished, as amended and supplemented
G.D. 78/2018	Decision no. 78/2018 amending the Methodological Norms for the application of Law no. 334/2006 on the financing of the activity of political parties and election campaigns, approved by Government Decision no. 10/2016
ICCPR	International Covenant on Civil and Political Rights
IFES	International Foundation for Electoral Systems

Law no. 334/2006	Law no. 334/2006 on the financing of the activity of political parties and election campaigns, republished, as amended and supplemented (including Law no. 148/2019 on modification and completion of certain normative acts in electoral matters)
CVM	Cooperation and Verification Mechanism
FA	Financial Agent
MFC	Coordinator Financial Agent
OAS	Organization of American States
Political organizations	Political parties, political or electoral alliances, citizens' organizations belonging to national minorities who obtained mandates in elections or who propose candidates
OSCE	Organization for Security and Co-operation in Europe
ODIHR	Office for Democratic Institutions and Human Rights
OHCHR	The High Commissioner for Human Rights Office of the United Nations High Commissioner for Human Rights
PPA	Law on Political Parties
NAS	National Anti-Corruption Strategy
EU	European Union
UNCAC	United Nations Convention against Corruption
TUE	Treaty on the European Union



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 Programul Operațional Capacitate Administrativă 2014 - 2020



LIST OF TABLES AND FIGURES

List of tables	
Table 2.1.	Comparative analysis of legislation in European countries regarding political parties and electoral campaigns' funding
Table 2.2.	Topics mentioned in the recommendations on political funding
Table 2.3.	Retrospective of GRECO recommendations for Romania
Table 2.4.	IDEA recommendations for different regions
Table 2.5.	The Council of Ministers' recommendations and referrals on general rules against corruption in political parties and electoral campaigns' funding
Table 2.6.	Venice Commission's recommendations and referrals on political parties and electoral campaigns' funding
Table 2.7.	Venice Commission's recommendations and referrals on controlling political parties and electoral campaigns' funding
Table 2.8.	Aspects regarding political parties and electoral campaigns' funding, regulated by legislation at national level
Table 3.1.	Conditions for the foundation of a political party and access of new parties to political representation
Table 4.1.	Prohibitions of donations in the European Union countries
Table 4.2.	Limits of donations in the European Union countries
Table 4.3.	Public funding in the European Union countries
Table 4.4.	Comparative analysis of the legislation in the European countries regarding expenditure limits for parties and candidates in the electoral campaign
Table 6.1.	Documents required for financial agents' registration with PEA
Table 6.2.	Legal conditions regarding financial agents
Table 6.3.	Legal conditions regarding electoral campaign accounts
Table 7.1.	Requirements for reporting political funding in some European countries
Table 7.2.	Regulation on control activities of political funding in some European countries
Table 8.1.	Penalties regarding political funding in some European countries
Table 8.2.	Temporary suspension of subsidy
Table 8.3.	Contraventions in political parties and electoral campaigns' funding provided by Romanian legislation

List of Figures

Figure I.1.	Importance of Good Practice Handbook
Figure I.2.	Secondary objectives of Good Practice Handbook on political parties financing
Figure 1.1.	General principles of parties' funding according to Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns, republished, as amended and supplemented (including Law no. 148/2019 on modification and completion of certain normative acts in electoral matters)
Figure 3.1.	Key functions of political parties
Figure 3.2.	Advantages and disadvantages of political and electoral alliances
Figure 3.3.	Functions of Permanent Electoral Authority
Figure 4.1.	Methods of political parties funding
Figure 4.2.	Criteria for allocation of public funds and their impact on political life (granted value)
Figure 4.3.	Criteria for allocation of public funds and their impact on political life (eligibility threshold)
Figure 4.4.	Criteria for allocation of public funds and their impact on political life (criteria for allocation of assigned amounts)
Figure 4.5.	Criteria for allocation of public funds and their impact on political life (when funds are allocated)
Figure 4.6.	Criteria for allocation of public funds and their impact on political life (purpose of provided funds' allocation)
Figure 5.1.	Types of funded activities
Figure 6.1.	Coverage of electoral competitors' financial management activity by financial agents
Figure 6.2.	Financial agents' liability
Figure 8.1.	Criminal law institutions
Figure 8.2.	Corruption crimes
Figure 8.3.	Service offenses
Figure 8.4.	False offenses

FOREWORD OF THE MANAGEMENT TEAM

The National Anti-Corruption Strategy (NAS) 2016-2020 has, as a main purpose, *"the promotion of integrity, by rigorous application of the regulatory and institutional framework, for corruption prevention in Romania, part of a risk-based integrity plan and internal managerial control standards"*; in this respect, , there were established a series of general objectives with the same common denominator : increasing transparency, strengthening institutional integrity and reducing corruption risks in various fields of activity. In order to contribute to the achievement of strategic objectives, the Permanent Electoral Authority has struggled and will continue to struggle to obtain, in terms of efficiency and effectiveness, the specific objective 3.5. *Increase of integrity, reduction of vulnerabilities and corruption risks in political parties and electoral campaigns' funding* from the National Anticorruption Strategy 2016-2020.

The Permanent Electoral Authority (PEA) is a constitutionally established institution, which has general electoral competence, the main regulations related to its mission, organization and specialized apparatus, as well as the duties it performs being established by *Law no. 208/2015 on the election of the Senate and the Chamber of Deputies, as well as on the organisation and functioning of the Permanent Electoral Authority*, republished, as amended and supplemented. According to art. 100 of this law, PEA's main mission is to ensure the organisation and the unfolding of elections and referendums, as well as the financing of political parties and electoral campaigns, in compliance with the Constitution, the law and the international and European standards in the field. A domain with vulnerabilities, according to *Government Decision no. 583/2016 regarding the National Anti-corruption Strategy 2016-2020 of the sets of performance indicators, of the risks associated with the objectives and measures of the strategy and the sources of verification, the inventory of institutional transparency and corruption prevention measures, evaluation indicators and public disclosure standards of public interest*.

According to art. 103 para. (1) of *Law no. 208/2015*, republished, as amended and supplemented, PEA has specific attributions in this field. The abovementioned provisions must be correlated with those of *Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns*, republished, as amended and supplemented and with the *Government Decision no. 10/2016 for the approval of the Methodological Norms for the application of Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns*. Changes brought to *Law no. 334/2006* during the last three years, accompanied by the adoption of new



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Programul Operațional Capacitate Administrativă 2014 - 2020

methodological norms for application have also strengthened PEA's attributions in verifying political parties funding, thus creating the necessary framework to ensure integrity, ethics and transparency in this field.

Following the National Anti-Corruption Strategy 2016-2020 adoption, by *Government Decision no. 583/2016*, the Permanent Electoral Authority has assumed the tasks arising from this legislative act compliance and has adopted *The Statement on adherence to the values, principles, objectives and mechanisms of the National Anticorruption Strategy for the period 2016-2020*. This demonstrates the constant concern of the senior management in improving the administrative capacity of PEA by increasing transparency, in order to prevent vulnerabilities and corruption risks in financing political parties and electoral campaigns.

The Permanent Electoral Authority, as beneficiary of Project "ARGUS - integrity, ethics, transparency, anti-corruption in financing political parties and electoral campaigns", funded through POCA Administrative Capacity Operational Program 2014-2020, aims to achieve concrete results that lead to the fulfilment of the specific objectives declared and assumed within the project, in accordance with the main purpose "Increase of transparency, ethics and integrity within the Permanent Electoral Authority, contributing to the implementation of objective 3.5 of the National Anticorruption Strategy 2016-2020". In full compliance with the declared purpose of the project, the Permanent Electoral Authority has selected, transparently, a group of four national experts from outside the Authority, aiming to continuously improve the activity in terms of national and international practices in financing political organizations. The identified practices are included in this Handbook, a document which is structured so that it can provide answers to the current issues regarding the financing of political parties and electoral campaigns current activity.

The creation of a mixed working team, comprising experts from the Authority, who know in detail the processes of controlling incomes and expenses of political parties during and apart from electoral campaigns and also experts from outside the Authority, who can have objective opinions and recommendations, independently of the interests of any political party, represents an opportunity for the Permanent Electoral Authority to intensify efforts in order to reduce vulnerabilities and corruption risks in party financing and in electoral campaigns organization. The elaboration of a "Good Practice Handbook on political parties financing" represents a necessity which follows from GRECO recommendations on improving the legislative framework and strengthening PEA's staff competences in terms of verifying funding sources and how electoral campaigns are financially supported. The Handbook is a novelty element, an innovative one, the only such instrument existing in Romania to reduce vulnerabilities and corruption risks in organizing and financing electoral campaigns; so far, there have been only guides under the form of legislative texts collections, whose aim is to disclose the mandatory legal provisions.



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Programul Operațional Capacitate Administrativă 2014 - 2020

INTRODUCTION

The funding of political parties and electoral campaigns is a subject of strategic interest, for the Permanent Electoral Authority, as well as for the representatives of political organizations. An intensely debated issue in recent years, the funding of political parties and electoral campaigns gained new valences in the context of Romania's ongoing monitoring by international forums responsible for fighting corruption.

The end of 2003 and the beginning of 2004 represented for Romania moments of utmost importance for the beginning of the process of intensive promotion of democratic values and of struggle for increasing transparency in strategic areas for the country. By signing *the United Nations Convention against Corruption*, in December 2003 and its ratification by *Law no. 365/2004*, Romania assumed a number of responsibilities, such as promoting efficient practices for preventing and combating corruption, strengthening the state apparatus in order to increase the capacity of regular assessment of legal instruments and administrative measures in order to determine whether they are appropriate for preventing and combating corruption, strengthening the mechanisms for inter-institutional cooperation at local, regional and international level in the fight against corruption phenomena and development of the capacity to participate in international projects aimed at preventing corruption.

Subsequently, integration into the European space, as well as democratic and legislative reforms led to the need to adopt anti-corruption national strategies that would position Romania among states that promote democratic and European values, among which we find ethics, transparency, impartiality, equality of opportunity and absence discrimination in all fields of activity.

2010 represents a reference year for the electoral field, the general picture of the way in which the issue of transparency of funding of political organizations is approached is surprised in *Romanian Evaluation Report on Transparency of Financing of Political Parties*, adopted by the Group of States Against Corruption (GRECO) at its 49 th Strasbourg Plenary Meeting. The report outlines the overall image of the system of political funding, taking into account both public funding and private funding, in the legal context of the obligations and responsibilities of all parties involved. The GRECO Report concluded with 13 recommendations that need to be implemented to demonstrate Romania's concern for increasing transparency of the electoral funding system. From 2010 until now, Romania has been permanently monitored regarding the implementation status of GRECO recommendations.



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Programul Operațional Capacitate Administrativă 2014 - 2020



In this context, the Permanent Electoral Authority, through its efforts to harmonize legislation with international standards in funding political parties and electoral campaigns, as well as to develop the method of exercising control over incomes and expenses destined to electoral activities, including here the current activity of the parties political activities and specific activity during electoral campaigns, proves that it is one of the institutions actively participating in the improvement of the electoral field, in compliance with the international recommendations.

However, although successive efforts have been made to implement all international recommendations, significant progress being made in electoral funding and exercise of control over this issue, there are still areas considered vulnerable and recommendations considered partially implemented or even not implemented, as shown in the latest compliance report adopted by GRECO in March 2017.

So present *Good Practice Handbook on political parties financing* will add value to the efforts of the Permanent Electoral Authority in trying to identify opportunities that can be capitalized in the process of implementation of the abovementioned recommendations and of the achievement of the specific objectives of the National Anticorruption Strategy 2016-2020.

The ethics, integrity and transparency of financing of the current activity of political organizations and of electoral campaigns are principles enshrined in *Law no. 334/2006 on financing of activities of political parties and electoral campaigns*, republished, as further amended and supplemented. In order to prevent vulnerabilities and corruption risks in financing political parties and electoral campaigns, these principles will be illustrated significantly in this Guideline, both in terms of the regulations whose enforcement should contribute to their compliance, but also of the practical examples inventoried and presented during its elaboration. Practices identified at national or international level and presented in the framework *Good Practice Handbook on political parties financing* will have illustrative purpose, contributing to the prevention of illegal practices by promoting an ethical, integrity and professional conduct of the stakeholders. It is obvious that in this context an increased attention can be paid to "denormalization of control activity", so that the negative effects of eventual corrupt actions and behaviours are significantly limited.

In order to meet the needs of all parties involved in the electoral process, good practices identified at national or international level and included in this guideline were presented and debated within the workshop organized with representatives of political parties and representatives of the Permanent Electoral Authority.



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TO WHOM DOES THIS HANDBOOK REFER?

Good Practice Handbook on political parties financing addresses all stakeholders interested in the way in which the financing process of political organizations and electoral campaigns is conducted and controlled.

We include in this category:

- **Political parties, political or electoral alliances, citizen organizations belonging to national minorities who have obtained mandates in elections or who propose candidates**

The Best Practice Guideline addresses in particular political parties, political or electoral alliances, citizens' organizations belonging to national minorities who have obtained mandates in elections or who propose candidates. Good practices identified at national and international level will help policy organizations to improve their planning and organization processes for fundraising in order to support the current activity, as well as to support electoral campaigns. The workshops deployed together with the representatives of the political parties will give them the opportunity to express their own considerations regarding the difficulties encountered in the current organizational practice.

At the same time, the political organizations will understand the importance of observance of the GRECO recommendations, as well as the importance of alignment with international standards in the field of funding. The vulnerabilities identified as a result of analysing the financing practices of the current activity of the political parties and of the campaigns carried out by them determined several GRECO recommendations to be formulated, mainly aimed at improving the existing legislative framework. In this context, attention was focused on the possibilities to improve and strengthen the competences of the personnel within the Standing Electoral Authority regarding the verification, monitoring and application of sanctions, if the situation so requires. Thus, the elaboration of a good practice handbook in financing political parties brings at least a double advantage to political parties, both by increasing the level of appreciation regarding their involvement in the implementation of international recommendations drafted by GRECO, recommendations for which Romania is permanently monitored and evaluated periodically, as well as by improving the interinstitutional communication with the permanent electoral authority representatives and staff with relevant control attributions.

- **Senior management and decision-makers, as well as all personnel of the Permanent Electoral Authority**

As a preliminary step for the implementation of the Best Practice Guideline, the experts co-located outside Permanent Electoral Authority performed a diagnostic analysis of the way the control procedures are deployed - instruments used by PEA in



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the specific control processes - the current situation of the administrative capacity of the authority in regarding the development of control processes.

Best practices identified at national and international level and presented in the framework *Good Practice Handbook on political parties financing* will contribute to the increase of the Permanent Electoral Authority's capacity to ensure ethics and integrity at institution level and to improve the professional and ethical behaviour of human resources. At the same time, good practices in funding political organizations and electoral campaigns will be a fundamental pillar in support and development of the process of promotion of unit rules and of updated procedures in the field of risk control and risk management, as well as of the process of monitoring institutional vulnerabilities , in order to ensure a high level of performance of the Permanent Electoral Authority. Being a working instrument with a practical-applicative role, which aims to address corruption as a particularly serious phenomenon, affecting the activity of political parties, both from the perspective of their current funding, as well as financing of electoral campaigns, *Handbook* will contribute to strengthening administrative capacity at PEA level in preventing and combating electoral corruption.

➤ **Decision-makers at state level**

The initiators of the draft regulatory acts in the electoral field may study international practices in financing the current activity of political organizations and electoral campaigns included in this *Handbook*, in order to identify opportunities for improvement and simplification of legislation, in order to streamline the funding process.

➤ **Representatives of civil society and non-governmental organizations**

Regardless of the activity in which they operate, NGOs are recognized at national and international level as important actors for the process of consolidation of democracy and promotion of democratic values. Through proactive attitude, NGOs contribute actively to building a responsible civil society and directly involved in issues of strategic importance.

The *Good Practice Handbook on political parties financing* may serve to guide these organizations, causing them to be much more active in the fight against corruption in the electoral field. Thus, the efforts to raise awareness of civil society over the risks arising from tolerance of this phenomenon will be added.

➤ **Citizens interested in the development potential of state institutions in terms of increasing transparency in the financing of political parties and electoral campaigns**

Highlighting the good practices identified at national and international level will lead to an increase of the public awareness on the extent of this phenomenon



that affects both the image of the country at international level and the good performance of electoral processes.

An important aspect included in the handbook's content is related to the main risks of corruption in terms of their impact on society, but also in terms of responsibility of persons contributing to occurrence of unfavourable events.

Also, consulting the *Good Practice Handbook on political parties financing*, any directly interested citizen may become familiar with the process of financing the current activity of political parties and electoral campaigns from a comparative perspective with the progress of this process in other EU Member States. In this way, the study of this guideline will lead to a better understanding of the managerial decisions and of the actions taken at the level of the Permanent Electoral Authority, for the control of the electoral field.

➤ **Public institutions interested in the implementation of the National Anti-Corruption Strategy**

The *Good Practice Handbook on political parties financing* can represent a model for all institutions where improvement of the current activity is desired, by creating other guides to good practice in specific activity areas.

We can also appreciate the *Good Practice Handbook on political parties financing* as a useful tool for improving inter-institutional cooperation in the common effort to prevent and combat corruption.

At the same time, the information may be useful for improving the performance of the recording, monitoring and control processes, processes which, under certain limits and conditions, are part of the scope of activity of other institutions, such as:

- ✓ **Court of Accounts** - institution exercising, in accordance with the statutes, control function on the formation, management and use of financial resources of the state and of the public sector and which is obliged, according to the law on financing of political parties, to perform control on subsidies from the state budget.
- ✓ **Ministry of Public Finance** - institution that approves and coordinates the budgetary activity of the main credit-granting coordinators (such as the Permanent Electoral Authority) and which decisively influences the degree of balance between funding sources (private sources and public budget).
- ✓ **National Agency for Fiscal Administration** - institution responsible for management taxes, fees, contributions and other budgetary revenues under its competence, as per legal provisions. This *Good Practice Handbook on political parties financing* may contribute to the improvement of interinstitutional relations between ANAF and PEA, considering the need to verify information on debts owed to the state

budget, social security budget or local budgets, of legal entities donors who are prohibited from donating in case of debts older than 60 years days, except when they have to recover amounts higher than their own (Art. 6, para. 7 in Law 334/2006).

- ✓ **Ministry of Justice** - institution directly interested in the measures taken by the public authorities for the implementation of the National Anticorruption Strategy.
- ✓ **Bucharest Tribunal** - institution with the exclusive right to operate in the Register of Political Parties and Political Alliances in Romania (legal instrument of registration of political parties and political alliances in Romania, as per legislation) and which, through the promptness of operations, influence the planning of control processes.
- ✓ **Constitutional Court of Romania** - according to the Constitution, the Constitutional Court of Romania ensures the compliance of the procedure for the election of the President of Romania and confirms the results of the suffrage, solves the objections against the registration or rejection of the registration of candidates or electoral signs, solves the objections concerning the impediment of a political party or political party or of a candidate and conducts the electoral campaign, solves the objections regarding annulment of the election results, confirms and validates the result of elections.

➤ Academic community in Romania

The *Good Practice Handbook on political parties financing* can be used as a starting point for the execution of numerous articles, papers or studies that may be published in specialized journals, indexed in international databases. Through the information included in this guideline, new scientific research opportunities can be opened in order to identify the most efficient funding systems for political organizations and electoral campaigns, from the perspective of the accepted and used funding sources in different states and the way it is exercised control by the competent authorities, in the context in which the new international culture aims to ensure transparency, legality, equity and equality of opportunity.



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THE IMPORTANCE OF THE *GOOD PRACTICE HANDBOOK ON POLITICAL PARTIES FINANCING* IN THE CURRENT ELECTORAL CONTEXT

The main definition of democracy highlights the importance of developing a political regime that is based on the will of the people, respecting the principle of universal suffrage and of the sovereignty of the people. The essence of modern democracy is also the good governance of the state, observing citizens' fundamental rights and freedoms. The phenomenon of corruption in the political environment, generated by a variety of interests and amplified by the lack of transparency and of a lacunae legislation, creates for any democratic state the "domino effect" in the sense that it will expand rapidly, as a chain reaction, at level of all fields of activity, which represent fundamental pillars of society support.

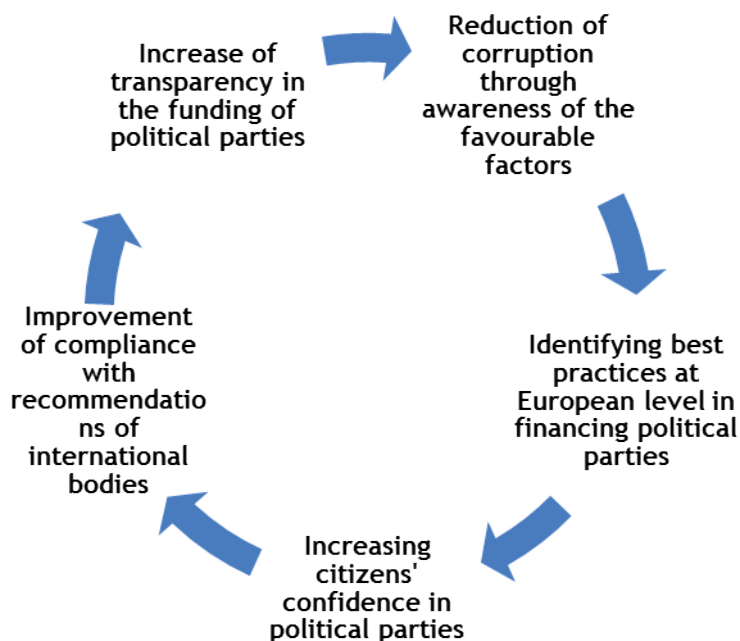


Figure I.1. The importance of the good practice handbook

Political corruption, including here all categories of corruption acts, is considered in all European states as a barrier to the good performance of the entire electoral process and a factor that lowers the trust of investors, partners and collaborators in all areas of activity. The image of the country is strongly affected, which leads to an increase in the level of monitoring by international bodies and fora, whose reporting destabilizes the credibility on a socio-economic and political level. International relations are also strongly affected.

The acquisition of political power by electoral competitors who have carried out their electoral campaign fraudulently, with incomes from sources that can not be substantiated or which themselves are subject to corruption actions is dangerous due to the subsequent support of the interest groups that contributed with financial resources. Considering that these interest groups carry out activities in various fields of activity, the phenomenon becomes over time controllable, the likelihood of eradicating corruption being greatly diminished.

Justifiably a number of strategically important questions arise for any country. Who will want to develop strategic partnerships with a state where the functional machine cannot adequately manage corruption? What investors will be attracted to a strongly destabilized financial market and a vulnerable political environment? What regional union will be interested in integrating a state that cannot protect its citizens? What will be the confidence of international lenders? In this totally unfavourable context, all decision-makers at state level will have to step up efforts to prevent and combat corruption and will bear the pressures coming from unreliable citizens on the one hand, and on the other hand from international bodies monitoring and control.

There is a strong interdependence between the political field and the socio-economic field. The acts of corruption in the political field have a direct impact on the citizens' lives, affecting their fundamental rights and freedoms. Apart from the fact that a strong deficit of democracy is created, we can highlight the phenomenon of poverty and the occurrence of significant disequilibria between the social classes. For example, unsustainable government expenditures generated by various interests, result in a rapid increase of inflation that affects the purchasing power of citizens and implicitly their standard of living.

Political parties must understand that the development of a fair and uncompromising conduct is to the benefit of all. The reformation of the electoral system in all EU Member States starts with the same common denominator: reduction of corruption and increase of transparency in all aspects related to the electoral field, from funding of political parties and electoral campaigns to decision-making managerial decisions responsible for the planning, organization and coordination of specific activities. The entire activity of the political parties is appreciated during electoral campaigns, and the results are seen and can be assessed based on the number of persons who exercised their voting right. No political party wants poor results at the end of the electoral campaign. Therefore, both representatives and members of a political party must promote transparency and fight corruption by all possible means, in order to benefit from all the further advantages, generated by the internal and international support. An important aspect is related to the citizens' confidence in the political formations, trust that can be affected in the long term if these bodies do not prove that they promote ethical and democratic values.



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CONTRIBUTION OF THE GOOD PRACTICE HANDBOOK ON POLITICAL PARTIES FINANCING TO THE IMPLEMENTATION OF THE NATIONAL ANTICORRUPTION STRATEGY 2016-2020

The National Anti-Corruption Strategy 2016-2020, was adopted by Government Decision no. 583/2016, as a result of a long process of public consultation and took into account the findings of the independent external audit of the 2012-2012 NSA. The document takes over the good practices developed within the NAS 2012-2015, respectively the evaluation missions and the cooperation platforms, also proposing to improve the non-functioning aspects. The main purpose of the strategy is to promote integrity, by rigorously applying the normative and institutional framework for prevention and fight against corruption in Romania.

The strategy is addressed to all public institutions representing the executive, legislative and judicial power, local public authorities, business environment and civil society. For each type of intervention, general and specific objectives are identified. The document promotes the principle of decisional transparency and open government, as well as three strategic anticorruption departments: prevention, education and fight.

In order to achieve objective 3.5 of the NAS 2016-2020, respectively *increasing integrity, reducing vulnerabilities and corruption risks in financing political parties and electoral campaigns*, The Permanent Electoral Authority shall endeavour to strengthen the organizational capacity and improve the human resources competences, in order to be able to respond adequately to the situations generated by the implementation of the Annual Control Plan, according to its formal operational procedures.

Increase PEA capacity to ensure ethics and integrity at institution level, promoting unit rules and updated procedures in the field of control over incomes and expenses required for the current activity of political parties and electoral campaigns, as well as in terms of internal management control and risk management and institutional vulnerabilities, will ensure a high level of performance in the field.

The good international practices identified and included in this Guideline will provide strategic directions to develop the administrative capacity of PEA and the competences of political parties and electoral competitors. Starting from the elements included in this Guideline, organizations can establish a list of their intervention priorities, following important points such as: formulating proposals for legislation modification, identifying viable solutions for controlling institutional risks, updating their own operational procedures.



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Programul Operațional Capacitate Administrativă 2014 - 2020



PURPOSE AND THE MAIN OBJECTIVES OF THE HANDBOOK

Main purpose of the *Good Practice Handbook on political parties financing* consists in improving the administrative capacity of the Permanent Electoral Authority to prevent and combat corruption in the financing of political parties and electoral campaigns, a field with many vulnerabilities that triggered a close monitoring carried out by GRECO, from 2010 until now. Also, the experts contributing to the elaboration of this Guideline propose, by identifying good external practices, to contribute to raising the awareness of political parties, public institutions and civil society on the negative impact of this phenomenon in various fields of activity, as well as on the image of Romania at international level.

The purpose of collecting best practices is to make them accessible to all stakeholders and to promote the implementation of international regulations in the field of funding political parties and international campaigns. It is essential to have clear rules on funding of political parties and candidates as well as a strong supervisory and control body investigating corruption. Transparency is also required to allow civil society, media and voters to monitor the entire process. Electoral monitoring may include monitoring of financing of electoral campaigns and of political parties, inappropriate use of state funds and of public administrative resources for electoral purposes.

Although the international documents regarding the funding of political parties and electoral campaigns show that there is no universal rule ensuring the effectiveness of political funding regimes, the regulations in this field play an important role in strengthening democracy, reducing the risk of corruption and undue influence of the groups, interests, but also to improve transparency and accountability. International and nongovernmental organizations operating in this field have recognized the need to adopt a series of measures regulating key aspects of political parties funding in order to be fundamental, in order to reduce corruption and to ensure a level playing field. Also, having as starting point examples of international best practices, the Permanent Electoral Authority may implement managerial decisions to help achieve the objective of *"increase integrity, reduce vulnerabilities and corruption risks in financing political parties and electoral campaigns"* - objective included in the Anticorruption Strategy 2016-2020.

The main objective of the *Good Practice Handbook on political parties financing* is to provide information and methodological support to political parties and public authorities responsible for monitoring and controlling the process of financing the current activity of political parties and electoral campaigns. In accordance with the main objective, a series of derived objectives were formulated for the elaboration of this Guideline and will be followed up for the fulfilment of the initial purpose. The derived objectives are summarized in the figure below:



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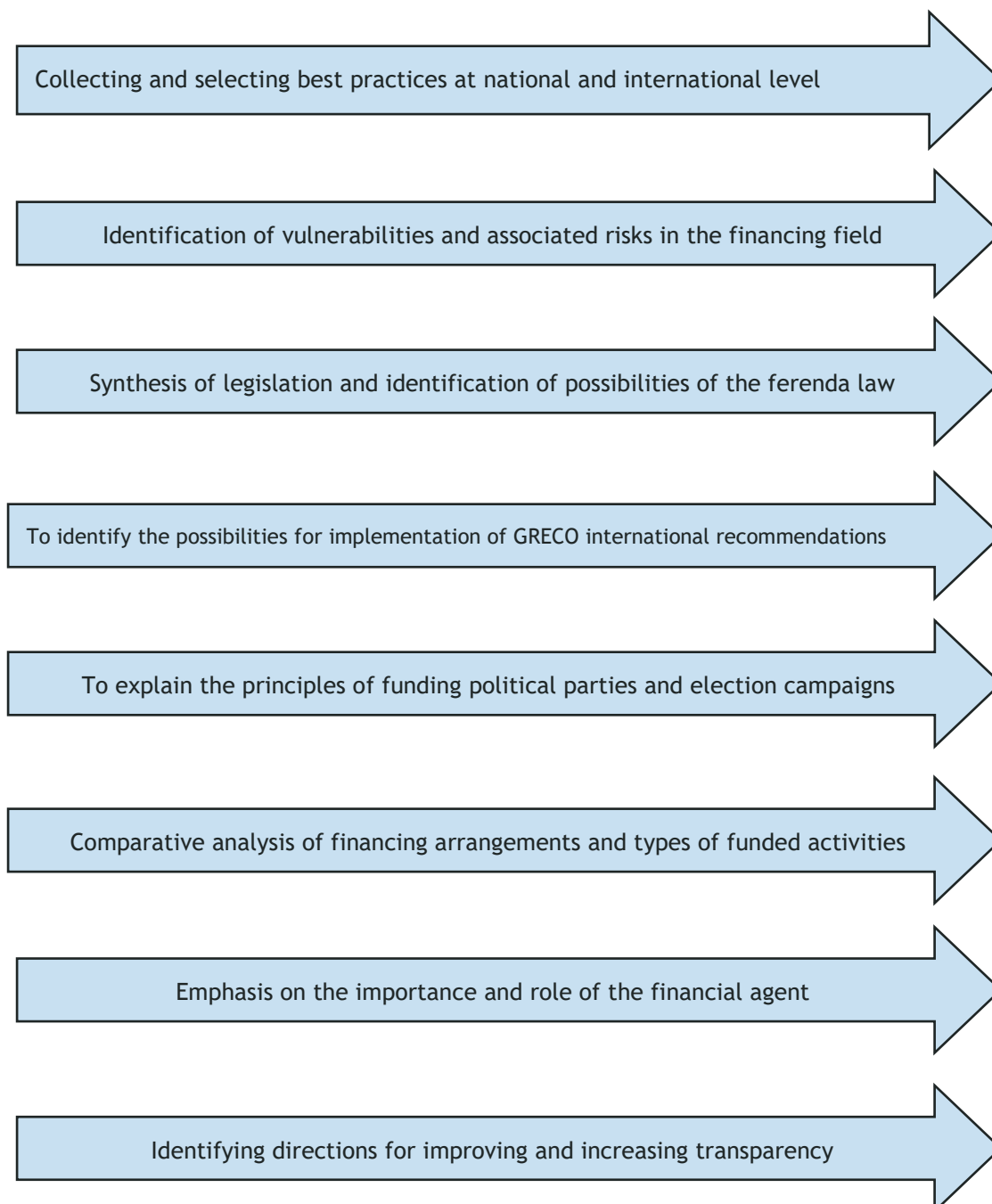


Figure I.2. Secondary objectives of *Good Practice Guidelines for funding political parties*

METHODOLOGY FOR THE ELABORATION OF THE GOOD PRACTICE HANDBOOK

The *Good Practice Handbook on political parties financing* was conducted within five months, in accordance with the planning and objectives set. The elaboration methodology of this Guideline was composed of **two stages**, as follows.

- **Stage 1 - Analysis of control procedures in terms of structure and content.**
This stage required a diagnostic analysis of the control procedures, monitoring the identification of procedural vulnerabilities and identifying the possibilities for improvement, both structurally and in terms of the applicability of the procedures in the organizational practice. Diagnostic analysis of control procedures, as preliminary drafting stage *Good Practice Handbook on political parties financing*, has proved to be useful in understanding the general framework for the performance of control types conducted at national level by the regulator and control authority (Permanent Electoral Authority), namely: control of current political parties activity (carried out outside election campaigns based on the Annual Plan control), control of incomes and expenses destined to electoral campaigns (requires control of financial inputs and outputs and reimbursement of electoral expenses in case the conditions for reimbursement are fulfilled) and control performed following written notifications or ex officio notification of the Permanent Electoral Authority. In order to complete this stage, a series of recommendations could be formulated which may contribute to the improvement of the instruments used in the control process, by better structuring and streamlining of the operational procedures and of the entire control process for financing the current activity of the political parties and of electoral campaigns.
- **Stage 2 - Preparation of the Best Practice Handbook on the funding of political parties.** This stage involved the study of several relevant documents in the field of financing political organizations and electoral campaigns, with particular attention being paid to the compliance reports of the state regarding the implementation of international recommendations of GRECO experts on transparency of funding. At the same time, the legal and organizational framework of the financing process at international level was analysed, in order to identify examples of good practices which may become sources of inspiration for the authorities responsible for monitoring and controlling incomes and expenditures in the electoral field. Analysis of international recommendations and standards as well as of other countries' financing and control models is useful for highlighting trends in electoral funding, which are definitely directed towards increasing transparency of incomes and expenditures and ensuring equal opportunities for all electoral competitors.

The preparation of the *Good Practice Handbook on political parties financing* was permanently supported by the representatives of the Permanent Electoral Authority, by providing the information needed to select examples of good practice at international level.

The identification of the implementation direction of this Guideline was made possible by studying and analysing the way in which the process of financing electoral campaigns and specific control activities is carried out, contained in the two activity reports drafted by the Permanent Electoral Authority delegation following the work visits performed in the Netherlands and Hungary, between 25.03-29.03.2019, respectively 06.05-10.05.2019.

Examples of good practice found in the Netherlands and Hungary are included in the work chapters in the chapters on financing of electoral campaigns, as the financial agent and recording thereof after fulfilment of the eligibility conditions, as well as to the risks of the political party funding process, and electoral campaigns and sanctions applicable to breach of legal provisions.

Considering the official character of examples of good practice found in the Netherlands and Hungary and included in this Handbook, they can be appreciated as *Case studies* in financing political parties and electoral campaigns.

The visit of the delegation of the Permanent Electoral Authority in the Netherlands aimed to exchange experience between election observation and control bodies in the field of electoral legislation and funding of political parties and electoral campaigns.

The agenda included presentations and debates, the Ministry of Interior and Relations with the Kingdom (MIKR) and the Electoral Council of the Netherlands (Kiesraad), where similarities and differences between the specific legislations, representation of the electoral system in the Netherlands were discussed and analysed, as well as the way to perform and approach the activity of financing political parties and electoral campaigns.

The visit of the delegation of the Permanent Electoral Authority in Hungary also aimed to exchange experience between electoral control bodies in electoral legislation in the two countries, focusing on funding of political parties and electoral campaigns.

The agenda included presentations and debates at the headquarters of the National Electoral Office, the National Electoral Commission, the State Office of Audit and the State Treasury, where similarities and differences between the specific legislations, presentation of the electoral system in Hungary were discussed and analysed, as well as the way to perform and approach controls aimed at financing political parties and electoral campaigns.



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Programul Operațional Capacitate Administrativă 2014 - 2020



Chapter 1

PRINCIPLES. GUIDELINES FOR FINANCING POLITICAL PARTIES

The political culture of any society or countries has a significant influence on the drafting of laws regulating the funding of political parties. If, in general, the enforcement and compliance levels are precarious in a particular country, then regulations governing political party funding are unlikely to be an exception to this rule (*Transparency International, Political Finance Regulations: Bridging the Enforcement Gap, 2009*).

Political organizations need adequate funding to carry out their core functions, both during campaign times and between electoral campaigns, so that they can carry out their current work. Taking into account the principles of funding political parties, one can say that **regulating the funding of political parties is essential in order to guarantee parties' independence from the undue influence created by donors, in order to ensure parties can compete in accordance with the principle of equal opportunities, but also to ensure transparency in political funding.**

Generally viewed, the principles of funding political parties and electoral campaigns are an expression of international trends in funding and how democratic values are promoted in the rule of law. Although they do not bear a specific classification nor are they related to certain limits, it can be considered that the importance of principles in financing political parties resides in capitalizing on some essential aspects such as: parameters in which they fit the aspects of funding in politics; directions to which they direct the actions and decisions of the involved and directly interested parties; all the major guidelines that they reflect in line with international culture.

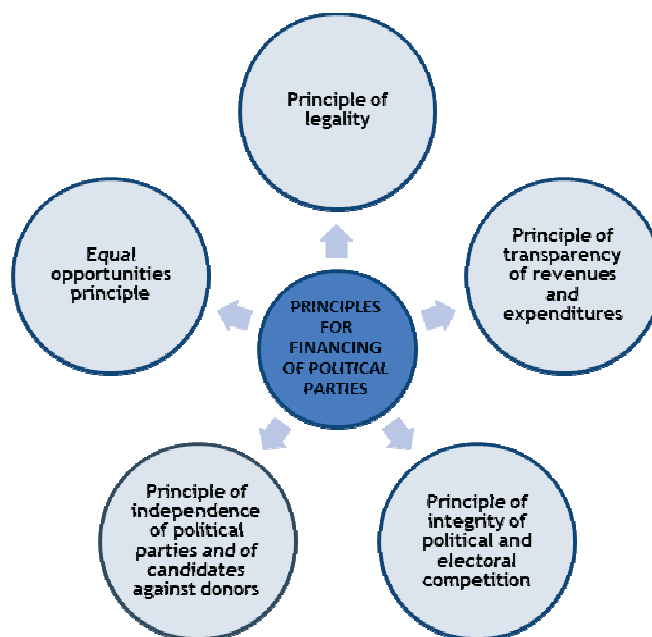
Based on the recommendations of international experts from various recognized organizations for their efforts to combat corruption, participants in political parties' funding will be able to take measures in order to contribute to the creation of a political commitment that is in the public interest, a commitment that must be focused on promoting a reforms in the field of political funding ensuring the reduction of corruption and increasing transparency, in order to strengthen the rule of law. In Romania, the principles of funding of political parties are specified in *Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns*, republished, as subsequently amended and supplemented.



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Programul Operațional Capacitate Administrativă 2014 - 2020



Figure 1.1. General principles of party financing in Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns, republished, as subsequently amended and supplemented (including Law no. 148/2019 on amendment and supplementation of certain normative acts in electoral matters)



1.1. Principle of legality

Principle of legality - essential rule which imposes compliance with the fundamental law and other regulatory documents existing by all state bodies, all legal entities of public or private law and all citizens. In this context, the financing of the activity of political parties and of electoral campaigns (regardless of whether an electoral competitor is part of a political party or an independent candidate) is performed and must be carried out **only** as per legal conditions.



The principle of legality highlights two essential dimensions in financing political parties and electoral campaigns: a **legal dimension** and a **cultural dimension**.

Legal dimension - reflects the relation to the applicable legal norms. **Compliance with legal provisions** is not an option, but it is **absolutely mandatory, attracting offenses and penalties**, both for the representatives of political parties, as well as for the financial agents, exclusively responsible for recording the contributions and expenses for the electoral campaign belonging to political parties and independent candidates.

In 2017, the Council of Europe in the Council of Europe Manual for Civil Society Organizations (p. 58), corroborating information from other international bodies (International IDEA, UN and OSCE) highlights two particularly important aspects for the legality of funding the current activity of political parties and electoral campaigns, in terms of how the legal framework is built , but also in terms of

applicable sanctions. Thus, it is appreciated that *"The legal norms should promote transparency and aim at integrity of the entire electoral process, as well as ensure a level playing field for all competitors"*, but the state must also create an appropriate sanctioning instructor to intervene with *"Effective, proportionate and dissuasive sanctions"* in cases of violation of the law by political parties and independent candidates.

The sanctions should eliminate any benefits obtained as a result of breach of legal rules and may vary, depending on the severity of the actions, from administrative sanctions up to criminal penalties, in case of commission of criminal actions. Beyond the scope of the relationship between the commission of actions and accountability, the principle of legality is important, including the fact that it is a strong legal guarantee of the rights and freedoms of electoral competitors, reflecting the "force" of the rule of law.

Political parties represent a fundamental pillar of the democratic system that substantiates the rule of law, being also an important instrument of expression of the political will of the citizens.

Therefore, the legality of a political party's actions and inactivity, including here the set of issues pertaining to the current activity, as well as the overall issues pertaining to the electoral campaigns, reflect the image of the country, the level of corruption and the preoccupation of the highest offices for the prevention and control of acts offenses and criminal charges.

Cultural dimension - reflects the relation to the ensemble of customs, norms and values which formed the basis of formation of the legal framework for the funding of political parties and electoral campaigns, acceptance of certain funding sources and determination of funding limits or other restrictions.

Council of Europe, in *Council of Europe Manual for the Use of International Election Standards*, destined to civil society organizations (p. 17), considered that all states have a margin of discretion when introducing restrictions for the exercise of political rights. This implies that any electoral legislation must be assessed in the context of the political evolution of the country in question, and particularities that would be unacceptable in the context of a system could be justified in another system.

Although many authors and international reports promote, as an objective of regulations in financing political parties and electoral campaigns, the reduction of corruption, the relevant legislation should not counteract the objective of respecting human rights and personal freedoms. Many bodies regulating and supervising funding in the political field were created following incidents and therefore there was a tendency to set up bodies that are weak and inefficient in practice or with general attributions that are contrary to the rules of an equitable regulatory process.



In other situations, the legislation on funding political parties and electoral campaigns provides extended rights for regulators that contradict to some extent individual rights and freedoms.

A special case is the UK Election Commission which is entitled to request a relevant person from any organization under its supervision (political party or third party organization) to submit documents or other records related to the income or expenses of the respective organization, as well as and provide an explanation of the information in question. Failure to do so is a crime, even when information is self-incriminating. Moreover, it may enter the headquarters of an organization, may inspect the documents and may take copies of any documents found without authorization or prior judicial warrant. However, the UK Election Commission has never abused these rights and is unlikely to be implemented, except in the most serious cases.

A non-independent political supervision and control body, based in a country with weaker democratic traditions, could abuse such powers. Indeed, in a number of post-communist countries, the selective partisan application of the regulation of political finances has served to reduce electoral competition by intimidating supporters of opposition parties. Political interferences like this may limit the resources available to opposition parties and may undermine or, ultimately, hinder healthy political competition. (*Transparency International, Political Finance Regulations: Bridging the Enforcement Gap, 2009*)

1.2. Equal opportunities principle

Equal opportunities principle - the full and effective participation of every person in the economic and social life, without distinction based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation.



Equal opportunities and treatment is a fundamental right and a core value of the European Union, set forth in Article 8 of the Treaty on the Functioning of the European Union (consolidated version). At the same time, gender equality, non-discrimination, as well as ensuring accessibility is a necessary condition for smart, sustainable and inclusive growth.

In this context, the financing of the activity of political parties must be carried out in such a way that they do not restrict the rights of citizens and political parties and ensure an equitable representation in elections (the right of all citizens / parties to participate in the electoral race).



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Programul Operațional Capacitate Administrativă 2014 - 2020

The member countries of the European Union have at hand the principle of proportionality and equality in the distribution of resources and may use different systems of financing the current activity of political parties and of other electoral competitors, as well as for financing electoral campaigns (Pro Democracy Association, *Funding of political parties in Europe. What does the state do with our money? What do parties do with their money?* study published in the project "Transparency and control in financing of political parties" carried out by the Pro Democracy Association with the financial support of the European Union under the Phare 2004 - Democracy Strengthening in Romania, Bucharest, 2008).

Also, at international level there are a series of recommendations in order to establish legislation in the field of party financing and electoral campaigns as transparent and representative as possible for a given political context.

The European Commission for Democracy through Law (Venice Commission) elaborated a policy guidance document in the field of political parties funding, which stipulates that political funding must follow the principle of ensuring equal opportunities for parties.

OSCE, in the Manual for observation of funding of electoral campaigns (*Chapter 8: Women, national minorities and persons with disabilities, pp. 57-58*), highlights that electoral legislation and procedures in relation to funding of parties and electoral campaigns in a state can significantly affect groups with low representation in politics. From the perspective of funding electoral campaigns, unequal access to funding sources is considered to result in an unequal competition. Due to a wide variety of factors, including low access to funds, the number of women elected in the political field in most of the OSCE participating States remains significantly lower than the number of men. Of course, the culture of states is important because it reflects the voters' preference for the male candidates and the trust they have in fulfilling the objectives assumed during the electoral campaigns.

The OSCE attaches great importance to this issue and considers that campaign funding can represent a serious obstacle for female candidates, which is why funding of public campaigns can be used as a means of encouraging a balance in electoral competition.

The CEDAW-controlled convention states introduced measures in their legal frameworks to finance public campaigns, as a means of promoting women's candidates. Throughout the OSCE region, various measures were implemented to promote women's participation by linking public funding and gender equality.

Among the significant impact measures we observe:

- ✓ to provide financial incentives in the form of additional public funding for political parties that include a certain number or percentage of female candidates.
- ✓ withdrawal of a certain percentage of public funding when political parties do not include a specific number of candidate women.



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Programul Operațional Capacitate Administrativă 2014 - 2020

- ✓ discounts or tax exemptions for financial supporters of female candidates.

Promoting gender equality in the policy of party financing and electoral campaigns is a general problem taken into account in most European countries. The small number of women in political life remains a critical issue that undermines the proper functioning of democratic processes. In many countries, the percentage of women occupied in parliament is below 10%, while the European average is around 20%.

Specific measures to ensure an adequate representativeness of women in the bodies chosen should be promoted primarily through internal rules at the level of political parties. In order to comply with the principle of gender equality and general principles of non-discrimination, legislation should make every effort to ensure that women can participate in political life as a fundamental means of fully enjoying their fundamental rights (*see PACE Recommendation 1899 (2010) on "Increasing representation of women in politics through the electoral system", in which the Committee of Ministers of the Council of Europe, the Council of Europe encouraged the Member States to increase the representation of women by introducing quotas*).

Thus, in accordance with Article 4 of the *United Nations Convention on the Elimination of All Forms of Discrimination Against Women*, special measures should be taken, which could include provisions such as the adoption of representation rates, gender balance requirements for party forces entrusted with selecting candidates, introduction of neutral gender selection criteria or specialized training programs. Voluntary quotas not mandated by the law, but included in the statute of the party proved to be also effective in assuring the representation of women (*OSCE / ODIHR, Guidelines on Political Party Regulation, 2010, Adopted by the Venice Commission at its 84th Plenary Session, Venice, 15-16 October 2010*).

Taking into account the views of the Venice Commission and the Committee of Ministers of the Council of Europe, gender electoral quotas can be considered an appropriate and legitimate measure for increasing women's parliamentary representation. In the statement "*Making Gender Equality and Reality*." In 2009, the Committee of Ministers urged UN member states to allow positive action or special measures to be adopted in order to achieve a balanced representation in political and public decision-making. In Decision no. 7/09 of the OSCE Ministerial Council, "*Women's Participation in Political and Public Life*", Participating States are invited to "*Consider possible legislative measures to facilitate a more balanced participation of women and men in political and public life and especially in the decision-making process*" and "*to encourage all political actors to promote equal participation of women and men in political parties, in order to obtain a better representation of the gender balance in the public offices selected at all decisional levels*".



Analysing the legislation in the field of party funding and electoral campaigns, it is noted that a small number of European countries allocate the public funds that the political parties receive from the state, depending on how the political parties support gender equality in the election of candidates and in spending of the respective funds. Most European laws simply require political parties to use public subsidies to fund their "campaign expenses" (e.g. Hungary, Monaco), "party activities in progress" (e.g. Serbia, Slovenia) or "fulfilment objectives / program of the party" (e.g. Croatia, Poland).

In addition, most of the time, legislation does not provide for a specific requirement that a percentage of state funds be used exclusively to promote certain groups in society. The Netherlands is the sole exception, where public subsidies are allocated for political training and educational activities, dissemination of information, maintaining contacts and involvement in formation and education of parties from the same political family abroad, political-scientific activities, promotion and political participation of young people; and of women, involvement of volunteers in party activities, voting, selection and guidance of political leaders in the top of activities related to electoral campaigns.

This does not mean that, in some other European countries, the use of a percentage of the state funds received by political parties can't be conditional on promotion of women (for example Finland), research (for example Greece and Poland) and promotion of young people in politics (Ireland).

It should be noted that Ireland is, after the Netherlands, the country with the strongest legislation in this regard. Under the 1997 election law, political parties in Ireland will lose half of state funding "unless at least 30% of candidates whose candidatures were authenticated by the qualified party in the previous general election were women and at least 30% were men. "

The gender quota must increase up to at least 40% of women and at least 40% of men within seven years of the first organized election (*IDEA, Inter-Parliamentary Union and Stockholm University, Global Database of Quotas for Women*).

In Portugal, political parties may lose up to 80% of their public subsidies if they do not have at least one third of women among their candidates.

In some countries such as France (the first country to tie public funding and gender balanced representation in 1999), legislation in the field of party financing and electoral campaigns only requires financial sanctions for those political parties that did not nominate an equal percentage of male candidates and women on their lists of parties - and if the difference exceeds 2% of the total number of candidates on the list. A similar approach we encounter in Albania, which, by legislation, imposes

financial sanctions when political parties do not include at least 30% of women candidates on their lists.

In Serbia, there is a more strict regime of sanctions for political parties that do not meet the 30% share of genres on their lists: respectively the rejection of the electoral list of the entire political party.

Another way to promote gender equality is that adopted by Georgia and Croatia, which refer to providing an incentive to political parties, in the form of additional public funding allocation for those political parties that nominate a certain proportion of women on party electoral lists their political. Thus, political parties in Georgia, which have at least 20% of women candidates on their lists, receive 10% in addition to public funding. In Croatia, each political party receives 10% over and above the public funds allocated to each elected parliamentary woman.

In Bosnia Herzegovina, 10% of the public funds are distributed proportionally to the parties, depending on the number of MPs. In Ukraine, political parties must have at least 30% of elected members of a different gender in order to receive additional public funding.

According to OECD statistics, the percentage of women in Parliament increased substantially (with the exception of the northern countries like Finland, Denmark and Sweden, which already had the highest representation of women among OECD European countries). Among the other OECD countries in Europe, where public subsidies were introduced for political parties to promote women in politics, Italy was very efficient (the percentage of women elected in Parliament went from 9.8% to 31%), similarly France (from 12% to 26.2%), and Portugal (from 19.1% to 31.3%).

In Ireland, the general elections of 2016, organized for the first time with statutory rates and related to public funding, registered a record 22.2% of the women elected in Parliament, increasing compared to 15.1% of the women elected in elections previous general.

From the submitted data it is noted that any measure to improve the participation of women in political life certainly has a positive effect. Legislative measures to promote women's political participation will be effective if and effective implementation. It is very important that the measures are effective, that their purpose and noncompliance are monitored and often sanctioned effectively.

Irrespective of the measure chosen and promoted by legislation (financial penalties, deduction of funding or funding incentives), the effect proved to be beneficial for compliance with the principle of gender equality. However, the OSCE / ODIHR recommendation is that the sanctions are effective, proportionate and dissuasive in order to avoid situations where parties prefer to be sanctioned or to lose public funding than to promote women as candidates.

Also, the amount of sanctions and/or incentives must be substantial (for example: Portugal, Ireland) in order to influence the decision-making and behaviour of political parties (*Political Party Funding Regulation in Europe, East and West: A Comparative Analysis, Discussion Paper prepared by Fernando Casal Bértoa and Juan Rodríguez Teruel, OSCE Office for Democratic Institutions and Human Rights, 2017*).

In accordance with Article 4 (2) and Article 15 of the Council of Europe Framework Convention for the Protection of National Minorities, legislation may oblige state authorities to allow full and equal participation of minorities in political life. Adoption of specific legislative initiatives aimed at promoting the participation of minorities is essential in order to guarantee that the requirements for equal representation of minorities are more than theoretical. In accordance with the Framework Convention on National Minorities, States should ensure the free exercise of all political rights for national minorities. Therefore, measures in the electoral process should be taken to ensure that members of national minorities have equal chances of being elected and represented in Parliament (*Framework Convention for the Protection of National Minorities, Article 4 (2), ICERD*).

An example of measures to help ensure representativeness of minorities are to reserve an established number of parliamentary seats for specific minorities or to waive the threshold of the number of votes received in order to obtain representation in Parliament in case of parties representing national minorities.

If necessary, such measures should be adopted in legislation in order to ensure access of candidates from minority groups to Parliament, as well as their choice in equal measure with the other candidates.

At national level, political parties should make voluntary efforts to ensure that issues relevant to national minorities are presented in party programs. Internal party measures destined to favour the representation of minorities may serve as a basis for private legislative incentives that would be in accordance with the Framework Convention for the Protection of National Minorities.

Political parties may consider taking a variety of measures to support minority participation, including the creation of consultative committees for minority issues, training and recruitment programs focusing on national minorities and dispositions requiring minorities to belong to party internal committees and lists of candidates .

In support of the principle of equal opportunities, Romania ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) on January 7, 1972, thus assuming that it will strive to take all necessary measures to eliminate discrimination of women in political life; and creation of conditions for gender equality, including in relation to the right to vote in all types of elections and referendums, as well as the right to be elected in all public bodies (Part II, Art. 7 of the Convention).

Taking into account the principle of equal opportunities, in several fields of activity, including electoral ones, in Romania was adopted *Law no. 202/2002 on equal opportunities and treatment of women and men*, which stipulates in Art. 22, para. 3 that *"Political parties have the obligation to provide in the statutes and internal regulations positive actions in favour of underrepresented sex at decision-making level, as well as to provide balanced representation of women and men in the proposal of candidates in local, general elections and for the European Parliament."* Also, the Romanian legislation on financing political parties and electoral campaigns was amended (through *Law no. 34/2018*), adding that "the amount allocated annually to the political parties from the state budget is of 0.01% and of 0.04% of the gross domestic product at most. For political parties that promote women on electoral lists, on eligible places, the amount allocated from the state budget will be increased in double proportion to the number of mandates obtained in elections of women candidates "(Art. 18, para. 2 of *Law no. 334/2006*, as amended).

1.3. Principle of transparency of revenues and expenditures

Principle of transparency of revenues and expenditures - fundamental idea providing access to information of public interest, allowing permanent control of the activity of public authorities by citizens by virtue of the right to participate in political decisions in the interest of the entire society in order to strengthen a democratic and democratic state.



Transparency in the funding of political parties and electoral campaigns is essential in order to protect the integrity of democratic processes and ensure correct elections. Transparency is one of the central pillars of the funding system for political parties, which can generate in the long term the increase of citizens' confidence in political parties and politicians.

Also, transparency of political parties and electoral campaigns helps to comply with other principles by balancing opportunities, by exposing and punishing undue influence over politicians, by reducing the infiltration of illicit money in politics and by encouraging political parties and candidates to comply with the rules imposed by legislation in force. In many official documents it is stated that the principle of transparency is also involved in observing other rights related to elections and individual freedoms. For example, how citizens' right to participate in public and governmental decisions is respected, either directly or through elected representatives, as set forth in Article 21 of the Universal Declaration of Human Rights and Article 25 of the International Covenant on Civil and Political Rights (ICCPR), when electoral and party-related information is not transparent. More



specifically, we can't know whether the right to be elected and the right to vote are guaranteed by governments, except when the electoral processes are "transparent".

The principle of transparency is also found in the penumbra of electoral rights arising from the obligations of the treaties and from other state commitments related to the real elections. Essentially, the principle of transparency is based directly on internationally recognized human rights and fundamental freedoms. The basis for the requirement for transparency in electoral processes is freedom to seek, receive and transmit information, freedom that is an integral part of the right to freedom of expression (*art. 10, Universal Declaration, art. 19 ICCPR, art. 9, ACHPR, art. 13, ACHR, art. 10 ECHR para. 10.1 Copenhagen Document, supra notes 1.4*). Freedom to seek, receive and share information plays a strong role in society when exercised in the context of elections. In fact, the rights to vote and to be elected can't be exercised without exercising also the freedom to seek, receive and distribute information, in order to ensure correctness.

The importance of transparency in reducing political corruption and publication of funding sources for political parties and electoral campaigns has been internationally recognized by the UN Convention against Corruption (UNCAC), which states that countries should *"to consider taking adequate legislative and administrative measures ... in order to increase the transparency in the financing of the candidates for the elected public office and, as the case may be, the funding of political party"*.

In the legislation of many countries, there are legal regulations on the extent of the information published, what needs to be reported in detail, how reports are to be published, to which state institutions should be reported and what are the potential sanctions for breach of legal provisions. However, legislation varies greatly from one country to another, as different laws may apply which deal with different aspects of the subject. Transparency and law enforcement provisions may be included in the law on the funding of political parties, candidates and electoral campaigns, in the law of political parties or, if applicable, in electoral law or in an Electoral Code.

In a study conducted by Transparency International Romania it is shown that the legislation in the field of party financing should include at least four distinct aspects regarding transparency:

- disclosure of funding sources;
- the public reporting of incomes and expenditures to the competent bodies;
- monitoring issues related to party funding by an independent body with inspection and control functions of parties;
- application of a legal sectional system in case when the regulations regarding the funding of political parties are not observed.

In various international documents the role of the state in the process of ensuring and increasing transparency of funding for political parties and electoral



campaigns is highlighted. Thus, the state subsidies to create a balance in the sphere of financing from private sources may be directed only towards certain activities, expressly mentioned by the law. The legislative framework may encourage the publication of income and expenditure reports, thus ensuring a high level of transparency of financial inputs and outputs. However, it must be pointed out that delays in granting or suspending subsidies may influence the rollout of electoral campaigns accordingly.

Most countries consider that parties and candidates should be financed, at least in part, by private contributions, as a manifestation of minimum support from voters. However, if private donations are not regulated, there is a risk that some donors will try to buy through donations a certain influence over the electoral process. Therefore, good practice is the reasonable control of private donations by placing quantitative limits on the size of donations and by banning anonymous donations, foreign donations or out of donations.

Although transparency is a necessary objective of the legislative regulations on the funding of political parties and electoral campaigns, the limitation of these regulations to full transparency is not always sufficient. Publishing information and data in the field of political finance does not automatically develop good governance, although it can highlight bad governance practices.

Transparency can identify only the problems or irregularities that should be solved and solved. Citizens have to trust both in the enforcement authority, as well as the political party that must eliminate the misconduct of its members. Thus, it is equally important for political parties to remove corrupt individuals, to improve internal and external control mechanisms and to monitor the proper application of legislation.

The Council of Europe has accelerated the ambitious program for the development of regional standards in recent decades, adopting a series of documents regulating party financing.

However, Recommendation no. (2003/4) seems to be the most comprehensive initiative, requiring member countries to take concrete measures to fight corruption related to political finances, from full transparency of party accounts, to restrictions and interdictions regarding sources of funds, reasonable public funding, independent audit and significant sanctions (*Recommendation No (2003/4) of the Committee of Ministers to member states on common rules against corruption in funding political parties and electoral campaigns*). The Council of Europe also recommends to its member states to adopt legislation on the funding of political parties based on more controversial principles, such as limits on parties' expenses related to electoral campaigns. In addition, in the Recommendation no. (2003/4) provides that: *Governments in the Member States adopt, in their national legal systems, rules against corruption in funding political parties and electoral campaigns - to the extent*

that states do not already have laws, procedures or private systems that offer effective and well-functioning alternatives.

Many countries have legislation providing for the publication of data on political finances. However, the scope and rigor of these provisions in terms of transparency varies. Good practices include:

- ✓ the application of revenue publishing regulations (including non-financial income, such as pro-bonus services and in-kind donations), expenses, assets and loans of both parties - continuously and not only during electoral periods, for both parties and candidates.
- ✓ publishing sufficient information on donations, including the date, donor name, recipient's name and the amount of each donation in a timely manner (such as on a quarterly basis) in a single online portal in open data format.
- ✓ Ensuring that the electoral process of political campaigns conducted by third parties is also subject to regulations that reveal the identities of their donors.

OAS (*Organization of American States*) and ACEEEO (*Association of European Election Officials*) promoted good practices in financing political parties and electoral campaigns. The general principles and recommendations proposed by the aforementioned bodies are of particular importance to less structured democracies in America and Eastern Europe, such as:

- equal opportunities to participate and compete in elections;
- ensuring correct elections, by preventing corruption;
- prevention of biased and partial use of law enforcement mechanisms against political opponents;
- transparency of funds raised and of expenses of political parties and candidates.

Lack of transparency around private contributions in particular can negatively affect the legitimacy of the democratic process. To increase transparency, states should adopt regulations on party accounts reporting and donor identity disclosure. In addition to rules on the degree of private and public funding of political parties, legislation on party funding should include provisions for the publication of financial information and enforcement of legislation that enhance the accountability of political parties. Important elements of the legal framework should include rules that oblige the parties to publish their financial accounts and submit them to independent control. Otherwise, sanctions for breaches of the law should be imposed or attempted fraud, clear and enforceable sanctions.

Many OSCE participating countries provide public support to the parties at all times, making a distinction between political party funding and campaign electoral campaign funding. In this context, relevant legislation should include clear and accurate guidelines for the proper use and allocation of funds for these different purposes. For example, if the regulations define the general public financial support



that can be used for any party activity as a separate part of the money specially received for campaign purposes, the definition of what constitutes a "campaign purpose" and any related restrictions must be established Clearly.

Support and guidance should also be provided on how to classify the expenditures that are required for a campaign, but which remain necessary outside of electoral periods (employees' salaries or rental of the party headquarters, for example). If funds are allocated solely for use during the campaign period, the start-up, duration and end of such period must be clearly and reasonably defined in the law (OSCE / ODIHR, *Guidelines on Political Party Regulation, 2010, Adopted by the Venice Commission at its 84th Plenary Session, Venice, 15-16 October 2010*).

Records of expenses related to electoral campaigns, as well as financial information and accounts of political parties and their affiliated entities are of great importance. The main reason for the publication of this information is to allow the public oversight institutions to verify the accounting data and the accounts of the parties, candidates and donors in order to verify compliance with the law. The GRECO thematic review of the third round of assessment highlighted that "*a system that does not ensure the correct disclosure of income sources and accounts makes it more difficult to monitor the enforcement of the law and to impose the necessary sanctions*"(Doublet, 2012).

In the same context, the study conducted by Transparency International recommends taking into account the following aspects:

1. Governments should request that all groups or persons engaged in elections or acting to support a political group hand over reports that clearly identify the amounts and beneficiaries of their contributions. Candidates and policy officials should submit timely reports on all amounts and sources of funds received as well as reports on all expenditure incurred during the election.
2. Publication requirements should apply to candidates, political parties and related organizations and groups involved in political support. They should apply at national, regional and local level and should cover all types of elections, including referendums.
3. Reports shall be made available to the public promptly and in an easily understandable, accessible format.
4. Publishing requirements should be enforced by a politically independent agency, to enforce publication requirements and transparency effectively.

Analysing the relevant EU legislation, it is noticed that the UK operates one of the most transparent and comprehensive cadres for the publication of data on political finances. For elections and referendums, the electoral regulator publishes open data on party expenses, candidates and political campaigns outside the party.

Besides electoral periods and referendums, quarterly statements are published with information on sources and amounts of donations and loans received from political parties and their members, members of the national legislature, mayors and local counsellors (*The Electoral Commission, Political Parties, campaigning & donations, 2018*).

However, not all of these transparency requirements apply in Northern Ireland and this gap has been exploited. Prior to the Brexit referendum, a donation of approximately \$ 620,000 was made anonymous in Northern Ireland, but spent in England during the out-of-elections period or the "Brexit" campaign in order for the UK to leave the European Union (*Transparency International, Recommendations on Political Financing for Open Government Partnership National Action Plans, 2018*).

1.4. Principle of independence of political parties and of candidates against financiers

Principle of independence of political parties and of candidates against financiers - Public or private funding can't aim to limit the independence of political parties.



Laws requiring public disclosure of sources of funding for the current work of political parties as well as sources of financing of political parties and independent candidates and campaign contributions ensure that the persons, organizations, interest groups or corporations do not inappropriately influence the elections or political leadership of a country.

Concerning the financing of the activity of political organization and electoral campaigns, the Council of Europe, in *Council of Europe Manual for the Use of International Election Standards* (p. 59), points out that the role of mixed funding systems is to create a balance between private funding and public funding, so that political organizations do not become dependent on either source. This is also the reason for which states intervene with ceilings and limitations of donations, or even prohibits donations received from anonymous donors. Restrictions on private funding lead to ensuring conditions of fair competition, increase the degree of independence of political organizations, ensure a better transparency, but they also contribute to the fight against corruption.

In various documents issued by international bodies responsible for monitoring electoral systems and respect for human rights, the idea is increasingly developing



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that state intervention in funding political parties and election campaigns, through subsidies, is decisive in ensuring independence electoral competitors against private donors, with various interests.

The distribution of public subsidies to political parties in the European Union countries is, in principle, made after three different procedures: either they are distributed equally among all those parties reaching a certain electoral threshold (for example, Andorra, Latvia, Russia, Ukraine), or distributed proportionally to the number / percentage of votes / seats obtained by the eligible parties at the most recent legislative elections (e.g. Finland, France, Greece, Norway, Spain), or both are used to subsidize the activity of political parties (e.g. example: Austria, Belgium, Luxembourg, Portugal, Sweden) [(Biezen, I. van and Casal Bértoa, F. (2014): "Party Regulation in Post-authoritarian Contexts: Southern Europe in Comparative Perspectives ", *South European Society and Politics*, v. 19, no. 1, pp. 71-87; Casal Bértoa, F. and Biezen, I. van (2018): "Party Regulation and Party Politics in Post-communist Europe", in Fernando Casal Bértoa and Ingrid van Biezen (ed.) *The Regulation of Post-Communist Party Politics*. Abingdon / New York: Routledge)].

Two countries, namely Germany and the Netherlands, use another grant award system for political parties. In these two countries, the system of allocation of public subsidies guaranteed to political parties (so-called "appropriate funds") is established to create a balance and also promotes the private financing of citizens and their involvement in the electoral process, while encouraging parties' efforts to collect their own private resources and to ensure the parties' independence from a financial point of view to the state.

However, the "appropriate funds" systems in these two countries differ slightly. Thus, while in the Netherlands the public funding depends directly on the level of the number of party members, in the case of Germany, the distribution of public subsidies is conditioned by the ability of political parties to collect private contributions. (*Political Party Funding Regulation in Europe, East and West: A Comparative Analysis, Discussion Paper prepared by Fernando Casal Bértoa and Juan Rodríguez Teruel, OSCE Office for Democratic Institutions and Human Rights, 2017*)

In support of the idea of political organizations' independence from financiers, it is stated that legal rules should encourage political parties to create their own funding mechanisms in order to ensure autonomy.

Measures addressed by the reform of party financing and electoral campaigns by many states are often met with strong resistance from corporations and other organizations using their financial resources to influence political party and election decisions, as well as from political leaders who is based on these financial resources. Even when campaign funding laws are enacted, they are often not rigorously controlled or enforced due to poor sector-related regulation, regulatory authorities with low resources and / or lack of capacity.



Leaders and political parties, independent taxpayers (not party members) and regulators have a key role to play in addressing these weaknesses and in good faith efforts to improve transparency in funding parties' electoral campaigns.

In the same way, where, in most countries, the right to vote is limited only to the adult citizens of the country in question, the regulations refer to who is entitled to make financial contributions (*donations*) political parties and candidates. The purpose of donorship interdictions is to completely stop contributions that are considered harmful to the democratic process.

These interdictions are mainly based on the following reasons:

- to prevent the influence of individuals or of interest groups external to the respective country in case of foreign entities;
- to limit the influence of funding from various economic interests, as well as to ensure the independence of political parties / candidates, in case of corporations;
- in order to avoid the use of public funds for political purposes, in the case of public entities or public-private shareholders;
- in order to avoid the inappropriate influence of the organized interest groups, in the public or private domain. Sometimes the ban on trade union donations is used to balance the ban on corporate donations in systems where some parties depend on corporate contacts. In other cases, it is intended to keep under control the proximity of the parties to the trade movement or to the forms of association of legal entities;
- to reduce the risk of quid pro quo donations (companies make donations in the hope that they will receive government contracts) in case of corporations directly interested in government contracts;
- to ensure the principle of transparency of party funding and to monitor compliance with regulations in the field of party funding, in case of anonymous donors;
- to control other interdictions and to make it easier to monitor compliance with regulations in the area of party funding, some countries explicitly prohibiting donations from another person or entity.

Generally, in the legislation of the EU countries the trend is to increase the dependence of political parties towards the state through public funding.



1.5. Principle of integrity of political and electoral competition

Principle of integrity of political and electoral competition - Funding of political parties must be made in a way that does not favour a certain political party or one candidate or another. The political contest must be free and citizens must freely and informally express their right to vote.



In order for the elections to incorporate the principles of democracy, further development and promotion of security, they must be organized and financed with integrity, thus observing the democratic principle of equality of electoral chances.

The conduct of elections and their funding, observing the principle of integrity, lead to observance of fundamental values of human rights and of democratic principles. Democratic elections, observing the principles enshrined in *Universal Declaration of Human Rights* and in *International Covenant on Civil and Political Rights*, including freedom of opinion and expression, freedom of assembly and peaceful association, the right to take part in the governance of their own country through free elected representatives, the right to equal access to the public service in their own country and the recognition that the authority of the Government derives from the will of the people, expressed in "*Periodical authentic elections, by universal suffrage, equal and secret vote*".

Compliance with the principle integrity of political and electoral competition must be constant, meaning that solidity and ethical practice must persist throughout the electoral period, not just on election day. Through elections that respects the principle integrity of political and electoral competition elections based on the democratic principles of universal suffrage and political equality, as reflected in international standards and agreements, organized professionally, impartially and transparently from the preparatory and administration stage on the electoral cycle (*Deepening Democracy: A Strategy for the Improvement of Integrity of Elections Worldwide The Report of the Global Commission on Elections, Democracy and Security, 2012*).

The principle of integrity of political and electoral competition is reflected in a series of aspects such as: transparency of funding and sanctions applied by the body responsible for verifying the legality of financial inputs and outputs; responsibility for organizing correct, unvarnished elections; objectivity in the execution of controls, so as to ensure accuracy of electoral administration; development and promotion of ethical conduct for all actors involved in the electoral process; blocking of pressures of any nature, which may affect the good performance of electoral competitions.



In order to achieve a fair and competitive system, a country must also offer a level playing field where any political actor can attend, and where the political actors behave in a transparent manner and are accountable to the citizens.

The main dispositions of laws on the funding of political parties and electoral campaigns that fulfil the above purposes may include: interdictions against corrupt and illegal practices (such as purchase of votes); rules for the transparency of revenues and expenditures; expenditure limits and realistic contributions; interdictions for certain types of contributions (such as foreign contributions, anonymous contributions or corporate contributions) and expenses; direct public subsidies, tax exemptions and subsidies in kind (including policy broadcasting norms); rules regarding financial representatives, accounting and auditing; rules and measures for controlling the use of public resources for campaign purposes.

In a strengthened state governed by the rule of law, the means to protect the integrity of political and electoral competition can be quite diversified and may be present throughout the electoral process. We may also consider other elements such as the development of interinstitutional cooperation relations; strengthening the institutional capacity of the authorities involved in electoral management etc. Such provisions are sometimes contained in laws that relate especially to the funding of parties and electoral campaigns. Often, they are included in wider-coverage laws targeting elections, political parties or prevention of corruption. However, the existence of a variety of separate laws often complicates the task of regulatory authorities or bodies responsible for enforcing them.

Observation of elections is a critical instrument for promoting and protecting the integrity of elections. Pre-election observation reports can prevent improper election and political use of violence during elections. Also, after-election observation reports help to strengthen political processes of electoral integrity and democratic change throughout the electoral cycle before the next elections. Observation of elections must be based on:

- the use of practicable methodologies and systematic methods of electoral observation, taking into account objective principles and national conditions, as well as the elements of the electoral process being assessed;
- performing fact-based, impartial analysis and drawing up findings and recommendations based on national legal requirements and applicable international and regional obligations, principles and commitments;
- observance of the principle of transparency in activities for observation of political funding.

Another aspect that contributes to the valorisation of the principle of integrity of political and electoral competition is the honesty and integrity of the officials responsible for verifying the legality of the method of financing and use of funds for electoral campaigns, meaning that the entire control process depends on the persons



charged with the control activity. Control team members must have a high level of skills and knowledge and work only within the limits of their professional training and skills, declining tasks for which they do not have the required expertise.

In order to promote and comply with the principle of integrity of political and electoral competition, the EU Member States must:

- ✓ build and strengthen the rule of law in order to ensure that citizens, including political competitors and opposition, can properly exercise their electoral rights;
- ✓ set up regulators and supervisors of professional and competent funding, with full independence of action, including ensuring timely access to the finances required for the organization of elections;
- ✓ ensures and organizes elections in a transparent manner and thereby leads to the increase of public confidence in the outcome of elections;
- ✓ develop institutions, processes and networks that discourage violence in elections and, in case of violence, find mechanisms to attract authors' accountability;
- ✓ reform and design electoral systems so as to mitigate or eliminate the impact of the tendency of parties in power to promote their electoral policies;
- ✓ eliminates barriers to the participation of women, young people, minorities, people with disabilities and other traditionally marginalized groups and to take concrete measures to promote political leadership and the wide participation of women, including through judicious use of quotas;
- ✓ to exercise strict control of political finances by regulating donations and expenses, public funding of electoral campaigns;
- ✓ to disseminate information on donations and expenses;
- ✓ to provide for clear sanctions for non-observance of legislation in the field of party financing and electoral campaigns.

High level international and regional attention must be geared towards promoting appropriate measures to mitigate the growing threat to democracy, which is represented by funding of political campaigns, of parties and of candidates through the mechanism of transnational organized crime.

Democratic governments, regional organizations and international organizations must be more proactive and involve themselves throughout the electoral cycle in order to ensure that elections are conducted in an orderly manner and that funding of political campaigns, parties and candidates is properly conducted.



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Chapter 2

REFERENCE DOCUMENTS, STANDARDS, REGULATIONS AND RECOMMENDATIONS APPLICABLE TO THE FUNDING OF POLITICAL PARTIES AND ELECTORAL CAMPAIGNS

The issue of financing political parties and electoral campaigns has become internationally challenging for various bodies concerned with observance of fundamental rights of citizens and political organizations, with the development of fair electoral campaigns in terms of equality of opportunity, as well as with increasing transparency in financing the activity of political parties and electoral campaigns. In this context, a series of publications, guidelines, manuals, guides, studies, standards and useful recommendations appeared for the improvement of the legislative and organizational framework of the states, in a sustained effort of the international bodies to contribute to the development of the administrative capacity and formation of a general cultures where the minimization of corruption risks becomes a fundamental value.

At international level there are a number of recommendations regarding the funding of political parties and electoral campaigns:

- ✓ the legislation in the field of financing of political parties and electoral campaigns must include references to funding sources, allowed types of expenditure, reporting mechanisms, expenditure transparency measures, sanctions, to be clear and based on the principles of political consensus;
 - ✓ political competitors must have a transparent accounting activity and carry out all financial activities through bank accounts, introduce internal control mechanisms through the financial agent, financial reporting procedures, codes of conduct and ethics committees to oversee a party's incomes and expenses; and attracting funds for the campaign;
 - ✓ general and campaign financial reports of political parties must be audited by an authorized body;
 - ✓ state companies and other public institutions must remain politically neutral. Donors to political parties must be banned from this;
 - ✓ public state funding provided to political parties must be based on equity and equal opportunity criteria in the distribution of funds;
 - ✓ the internal and international non-governmental organizations and the media, through the actions taken, must contribute to the transparency of the expenses of the political competitors by supporting anti-corruption motions.
- (International Foundation for Election Systems (IFES), 2004)*



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2.1. Legislation in European countries regarding the funding of political parties and electoral campaigns

Behind international recommendations, we find the practices and legislation of each state. Legislation in the field of party financing and electoral campaigns refers generally to all legal and quasi-legal laws and materials or documents related to the financing and financial operations of political parties. Legislation may vary and not all items may be available in a specific country.

Essentially, "legislation in the field of party financing and electoral campaigns" includes, as the case may be, constitutional provisions, laws on political parties and laws on financing of political parties and electoral campaigns, adopted by the legislator, as well as all other laws having an impact on policy funding of political parties. The rules also include electoral laws disposing of funding of parties, candidates and electoral campaigns. Embeds directives, rules, decrees and other relevant legal regulations adopted by the legislator or issued by the Government or other relevant authorities, as well as codes of conduct, voluntary or other, which may have a direct or indirect impact on the funding practice of parties (*Ingrid van Biezen, Financing political parties and election campaigns - guidelines, Council of Europe, 2003*).

Many countries with democratic governance systems regulate the role of political parties through their constitutions or in other laws. However, the differences between traditions, culture, laws and constitutional order of states, make the way in which the activity of political parties is subject to legal regulations, to be different from one country to another. This prevents somewhat the development of a universal and unique set of regulations for political parties. However, based on the decisions of the European Court of Human Rights, the general principles of human rights and OSCE commitments, it is possible to establish common principles applicable to any legal system for regulating political parties in a multi-party democracy.

The Venice Commission considers that the interest in the issue of financing political parties and election campaigns is relatively recent, being justified in the case of the countries that started the transition to democracy later, but surprisingly enough in the case of the states that already have considerable experience in the process electoral campaigns, with democratic governance systems.

A Commission report on party financing and electoral campaigns states that "it is amazing that in many countries the main legislation regulating the funding of political parties was adopted only a few years ago" (*Venice Commission - Guidelines and Reports on Financing of Political Parties, 9-10 March 2001, p. 6*). The commission notes that due to the "long-standing indifference of public authorities in most countries", the resulting consequences were quite serious, even "deleterious" for democracy and the good performance of activities in the electoral field. The incomplete law (which did not provide funding from public sources and failed to





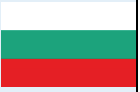
regulate funding from private sources) was interpreted as a dangerous notion that "anything is allowed", a particularly serious aspect given that political organizations can't survive only by collecting membership fees and they have to find other sources.


The Venice Commission presents, in the same document, the situation of some states that settled quite late the situation of financing political parties and electoral campaigns. Austria - introduced into the Austrian legislation aspects related to political parties only in 1975, and the Austrian Constitutional Court, although the oldest in Europe, had pronounced until 2000 only a small number of decisions concerning the funding of political parties. It was only in 2012 that the legislation was strengthened, with restrictions on the incomes of the electoral competitors. Great Britain - introduced the Law on Registration of Political Parties for the first time in the United Kingdom in 1998, but referred only to the elaboration of a Register of Political Parties, without introducing any specific provision related to the funding of political parties, although in November 1997 The Government had approached the issue of financing political parties. Subsequently, the Committee elaborated certain recommendations that were included in the draft law on political parties. *Law on political parties, elections and referendum* from 2000, republished, as amended and supplemented, introduces restrictions on the private incomes of political parties, prohibiting even donations from foreign entities, as well as anonymous donations.





Even if they are judged to be quite "late", the legislative amendments led to the regulation of this field and brought significant improvements in the financing of political parties and electoral campaigns, thus highlighting the balance that must exist between public and private funding , in order to avoid unfavourable situations.




Although states are free to develop a legal framework in the field of political funding, a written law is required to govern the funding of political parties, candidates and electoral campaigns, since it is more readily subject to judicial interpretation and review and is more useful for the parties interested parties, including electors. The legal aspects relevant to party financing may be incorporated into the electoral law, a law of political parties or a separate law on the funding of political parties, candidates and electoral campaigns. However, a single and specific law on the funding of political parties and electoral campaigns is recommended, as it encourages unitary law enforcement in relation to all periodical financial activities of political parties and activities in campaigns. Such an approach also simplifies the drafting process in cases where changes in legislation are required. However, in some cases, especially in federal systems, such an approach is not possible and it must be necessary to adopt specific legislation to fund regional parties and elections. Therefore a comparative analysis is required in order to identify practices in financing political parties and electoral campaigns.







Country	Legislation in the field of financing political parties and electoral campaigns
Austria 	<p>The 2012 Political Parties Act, amended in 2013, the Federal Act on federal support of political parties (Law on the support of political parties in 2012), StGB Bestechung bei einer Wahl oder Volksabstimmung, amended in 2015 (Taking of bribes)</p> <p>The respective legislation provides restrictions on incomes of political parties and of candidates regarding donations starting from certain monetary thresholds. However, donations below the threshold are not prohibited even if they come from foreign sources, corporations or trade unions. There are no limits to donations. The parties have the right to public funding, which is allocated based on the share of votes obtained at the previous elections, to representation in the elected body and to the share of seats in the previous elections. Media access is not subsidized, but funding is available for party institutes. There are regulations on spending, such as the ban to buy votes and general limits on party spending. Parties and candidates must report annually on their finances. The reports are received by the Court of Accounts, which is responsible for examining them. Sanctions include fines and confiscations.</p>
Belgium 	<p>Law of 4 July 1989 on limitation and control of electoral expenses, amended in 2015, Election Code [Algemeen Kieswetboek], 1894, amended in 2014</p> <p>Belgian legislation on publication of financial data applies almost the same rules to ministers (senior public servants), members of Parliament and public agents. The relevant legislation states that real estate, movable assets, cash, debts and incomes from external work must be made public by all officials. In addition, the declaration must include the shares held in a public or private company, as well as any official function of a public body or legal entity. This would include management or consulting positions in companies. Statements by ministers and parliamentarians shall be made only upon first taking office, while public officers shall report immediately any modification of disclosure statements to their supervisor. No penalties are provided for late filling-in, whereas non-completion or declaration in falsehood results in a fine between 600 and 800 Euro for ministers and MPs. Public officers may face the same fines, but additional punishments penalties apply for false declaration. The Court of Accounts is the body responsible for verifying presentations and the enforcement of public transparency legislation. At the same time, no institution is responsible for verifying the accuracy of the declarations. Belgium does not disclose any official statements.</p>
Bulgaria 	<p>Law on political parties in 2005, amended 2016, Election Code of 2014, amended in 2016, Criminal code of 1968, amended in 2016, Labor Code since 1987 amended in 2016</p> <p>In the respective legislation there are provisions regulating the financing of political parties in Bulgaria. Legislative framework is built in order to provide a series of restrictions on donations received. Donations to political parties and candidates are prohibited from corporations, trade unions, anonymous donors, religious institutions and traders. There are limits to the amount that can be donated. The parties are entitled to annual public funding, which is allocated based on the weight of votes obtained at the previous elections, the level of representation in the body elected and the share of seats in previous elections. Public funding is intended for expenses related to preparation and participation in elections. Expenditure regulations are established, including interdictions regarding the purchase of votes, restrictions on the use of public transport vehicles owned by the municipality. Parties must report on funding both in general, as well as for elections. The donor identity is included in the reports. The reports are available to the public. The reports are supervised and examined by the National Audit Bureau and by the Sofia City Prosecutor's Office. Sanctions include fines, loss of public funding, seizure, re-registration of the party and loss of political position won.</p>



Country	Legislation in the field of financing political parties and electoral campaigns
Czech Republic 	<p>Law 424/1991 on association in political parties and political movements, amended in 2016, Law 247/1995 on elections to the Parliament of the Czech Republic, amended in 2016, Criminal Code of 2009, amended in 2016, Law on Presidential elections in 2012</p> <p>According to the Czech legislative system, there are some restrictions on political party incomes. Donations to political parties from foreign sources, anonymous donors and privately owned corporations are not allowed. However, donations from corporations and trade unions are permitted. There are no limits on the amount of donations. Public funding is available for political parties. This is allocated based on the votes cast in the previous elections and on the representation in the chosen body. Through spending regulations, buying votes is prohibited and there is a limit to what a candidate can spend during the election. Parties must report annually on their accounts. Accounts must be made public and must disclose donor identities. The reports are supervised by the Chamber of Deputies and by the Ministry of Finance. Sanctions include fines, loss of public funding and suspension of political party.</p>
Cyprus 	<p>Law of political parties in 2012, amended in 2015, Broadcasting Corporation Law (Cap. 300A) of 1959, amended in 2010, Law on elections in the House of Representatives 72/1979, amended in 2016</p> <p>According to the respective legislation, there are minimum restrictions on the private incomes of political parties in Cyprus. Donations from foreign entities are not allowed. Donations from corporations are allowed unless they are partially state-owned. There are no interdictions for donations from anonymous donors or trade unions. The laws require limits for the amount that can be donated. Public funding is available for political parties and is allocated according to the number of votes received in previous elections. There is no subsidized media access, but the tax exemption is available as an indirect funding form. The purchase of votes and the use of state resources in favour of or against a party or political candidate is prohibited, There are limits on the amount that political parties can spend. Parties must keep annual accounts. Candidates must report on campaign funding, but reports should not disclose donor identity. The accounts must be made public and supervised by the general auditor of the Republic. There are sanctions for breach of provisions of the law in the form of fines, loss of public funding and also accountabilities in accordance with criminal law.</p>
Croatia 	<p>Law of 2011 on financing of electoral campaign and elections, amended in 2016, Criminal Code no. 110/1997</p> <p>According to legislation, there are a number of restrictions on incomes admitted for political parties. Foreign donations are prohibited. Donations to corporations are permitted, except in cases where they are partially state-owned. Trade unions are prohibited from donating, as did anonymous donors. There are limits to donations received per year and to electoral cycles. Public funding is available for political parties. Extended provisions are provided for allocation of funding on the basis of the votes cast in the previous elections, representation in the elected body and for participation in elections. The public funding can be used based on the recovery of the costs of the electoral campaign. There are also available media access fiscal exemptions. For each parliamentary representative of a sub-represented gender, political parties are entitled to compensation. The purchase of votes is prohibited and there are limits for electoral expenses destined to each constituency. The parties must report donations and donor identity to the public every six months, on their website the State Election Commission supervises compliance with the law, and the Office of State Accounts carries out audits. Sanctions include fines, loss of public funding and seizure.</p>




Country	Legislation in the field of financing political parties and electoral campaigns
Denmark 	<p>Law no. 1291 of 8 December 2006, Law no. 477 on broadcasting and television of 06 May 2010, Criminal Code of 2005, amended in 2015, Law on private contributions to political parties and publication of political party accounts in 2006, Law on Danish parliamentary elections (2009)</p> <p>Laws seem to impose limits or not impose limits on the incomes of political parties. Donations from foreign entities, corporations, anonymous trade unions and donors are permitted. There are no limits to the amount of money a party can accept. There are provisions for public funding of political parties and candidates. Funding is allocated to parties that participated in recent general elections. The parties may use this funding to support political activity. Candidates may receive grants based on the number of votes received. All parties benefit from free and equal dissemination time. For spending regulations, buying votes is prohibited, but there are no limits to spending. Parties must publish accounts that, in some cases, require identification of a donor's identity (based on the donation amount). The reports are submitted to the Minister of Internal Affairs and Health and they are supervised by the general auditor. Penalties for law breaking include fines and imprisonment.</p>
Switzerland 	<p>Law on Direct Tax of 14 December 1990, amended in 2014, Criminal Code of 1937, amended in 2016</p> <p>There are no laws regulating the funding of political parties in Switzerland. There are no interdictions or limits on donations, there are no provisions on public funding, there are no interdictions or limits on expenditures, no rules on reporting requirements or sanctions.</p>
Estonia 	<p>Law of political parties of 1994, amended in 2015, Law on Local Taxes (amended in 2013)</p> <p>The Political Parties Act of 1994 and the Riikikogu Election Act of 2002 were amended both in 2012, and again in 2014 and 2015. Both laws regulate the funding of Estonia's political parties. As for income regulations, donations from foreign entities were not prohibited in 2012, but the most recent amendments led to the banning of donations from foreign entities. There are also comprehensive prohibitions on donations from anonymous corporations, trade unions and donors, among others. Limits are also set for the amount donors can donate. There are provisions for the public funding of political parties. Donations are allocated based on the share of votes obtained at the previous elections and based on representation in the elected body. No subsidies are allocated for media use in elections, but there are fiscal incentives. Voting is prohibited, but there are no limits to expenses. The parties must submit annual reports on finances to the Political Parties Financing Supervision Committee. Reports must disclose expenses related to electoral campaigns, they must be made public and they must reveal the identity of donors. The sanctions are in the form of fines for the parties that breach the legal provisions.</p>
Finland 	<p>1969 Political Parties Act, amended in 2010, Law on Financing of Election of Candidates of 2009, amended in 2010, Penal Code 39/1989, amended in 2016</p> <p>The legislation in the field specifies a series of limits on the private incomes of parties and political candidates. Donations from foreign entities and corporations partially owned by the state are prohibited, donations from companies in general and trade unions are permitted. There is no explicit prohibition of anonymous donations, but limits are specified for the amount of donations that can be received. There is public</p>




Country	Legislation in the field of financing political parties and electoral campaigns
	funding for political parties, granted according to the number of seats and the percentage of votes obtained in the previous elections. There are no subsidies for the use of the media, but there are tax exemptions for certain donations available. The purchase of votes and the use of state resources in favour of or against a party or political candidate is prohibited. There are no spending limits, but parties must keep accounts that must include details of expenses for electoral campaigns. The reports are supervised by the State Audit Office. The Ministry of Justice supervises compliance with legal regulations, to the extent that surveillance is not within the competence of the State Accounts Office. There are sanctions in the form of fines for those who breach the legal provisions.
France 	<p>Law no. 88-227 of 11 March 1988 on financial transparency in political life (1988, consolidated version of 31 December 2016), Election Code of 1964, amended in 2016, Criminal Code, amended in 2016</p> <p>The specific legislation specifies comprehensive limits on the private incomes of political parties, interdictions regarding donations from foreign entities, corporations, trade unions and anonymous donors. Limits are set for incomes from private sources for political parties and candidates. Public funding is available for parties based on the votes cast in previous elections and is allocated proportionally. The parties receive subsidized access to the media and tax exemption. In addition, candidates who obtained at least 5% of the votes cast are reimbursed paper costs, printing ballot papers, posters, circulars and display fees. Bans on buying votes are provided and there are limits on expenses. Parties must keep annual accounts. Their reports must provide information in relation to electoral campaigns, they must reveal the identity of donors and they must be made public. The reports are supervised by the National Commission for Campaign Accounts and Political Financing. Sanctions are in the form of fines, loss of public funding, dissolution of the party and imprisonment.</p>
Georgia 	<p>Georgian Organic Act of 1997 on Political Unions of Citizens amended in 2015 Electoral Code amended in 2001, Criminal Code of 1999, amended in 2016</p> <p>The legislation specifies limits on the private incomes of political parties, interdictions regarding donations from foreign entities, corporations, trade unions and anonymous donors, as well as limits on the amount that a political party can receive from donations. Public funding is provided to political parties for both current and election activities and is allocated based on the share of votes obtained at previous elections. The parties receive subsidized access to TV space, which is allocated based on the level of votes received during the previous elections as well as free access during elections to the spaces administered by the state authorities. Subsidies are granted also for promotion of candidates of different gender. The legislation includes regulations on expenses, prohibitions on the purchase of votes and on the use of state resources in favour of or against a party or political candidate. Parties must report annually on their funding. Reports must be made public and must disclose the identity of donors, being supervised by the State Audit Office. The sanctions set forth in the legislation are in the form of fines, loss of public funding and confiscation.</p>
Germany 	<p>1994 Political Parties Act, amended in 2015, Rundfunkstaatsvertrag - RStV] in 1991, amended in 2016, Legal notice of DLM for election periods to political parties, Inhabitual Tax Act, 1974 , amended 2016, Criminal Code of 1998, amended in 2013</p> <p>In the relevant legislation there are few limits on the private incomes of political parties. Donations from foreign entities to political parties are not prohibited, but limited and there are no interdictions regarding donations from foreign entities to candidates. In contrast, interdictions regarding corporate donations to political parties</p>



Country	Legislation in the field of financing political parties and electoral campaigns
	are provided, but not for donations from trade unions. Anonymous donations are prohibited only if they exceed a certain amount. Also, interdictions are provided for various sources of funding, such as professional organizations and political foundations. There are no limits on the donated amount that can be received. Public funding is available for political parties and is allocated according to the number of votes received in previous elections. Legislation does not specify for which types of expenses subsidies can be used. Subsidized media access is available and is allocated according to the share of seats. Other sources of indirect public funding include spaces for campaign meetings and tax exemptions. Concerning expenditure regulations, it is provided the prohibition to purchase votes and the prohibition of using state resources in favour of or against a political party or candidate. There are no limits on party spending. Parties must report annually on their funding. The reports must provide information on the funding of electoral campaigns and funding sources, they must be made public and, in some cases, they should disclose the identity of donors. The reports are audited by an audit organization and supervised by the German Bundestag president and by the German Bundestag's Management Department. The sanctions for those who breach the legal provisions are in the form of fines, loss of public funding, confiscation and imprisonment.
Greece 	<p>Law 3023 on state funding of political parties of 2002, amended in 2014 Constitution of 1975, amended in 2008</p> <p>Legislation in the field of party financing sets comprehensive limits on the private incomes of political parties. There are interdictions regarding donations from foreign entities, corporations, trade unions and anonymous donors. Also, limits are set for the amounts that can be donated to political parties and candidates, both in electoral period, as well as outside it. Public funding is available for political parties and is allocated according to the share of votes in previous elections, to representation in the elected body and to participation in elections. Free access to the media is allocated depending on the number of candidates and the number of votes at the previous elections. Indirect public funding is available as a space for campaign meetings and campaign material space. Expenditure regulations are established, including the prohibition to buy votes and the ban on the use of state resources in favour of or against a political party or candidate, as well as limits on the amount that political parties and candidates can spend. Parties must report regularly on their finances. Reports should include details of finances related to electoral campaigns and must include donor identity in some cases. Reports must be made public. The reports are monitored by the Expenditure Audit Committee. Sanctions are established for those who breach the legal provisions in the form of fines, loss of public funding, loss of selected office and sanctions in accordance with the criminal law.</p>
Ireland 	<p>Guidelines for political parties on prohibited donations and donations of 2015, Guidelines for the members of the Oireachtas Chambers and representatives in the European Parliament of 2015, Election Act of 1992, amended in 2016, Guidelines for political parties on campaign financing in electoral acts in 2009 , Local Election Regulations 1995, Guidelines for the 2016 general election</p> <p>The Election Act of 1992, with subsequent additions, is the main law governing the</p>




Country	Legislation in the field of financing political parties and electoral campaigns
	funding of political parties in Ireland. The legislation in force establishes some restrictions on the private incomes of political parties. Donations from foreign entities are prohibited. However, there are no interdictions regarding donations from anonymous corporations, trade unions or donors. Limits are specified for donations both in during electoral campaigns, as well as outside it. Public funding is available to political parties and is allocated according to the proportion of votes in previous elections. Funding can't be used for campaign spending, but can be used for party ongoing activities. The legislation provides subsidized media access for political parties, which is allocated according to the number of candidates and the share of votes in previous elections. In addition, there are provisions encouraging gender equality between parties and candidates. The legislation regulates the expenses of the electoral competitors, including interdictions regarding the purchase of votes and the use of state resources in favour of or against a political party or candidate, as well as limits for the amounts that a candidate can spend. Parties that receive over a certain donation threshold must hold accounts and have records thereon. They must be made public and must disclose the identity of the donors in case the donation exceeds a certain threshold. Reports are monitored by the Standards Board. Penalties for breach of legal provisions are in the form of fines, loss of public funding and other sanctions in accordance with the criminal law.
<p>Iceland</p> 	<p>Law on Financing of Political Organizations and Candidates and Disclosure of Information 2006, amended 2011, Law no. 90/2003 regarding the income tax, amended in 2016, Law on the parliamentary elections no. 24/2000, Criminal Code of 1940, amended in 2015, Rules on financial accounts of political parties</p> <p>In the relevant legislation certain restrictions on the amount that can be donated to political parties, interdictions regarding donations from foreign entities and from corporations with partial ownership of the state, but not from corporations in general are specified. Unions are allowed to donate, but anonymous donations are prohibited. There are limits governing the amount by which a donor can contribute to funding political parties and candidates. Public funding is available for political parties and is allocated according to the share of votes in previous elections, to representation in the elected body and to participation in elections. Funding is available to cover expenses incurred during the electoral campaign and for general activities of political parties. The subsidized media access is available, as well as the tax relief as an indirect financing form. Expenditure regulations include the prohibition to buy votes and limits for the amount a candidate may spend in elections. There are no limits to the amount a political party can spend. The parties must keep accounts that must provide information on funding of electoral campaigns and on expenditures made. Reports must be made public and, in some cases, they must disclose the donor's identity. The accounts are supervised by the National Audit Office. Penalties for breach of legal provisions are in the form of fines, confiscation and imprisonment.</p>
<p>Italy</p> 	<p>Law no. 195 of 1974, as amended by Art. 9 (28) of Law no. 96 of 2012, Legislative Decree no. 149 of 2013, Criminal Code, Law no. 28 of 2000, amended in 2012, Law no. 96 of 2012, amended in 2013, Law no. 18 of November 1981 n. 659, amended in 2013</p> <p>Lately, there have been some changes in the laws regulating party funding in Italy. The</p>

Country	Legislation in the field of financing political parties and electoral campaigns
	<p>Law on the new rules for reimbursement of expenses from 1999, amended in 2011, was repealed by Decree in 2014. The other main law is the Law on Financing of Political Parties in 2012. The main change brought by the Decree was that the public funding of political parties in Italy was abrogated. The actual limits on the private incomes of political parties are minimal. There are no interdictions regarding donations from foreign interests or corporations, except for those partly owned by the state. There are no interdictions regarding donations from anonymous trade unions and donors. However, limits are set for the amount that may be donated. In Italy there is no direct public funding of political parties. However, several sources of indirect funding are regulated, such as reduced access to media, allocated according to the share of seats and tax relief. The legislation also provides for provisions to promote gender equality. Rules on expenses were introduced, purchase of votes being prohibited, as well as the use of state resources in favour of or against political parties. There are limits to the amounts that parties and candidates can spend. Parties must provide accounts that must include information related to electoral campaigns, made public, and sometimes they must reveal donor identities. The accounting is supervised by the Committee for transparency and control of political parties and political movements. The sanctions for breach of the provisions of the law are in the form of fines and loss of the chosen function.</p>
<p>Latvia</p> 	<p>Law on the financing of political organizations (parties) of 1995, amended in 2017 Law on the pre-election campaign of 2013, amended in 2014, Criminal Code of 1998, amended in 2011, Law on prevention of waste of financial resources and of state property and of local administrations from 1995, further amended and supplemented</p> <p>The relevant legislation includes comprehensive limits on the private incomes of political parties. Donations from foreign entities, corporations, trade unions and anonymous donors, as well as other organizations specified in law are prohibited. Legal limits are set for the amount that can be donated. Public funding is available for political parties and is allocated based on votes received during previous elections. There are specific rules on how public funds can be used, and these amounts include pre-election campaigns and current party activities. Indirect funding forms include subsidized media access, campaign meeting spaces, and campaign asset space. Interdictions regarding the purchase of votes and for the use of state resources in favour of or against a political party or candidate, as well as limits for the amount that a party or a political candidate may spend, were introduced into legislation. Parties must provide annual accounts which must be made public and reveal donor identities. The accounts are supervised by the Office for Prevention and Fight against Corruption. Penalties for breach of dispositions include fines, loss of public funding, dissolution of the party, suspension of political party and criminal law sanctions.</p>
<p>Lithuania</p> 	<p>Law on Financing and Control on Financing of Political Parties and Political Campaigns of 2004, amended in 2013, Law on political parties of 1990, amended in 2014, Seimas Elections Act 1992, amended in 2015</p> <p>The relevant legislation includes comprehensive limits on the private incomes of political parties. Donations are prohibited to foreign interests, corporations, trade unions, anonymous donors and other specified sources. There are specific rules regarding the amount that can be used and limits for the amount that can be donated.</p>

Country	Legislation in the field of financing political parties and electoral campaigns
	Public funding is available for political parties and is allocated according to the proportion of votes in previous elections. There are regulations on state funding and how it can be used, but campaign spending and ongoing activities of the party are part of the allowed use of these resources. Media access is subsidized and the spaces for the campaign meetings are offered free of charge. The purchase of votes is forbidden, but the use of state resources for and against a candidate or a party is not forbidden. Specific limits have been introduced for what a party or political candidate can spend. Parties have to make public the accounts that must provide information in relation to electoral finances and donor identity. The accounts are monitored by the Central Electoral Commission and the State Fiscal Inspectorate within the Ministry of Finance. Sanctions include fines, loss of public funding, criminal sanctions, political party suspension and loss of political rights.
Luxembourg 	<p>Law on Implementation of Financing of Political Parties in 2007, amended in 2011, Electoral Code from 2003, amended in 2015</p> <p>The legislation in the field provides some limitations on the private incomes of political parties. There are no restrictions on donations from foreign sources. There are interdictions regarding donations from corporations, trade unions and anonymous donors. There are no limits to the amount that can be donated. Public funding is available to political parties and is allocated according to the proportion of votes in previous elections and the number of candidates, but there are specific rules on how public funding can be used and these rules allow funding to be used for expenditure on campaigns and activities carried out by the parties. The purchase of votes is prohibited but there are no interdictions regarding the use of state resources in favour of or against a political party or a candidate and there are no limits on expenses. Parties must provide annual accounts which include information on funding for electoral campaigns, accounts that must be made public and reveal the identity of donors. Accounts shall be monitored by the Court of Auditors. The penalties consist in the loss of public funding, confiscation and sanctions of criminal law.</p>
Malta 	<p>External Interference Act 1982, EPRA (2000), Income Tax Act 1949, amended in 2016, Law on General Elections no. 354 of 1991, amended in 2015, Law on Financing of political parties of 2015</p> <p>The legislation specifies some limits on the private incomes of political parties. Donations from foreign interests and in some cases from corporations are prohibited. Unions are allowed to donate, but anonymous donations are prohibited. Donations from some sources were also banned and specified in the law. Limits have been imposed on the amount that donors can contribute. There are no provisions for direct or indirect public funding of parties or candidates in Malta. Voting is prohibited, but there are no limits to the amount that parties or candidates can spend. Parties must keep their own books of account. They must not disclose financial information related to electoral campaigns, but they must reveal donor identity in some cases. Accounts must be made public. The accounts are monitored by the Electoral Commission and the Court of Accounts. Penalties for breach of dispositions are fines and confiscation.</p>
Great Britain 	<p>Law of 2000 on political parties, elections and referendum, amended in 2015, Communications Act 2003, amended in 2015, Law on representation of citizens of 1983, amended in 2015, Ministerial Code of 2016, Electoral Commission Committee Guidelines for 2016</p> <p>The legislation in this field specifies some restrictions on the private incomes of political</p>

Country	Legislation in the field of financing political parties and electoral campaigns
	parties. Donations from foreign entities are prohibited as well as anonymous donations, but not donations from corporations or trade unions. There are no limits in terms of donations received during or outside electoral periods. There is public funding allocated based on the share of votes in previous elections and representation in the elected body. Public funding may be used only for specific purposes and does not include expenditure for campaigns or activities carried out by parties. Grants are granted for media access for parties and candidates, as well as free spaces for campaign meetings and dispatch costs. The purchase of votes is prohibited, as is the use of state resources for or against a candidate political party. There are spending limits for both parties and candidates. Parties are required to keep annual accounts that are made public. They must also report their finances related to election campaigns and the identity of donors when a certain donation threshold is reached. The reports are monitored by the Electoral Commission and by the Parliamentary Commissioner for Standards. Penalties include fines, seizure and in accordance with criminal law.
Norway 	<p>Law on political parties in 2005, amended in 2015, Law on Income Tax, since 1999, amended since 2015</p> <p>The legislation provides limits on the private incomes of political parties, interdictions regarding donations from foreign interests and anonymous donations, interdictions for corporations that are partially owned by the state. There are no interdictions for the donations of the trade unions or limits in terms of the amount that can be donated to the parties. Public funding for political parties shall be allocated on the basis of the votes cast during the previous elections and of the representation in the chosen body. No cost prohibitions nor dispositions concerning subsidized media access are provided, but indirect public funding available in the form of tax exemptions exists. There are no interdictions regarding the use of state resources in favour of or against a competitor. Parties must report on campaign funding and donor identity and must be made public. The reports are supervised by the Committee for the acts of political parties and by the Party audit committee. Sanctions include fines, loss of public funding, confiscation and sanctions in accordance with criminal law.</p>
Netherlands 	<p>Law on the Financing of Political Parties in 2013, amended in 2016, Law on Elections, no. 28 of 1989, amended in 2016, Law on Income Tax from 2001, amended in 2016, Media Act of 2008, amended in 2016</p> <p>In the current legislation, there are few limitations on the private incomes of political parties. It appears that there is no interdiction in the case of donations from foreign entities, corporations, trade unions or anonymous donors. Also, there are no limits on the amount donors can donate to political parties. Public funding is available for political parties and is allocated according to the share of votes received during previous elections and the number of members. Public funding can be used for campaign expenses. There is subsidized access to media for political parties and tax relief as a form of indirect public funding. Voting is prohibited. But not the use of state resources in favour of or against a party or political candidate or limitations of expenses of electoral competitors. Parties must provide annual accounts, disclose the identity of donors and make them public. The accounting officer is supervised by the Committee for supervision of funding of political parties. Sanctions include fines, loss of public funding and imprisonment.</p>
Poland 	<p>Law of political parties of 1997, amended in 2017, Election Code of 2011</p> <p>Legislation provides comprehensive limits on the private incomes of political parties. Donations coming from foreign sources, or from anonymous corporations, trade unions and donors are prohibited. Limits are specified for the amount that can be donated. Public funding is available for parties and is allocated in proportion to the number of</p>

Country	Legislation in the field of financing political parties and electoral campaigns
	votes received, being used for campaign expenses, as well as for other activities provided by law. Subsidized access to the media is also available. The purchase of votes and the use of state resources in favour of or against a party or political candidate is prohibited. Also, there are limits to the spending of political parties or candidates. Parties must present annual public reports on the finances of electoral campaigns and, in some cases, they must disclose the identity of donors. The reports are monitored by the State Electoral Commission and the auditors. Sanctions include fines, loss of public funding, confiscation, cancellation of party registration, loss of political rights and criminal law sanctions.
Portugal 	<p>Law on Financing of Political Parties and Electoral Campaigns of 2003, amended in 2015, Electoral Law of 1979, amended in 2016, Organic Law no. 3/2006, amended in 2016, Criminal Code of 1982, amended in 2015</p> <p>The law provides comprehensive limits on the private incomes of political parties. Donations from foreign sources are prohibited, as well as from anonymous corporations, trade unions and donors. There are also specific rules on the amounts that can be raised and limits are set for the amount that can be donated. Public funding is available for political parties and is allocated according to the voting actions in the previous elections, representation in the elected body, participation in elections and number of candidates, being allocated to parties in order to be able to carry out electoral expenses. Indirect public funding is available in the form of subsidized media access and tax exemptions. There are funding provisions to encourage gender equality. Buying votes is forbidden, but the use of state resources for and against a candidate or a party is not. Specific limits have been introduced for what a party or political candidate can spend. Parties are required to keep accounts and disclose financial information in relation to electoral campaigns and donor identity. The information must be made public. The accounts are supervised by the Accounting Surveillance Body and the Political Parties Financing. Penalties include fines, confiscation and imprisonment.</p>
Serbia 	<p>Law on the Financing of Political Activities in 2011, amended in 2014, Broadcasting Act 2014, amended in 2016, Law on Election of Members of Parliament of 2000, amended in 2011, Criminal Code from 2005, amended in 2014</p> <p>The legislation provides for a series of limits on the private incomes of political parties, interdictions regarding donations from foreign sources, trade unions and anonymous donations. Corporate donations are prohibited only if the corporation is state property. Also, limits are set for the amount that can be donated to political parties and candidates, both in electoral period, as well as outside it. The public funding is allocated based on the share of votes obtained at the previous elections, representation in the elected body and participation in elections. Access to the media is free and equal and there are provisions that promote gender equality among the candidates. The purchase of votes and the use of state resources used in favour of or against a party or political candidate is prohibited. The expenses of a party or a candidate are not limited. Parties must keep annual accounts that must be made public. They must reveal funding sources for electoral campaigns and must reveal the identity of donors. The accounts are supervised by the Anticorruption Agency. Sanctions include fines, loss of public funding and imprisonment.</p>
Slovakia	Law no. 85 on political parties and movements of 2005, amended in 2016, Law no. 181 regarding the electoral campaign and amendments to Law no. 85 on political parties and movements in 2014, Act of 18 March 1999 on the election of the President of the Slovak

Country	Legislation in the field of financing political parties and electoral campaigns
	<p>Republic, plebiscite and amendment of other acts, amended in 2003, Law no. 167/2008 Coll. and Law no. 445/2008 Coll., Criminal Code (300/2005 Coll.), Amended in 2016</p> <p>The legislation provides some restrictions on the private incomes of political parties. Donations from foreign entities and anonymous donors are prohibited. Donations from corporations are prohibited only in the case in which the corporation is partially owned by the state. Unions are allowed to donate, but other entities are not specified in the law. There are limits on donations to parties outside electoral periods, but not during electoral times. Public funding shall be allocated according to the share of votes obtained at the previous elections and to representation in the elected body. There are specific rules for which public funding can't be used. Subsidized access to the media is equally allocated. The purchase of votes is prohibited, but not the use of state resources in favour of or against a party or political candidate. There are spending limits. Parties should report annually on funding sources and publish financial information related to electoral campaigns and donor identity. The reports are supervised by the National Council of the Slovak Republic. There are sanctions in the form of fines for those who breach the legal provisions.</p>
<p>Slovenia</p> 	<p>Law of political parties of 1994, amended in 2014, Legislative act on campaigns for election and referendum of 2007, amended in 2013, Penal Code of 2008, amended in 2016</p> <p>Legislation provides some restrictions on the incomes of political parties. Thus, donations from foreign entities and from anonymous donors as well as donations from corporations are prohibited, but trade unions are allowed to donate. There are limits to party donations, both in electoral period, as well as outside it. Public funding shall be allocated on the basis of the votes cast in previous elections. There are specific rules on subsidized access to mass-media, which is equally allocated. It is forbidden to purchase votes, but not to use state resources in favour of or against a political party or candidate. Expenses are limited. Parties must report annually to the public the sources of funding, financial information related to electoral campaigns as well as the identity of the donors, if the contributions of the private individuals exceed the monthly average gross salary. The reports are monitored by the Court of Accounts of the Republic of Slovenia. Sanctions include fines and loss of public funding.</p>
<p>Spain</p> 	<p>Organic law no. 8 on the financing of political parties in 2007, amended in 2015, Organic Law no. 5 on the general elections regime from 1985, amended in 2016, Organic law of political parties no. 6 of 2002, amended in 2015</p> <p>In current legislation there are some limitations on the private incomes of political parties. No interdictions regarding donations from foreign entities or trade unions are provided, but there are interdictions regarding donations from anonymous corporations and donors. Donations received both in during the electoral periods, as well as outside it, are limited. The public funding is allocated based on the representation in the elected body and on the share of seats in the previous elections, being used for the campaign expenses and the current activities. Additional funding available for security spending is foreseen. Access to the media is subsidized, allocated based on the number of seats and the vote in the previous elections. The state grants campaign asset spaces tax exemptions and carries out shipping charges. The purchase of votes is forbidden. Party expenses are limited. Parties must keep accounts that must be made public and must disclose donor identities. Accounts shall be monitored by the Court of Auditors. There are sanctions for breach of legal provisions, in the form of fines.</p>
<p>Sweden</p>	<p>Criminal Code (1962: 700) amended in 2016, Law on transparency of party financing (2018: 90) amended in 2016, Local Government Act ("Kommunallag") (1991: 900) amended in 2015, Law (1972: 625) on support state financial support to political parties,</p>



Country	Legislation in the field of financing political parties and electoral campaigns
	<p>amended in 2014, Electoral Act (2005: 837) amended in 2014</p> <p>The current legislation provides few limits on parties' private incomes and interdictions for donations from foreign entities, but no interdictions for donations from corporations, trade unions or from anonymous donors are provided. There are no limits on the donated amount, received both in during and outside electoral periods. Public funding is available for political parties (not those who received donations from anonymous donors) and is allocated according to the share of votes in previous elections, representation in the elected body, participation in elections and share of seats in previous elections. Public funding can be used for campaign expenses. No provisions regarding subsidized media access are introduced, but provisions were made for indirect public funding from other sources (use of spaces for campaign meetings). The purchase of votes is prohibited, but there are no interdictions regarding the use of state resources in favour of or against a political party or candidate. There are no limits on spending for parties and candidates. Parties must keep accounts that must be made public without disclosing donor identities. Accounts are supervised by the Administrative Court and Kammarkollegiet. The sanctions are in the form of fines.</p>
<p>Hungary</p> 	<p>Law XXXIII of 1989 on the operation and financial management of political parties, amended in 2014, Law LXXXVII of 2013 on transparency of campaign costs related to elections of members of the National Assembly, Act XXXVI of 2013 on electoral procedure, Criminal Code 2012, amended in 2017</p> <p>The legislation provides some limits on the private incomes of political parties, including interdictions regarding donations from foreign entities, corporations in general and anonymous donors. However, donations from trade unions are not prohibited. Interdictions regarding donations from various other entities, such as public institutions, were also introduced. No limits on donation value are provided. Public funding shall be allocated based on the number of votes cast at the previous elections, representation in the elected body and attendance at previous elections. Funding can only be used during the electoral campaign to cover actual costs related to the campaign's activities. Access to the media is subsidized and tax relief is provided as a form of indirect public funding support. The purchase of votes and the use of state resources in favour of or against a party or political candidate is prohibited by law. The amounts a political party can spend is limited. The parties must report annually on the funding received. The reports include details on campaign funding, must be made public and, in some cases, must disclose donor identity. The reports are monitored by the Court of Accounts and the Office of State Accounts. Penalties are in the form of fines, loss of public funding and seizure.</p>

Table 2.1. Comparative analysis of the legislation in the European countries regarding the financing of political parties and electoral campaigns

In Romania, the legislation in the field of financing of political parties includes: *Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns* (as amended by Law no. 78/2016 and other ordinances in 2016 and 2019); *Decision no. 10/2016 for the approval of the Methodological Norms for the enforcement of Law no. 334/2006*; *Law no. 208/2015 on election of the Senate and of the Chamber of Deputies, as well as for the organization and operation of the Permanent Electoral Authority*, republished, as subsequently amended and supplemented; *Law no. 176/2010 on integrity in exercise of public office and dignitary functions*, for the amendment and supplementation of Law no. 144/2007 on

the setting up, organization and operation of the National Integrity Agency, as well as for the amendment and supplementation of other regulatory documents. The national legislation provides some limits on the private incomes of political parties, interdictions regarding donations from foreign entities and trade unions. Donations from corporations and confidential donations are permitted under certain conditions. Donations are limited. The public funding is allocated based on the votes cast in the previous elections and representation in the elected body. There are specific rules that provide for what funding can be used and allow public funding to be used for expenditure on current campaigns and activities. Indirect public funding is available in the form of subsidized media access (which is allocated based on the number of candidates), campaign meeting space and tax exemption. There are also provisions to encourage gender equality and spending regulations. The purchase of votes is prohibited and there are some restrictions on the use of state resources used in favour of or against parties or candidates. There are spending limits. The parties must have public accounts and provide information on sources of financing of electoral campaigns and on donor identity. The accounts are monitored by the Permanent Electoral Authority and the Court of Accounts. Penalties are in the form of fines, loss of public funding or seizure, as well as sanctions in accordance with the criminal law.

2.2. International regulations on financing of political parties and electoral campaigns

Strengthening the principles and promoting democratic values at international level resulted in the launching of initiatives for regulation of the electoral field, both in terms of the way in which the political parties carry out their current activity, as well as from the perspective of organizing and running electoral campaigns. The evolution of the democratic societies also led to the evolution of the method of approaching the issue of financing political parties and electoral campaigns, topics such as: nature of funding sources, limitation of incomes and expenditures, accessibility of various facilities from the state, transparency of incomes and disclosure of sources that supported the activity of the parties and of course, controls that contribute to the assessment of compliance with the regulations in the field. In this context, a number of international regulatory organizations or bodies have intensified their activity, in a joint effort to promote transparency of incomes and expenditures required

IT - Key recommendations for policy funding standards

- ✓ Detailed disclosure of assets, income and expenses by political parties and candidates.
- ✓ Limits regarding the duration and cost of electoral campaigns and large private donations.
- ✓ Mechanisms for protection of ethical standards in public life, including regulation of conflicts of interest.
- ✓ Appropriate resources allocation and independent oversight bodies.

for political parties to carry out specific activities, including electoral campaigns.

The initiative can be appreciated **Transparency International**, organization that promotes *"An overall movement that shares a single vision: a world where people's government, business, civil society and everyday life are free of corruption."* Since 2001, Transparency International has promoted the idea of using *international standards on political funding*, in one of four world reports on corruption (*Corruption of the financing of political parties: the case of global standards, integral part of the Global Report on Corruption, 2001*), with strong arguments in favour of transparency requirements, expenditure limits and regulations for private funding. In 2009, the IT fight against corruption regarding the financing of political parties and electoral campaigns materializes in the document "Standards regarding political funding and favours", document containing key recommendations of the organization for elaboration of standards related to political funding. Transparency International vision (*Standards on Political Funding and Favours, 2009*) reflects the following ideology: **Transparency - the cornerstone of regulation**, ideology which promotes the idea that transparency should be at the basis of all regulatory documents in order to build an adequate legal framework. Transparency:

- it is the starting point for regulating how parties and candidates are funded;
- provides the possibility to verify that no irregularity has occurred and that the regulatory frameworks are effectively implemented, by fully disclosing policy funding policies and practices;
- gives the electorate the possibility to take correct decisions, with an overview of the fundraising actions and the way in which they are used.

Not only Transparency International is campaigning to regulate transparency in funding political parties and electoral campaigns. Many other organizations contributed through actions, reports or other categories of documents to the formation of an anti-corruption culture in the field of financing political parties and electoral campaigns, in an attempt to build a transnational legal framework for the prevention and fight against corruption. From 2001 to 2003, **Council of Europe** has approached the subject of policy funding several times, drawing up guidelines and recommendations for Member States. The **UN**, through **Convention United Nations Against Corruption** adopted in 2003, includes provisions also for the field of financing of political parties and electoral campaigns. Thus, each signatory state assumes "taking adequate legislative and administrative measures in accordance with the objectives of this Convention and in compliance with the fundamental principles of its internal law in order to increase transparency in the financing of candidatures for the elected public office and, where appropriate, funding of political parties" (*United Nations Convention Against Corruption, Chapter II - Preventive Measures, Article 5 - Anti-Corruption Prevention Policies and Practices, Paragraph 1*). **General Comment No. 25 of the United Nations Human Rights Committee** - in article 25 of the



International Covenant on Civil and Political Rights highlight since 1996 that "an independent Electoral Authority should be set up to supervise the electoral process and to ensure that it is conducted in a fair, impartial manner and in accordance with the laws established in accordance with the Covenant "(Article 20 of the Commentary).

The Organization for Economic Cooperation and Development (OECD), through the Convention on Fight against Corruption for Foreign Officials (OECD, 1997) and the African Union under the African Union Convention on Prevention and Fight against Corruption (AU, 2003) also included provisions on how to regulation of party financing and electoral campaigns. The OCDE brings into discussion another topic of major importance for the field of financing of political parties and electoral campaigns, namely that of the risks associated to this process, and submits a legitimate question *"Why regulatory models are still insufficient to cope with these risks?"*. In an attempt to answer questions on the role of money in politics, the Public Sector Integrity Division of the Directorate for Public Governance and Territorial Development of the Organization for Economic Cooperation and Development, through publications in the field, strives to encourage global debates, providing an ample framework containing numerous important issues for funding political organizations. OECD tries to map as accurately as possible the risks associated with the entire process of funding of political parties and electoral campaigns, and highlights the importance of applying sanctions more rigorously, both to discourage illicit practices and to increase the trust of citizens, which are rather sceptical when the political field is called into question in all its aspects (*OECD, Funding of Political Parties and Election Campaigns and Risk of Policy Capture, 2016*).

International cooperation in the field of prevention and fight against corruption, by increasing transparency in the financing of political parties and electoral campaigns, reflects the approach of the same subjects of discussion (formation of the legislative framework, limitation of public and private contributions, verification and control by an independent body, declaration of incomes and publication of funding sources), but they put different emphasis on the recommendations elaborated, depending on the angle from which they concern the issues. For example, the Council of Europe shows a strong concern for incomes from donations, which, if not properly regulated and monitored, can be an important source for the development of corruption phenomenon.

Retrospectively, initiatives for regulation of the field and international recommendations essential for financing political parties and electoral campaigns are presented in the following form:



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Programul Operațional Capacitate Administrativă 2014 - 2020

Organization	Document	Year	Limitation of private funds	Expenses limits	Public funding	Free access to media	Reporting	Disclosure of sources	Observers	Supervisors
 Transparency International	Global Corruption Report 2001, Keith Ewing	2001	X	X	X	X	X	X	X	X
	Transparency International's Standards on Political Finance and Favours	2009	X	X	X	X	X	X	X	X
 Council of Europe	Venice Commission	2001	X	X	X	-	X	X	X	-
	Committee of Ministers Recommendation Rec (2003) 4	2003	X	X	X	-	X	X	X	-
	Financing political parties and election campaigns - guidelines - Ingrid van Biezen	2003	X	X	X	X	X	X	X	-
 Carter Center	Meeting	2003	X	X	X	X	X	X	X	X
 United Nations	General Comment No. 25: The right to participate in public affairs, voting rights and the right to equal access to public services (Art. 25)	1996	-	-	-	-	X	X	X	X
	Convention against corruption	2003	-	-	-	-	X	X	-	-
 African union	Convention on Prevention and Combating Corruption	2003	-	-	-	-	X	X	-	-
 World Economic Forum / Transparency International	Partnership against Corruption Initiative	2005	-	-	-	-	X	X	-	-
 OECD	OECD Guidelines for Multinational Enterprises	2001	-	-	-	-	X	X	-	-
	Financing Democracy. Funding of Political Parties and Election Campaigns and Risk of Policy Capture	2016	X	X	X	-	X	X	-	-
 OSCE / ODIHR	Guidelines on Political Party Regulation	2011	X	X	X	X	X	X	-	-
	Handbook for the Observation of Campaign Finance	2015	X	X	X	X	X	X	X	X

Table 2.2. Topics mentioned in the recommendations on political funding

The field of funding for political parties and electoral campaigns is further monitored by the bodies or organizations above, in an attempt to solve the issue of transparency of funding of political parties and electoral campaigns, but respecting fundamental rights and freedoms. The Member States of the European Union have the obligation to offer the citizens the right to associate with political organizations and to find solutions for accessibility to financing sources, in compliance with the obligations assumed upon accession.

Treaty on European Union - document of significant importance for the Member States of the European Union, the Treaty provides in Article 10 that the functioning of the European Union "shall be based on the principle of representative democracy". Also, the document clearly shows the support of the institutions of the European Union with regard to the rights, freedoms and principles set forth in the document *Charter of Fundamental Rights of the European Union (Art. 6 TEU)*. The content of the TEU states that the Member States adhere to the European Convention for the Protection of Human Rights and Fundamental Freedoms, and "fundamental rights as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms and as they result from constitutional traditions common to the States Member States are general principles of EU law " (*Art. 6, para. 2 and 3*). Therefore, the Member States of the European Union have the obligation to observe the principles of the *Charter of Fundamental Rights of the European Union*, document that promotes democratic ideology, guaranteeing a series of rights that also affect in the field of electoral funding, such as:

- *right of citizens of assembly and association*, the right under which "any person has the right to freedom of peaceful assembly and freedom of association at all levels and *especially in the political fields*, trade union and civic, which implies the right of any person to set up and join other persons in trade unions in order to protect his interests "(Art. 12);
- *right to non-discrimination*, which provides for prohibition of discrimination of any kind, including that related to political opinion and belonging to certain national minorities (Art. 21);
- *the right to equality between women and men*, which stipulates that equality between women and men must be ensured in all areas of activity, therefore it also affects the political field, in all its aspects, including in terms of women's participation in political life, electoral campaigns, access to same sources of funding (Art. 23).


Framework Convention for the Protection of National Minorities, The legal instrument of the Council of Europe, adopted in Strasbourg on 1 February 1995 and signed by Romania on the same day, is a document that reflects a firm commitment of states, including Romania, to pursue their own policies aimed at strengthening the legal regime for the protection of persons belonging to national minorities in its territory. Article 7 governs the right promoted by the EU Treaty, namely the "*respect*



for the rights of every individual belonging to a national minority to freedom of peaceful assembly and freedom of association, to freedom of expression and to freedom of thought, conscience and religion".

2.3. Recommendations of international bodies concerning the funding of political parties and electoral campaigns

Starting from the notion that political parties are a fundamental element of democratic systems for any rule of law and they are an important tool for expressing the political will of citizens, in compliance with fundamental human rights, internationally, bodies responsible for monitoring the activity carried out in this field, in order to use uniform, harmonized norms, in accordance with the idea of promoting an international culture of transparency and equal opportunities. Concerning the electoral process in all its aspects, including the funding of political parties and the way in which funds are used for electoral campaigns, the activities of the following international bodies are noted:

 **GRECO** (Group of States Against Corruption) is a body of the Council of Europe set up in 1999 to monitor the compliance of states with international anticorruption standards. Through successive interventions in highly vulnerable areas of activity, GRECO helps Member States to fight corruption by improving the institutional capacity to respond to corruption risks, as well as to establish a culture of respect for citizens' fundamental rights and the promotion of ethical principles.



Compliance with the commitments undertaken by the Member States is a priority for GRECO, which is why, since its inception, a dynamic mechanism for evaluation and exchange of good practice between Member States was created and used to help improve national anticorruption strategies, strengthening legislative reforms and development of current institutional practices.

As to how to exercise its attributions, GRECO has a cyclical approach and conducts its activity through assessment rounds, to cover specific themes and topics of interest. Since 2000, up to now, five evaluation rounds have been organized, as follows:

- The First Evaluation Round - launched on 1 January 2000 - triggered the assessment process on the level of independence, specialization and use of the means of the national bodies involved in preventing and combating corruption;
- The second Evaluation Round - launched on 1 January 2003 - triggered the assessment process on the possibilities for identification, notification and, as the case may be, confiscation of incomes obtained as a result of commission of corruption



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Programul Operațional Capacitate Administrativă 2014 - 2020



acts, as well as for the process of assessment of institutions in public administration central and local;

➤ The third Evaluation Round - launched on 1 January 2007 - triggered the assessment process on the capacity of the state and responsible institutions in two strategic areas: criminalization of corruption actions and increase of transparency of the financing process of political parties and electoral campaigns (all aspects of funding of political organizations and electoral campaigns, in view of increasing transparency regarding funding sources, funds obtained and expenditures incurred, as well as from the point of view of applying sanctions);

➤ The Fourth Assessment Round - launched on 1 January 2012 - triggered the assessment process on the capacity of the states for prevention of corruption, the concerned being members of Parliament, judges and prosecutors;

➤ The Fifth Evaluation Round - launched on 30 March 2017 - triggered the assessment process on the capacity of the states to prevent and fight against corruption and promote integrity at central government level (policy implementation, implementation of legislation, adoption and implementation of regulations, decision-making on government spending, decision-making on appointment of directors).

Romania is a founding member of GRECO, and in terms of increasing the transparency of the funding process of political parties and electoral campaigns, as a topic specific to the third round of evaluation, so far five evaluation reports have been elaborated, as follows:

➤ **Romania Evaluation Report on Transparency of Financing of Political Parties** - adopted by GRECO at its 49th plenary meeting in Strasbourg, between 29 November - 3 December 2010 and published on 3 December 2010 - brings Romania a series of **13 recommendations** to assist the state in consolidating the legislation in force, improving actions and instruments for control and enforcement of sanctions, increasing transparency in funding political organizations, independent candidates and electoral campaigns.

Analysis of the legal framework and of the control process regarding the funding of political parties and electoral campaigns highlighted a series of issues that formed a totally unfavourable picture for Romania. Thus, from the point of view that political parties spend significantly higher amounts than those declared officially, there are no indications regarding the means by which the political parties can pay their debts sometimes too high for the private individuals or legal entities that offered loans, there is no interaction between the tax authorities receiving the annual financial statements of the political parties and the controlling authority (EPA), the application of the sanctions is related to a very low threshold (maximum limit of fines was of Euro 6000), GRECO concluded inter alia that "transparency general financing of electoral campaigns is seriously undermined. "

In line with the issues identified as a result of the visits made in Romania, GRECO estimates that urgent interventions in the field of financing, which it considers

to be "problematic" are required, through discussions held and after centralization of answers from the questionnaires.

GRECO Guidelines for Romania

I. i) to clarify how the financial activity of the various types of structures in relation to political parties must be recorded in the accounting documents of political parties; ii) to examine how to increase the transparency of contributions of "third parties" (e.g. separate entities, interest groups) to political parties and to candidates;

II. Ensure that all entities controlled by political parties and district branches (including the sectors of the Capital) of political parties maintain adequate accounting records;

III. to request the political parties to submit the consolidated financial statements to PEA and to publish adequate abstract versions;

IV. to take appropriate measures to ensure i) identification and registration as donations, at market value, of donations in kind to parties and to participants in electoral campaigns (other than the voluntary activity of non-professionals); ii) to clarify the legal regime of loans;

V. (i) to establish the legal obligation that all donations be, as a rule, recorded and included in the accounting documents of political parties and of participants in electoral campaigns; ii) to introduce the legal obligation that all donations exceeding a certain threshold be made through the banking system;

VI. to provide clarifications regarding the allowed financing generated by "internal services" and by organizing events and regarding the method of recording in the accounting documents of the generated revenues in this way;

VII. to amend the regulations related to the transmission to PEA of financial reports related to electoral campaigns, so that PEA adequately monitors all legitimate claims and debts;

VIII. to request that the annual situations of political parties, to be submitted to PEA as recommended above, be subject to an independent audit prior to submission thereof;

IX. i) to give full responsibility to the Permanent Electoral Authority (EPA) for monitoring compliance with *Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns*; ii) strengthen the efficiency of the supervision of the PEA on the funding of political parties and elections, including by granting the EPA additional control attributions regarding the expenditures of political parties and other entities than they and sufficient human and other resources in order to achieve this pregnancy;

X. to strengthen the cooperation and coordination of the operational and executive efforts between the Permanent Electoral Authority, the Court of Accounts, the tax administration and the National Integrity Agency;

XI. to stipulate in *Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns* the obligation of the Permanent electoral authority to report suspicions regarding crimes to the competent law bodies;

XII. to increase the applicable sanctions in accordance with *Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns* and thus to ensure that all breaches of the law are punishable by effective, proportionate and dissuasive sanctions;

XIII. to extend the limitation period applicable to breaches *Of Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns*.



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Programul Operațional Capacitate Administrativă 2014 - 2020



Since the adoption of these recommendations, successive efforts have been made so far to develop the state's capacity to prevent and combat corruption in the field of funding political parties, channelled efforts towards improving legislation, increasing sanctions, ensuring transparency and promoting equality in the attempt to respond to GRECO recommendations as well as other commitments assumed by signing other international conventions and treaties.

➤ **First Compliance Report regarding Romania** - adopted by GRECO at its 58th Strasbourg Plenary Meeting, on 3-7 December 2012 and published on 11 February 2013 - highlights that Romania adopted a new Anti-Corruption Strategy and an Action Plan for its implementation for the 2012- 2015 and that it made efforts to implement the recommendations regarding the funding of political parties and electoral campaigns. It is concluded that three recommendations were implemented and treated satisfactorily, and the rest partially implemented, fact that generates a high degree of satisfaction for GRECO, who declares "extremely pleased to see that all recommendations are taken into account, and the Permanent Electoral Authority seems that he progressively strengthens his position and authority. "

➤ **Romania's Second Compliance Report** - adopted by GRECO at its 66th Strasbourg Plenary Meeting, from 8-12 December 2014 and published on 12 December 2014 - highlights that although Romania had a very promising start with actions that seemed viable for increase transparency in the financing of political parties and electoral campaigns at the time of the re-evaluation "Romania didn't use the 2-year additional period elapsed since the first Compliance Report, in order to register any progress." Moreover, the draft amendments to Law no. 334/2006 recorded differences compared to the ones analysed previously, situation that led GRECO to reassess two recommendations considered partially implemented in the previous report. Thus, a reservation is maintained regarding the implementation of the iii and vii recommendations and they are appreciated as non-implemented.

The remainder of the recommendations are maintained in GRECO's vision as partially implemented, but the committee underlines the "utmost importance of clear, consistent and effective rules regarding supervision of the funding of political parties", a field appreciated at the time of the visit as a "weak area" that can't properly managed the issue of financing political parties.

The overall situation is classified as "globally unsatisfactory", as per Rule 31, paragraph 8.3. of the Rules of Procedure.

➤ **Interim Accountability Report of Romania** - adopted by GRECO at its 69th plenary meeting in Strasbourg, dated October 12-16, 2015 and published on 16 October 2015 - emphasizes that the adoption in May 2015 of the legislation amending Law no. 334/2006 was beneficial given that recommendations VII, VIII, IX, XI and XIII were reassessed and assessed to be satisfactorily implemented. In this context, GRECO no longer considers that the overall situation is classified as "globally unsatisfactory" and decides not to continue to apply Regulation 32 in respect of non-compliant members of the recommendations contained in the Evaluation Report.

➤ **Completion of the 2nd Compliance Report for Romania** - adopted by GRECO at its 75th Plenary Meeting in Strasbourg, between 20-24 March 2017 and published on 18 April 2017 - highlights that Romania has had a substantive legislative reform in terms of funding of political parties and campaigns election. GRECO considers that the amendments to the methodological norms for the implementation of Law no. 334/2006 clarified a number of issues such as: submission of annual financial statements by political parties to the Permanent Electoral Authority; recording all donations in cash and in kind, and donations for campaigns are done through the banking system; application of additional sanctions that deter potential breaches of law.

However, GRECO continues to be dissatisfied with the threshold beyond which the donations must be made through the banking system, considering that it must be greatly reduced, as well as the level of the sanctions that can be increased in order to increase the deterrent effect of sanctions. In conclusion, it can be seen from all the above summarized shortcuts that GRECO has made a significant contribution to the implementation of the legislative reform in Romania in the field of political funding, causing the authorities to strengthen the regulatory framework and to significantly improve the processes for checking incomes and expenditures and for sources funding, thus increasing transparency in this area, considered so far "problematic". In order to highlight the favourable evolution so far, but also in order to enhance the areas considered as still vulnerable that require intervention, a general overview of the way in which GRECO recommendations are assessed is presented.

GRECO - Romania Evaluation Report on Transparency of Financing of Political Parties 29 November - 3 December 2010					
Recommendation I i) to clarify how the financial activity of the various types of structures in relation to political parties must be recorded in the accounting documents of political parties; ii) to examine how to increase the transparency of contributions of "third parties" (e.g. separate entities, interest groups) to political parties and to candidates.					
GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012		✗			
Second Compliance Report 8-12 December 2014		✗			
Interim compliance report of Romania October 12-16, 2015		✗			
Completion of the 2nd Compliance Report for Romania 20-24 March 2017			✓		



Proiect cofinanțat din Fondul Social European prin
Programul Operațional Capacitate Administrativă 2014 - 2020



Short comment:

Romania remains under monitoring for the second part of the recommendation, in the sense that GRECO considers that by Law 78/2016 sanctions were provided only for financing by third parties of electoral propaganda material, but it was not clarified and framed with sanctions the situation in which other forms of support of political parties and of independent candidates by third parties occur.

Recommendation II - ensure that all entities controlled by political parties and district branches (including the sectors of Bucharest) of political parties keep adequate accounting records

GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012			✓		
Second Compliance Report 8-12 December 2014			✓		
Interim compliance report of Romania October 12-16, 2015			✓		
Completion of the 2nd Compliance Report for Romania 20-24 March 2017			✓		

Short comment:

The role of the financial trustees and the coordinating financial agent is an important one, including for the compliance with this recommendation. From the point of view of the accounting records regarding the financial inputs and outputs for the conduct of the electoral campaigns, one can see an evolution by introducing some legal provisions that require the recording of all accounting operations, elaboration and handing over to the Permanent Electoral Authority reports elaborated for this purpose, under sanctions offenses for non-observance of legal provisions.

Recommendation III - to request the political parties to submit the consolidated financial statements to PEA and to publish adequate abstract variants

GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012		✓			
Second Compliance Report 8-12 December 2014	✗				
Interim compliance report of Romania October 12-16, 2015		✓			
Completion of the 2nd Compliance Report for Romania 20-24 March 2017				✓	

Short comment:

Although considered partially implemented in the First Compliance Report, based on a proposal to amend the legislation, the recommendation was reassessed in the second compliance report. Considering that the draft law

did not come into force in the form agreed by GRECO, with the submission of political parties to the Permanent Electoral Authority, of a detailed report of the incomes and expenses incurred, within a specified term, the recommendation is considered as not implemented. The situation was subsequently corrected.

As per article 49 of the financing law, GRECO re-assesses the situation and considers that the obligation to submit reports to EPA, as well as the assumption by the authority of their publication (or abstracts) on the official website is a step important for increasing transparency in the financing of political parties.

Recommendation IV - take appropriate measures to:

- i) ensure identification and registration as donations, at market value, of donations in kind to parties and to participants in electoral campaigns (other than the voluntary activity of non-professionals);
- ii) to clarify the legal regime of loans.

GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012		✓			
Second Compliance Report 8-12 December 2014		✓			
Interim compliance report of Romania October 12-16, 2015		✓			
Completion of the 2nd Compliance Report for Romania 20-24 March 2017				✓	

Short comment:

In the assessment reports it is noticed that, for a long period of time, the sources from which the loans were made were not clearly regulated, which is why different interpretations related to the issues of the loans existed. As a result of these contradictions, the Permanent Electoral Authority prohibits by order the loans as a source of funding. Subsequently, the legislation was revised, and following the introduction of clear provisions on the limits of donations and loans and provisions related to the eligible sources for performing such operations, GRECO considers that the recommendation has been satisfactorily implemented.

Recommendation V.

- i) to establish the legal obligation that all donations be, as a rule, recorded and included in the accounting documents of political parties and of participants in electoral campaigns;
- ii) to introduce the legal obligation that all donations exceeding a certain limit are made through the banking system.

GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012		✓			
Second Compliance Report 8-12 December 2014		✓			
Interim compliance report of Romania October 12-16, 2015		✓			
Completion of the 2nd Compliance Report for Romania 20-24 March 2017		✓			

Short comment:

Recommendation V remains partially implemented, which will lead to further monitoring of the donation threshold for which the obligation to perform a banking transfer is foreseen. GRECO appreciates the first part of the recommendation as being implemented, but stresses that the law on financing political parties and electoral campaigns, as subsequently adopted and amended, allows donations not exceeding 10 gross national minimum wages to be made by other means. The Monitoring Committee considers that this threshold is unacceptably high and recommends the reduction of the ceiling for the obligation to make donations by bank account.

Recommendation VI - to provide clarifications regarding the allowed financing generated by "internal services" and by organizing events and regarding the method of recording in the accounting documents the revenues generated in this way

GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012				✓	
Second Compliance Report 8-12 December 2014				✓	
Interim compliance report of Romania October 12-16, 2015				✓	
Completion of the 2nd Compliance Report for Romania 20-24 March 2017				✓	

Short comment:

The notion of "internal services" has been clarified, the sources that may generate incomes for the parties are expressly mentioned in Art. 16 in Law 334/2006.

Recommendation VII - to amend the regulations related to the transmission to PEA of financial reports related to electoral campaigns, so that PEA adequately monitors all legitimate claims and debts

GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012		✓			
Second Compliance Report 8-12 December 2014	✗				
Interim compliance report of Romania October 12-16, 2015				✓	
Completion of the 2nd Compliance Report for Romania 20-24 March 2017				✓	

Short comment:

As in case of recommendation iii, GRECO regrets the change of legislation in a different form from that of the draft amendment analysed by the committee and reassesses the recommendation in the second compliance report, as being not implemented. Subsequently, in the 2015 report it is concluded that the submission of detailed reports on incomes and expenditures to the Permanent Electoral Authority provides the Authority with the possibility to monitor financial statements, as well as debts registered by political organizations.

Recommendation VIII - to request that the annual situations of political parties, to be submitted to PEA as recommended above, be subject to an independent audit before filing them

GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012		✓			
Second Compliance Report 8-12 December 2014		✓			
Interim compliance report of Romania October 12-16, 2015				✓	
Completion of the 2nd Compliance Report for Romania 20-24 March 2017				✓	

Short comment:

Following the legislative amendments, the evaluation committee welcomes the introduction of the obligation to hand over to the Permanent Electoral Authority a copy after the Audit report, within 60 days after the audit, considering the recommendation to be fulfilled.

Recommendation IX

- i) to give full responsibility to the Permanent Electoral Authority (PEA) for monitoring compliance with Law no. 334/2006 on financing of activity of political parties and electoral campaigns;
- ii) strengthen the efficiency of the supervision of the PEA on the funding of political parties and elections, including by granting the EPA additional control attributions regarding the expenditures of political parties and other entities than they and sufficient human and other resources in order to achieve this pregnancy

GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012		✓			
Second Compliance Report 8-12 December 2014		✓			
Interim compliance report of Romania October 12-16, 2015				✓	
Completion of the 2nd Compliance Report for Romania 20-24 March 2017				✓	

Short comment:

Through its attributions presently, PEA is authorized to control compliance with legal provisions on incomes and expenses of political parties, political or electoral alliances, independent candidates, as well as the legality of financing of electoral campaigns. Also, PEA may request additional proof of justification of incomes and expenses, may apply warnings and fines and may notify criminal investigations bodies in case of committing certain criminal law actions. The set of PEA attributions determined the assessment commission's members to appreciate the initial recommendation as being satisfactorily implemented.

Recommendation X - to strengthen the cooperation and coordination of the operational and executive efforts between the Permanent Electoral Authority, the Court of Accounts, the tax administration and the National Integrity Agency;

GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012				✓	
Second Compliance Report 8-12 December 2014				✓	
Interim compliance report of Romania October 12-16, 2015				✓	
Completion of the 2nd Compliance Report for Romania 20-24 March 2017				✓	

Short comment:

Ever since the first compliance report, the evaluation committee appreciates the efforts made by the Romanian authorities to improve the inter-institutional cooperation level in order to control the legality of electoral revenues and expenditures.

Recommendation XI - to provide in Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns the obligation of the Permanent electoral authority to report suspicions regarding crimes to competent bodies

GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012		✓			
Second Compliance Report 8-12 December 2014		✓			
Interim compliance report of Romania October 12-16, 2015				✓	
Completion of the 2nd Compliance Report for Romania 20-24 March 2017				✓	

Short comment:

Although there were some concerns regarding the nature of the crimes that the Permanent Electoral Authority may notify, the GRECO evaluation commission appreciated the wording in Law 334/2006, according to which the PEA notifies the criminal investigation bodies if during the control performed suspicions arise regarding to commission of criminal actions and considers the recommendation to be satisfactorily implemented.

Recommendation XIII - to increase the applicable sanctions in compliance with Law no. 334/2006 on the financing of the activity of political parties and of electoral campaigns and thus to ensure that all breaches of the law are punishable by effective, proportionate and dissuasive sanctions

GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012		✓			
Second Compliance Report 8-12 December 2014		✓			


Interim compliance report of Romania October 12-16, 2015		✓			
Completion of the 2nd Compliance Report for Romania 20-24 March 2017		✓			
Short comment: Recommendation xii remains under GRECO monitoring which considers that although new sanctions for offenses were introduced and the limits of the applicable fines increased, it is still not sufficient to create the deterrence effect of political parties in breach of the legal provisions on incomes and expenses required for the performance of the proceedings current activity and electoral campaigns.					
Recommendation xiii - extend the limitation period applicable to breaches of Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns					
GRECO Evaluation / Monitoring reports	not implemented	partially implemented	treated satisfactorily	satisfactory implementation	Observations
1	2	3	4	5	6
First Compliance Report 3-7 December 2012		✓			
Second Compliance Report 8-12 December 2014		✓			
Interim compliance report of Romania October 12-16, 2015				✓	
Completion of the 2nd Compliance Report for Romania 20-24 March 2017				✓	
Short comment: Concerning the extension of the limitation period for the application of sanctions provided by the law on financing political parties and electoral campaigns, the evaluation commission welcomes the increase of the term from 6 months to 3 years, even though there were some controversies regarding the maximum limit.					

Table 2.3. Retrospective of GRECO recommendations for Romania

In conclusion, regarding the recommendations of GRECO, one may notice the concern of the evaluation commission for the degree of implementation of two of the recommendations issued at the first evaluation of the framework for the process of financing political parties and electoral campaigns, namely Recommendation V - on reduction of the ceilings for which donations are made by bank account and of Recommendation XII - increasing the sanctions applicable to the breach of *Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns*, republished, as subsequently amended and supplemented, so as to ensure that all breaches of the law are punishable by effective, proportionate and dissuasive sanctions.

The recommendations of GRECO were an important benchmark for the modification and consolidation of the Romanian legislative framework, which led to increased transparency in the financing of political parties and electoral

campaigns and improved the conduct of the parties in the process of checking the legality of incomes and expenditures.

 **OSCE** (Organization for Security and Cooperation in Europe) is an international security body with role in conflict prevention, crisis management and post-conflict reconstruction. Currently, the OSCE has 57 member states, among them Romania, and covers its missions such as: national and international security, strengthening of trust and security, protection of human rights and of national minorities, promotion of democratic principles, development of common strategies for security and combating terrorism, management of economic and environmental activities.



Through the missions carried out in different Member States, but also through successive interventions in areas of activity with high vulnerability, the OSCE helps Member States to fight for security, by improving institutional capacity to respond to potential risks, showing respect for and tolerance to diversity. Through the ODIHR (Office for Democratic Institutions and Human Rights), the OSCE provides support, assistance and expertise to participating states and civil society to promote democracy, the rule of law, human rights, tolerance and non-discrimination. As one of the main regional human rights bodies in the world, the Office for Democratic Institutions and Human Rights of the OSCE, works with various bodies such as: government institutions, political parties, parliamentary structures, civil society representative organizations, providing support for policy development; and strategies in areas with a direct impact on human rights.

In this context, the ODIHR also supports the participant states' efforts to increase the participation of women and youth in politics and supports the development of the political environment through the participation of several parties. The ODIHR observes the elections, examines the legislation and advises the governments of the member states on how to develop and support the democratic institutions. The Office carries out training and law enforcement programs, both for government officials and non-governmental organizations, in order to identify the best solutions for the defence and promotion of human rights. In the electoral field, the OSCE, through its structures, observes the manner in which elections take place in order to assess the extent to which electoral processes respect fundamental freedoms and are characterized by equality, universality, political pluralism, trust, transparency and accountability.

The OSCE through the ODIHR supports national authorities in their efforts to improve electoral processes and to follow-up on the recommendations of election observation missions, by reviewing legislation on elections and providing technical expertise



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Programul Operațional Capacitate Administrativă 2014 - 2020*



OSCE expertise and involvement is reflected in a series of issues, such as the application of international standards and good practice in electoral matters, which contributed to the creation and development of an international culture, where transparency and observance of the rights of all parties involved in the electoral process represent fundamental values. The role of the OSCE is an important one, including for the funding of political parties and electoral campaigns, published analyses and materials contributing to improving electoral practices. The OSCE vision on funding of political parties and electoral campaigns, falls within the following parameters:

- Counselling of election commissions;
- Application of international standards and best practices;
- Improvement of electoral administration;
- Technical analysis of elections;
- Electoral code reform;
- Consultations between stakeholders in the voting process;
- Training, performance reviews and assessments;
- Strengthening women's participation in elections;
- Awareness-raising campaigns on voters' rights and electoral procedures;
- Support NGOs involved in the development and observation of local and national surveys;
- Establishing voters lists.

Without adequate funding, candidates and parties have low chances to organize and run electoral campaigns effectively or to send messages to voters. At the same time, the state authorities and citizens have a legitimate interest in ensuring that the campaign financing system is fair, transparent and limits the risks of corruption. In this context, the regulations on campaign financing must balance two needs: on the one hand, the need to respect freedom of expression and, on the other hand, the need to ensure a fair electoral process (*OSCE / ODIHR - Handbook for the Observation of Campaign Finance, Poland, 2015, p. 11*)


In order to achieve this balance, the OSCE member states improved the way in which electoral campaign funding was regulated, but in different ways, depending on the circumstances in which we find the political field and the characteristics specific to each state. However, all countries have a common denominator: trying to permanently improve improvements in funding political parties and electoral campaigns in order to face new challenges and respond to the need to generate more transparency and accountability in this sensitive area. However, the OSCE acknowledges that it will be difficult or even impossible to find an "ideal model" for funding political parties and electoral campaigns functioning in all states, even if they comply with the same general principles. The entire electoral process, in all its aspects, including the funding side of political parties and electoral campaigns, should be carried out in accordance with the commitments made by each OSCE member state, in accordance with the OSCE Copenhagen Document of 1990. Of course, the commitments assumed by the United Nations (UN), the Council of Europe and the Commonwealth of Independent States (CIS) are equally important.



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Programul Operațional Capacitate Administrativă 2014 - 2020

OSCE (*Campaign funding observation manual*, 2015, pp. 27-28) recommends to the Member States, including Romania, the observance of some basic rules regarding the legislative framework for financing electoral campaigns, as follows:

- The rules governing campaign funding legislation should be as clear and precise as possible, including for key terminology, in order to avoid ambiguities and interpretations, which are often subjective;
- Relationships between the monitoring body of funding the electoral campaign (in case of Romania, Permanent Electoral Authority), other responsible institutions (e.g. The Court of Auditors, criminal investigation bodies), political organizations, as well as between national and local stakeholders should be clearly defined, with clear scope of competences, so as to avoid conflicts of interest or overlapping jurisdiction;
- Legislation should be clarified, amended and adopted well in advance of elections, to provide voters and all participants in the process - including authorities, competitors and the media - with sufficient time to comply with the new changes. Delayed adoption of campaign finance legislation may undermine confidence in this process and may reduce the ability of electoral competitors and other stakeholders to become familiar with and prepare for the implementation and enforcement of the rules;
- Campaign funding rules should ensure equality of opportunity for parties and candidates. Special measures may be taken to encourage a balanced participation of underrepresented groups, such as women, national minorities or persons with disabilities (equality of opportunity principles can be seen);
- It is important that the legislation on campaign funding and electoral legislation is well harmonized, avoiding conflicts, ambiguities and contradictory provisions;
- The law should clearly establish time frames for which the rules on campaign funding are applicable, including data for reporting and communication and the statute of application of sanctions for breach of legal provisions;
- The funding rules for the electoral campaign should be adopted in an inclusive and publicly available manner in a timely and highly accessible manner;
- Legislation on funding of electoral campaigns should be in line with OSCE commitments and other international standards for democratic elections.

 **IDEA** (International Institute for Democracy and Electoral Assistance) is an intergovernmental organization that makes significant efforts to support and strengthen democratic institutions and processes around the world, but also to develop sustainable, efficient and legitimate democracies . Through periodical publications, IDEA manages to draw attention to issues of great importance for democracy



and operation of states based on democratic principles. Starting from the recommendations of the Institute, states can strengthen their institutional capacity in order to succeed in alignment with the regional values.

IDEA publications are independent of specific national or policy interests. The IDEA manuals contain useful information related to:

- **design of the entire electoral system.** With regard to this area, IDEA signals that "the election of the electoral system is one of the most important institutional decisions for any democracy. In almost all cases, the choice of a certain electoral system has a profound effect on the future political life of the country in question, and the electoral systems once elected remain often quite constant, as the political interests solidify and respond to the incentives presented by the political power". Important for democratic states is the notion that, even if there are differences, sometimes significant, between democratic systems, their long-term goal is usually the same, following *creating institutions strong enough to promote stable, but sufficiently flexible democracy in order to adequately react to changing circumstances*. Thus, it is conceived that the design of the entire electoral system is a process which is constantly evolving, and that every democratic state has to learn from the experiences of other states (*Electoral System Design, The New International IDEA Handbook, 2008*).

- **financing of political parties and electoral campaigns.** With regard to this field, IDEA highlights in its publications why it is important to finance political parties and election campaigns and what effect it may have for forming the behaviour of the parties involved.

Interesting is the comparative analysis of funding systems in different regions, which offers the opportunity to borrow good practices from other areas (Africa, Asia, Latin America, Europe, Central Asia). The recommendations of IDEA are directed especially towards understanding and observance of the legal framework, maintaining transparency, declaring funding sources (*Funding of Political Parties and Election Campaigns, The International IDEA Handbook on Political Finance, 2014*).

Another interesting aspect, which we do not find in other documents, is related to the fact that in *IDEA Manual on funding of political parties and electoral campaigns*, **the recommendations are addressed to all stakeholders:** decision-makers, monitoring / control institutions / agencies, governing parties, opposition parties, civil society, mass-media, international actors and observers of electoral campaigns.

International Institute for Democracy and Electoral Assistance (IDEA)

IDEA Guidelines for:
Africa



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Programul Operațional Capacitate Administrativă 2014 - 2020

- the control of political finances must not lead to limitations of political competition;
 - an issue to be addressed early is the risk that illicit funds may enter the political process;
 - Considering the relationship between political parties and candidates, all limitations, interdictions and reporting requirements should apply to both parties;
 - reporting all activities related to the printing and distribution of electoral messages and quantitative limitation of content;
 - rejection and control of any attempts to influence the conduct of the regulatory body in the electoral field;
 - maintaining transparency in the application of policy funding regulations;
- Asia** (which has democratic states with active multi-asset systems, but the control body has extensive control responsibilities, as well as states with authoritative systems such as Singapore, Cambodia, Malaysia).
- financial regulators must be independent and not under strict coordination of top-level decision-makers;
 - making available to the public of all relevant information and active involvement of civil society groups in the dissemination of information on policy funding issues;
 - taking into account the principle of gender equality, meaning that monitoring and control must include a gender perspective (access of women and men to money use);
 - political parties are recommended to perform independent external audits and to disseminate detailed information on the funding of the party and of the candidates.

Latin America - although IDEA recommendations are difficult to achieve due to the different challenges in each country and to different degrees of institutional development, we can identify:

- recommendation to develop mechanisms allowing women and other social groups, especially of national minorities, to overcome the barriers to their participation in the political life. In addition to gender and minority opportunities, it is recommended to pay more attention to the lack of financial resources for the participation of these groups in electoral campaigns. Conversely, a vicious circle is created because of the lack of access to either of the two reinforcement components of the states: financial support and political power. Creating special public funds to fund female candidates as part of equality and gender equality policies would be of great help in breaking this vicious circle.

Table 2.4. IDEA Guidelines for different regions

Source: *Funding of Political Parties and Election Campaigns, The International IDEA Handbook on Political Finance, 2014*, available online at <https://www.idea.int/sites/default/files/publications/funding-of-political-parties-and-election-campaigns.pdf>

Regarding the groups of international electoral observers, recommendations were issued for each territorial area, depending on its specificity. Of the general recommendations as a whole, some ideas can be illustrated, which may be useful, including the national monitoring and control bodies regarding the funding of political parties and electoral campaigns:

It must be understood that **the way in which money is gathered and spent during an election campaign is often a much better indicator of correctness and competitiveness of the electoral process than what happens on elections day.** For this reason, for International Electoral Observer Groups, it is recommended **dissemination and promotion of good practices and close cooperation with all parties involved in the electoral process or influenced by them, such as politicians, business people, scientists, political analysts and local activists.**

Funding of Political Parties and Election Campaigns, The International IDEA Handbook on Political Finance, 2014

🌐 **UN** (United Nations) is considered to be the most important international organization in the world. Established in 1945, the UN has established strong international cooperation in areas of strategic importance for the entire world. By signing the United Nations Charter, all UN members undertook a joint struggle to ensure "world peace", "respect for human rights", "international cooperation" and "respect for international law".

The United Nations and its various agencies play an important role in the implementation and observance of the principles of Universal Declaration of Human Rights, providing support to countries that are in transition to democracy. Supporting Democracy, the United Nations, through its campaigns, provides electoral assistance and long-term support to electoral bodies / institutions. Another objective is to promote the participation of women in political and public life. As the strategic objective of UN assistance, we find support for Member States so that they organize regular, inclusive and transparent elections, which are credible and popular, and establish sustainable electoral processes at national level. The United Nations strives for capacity building outside the electoral authorities in that it supports collaboration with and among voters, mass-media, political parties and civil society, as well as other actors and institutions of democratic governance, such as Parliament and the judiciary system .

🌐 **The Council of Europe**, is o international organization, intergovernmental and regional level, set up in 1949, which brings together all of its democratic states Of the European Union as well as other states in Central and Eastern Europe. Among the main objectives of the Council of Europe we find the concern for the protection



Proiect cofinanțat din Fondul Social European prin
Programul Operațional Capacitate Administrativă 2014 - 2020

of human rights, in all its aspects, to safeguard pluralist democracy and to identify solutions for the problems faced by European society, including the issue of discrimination of minorities. In terms of financing political parties and electoral campaigns, the Council of Europe is a promoter of the recommendations of other international bodies with a role in promoting the principle of equal opportunities (International IDEA, UN and OSCE). By *The Council of Europe Manual on the Use of International Election Standards*, addressed to civil society organizations, the Council of Europe stresses the importance of setting up a legal framework to assist in the process of transparency of the electoral system and ensuring a level playing field for all competitors, on the grounds that, in order to maintain and increase citizens' confidence in political systems, the member states of the Council of Europe must adopt rules on the funding of political parties and electoral campaigns. The Parliamentary Assembly of the Council of Europe elaborates important points regarding the financing of political parties and electoral campaigns, referring to issues such as funding sources, transparency, control and enforcement of sanctions. Parliamentary Assembly of the Council of Europe (*Recommendation 1516, extract from the Report on financing of political parties, 2001*) Takes the view that the rules on funding political parties and electoral campaigns must be based on the following principles:

- a reasonable balance between public and private funding,
- correct criteria for distribution of state contributions to parties,
- strict rules on private donations,
- a threshold for party expenses related to electoral campaigns,
- full transparency of accounts,
- setting up of an independent audit authority and significant sanctions for those who breach the rules.

Committee Of the Ministers of the Council of Europe (*Recommendation Rec (2003) 4 of the Committee of Ministers (Council of Europe) to Member States on common rules against corruption in funding of political parties and electoral campaigns*), highlights a series of important issues regarding corruption issues in financing political parties and electoral campaigns, under the consideration that "raising public awareness on these topics related to preventing and combating corruption in the field of financing political parties is of major importance for the efficient functioning of democratic institutions. "

In this regard, a series of rules are established for financing political parties from external sources (donation principles and rules), funding of electoral campaigns (expenditure limits and expenditure records), transparency, control and enforcement of sanctions.

Committee of Ministers - General rules against corruption in financing political parties and electoral campaigns

Committee of Ministers recommendations and notifications on general rules against



Proiect cofinanțat din Fondul Social European prin
Programul Operațional Capacitate Administrativă 2014 - 2020

corruption in financing political parties and electoral campaigns:

- **in the field of external funding sources**, it is considered that the state and its citizens are entitled to support political parties, but the support must be limited by the introduction of thresholds. The measures adopted by the state for regulation of the donor field must provide specific norms for: avoiding the conflict of interests; ensuring transparency of donations and avoiding secret donations; avoiding any prejudices that can be brought to the activity of political parties; ensuring independence of political parties. The state must also ensure that donations made to political parties are made public, especially in cases when they exceed certain ceilings, but also to ensure that donations from public institutions are not provided.
- **in the field of transparency**, it is recommended that states request political parties and legal entities related to political parties to draw up accounting records and prepare appropriate financial reports, records and reports to be submitted to an independent authority to monitor the funding of political parties and electoral campaigns.
- **in the field of sanctions**, emphasizes the need to apply effective, proportionate and convincing sanctions in case of finding any breach of the rules regarding the funding of political parties and electoral campaigns.

Table 2.5 - Recommendations and referrals from the Committee of Ministers on general rules against corruption in financing political parties and electoral campaigns (*Recommendation Rec (2003) 4 of the Committee of Ministers (Council of Europe) to Member States on common rules against corruption in funding of political parties and electoral campaigns, 8 April 2003*)

🌐 **European Commission for Democracy through Law (Venice Commission)**, established in 1990 is an advisory body of the Council of Europe, composed of independent experts in the field of constitutional law, with the role of providing the necessary assistance and counselling of individual countries on constitutional issues, in order to improve the functioning of democratic institutions and protection of human rights. The issue of human rights is closely monitored during the meetings of the members of the Commission, being approached in its various aspects and dimensions.

At its 52nd plenary meeting held between 18-19 October 2002, the Venice Commission adopted *Code of Good Practice in Electoral Matters* (Guidelines and Explanatory Report), document including also aspects related to the financing of political parties and electoral campaigns. It is not the only document that containing relevant information regarding the financing of electoral competitors. The 2001 Commission Report highlights important issues regarding donor nature and setting thresholds for donations.



European Commission for Democracy through Law - Venice Commission

Venice Commission recommendations and referrals for financing political parties and electoral campaigns:

- regulating the funding of political parties and electoral campaigns is an important element in the legal compliance of the electoral process;
- First, **financial transparency must be guaranteed**, being necessary at any level of political and economic development of a state, both in terms of funding from public sources, as well as in terms of funding from private sources;
- transparency operates on two levels:
 - ✓ *campaign accounts*. The records of the campaign accounts must be recorded in special registers and kept up to date in the accounting records, and any substantively exceeded norms or a deviation in relation to the limit of expenses provided by the law may lead to the annulment of elections;
 - ✓ *monitoring of the candidate's financial situation until and after the exercise of his mandate*. A commission for financial transparency follows the declarations of the elected candidates, the data being confidential, however if any potential corruption actions are found, the file must be sent to the criminal investigation bodies.

❖ **in the field of public funding of political parties and electoral campaigns**, the principle of equality of opportunity must be observed (either by equality "*Strict*" - what presupposes that the parties are treated regardless of the current representation in Parliament or by the voters support, or by equality "*Proportional*" - what presupposes that the parties are treated based on the number of votes obtained). In any event, *public funding must cover all parties represented in Parliament*. However, in order to ensure equality of opportunity for the various political forces, public funding should also include political formations representing a part of the electoral body and representing candidates for elections. Regarding the level of public funding, the Commission considers that it should be established by the legislator on a regular basis, but in accordance with objective criteria.

- financing of electoral competitors from the state budget should be conditioned by the control of certain public bodies;
- tax exemptions can be granted, however, for operations strictly related to political parties activity;
- a control of the accounting of political parties by specific public bodies, must condition the financing of parties by public funds. *States should favour a policy of financial transparency of political parties benefiting from public funding*;

❖ **in the field of private funding of political parties and electoral campaigns**, private contributions may be made for campaign expenses, but the total amount of



such contributions should not exceed the set ceiling;

- contributions from states or foreign companies / companies must be prohibited. This ban should not prevent financial contributions from nationals living abroad;
- private funding may also be limited to other categories of organization in the sense of prohibiting contributions from companies / companies in different sectors of activity (e.g. industrial or commercial sector) or from religious organizations;
- the electoral campaign accounts shall be sent to the body responsible for monitoring compliance with legislation and electoral procedures (e.g. an electoral commission) within a reasonable time after the elections;
- in order to ensure transparency of funding, each competitor should make available annually the annual balance sheet of the previous year, accompanied by a list of all donations received (other than party membership fees). All donations that exceed an amount set by the legislator must be recorded and made public.
- in order to ensure equality of opportunity for various electoral competitors, the expenses of the electoral campaign must be limited to a ceiling, appropriate to the situation in the country and fixed in proportion to the number of voters in question.

Table 2.6. Venice Commission recommendations and referrals for financing political parties and electoral campaigns (Venice Commission - Code of Good Practice in Electoral Matters). Guideline and Explanatory Report, Venice, 18-19 October 2002 and Venice Commission - Guidelines and reports on financing of political parties, 9-10 March 2001)

Other important issues included by the Venice Commission (*Guidelines and reports on financing of political parties, 9-10 March 2001*) are those on controlling and enforcing sanctions.

European Commission for Democracy through Law - Venice Commission

Venice Commission recommendations and referrals for controlling funding of political parties and electoral campaigns:

- any irregularity in the financing of a political party shall attract sanctions proportionate to the severity of the crime, *sanctions which may consist in the total or partial loss of public funding for the following year;*
- any irregularity in financing an electoral campaign shall attract, for the party at fault, sanctions proportionate to the seriousness of the act, which may consist in loss of financing or of the total or partial repayment of the public contribution, payment of a fine or other financial penalty, or even annulment of elections .

Table 2.7. Venice Commission recommendations and referrals for controlling funding of political parties and electoral campaigns (Venice Commission - Guidelines and reports on funding of political parties, 9-10 March 2001)



Proiect cofinanțat din Fondul Social European prin
Programul Operațional Capacitate Administrativă 2014 - 2020

An important role that the Venice Commission has in identifying and promoting best practice results in the electoral field, in all its aspects, results from its involvement in the organization of annual conferences and comparative seminars, events gathering the governing bodies of the institutions responsible for management of electoral activities.

To point out that between 2015-2018, the Venice Commission launched a series of scientific debates of the electoral experts, together with the Permanent Electoral Authority of Romania, thus becoming a direct supporter of the Romanian authorities' initiative, of increasing transparency and strengthening of the framework required for compliance with the principle of equal opportunities.

The scientific meetings held by the two authorities also benefited from the support of other authorities directly interested in various aspects of the electoral field, as well as from the issue of financing political parties and electoral campaigns. In a sustained effort to improve the legislative and organizational framework, one can see the direct involvement of the Ministry of Local Administration and Modernization in Norway, of the OSCE / ODIHR representatives, or of the International Centre for Parliamentary Studies. The organization and participation in numerous national and international electoral events provided the occasion of the Permanent Electoral Authority in Romania to come in direct contact with international authorities with extensive experience in the field, thus managing to share their experience and competence in organizing and conducting electoral campaigns and to establish common points of interest for future events.

An important aspect related to the scientific meetings of the two institutions is that of addressing topics of high relevance and national interest, such as digitization of electoral system and introduction of new technologies that can be used for elections, introduction of voting by correspondence, observance of democratic principles. Thus, in 2016, the Venice Commission and the Permanent Electoral Authority in Romania laid the foundations for an important partnership, by organizing the first edition of the scientific debate of the experts in the electoral field on *"Electoral legislation and new technologies: legislative challenges"*.

In 2018, the Venice Commission supported the Permanent Electoral Authority in organizing and conducting the international scientific conference on *"Equality of Vote"*, an event with special significance for the activity of the institution, as well as for the overall activities in the electoral field worldwide, during which were debated topics such as the different aspects of the principle of equality and its implications in the electoral field, the power of one vote and the distribution of mandates in the constituencies election, equality and gender parity, observation of the election process.

The Venice Commission is responsible for training sessions of Central Electoral Committees and judges with regard to both emerged electoral disputes and other



Proiect cofinanțat din Fondul Social European prin
Programul Operațional Capacitate Administrativă 2014 - 2020



legal issues, as well as to the long-term assistance of these committees. Therefore, the development of collaboration projects between the Romanian authorities and other international electoral management organizations, institutions and bodies, which are aimed at consolidating the principles of democracy, access to electoral processes and promotion of gender equality in political life, bring added value through the direct exchange of experience, but also through the opening these bodies have for long-term support of the main electoral decision makers.

For these reasons, it can be appreciated that the participation and organization under various partnerships of national and international electoral events is a long-term investment in strengthening the organizational capacity of the Permanent Electoral Authority.

2.4. National regulations on the activity of financing political parties and electoral campaigns

The funding of political parties and electoral campaigns fit into a rather complex legislative table, corroborating provisions in the sphere of constitutional law, civil law, fiscal law, as well as criminal law.

Romanian Constitution guarantees citizens the right to associate in political parties and other free association forms (*Chapter II, Art. 40*), political pluralism being a condition and a guarantee of constitutional democracy in the Romanian society (*Title 1, Art. 8, Paragraph 1*).

The registration of political parties, their statute, as well as the method of organization and performance of activity are carried out in compliance with the constitutional provisions, regulated by the *Law of political parties no. 14/2003*, normative document which, through provisions related to the activity of parties, supports democratic values. The activity of financing political parties was subject to several normative acts, until reaching the current form. Thus, the funding of political parties was initially regulated by *Law of political parties no. 27/1996*, normative document containing provisions regarding the sources of financing of a political party, details related to the collections and payments of the parties, as well as details related to the allowed destination for the incomes from the budgetary subsidies. Changes in the tax field also brought changes in some aspects related to the financing of political parties. Thus, provision stipulating that incomes obtained from all legally accepted sources of funding are exempt from taxes and fees, it was abrogated by *Law no. 345/2002 on value added tax [Art. 40, para. C)]*.



Proiect cofinanțat din Fondul Social European prin
Programul Operațional Capacitate Administrativă 2014 - 2020

Law of political parties no. 14/2003, subsequently entered into force, currently valid, does not regulate the financing activity of political parties, referring only to the fact that "the method of administration of the patrimony and the sources of financing are established according to the law" [(Art. 10, letter m)]. The introduction of provisions related to financing electoral campaigns brought changes in the structure of regulatory documents. Thus, the legislator preferred to separate the regulations on registration, organization and operation of political parties by the regulations on the financing of parties, by a separate legal act, namely *Law no. 43/2003 on the financing of the activity of political parties and electoral campaigns*, law subsequently amended (the provision related to the tax exemption for buildings is revoked, by *Law no. 90/2003 on the sale of the private-owned premises of the state, of the administrative-territorial units or of the regies autonome, destined to the political party seats*). Finally, *Law no. 43/2003* is fully abrogated (by *Law no. 334/2006 on the financing of political parties and electoral campaigns*).

At present, the relevant provisions regarding the financing of political activities are in force in *Law no. 334/2006 on the financing of political parties and electoral campaigns*, amended by various Emergency Ordinances and endorsed by Government Decisions approving the methodological norms for enforcement.

The complex legislative picture requires the schematic representation of the essential aspects regarding the funding of political parties and electoral campaigns, in order to easily identify them.

Publication in the Official Gazette of Romania	Legislative Act applicable in the field of financing of political parties and electoral campaigns	Year	Determining funding sources	Limitation of private funds	Expenses limits	Public funding	Non-taxation of incomes	Revenue and expenditure reporting	Disclosure of sources and ensuring transparency	Penalties	Legislation in force
Official Gazette, Part I no. 767 of 31 October 2003	Romanian Constitution	2003	-	-	-	-	-	-	-	-	Yes
Official Gazette, Part I, no. 87 of 29 April 1996	Law of political parties no. 27 of 26 April 1996	1996	X	X	-	X	X	-	-	-	No.
Official Gazette, Part I no. 213 of 09 September 1996	Methodological norm on the financing of political parties from the state budget in 1996	1996	-	-	-	X	-	-	-	-	No.
Official Gazette, Part I no. 371 dated June 1st, 2002	Law no. 345/2002 on value added tax	2002	-	-	-	-	X	-	-	-	No.

Publication in the Official Gazette of Romania	Legislative Act applicable in the field of financing of political parties and electoral campaigns	Year	Determining funding sources	Limitation of private funds	Expenses limits	Public funding	Non-taxation of incomes	Revenue and expenditure reporting	Disclosure of sources and ensuring transparency	Penalties	Legislation in force
Official Gazette, Part I no. 408 of 10 June 2015	Law of political parties no. 14 of 9 January 2003	2003	-	-	-	-	-	-	-	-	Yes
Official Gazette, Part I no. 54 of 30 January 2003	Law no. 43 of 21 January 2003 on the financing of the activity of political parties and electoral campaigns	2003	X	X	X	X	X (buildings)	X	-	X	No.
Official Gazette, Part I no. 510 of 22 July 2010	Law no. 334 dated July 17, 2006 on financing of activity of political parties and electoral campaigns, republished	2006	X	X	X	X	X (own documents)	X	X	X	Yes
Official Gazette, Part I no. 55 of 26 January 2016	Government Decision no. 10 dated 3 January 2016 for the approval of the Methodological Norms for the enforcement of Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns	2010	X	X	X	X	-	X	X	X	Yes
Official Gazette, Part I no. 207 of 07 March 2018	Decision no. 78 of 1 March 2018 for the amendment of the Methodological Norms for the enforcement of Law no. 334/2006 on financing of activity of political parties and electoral campaigns, approved by Government Decision no. 10/2016	2018	-	-	-	X	-	-	-	-	Yes
Official Gazette, Part I no. 410 of 25 July 2001	Government Ordinance no. 2 of 12 July 2001 on the legal regime of offenses, republished on 15 November 2019	2001	-	-	-	-	-	-	-	X	Yes
Official Gazette, Part I no. 238 of 03 April 2014	Law no. 94 of 8 September 1992 on the organization and operation of the Court of Accounts, republished	2014	-	-	-	-	-	X	X	X	Yes
Official Gazette, Part I no. 553 of 24 July 2015	Law no. 208 of 20 July 2015 on the election of the Senate and of the Chamber of Deputies, as well as for the organization and functioning of the Permanent Electoral Authority, republished	2015	-	-	-	-	-	-	-	-	Yes
Official Gazette, Part I no. 313 of 22 April 2019	Decision no. 2 of 17 April 2019 on the approval of the Regulation on the organization and operation of the Permanent Electoral	2017	-	-	-	-	-	X	X	X	Yes

Publication in the Official Gazette of Romania	Legislative Act applicable in the field of financing of political parties and electoral campaigns	Year	Determining funding sources	Limitation of private funds	Expenses limits	Public funding	Non-taxation of incomes	Revenue and expenditure reporting	Disclosure of sources and ensuring transparency	Penalties	Legislation in force
	Authority										
Official Gazette, Part I no. 454 of 18 June 2008	Law no. 82 dated 24 December 1991 - Accounting Act, republished	2008	-	-	-	-	-	X	-	-	Yes
Official Gazette, Part I no. 597 of 13 August 2002	Law no. 500 of 11 July 2002 on public finances, republished, as subsequently amended and supplemented	2002	-	-	-	-	-	-	-	-	Yes
Official Gazette, Part I no. 187 of 11 March 2008	Regulation on access to the profession of accountant expert and authorized accountant dated 05.03.2008	2008	-	-	-	-	-	-	-	-	Yes

Table 2.8. Aspects regarding the funding of political parties and of electoral campaigns regulated by legislation at national level

In addition to the regulations concerning the identification of funding sources, the framing of incomes and expenses under different ceilings, as well as those related to the political parties' obligations to report financial transactions to the competent authorities, in terms of enforcement of sanctions provided by law, the process of funding political parties and electoral campaigns are subject to general regulatory documents (Civil Code and Civil Procedure Code, Fiscal Code, Criminal Code and Criminal Procedure Code) and other incidents of law (e.g. Law no. 94/1992 on organization and functioning of the Court of Auditors).

The entire mechanism for financing political parties and electoral campaigns is complemented by the mechanism for the transparency of participants' incomes, by filling in the declarations of wealth and declarations of interests, according to the legislation and regulations of the National Integrity Agency.

Chapter 3

ACTORS PARTICIPATING IN POLITICAL FUNDING

The regulation of political funding may be directed to political parties, candidates, individuals and groups and may focus on controls of income and expenditure, transparency or community support, in a variety of combinations, so that the laws of political funding took a lot of forms. Despite the wide variety of funding regimes around the globe, a common development shared by many countries is the tendency towards greater responsibility for the state in organizing and regulating political finances.

3.1. Electoral competitors

Electoral contestants represent the central support in the functioning of democracy. They are essential for a pluralistic political society, and their role in forming the will of the people is fundamental. As their role is essential in ensuring the proper functioning of democracy, electoral competitors should benefit from a series of guarantees. These include, in particular, pluralism, non-discrimination and transparency, which are based in the core values of the Council of Europe: human rights, democracy and the rule of law.



The electoral competitor shall represent the political party, political alliance, electoral alliance, organization of citizens belonging to a national minority represented in the Council of National Minorities, whose proposals for candidates were declared final, as per legal conditions as well as independent candidates.

Depending on the success of the elections, the electoral competitors will form the Government or legislative opposition of a country. The electoral system is an important factor determining the way in which the votes cast are translated into an electoral mandate, however election of electoral competitors in campaigns, by constructing pre-election and electoral coalitions and alliances have an impact on the final result. The links between the elected representatives and their political parties, the internal functioning of the parties, as well as the resources available to them, lead to the formation of legislation, budgets and government policies.

- **Political parties**

Political parties are vital institutions of contemporary democracy, essential elements of the development of political pluralism, with multiple roles in society, but focus mainly on two perspectives: the relation with individuals and groups and the



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relation with society's elites (*Transparency International, Increase of transparency and accountability in the financing of political parties. Policy recommendations 2012*). From this perspective it can be said that political parties integrate citizens and groups in the political system ensuring the recruitment of elites and their involvement in the respective country's policy. Political parties are groups organized by people exercising their legal right to identify themselves with a set of similar political purposes and opinions and which try to influence public policy by choosing their candidates in public positions. Even if the candidates' appearance and the electoral campaign are positions that are most visible to the electorate, political parties fulfil many other vital roles in a democratic society. Also, political parties are institutionalized mediators between the civil society and the elected representatives, who decide and implement the policy, through meetings with the representatives of the civil society in order to request individual (or organizational) opinions in the policy formulation process.

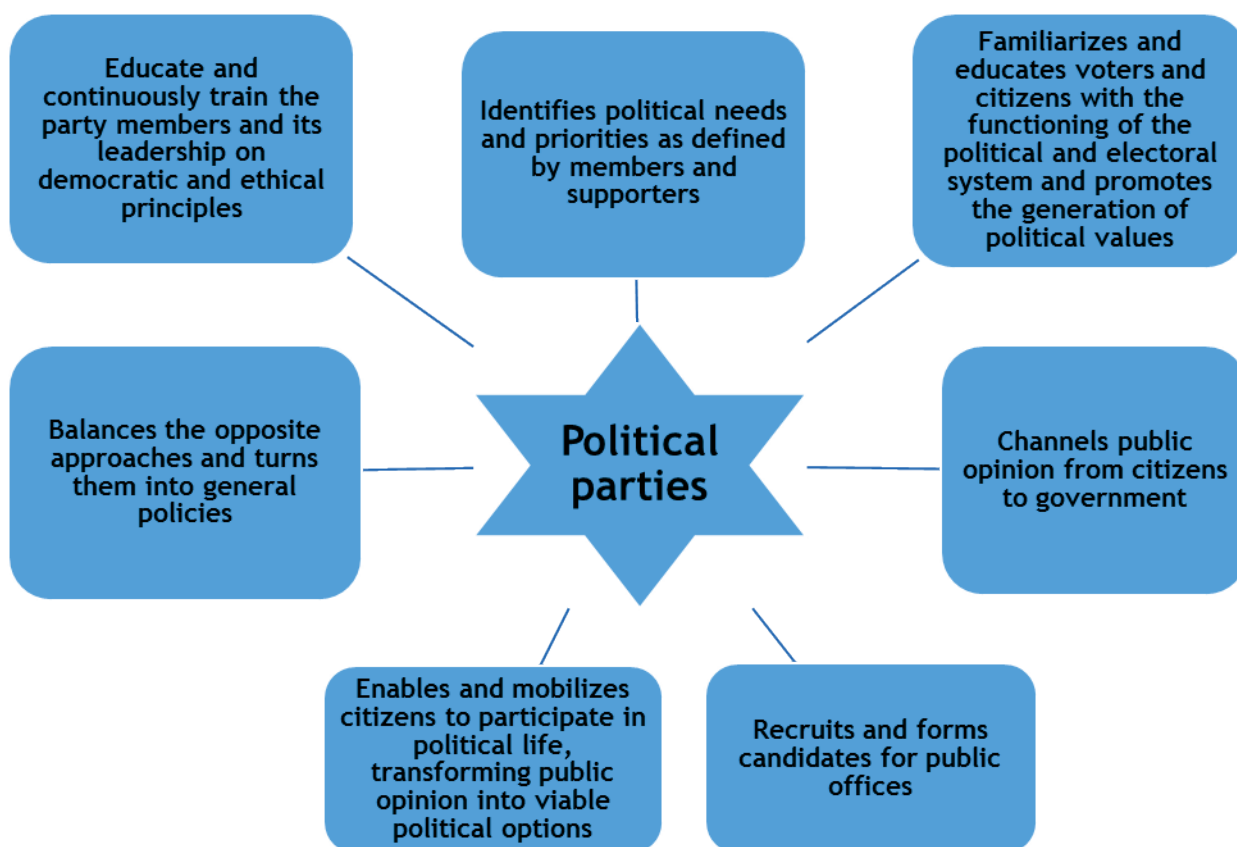


Figure 3.1. Key functions of political parties

The internal function of the political parties is somehow determined by the external forces, such as the internal electoral system, political culture and legal




regulations in the field. The factors influencing an internal political party include the personality of party leaders and personnel, ideological foundations, party history and internal political culture. The application of democratic principles and processes within a party structure includes internal information and consultation processes, internal and internal rules and regulations (formal or informal), internal organization, decisional structure and transparency in party functioning.

Party members may also assume more formal roles in decision-making processes, such as attending internal elections for management positions or selecting party candidates to attend the upcoming elections. Many parties also work actively to enhance the role of traditionally underrepresented groups in their parties. Gender balance as a member of the party and adequate internal representation of women and underrepresented groups in the party's organizational and management structures is often reflected in the number of women in the candidate lists.

Political parties is an association of persons free, for which the main objective is to participate in the management of public affairs, including by presenting candidates in free and democratic elections (*OSCE / ODIHR, Guidelines on Political Party Regulation, Adopted by the Venice Commission at its 84th Plenary Session Venice, 15-16 October 2010*).

Political parties are, in fact, the integral expression of the individual's right to form free associations. However, given the single and vital role of political parties in the electoral process and in democratic governance, EU countries are free to regulate their functioning to the extent necessary to ensure an efficient, representative and fair democratic government. In this respect, the relevant regulations vary widely in the OSCE region and in the countries that are Member States of the Venice Commission: from states that do not have private legislation on political parties (*which regulates these bodies only in accordance with the general laws regulating associations*) until incorporation of dispositions related to party function into a number of different laws (*including laws specific to political parties, constitutions, general electoral laws and laws relating to issues such as media and campaign financing*).

Achieving an adequate balance between the state regulation of the activities of political parties as public actors and observance of the fundamental rights of party members as private citizens, including their right to association, requires legislation achieved through consultation with persons and groups affected by such regulation , as an integral part of the law-making process. Such legislation should not interfere with the freedom of association. Indeed, a survey of practices in the OSCE region and in the member countries of the Venice Commission indicated that broad regulation may not be required for a proper functioning of democracy through political party activities. While it is not necessary for political parties to be governed in accordance with legislation different from that of general associations, ideally, legislation should be drafted that recognizes the unique role that parties play in a democratic society.

	Latvia
	<p>In Latvia, electoral legislation defines the following terms as follows:</p> <ol style="list-style-type: none"> electoral competitor - a political party, an association of political parties, deputy candidate; unrelated person - a private individual, a legal entity that is not related to political parties, their associations or associations of voters or an association registered by such persons, who are involved in conducting a pre-election campaign on their behalf; the pre-election campaign period - a period of time from the 120 th day before the elections until the election day; the campaign covered before the election - a pre-election campaign, for which payment is made and the payer (the compensation provider) is not in contradiction with the legal provisions.
	Poland
	<p>Constitutional provisions establish that political parties are "organizations that offer the possibility for Polish citizens to associate themselves with principles of voluntary participation and equality in order to influence state politics by democratic means". Another legal provision includes a more detailed definition, according to which a political party is "a voluntary organization, appearing under a specific name, whose objective is to participate in public life by influencing state politics, using democratic methods, or exercising authority public ". Thus, citizens of Poland, aged 18 years and over, may join a political party as members. Political parties acquire legal personality when they are registered in the Registry of political parties.</p>
	Belgium
	<p>In Belgium, there is no specific regulation on the statute of political parties. However, legislation on the funding of political parties and electoral campaigns includes a definition of political parties, being recognized and enforced in electoral legislation. The legal provisions provide the following definition of the political party, as well as its components, stating that the electoral law in Belgium uses the term "political formation", without, however, offering to this wording, any other meaning: <i>the political party represents an association of persons, with or without legal personality, participating in elections provided by the Constitution and by law, who, in accordance with the Electoral Code, submit candidates for positions of representative or senator in each constituency of a community; or region and which, subject to the limits specified in the Constitution, legislation, decrees, orders and tries to influence the expression of the popular will in the manner specified in the statute or in the program.</i></p> <p>The components of a political party are represented by: political bodies, associations, groupings and regional entities, irrespective of their legal form, which are directly related to the respective political party, including:</p> <ul style="list-style-type: none"> - research departments; - scientific bodies; - policy-making institutes - political issuance producers; - non-profit association with legal personality to whom the subsidy is mentioned in the legal dispositions; - entities constituted at electoral district level for elections to federal chambers and regional parliaments; - political groups of federal chambers, community and regional and provincial parliaments, councils and institutions, in the form of non-profit associations, which receive subsidies.

	Albania
	<p>Constitution of a political party is governed by the Constitution of Albania. Political parties are defined as <i>groups of citizens who share the same political ideas, same beliefs and same views or interests</i>. Their purpose is to influence the political life of the state through participation in elections and representing the people in the elected assemblies exercising the power. The organization and activities of political parties must be in accordance with democratic principles. These may cover the entire territory of Albania or may be limited to certain areas of the country's administrative division. Political parties acquire legal personality when they are registered in the Registry of political parties. Until the registration of a political party, its founders are authorized to carry out only the activities necessary for the organizational activity (founder meetings and management bodies' choices, <i>for example</i>). After approval of the documents related to the political party, program, statute and its governing bodies, the founding members must file an application for registration with the Tirana Tribunal. These documents must be signed by at least 500 Albanian citizens and founding members (permanent residents of Albania). It must specify the name and head-offices of the political party, its objectives and missions, its governing bodies, its structure and its financial resources. Political parties must be registered with the Tirana Tribunal within 30 days of submission of the request, unless the request can not be accepted for one of the reasons listed by law.</p>
	Iceland
	<p>Under legal provisions in Iceland, a political party is defined as an association that participates in parliamentary or municipal elections. There are no specific requirements for registration of a political party, other than those applicable to the registration of non-profit legal entities. In this respect, the Icelandic Register of Undertakings within the Ministry of Finance is responsible for registration of political parties. For a political party to be registered, information must be provided on the identity (name and ID code) of the members of the political party council, as well as the statutes of the association (including, among other things, data on the party's name, objectives, founder's identity , internal rules). The information contained in the Registry of Undertakings shall be accessible to the public.</p>
	France
	<p>In France, neither the Constitution nor the Electoral Code define the notion of political party, however, the law on political transparency led to its scope of application. The jurisprudence of the Constitutional Council and the State Council, through the National Commission for campaign account and political funding (CNCCFP), established the following definition: "A political party is a privately-owned legal entity that has a political purpose: in case of receiving public support or in case of a regular appointment of a tax agent, as well as in case it submitted authorized accounts by two auditors at CNCCFP. Article 4 of the French Constitution highlights the role of political parties and political groups, as well as the principle of democracy, with the following content: "<i>Parties and political groups shall contribute to the vote. They form and exercise their activity freely. It must comply with the principles of national sovereignty and democracy. They contribute to the implementation of the principle set forth in the second paragraph of Article 1, which establishes that the law promotes equal access for women and men to electoral mandates and elective offices, as well as to professional and social responsibilities, under the conditions established by law. The law guarantees pluralist expressions of opinion and equitable participation of political parties and groups in the democratic life of the nation.</i>" A political party is an organized association that unites the citizens united by a common philosophy or ideology, which inspires their action, in order to conquer and exercise power. Therefore, it is an organization at the service of an idea.</p>

Table 3.1. - Conditions for the establishment of a political party in various European countries (Source: <http://europam.eu/>)



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In Romania political parties are defined in the legislation as *political associations of Romanian citizens with voting rights, who participate freely in the formation and exercise of their political will, fulfilling a public mission guaranteed by the Constitution*. Political parties may function only as associations of a political nature, set up according to the law, and which militate for the observance of national sovereignty, of independence and of state unity, territorial integrity, of the rule of law and of principles of constitutional democracy. Each political party must have full name, abbreviated name and own permanent sign. Full name, abbreviated name and permanent sign must be clearly distinguishable from those of previously registered parties, it is forbidden to use the same graphic symbols, regardless of the geometric figure in which they are framed. The political parties are, according to art. 1 din *Law no. 14/2003*, legal entities governed by public law. They acquire legal personality on the date of the irreversible stay of the judgment decision granting the application for registration (art. 22, *Law no. 14/2003*).

The political parties terminate their legal existence by dissolution, as a decision of the founding members, or by court decision, in the cases and conditions provided by law. Although, by law, political parties are legal entities governed by public law, the legislator did not exempt them from criminal responsibility, but excluded only the application against them of certain complementary punishments, namely the dissolution and suspension of activity.

For the registration of a political party in Romania, the following documents shall be submitted to the Bucharest Tribunal:

- a) the application for registration, signed by the manager of the executive body of the political party and by at least 2 founding members;
- b) party statute;
- c) party program;
- d) the incorporation document, signed by at least 3 founding members;
- e) a declaration concerning the office and the patrimony of the party;
- f) proof of the opening of the bank account.

According to the legislation in force, the statute of the political party must include:

- a) full name and abbreviated name;
- b) description of permanent sign;
- c) permanently the sign in black and white colour;
- d) headquarters;
- e) expressly mentions that it pursues only political objectives;
- f) rights and duties of the members;
- g) disciplinary sanctions and the procedures by which they may be applied to members;
- h) the procedure for election of the executive bodies and their competences;
- i) competence of the general meeting of members or their delegates;
- j) bodies authorized to submit candidatures in local, parliamentary, parliamentary and presidential elections;



- k) the competent body proposes the reorganization of the party or decides the association in a political alliance or in other forms of association;
- l) the conditions in which they cease their activity;
- m) the method of managing the patrimony and sources of financing;
- n) body representing the party in relations with public authorities and third parties;
- o) other indications that are mandatory.

- **Political and electoral alliances**

Political and electoral alliances are generally beneficial especially for the parties that form them during and immediately after the elections, due to the characteristics of the relevant electoral systems. For example, they can allow each party to exceed electoral thresholds) or allow political parties to participate in forming a government after elections. They may collapse in a relatively short time or can be maintained together for decades and operating close to one unit.

Political Alliance (political coalition or political bloc), represents the cooperation between members of different political parties, in the countries with parliamentary system, on a common agenda. This usually involves formal agreements between two or more parties and is mainly carried out for the purpose of forming the Government or strengthening the opposition.

A variety of context-specific factors influence why and how political alliances are formed and perceived in a particular country. These include formal rules and systems such as the governmental structure (federal or unitary, presidential or parliamentary), the electoral system and the extent to which political alliances are regulated. Rules and informal structures include: the traditions for the construction of existing political alliances, the way in which the relations between the parties are managed by them, as well as the public perception regarding the collaboration between the parties (*Coalitions. A Guide for Political Parties, The National Democratic Institute & The Oslo Centre for Peace and Human Rights, Oslo, 2015*). Building political alliances must take into account four key elements (*Coalitions. A Guide for Political Parties, The National Democratic Institute & The Oslo Centre for Peace and Human Rights, Oslo, 2015*):

- political alliances have advantages as well as disadvantages that political parties should know;
- the political context influences the types of political alliances formed by the parties and the way in which they are structured;
- processes and activities carried out in political alliances must be built around communication, consultation, consensus and compromise;
- building political alliances should be carried out in five phases: development of a common political strategy, negotiation of formation of political alliance, formation of political alliance, establishment of working methods in the political alliance, implementation of measures following previous experiences. In consecrated and



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Programul Operațional Capacitate Administrativă 2014 - 2020



emerging democracies, the ruling and opposition parties formed political alliances for concrete purposes such as: increasing electoral competitiveness, imposing certain democratic reforms, improving the influence of members of political alliances in formulating public policies, more efficient use of scarce resources and in order to reach a common agreement on governance programs (*Jonathan White, The Ethics of Political Alliance, British Journal of Political Science, Volume 48 / Issue 3 - July 2018*).

One eloquent case is that in Norway when following the 2013 parliamentary elections, four former opposition parties - the Høyre, the Progressive Party (Fremskrittspartiet, FrP), the Christian Democratic Party (Kristelig Folkeparti, KrF) and the Liberal Party (Venstre), tried to build a political alliance, based on a common vision. The first two parties reached an agreement to form a coalition government. KrF and Venstre failed to reach a sufficient agreement with Høyre and FrP to join, but they agreed to support the government on certain policy issues (*Joachim Dagenborg, Norway's Conservatives Clinch Coalition Deal, Reuters, October 7, 2013*).

In Romania, the political alliance is defined by legislation as an association between two or more political parties (*Law no. 14/2003 on political parties, republished, as subsequently amended and supplemented*).

Electoral Alliance (multiparty electoral agreement, electoral pact, electoral coalition or electoral bloc) is an association of political parties or persons that exist only in order to participate in elections.

The parties that are part of the alliance have their own policies, but they choose for a certain period of time to promote common goals and ideologies. Occasionally, an electoral alliance may consist of parties with very different political objectives, who agree to allocate resources to stop a particular candidate or party from gaining power.

Unlike a coalition formed after elections, usually partners in an electoral alliance do not promote candidates against each other, but encourage supporters to vote for candidates from other members of the alliance. In some agreements with a larger party, which enjoy a higher degree of success in the polls, the lower party proposes candidates under the symbol of the larger party, elected members of the lower party being in government or in legislature together with the candidates of the larger party. Most of the time, the parties in the electoral alliances intend to continue their cooperation after the elections, for example, through common campaigns on issues over which they have similar opinions. The main purpose of an electoral alliance is to combine the resources of two or more parties in order to improve the electoral results of the members of the alliance. This may involve the union behind ordinary candidates or the agreement not to compete between parties in certain electoral districts. Often, the ultimate goal is to achieve the required voting quota in order to win the elections, achieve the majority in the legislature and form the next Government.



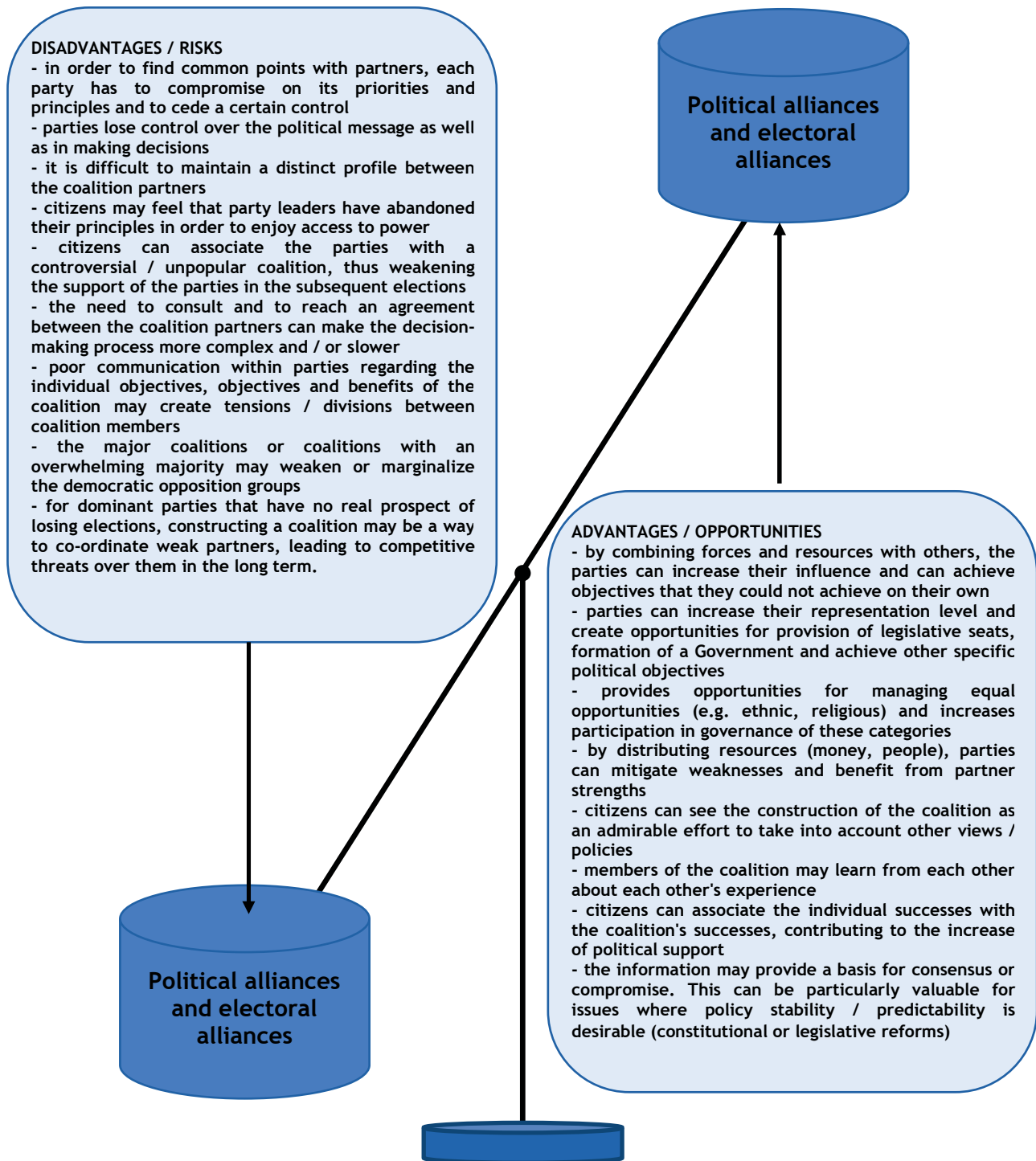


Figure 3.2. The advantages and disadvantages of political and electoral alliances

(Source: *Coalitions. A Guide for Political Parties*, The National Democratic Institute & The Oslo Centre for Peace and Human Rights, Oslo, 2015)

Pre-election alliances are a common phenomenon in consecrated democracies. Only in Western Europe, between 1946 and 2012, more than 200 pre-election coalitions were formed. The forms of pre-election coalitions vary from one party to another and from one country to another, ranging from a free promise to govern together, to promote common ideas and to participate in voting on joint lists.

For example, during the parliamentary elections of 1960-70, the KD party in Sweden obtained less than 2% of the votes, below the 4% threshold for parliamentary representation. In 1985, KD formed an electoral alliance with the Centre Party (Centerpartiet). This allowed KD to secure the first places in the Swedish Parliament. Since then, the party is in Parliament, including as part of several governing coalitions (*Coalitions. A Guide for Political Parties, The National Democratic Institute & The Oslo Centre for Peace and Human Rights, Oslo, 2015*).

In Romania, the electoral alliance is defined by legislation as an association between two or more political parties in order to participate in a single ballot (*Law no. 14/2003 of political parties*).

- **Independent candidates**

The right of individual candidates to run for office without associating themselves with a political party is specifically protected by the Copenhagen document, which guarantees "*the right of citizens to run for political or public office, individually or as representatives of political parties or organizations, without discrimination*" (OSCE, *Document of the Copenhagen Meeting of the Conference on the Human Dimension of the OSCE, 1990*).

An independent or nonpartisan politician is an individual politician not affiliated to any political party. There are numerous reasons why someone can run from independent position such as:

- ✓ Independents may support policies that are different from those of large political parties;
- ✓ independents can support a party platform, but they choose to stand as independent, because they do not see the party adequately following the platform;
- ✓ In some parts of the world, voters have a tradition of choosing independents, so to run lists of a political party is a drawback.

While parties are considered central actors in elections, their role can't be to exclude or undermine a person's right to run for office. As such, current legislation in the region of the OSCE countries that prohibits independent candidates from participating in elections should be revised so as to specifically specify the rights of independent candidates to run for elections. However, many electoral laws allow people to register and participate as candidates in elections, even if they are not nominated by a political party.



Regulations on access to votes and fees, as well as party candidate restrictions should be the same for independent candidates. However, these norms and access to vote may be so high that they can only be achieved by parties and not by independent candidates. In case the registered political parties receive state support, such as the provision by the public media of dissemination time, there should be a system of support for independent candidates to ensure they are treated fairly in the allocation of public resources.

Countries have different rules as to what happens to a parliamentary seat if the person holding it leaves or is excluded from its political party. In some countries, the representative may retain the seat, while in others, the place is occupied by the political party, remains vacant or is filled through partial elections.

Joachim Gauck, President of Germany from March 2012 to March 2017 and the first federal president without party affiliation, has been the leading independent politician so far. In the 2010 German presidential election was the Social Democrats and Greens candidate, in 2012 candidate of all major parties, except for the left. Its presidency - although its powers are limited - is an exception, as independent politicians rarely held German positions, at least after World War II. In the German parliament (Bundestag) almost all deputies belong to political parties. The voting system with personalized proportional representation (since 1949) allows any person holding the passive right to cast a direct mandate in the electoral districts (half of the seats in the parliament are distributed by districts based on a voting system with plurality). Such a candidate must present 200 signatures in favour of his candidacy, as well as a candidate of a party that did not have any previous parliamentary presence. The first Bundestag elections in 1949 chose three independents; since then, no independent candidate has won a seat. At regional level, the situation is more or less the same: only the members of a party have a real chance to be elected in the legislature (Landtag), and the state ministers without party members are as rare as the federal level. However, at local elections it may happen that an independent politician is elected a deputy in the assemblies of districts, towns and municipalities, as well as member of a city council or even mayor, especially in North Germany. In recent years, the independents formed free voters' associations to enter land parliaments (Landtag), so far only successfully in Bavaria.

In the Romanian legislation, the independent candidate is the person who participates in elections to obtain a mandate of president, member of the European Parliament, deputy or senator, mayor, local or county councillor, and who is self-employed, for this purpose, supported by a certain number of voters, given that his candidacy is declared final by the corresponding electoral body. In presidential elections, independent candidates may be submitted only if they are supported by at



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least 200,000 voters. An elected may support a single candidate. In the European Parliamentary elections, it can run independently as a Romanian citizen or a citizen of another member state of the European Union who has the right to be elected and is supported by at least 100,000 voters. Independent candidates for the position of councillor must be supported by at least 1% of the total number of voters registered in the electoral register and in the complementary electoral lists in the constituency for which they are candidates, but not less than: 100 in case of communes, 500 in urban settlements of 2nd and 3rd tier cities, 1000 in counties, Bucharest Municipality, Bucharest municipal sectors and first-ranked localities.

Independent candidates to the mayoralty must present a list of supporters which must include at least 1% of the total number of voters registered in the electoral register and in the complementary electoral lists in the constituency for which they are candidates, but not less than: 100 for communes, 500 for towns, 1000 for municipalities, for sectors of Bucharest Municipality, as well as for Bucharest Municipality.

- **Citizens organizations belonging to national minorities**

National and ethnic minorities are groups of persons belonging to minorities who reside in the same territory and share a common identity, sometimes as a consequence of changing borders, sometimes due to the fact that they live in a long period in an area, and who managed to retain identity.

The European Commission for Democracy and Law (Venice Commission) defines the term "minority" as *"A group with a lower number than the rest of the population of a state whose members, citizens of this state, have ethnic, religious or linguistic characteristics different from the rest of the population and are guided by the will to protect their culture, traditions, religion or language"* (The Venice Commission, *Compilation of Venice Commission Opinions and Reports Concerning the Protection of National Minorities*, 2017).

There is no generally accepted definition of the concept of "minority". Some elements of these were certainly identified, such as the standard classification of minorities into three groups: ethnic minorities, language minorities and religious minorities. This characterization (in part) is adopted in article 27 of the *International Convention on Civil and Political Rights* and referred to in section 5.1 of General Comment [...] of 6 April 1994. However, Article 1 of Recommendation 1201/1993 provides a definition of the term "national minority", namely *"a group of persons in a state who: reside in the territory of a state and are its citizens; maintains firm and lasting ties with the respective state; displays distinctive ethnic, cultural, religious or linguistic characteristics; are sufficiently representative, although they are smaller in number than the rest of the population of that state or of a region of that state; and they are motivated by the concern to keep together what their common identity is"* (Council of Europe, *Parliamentary Assembly, Recommendation 1201/1993*

on an additional protocol on the rights of minorities to the European Convention on Human Rights).

Respecting human rights undoubtedly involves the right of persons belonging to minorities to get involved and participate effectively in decision-making processes at national, regional and local level, as well as in public affairs in order to protect and promote their integrity. Many international documents employ States to act accordingly. Thus, as per point 35 of the Meeting of the Human Dimension Meeting in Copenhagen, OSCE participating States *"shall respect the right of persons belonging to national minorities to participate effectively in public decisions, including the right to participate effectively in decisions concerning the protection and promotion of the identity of such minorities"* (OSCE, Document of the Copenhagen Meeting of the Conference on the Human Dimension of the OSCE, 1990). Also, according to art. 2, para. (2) and (3) of the 1992 OHCHR Minorities Statement, *"persons belonging to minorities have the right to participate effectively in public life and the right to participate effectively in the decision-making at national and regional level, as appropriate, regarding the minority of which they are a part or the regions where they live"* (OHCHR, Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities, 1992). The same promoted principle is also found in art. 15 of the Council of Europe Framework Convention for the Protection of National Minorities of 1994: *"Member States shall create the conditions necessary for the effective participation of persons belonging to national minorities, at a cultural, social and economic level and in public affairs, especially where they affect them"* (Council of Europe, Framework Convention for the Protection of National Minorities, 1994).

In accordance with point 33 of the Copenhagen Document, when participating States take measures to protect the identity of persons belonging to national minorities, *"Any such measures shall be in accordance with the principles of equality and non-discrimination against other citizens of the participating State concerned"*. The Copenhagen document also states in paragraph 38 that *"OSCE participating States, in their efforts to protect and promote the rights of persons belonging to national minorities, shall fully comply with their commitments under the human rights conventions and other relevant international instruments"* "Regarding all *"stakeholders"*, Point 30 of the Copenhagen Document mentions *"the important role of non-governmental organizations, including political parties, trade unions, human rights organizations and religious groups in promoting tolerance, cultural diversity and in solving problems related to national minorities"* (OSCE, Document of the Copenhagen Meeting of the Conference on the Human Dimension of the OSCE, 1990).

The Framework Convention has a similar provision in art. 20: *"In exercising the rights and freedoms arising from the principles enshrined in this Framework Convention, any person belonging to a national minority shall observe the national legislation and the rights of others, especially those of persons belonging to the*



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majority or other national minorities". This refers to "Minorities from minorities", especially in the territorial context (Council of Europe, Framework Convention for the Protection of National Minorities, 1994). Through the Helsinki Document, OSCE participating countries have committed themselves to "address the issues of national minorities in a constructive manner through peaceful means and through dialogue between all stakeholders based on the principles and commitments of the CSCE" (OSCE, Conference on Security and Co-operation in Europe, Helsinki Document, The Challenges of Change, 1992 Summit).

Analysing the legislation of the European Union countries, there is a tendency to provide specific instruments, with the objective of fostering and guaranteeing the political participation of minorities. Thus, in Poland, the electoral law exempts political organizations and candidates belonging to national minorities from reaching the electoral threshold.

In the Constitution of Slovenia (1991) it is specified the guarantee of protection of the state with regard to the rights of the national communities of Italian or Hungarian origin, by introducing special rights such as the guarantee of direct representation at local and regional level and in the National Assembly where the Italian minorities and Hungarians have the right to elect at least one deputy each.

The electoral law of 2007 grants citizens the members of the Italian and Hungarian minority the right to double vote (the first vote is for the assigned place for the respective national minority for a list of candidates from the same minority, the second one is of a strictly political and national nature for general lists). This tool of "Guaranteed places" for representatives of minorities was also adopted in the Romanian Constitution (1991). In particular, this included assigning at least one parliamentary seat to the organizations of citizens belonging to national minorities who do not obtain the minimum number of votes, as an exception to the general electoral law.

In Croatia, the Constitutional Law on rights of national minorities provided guarantees for representation in the parliament of the country, based on the representative weight. Through the 2010 amendments, minorities with less than 1.5% of the population received an "additional vote" in the parliamentary elections through which they can elect a representative of the minority.

In Belgium, the composition of the Senate is performed on ethnic criteria, rather than on representation of different territories, art. 67 of the Belgian Constitution states the number of senators to be allocated to ethnic groups.

In Bosnia and Herzegovina (republic composed of two entities Federation of Bosnia and Herzegovina and Republika Srpska), the composition of all constitutional bodies respects the ethnic balance (Croats, Serbs and Bosnians).

In Romania, members of citizens' organizations belonging to national minorities who run candidates in elections may be members of a political party, with the right to run as per legal conditions.

The political parties, the political associations and the organizations of the Romanian citizens belonging to the national minorities are non-profit legal entities, established with a not-for-profit purpose, set up for the purpose of carrying out specific activities of non-patrimonial interest.

3.2. Sponsors

In order to carry out their current political activity or during election campaigns, the political competitors need revenues that cover the current annual expenses of the internal administration, of the public activities, as well as for the selection and education of the party members. In addition, the mobilization of resources is required during electoral campaigns for campaign management, consultants' expertise and communication with voters. Political competitors are funded by contributions from party members and individual supporters (by membership fees / donations and / or individual small donations), donations from legal entities that share their political opinions or benefit from their activities (for example, through corporate donations) or state subsidies (public funding).



- **Party members**

Traditional sources of funding for internal parties, and in particular membership fees (party membership fees), may generally be considered to be the most democratic and legitimate form of party funding. Membership contributions represent an attractive form of party funding, as they are donated voluntarily and, despite material incentives that may form the basis of a person's motivation to join a party, do not involve direct benefits for party members. Members' fees are not accompanied by direct requests for access to party functions or influence traffic on political decisions. Therefore, from a regulatory point of view, membership fees are the most problematic form of party financing (*Ingrid van Biezen, Financing political parties and election campaigns - guidelines, Council of Europe, 2003*). Members' fees contribute to a certain degree of influence of party members over party official policy, without allowing financially privileged persons or groups to influence too much the political decision. Party membership levies may also be used to avoid the limits of



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private donations. Aware of this risk, some countries have introduced mandatory transparency requirements with respect to the membership fee.

In Estonia, for example, the 2010 reform of policy funding regulations forced political parties to separately register donations and membership fees and to publish them in a public register kept by the parties on their web sites. This public record must include the name and personal identification number of the party member who pays the fee, as well as the amount of the tax and the date of payment (*OECD, Financing Democracy. Funding of Political Parties and Election Campaigns and Risk of Policy Capture, 2016*).

In Romania, the amount of the contributions, their distribution and use are established by decisions of the political party, according to their statute. The total revenues from the subscriptions are unchecked. The amount of the contributions paid in one year by a party member can't exceed 48 minimum national minimum salaries. The minimum gross base salary for the country taken as a reference is the one existing on 1 January of the respective year. The political parties have the obligation to publish in the Romanian Official Journal, Part I, until 30 April of the following year, the total amount of the incomes from the subscriptions obtained in the previous fiscal year, as well as the list of the party members who paid in the fiscal year preceding the contributions whose total value exceeds 10 minimum national minimum salaries. That list must include the following elements: surname and name of party member, nationality, value and date when the contribution was paid (*Law 334/2006 on financing of activity of political parties and electoral campaigns, as subsequently amended and supplemented*).

- **Donor**

The donor is a private individual or legal entity who, according to the procedure laid down by law, has the right to make and make a donation for the benefit of a political competitor, through donations understanding financial resources, movable or immovable assets, information, property rights, results of intellectual activities and other material and immaterial values transferred to beneficiaries without consideration, voluntary actions and works performed free of charge, as well as results of such actions that are destined to fund a political competitor in the current activity or in case of an electoral campaign.

Any private individual or legal entity that, by contract, intends to satisfy, a party, appointed as donor, to irrevocably order a good in favour of the other party, called a donor (e.g. political party).

The regulations regarding the donor classification can take two basic forms. Germany provides an example of the first approach, which is by identifying "non-allowed donors", highlighting the types of donors that are excluded from financial contributions to political parties or whose donations are strictly limited. A second

approach, like the one in the UK, provides a positive list of "admissible donors". Contrary to the negative list of non-allowed donors, the positive identification of eligible donors leads to a potentially more restrictive approach, since no donation can be accepted from a person or entity that is not on the list (or if the receiving party cannot identify the identity donor). Another classification is that of private donors and legal entities. In the private donors category we encounter interdictions like citizenship, transparency (banning anonymous donors or limiting amounts from anonymous donations), and limiting the amounts that may come from a single donor. In the category of legal entities donors, interdictions encountered in the legislation of some European countries refer to public institutions, trade unions, foreign corporations, companies where the state holds share of shares.

The issue of disguised donations must also be taken into account: loans are a significant source of income for parties and candidates in several countries, while neither the name of the creditor nor the location of the lender must be disclosed. Good practice is the recent French reform in the area of loans, where the duration of the loans, the creditor's identity and the transparency of the loans were regulated and the loans from private individuals can be extended only to five years.

Only private individuals located in France and political parties and banks located in the European Union can provide loans, and a copy of the loan document must be sent to the monitoring and control body. Another example is Spain, where the cancellation of debt is now prohibited.

Using policyholders' own funds for political campaigns is often a way to circumvent all donation regulations. Donations in kind must also be regulated, but it is very difficult to assess the value of these donations. The cost of meetings and organization of political rallies is often costly and can be assured at a significantly reduced cost, which is a kind of contribution in kind. Donations in kind must be declared swiftly: for example, in Latvia they must be declared very fast, and in Norway online. (UNODC, IFES, OSCE / ODIHR, Expert Group meeting Transparency in Political Finance, 21 May 2019)

In the Romanian legislation the donation is the contract by which, with the intention to please, a party, appointed *donor*, irrevocably orders a good in favour of the other party, appointed *donor* (e.g. political party). The donation is a liberality, as well as a variety of contracts free of charge, because it has the effect of reducing the donor's patrimony with the good donated to the political party, called the donor.

a) Donor's obligations

The conclusion of the donation contract is the obligation of the donor (private individual or legal entity) to hand over the good. This obligation can be enforced, either upon conclusion of the donation contract, or simultaneously with the execution of the obligation to transfer the right, or subsequently, unless expressly stipulated in the agreement.

Because the donation agreement is a liberality, it exempts the donor from the obligation to guarantee against eviction and concealed vices, but this rule accepts some exceptions, namely:

- the donor is liable for the eviction, if he expressly promised the guarantee or if the eviction is due to his actions or for a circumstance affecting the right submitted, a vice that he knew and did not communicate it to the political organization (the donor) at the moment of the conclusion of the donation contract;
- the donor is responsible for hidden vices, in case he has known the hidden vices of the donated good and did not bring them to the attention of the political party, for the benefit of which the donation is made. In this case, the donor is bound to repair the damage caused to the political organization by concealing these vices.

b) Obligations of the donor (political party, political alliance, independent candidate, Romanian citizen's organization belonging to national minorities)

In principle, the political party, whose patrimony includes the donated asset, has no legal obligation due to the gratuitous nature of the donation contract, however, it has a moral obligation consisting in the gratitude and consideration it owes to the donor, who also has irreversibly reduced patrimony in his favour.

The exception to this rule is the case of donation with tasks without political purpose, in which the political party, the political alliance, the independent candidate or the organization of the Romanian citizens belonging to the national minorities are held to fulfil the obligations assumed under the donation agreement concluded. In this regard, by task is understood any obligation assumed by the donor towards the donor through the donation contract, by which, in exchange of liberality, undertakes to execute certain benefits, this being possible, legal and moral. Donations to political organizations presuppose that the object of the donation document is consistent with the unbiased and political purpose established by law. The donation's effects between the private individual or the legal donor and the political organization occur at the moment when the agreement is valid. In order for the validly concluded donation to be opposable to third parties it is necessary to fulfil certain formalities related to advertising, which differ according to the nature of the donated good.

- **State**

In a sociological approach, the state can be defined as the specific and essential dimension of the political society, society that resulted from the setting, on a determined territory, of a relatively homogeneous human body, embodied in the Nation, and which is governed by an institutionalized power, having the ability and means to express and achieve the will of a part of the community as a general will. From a legal perspective, the state is a moral person, a distinct, stable and permanent juridical entity, detached from private individuals, who, acting in their capacity as agents of power, exercise temporarily the power, within the limits of

their competences. In narrow and concrete terms, the state is the ensemble of political governing bodies, designating the directing machine of the political society (I. Deleanu, *Constitutional institutions and procedures in Romanian law and compared*, Ed. C.H. Beck, Bucharest, 2006).

Public funding of political parties involves two essential aspects: funding of electoral campaigns and financing of current activities of a political party. In Western Europe, the two dimensions are congruent to a political party whereas, in the United States of America (and generally in the Anglo-Saxon area), the emphasis is on campaign financing as a dominant component of political funding.

Recognizing the risks associated to private funding, by promoting the external interests influencing policy-making, most European countries have introduced regulations on political funding, a combination of measures to ensure a level playing field between all parties and candidates. This includes, in particular, the balancing of public and private funding, regulation of direct and indirect state contributions and expenditure limits for political campaigns. Although private donation is a method of political participation, if funding of political parties and electoral campaigns is not properly regulated, money can also be a means of undue influence and seizure of political factors by external interests. In this context, public funding helps to institutionalize political parties in democracies, as they benefit of the financial support needed to carry out their daily activities and reduce their dependence on private funding.

Analysing the models of financing of political parties depending on the role of the state in regulating the political funding regime, one can say that there are three practices used by states at European level:

- ✓ political funding where the state has a preponderant role (donor and supervisor) - France, Spain;
- ✓ political funding in which the state acts as mediator with regard to sources of funding (where the level of public funding is directly proportional to the level of funding from private sources) - Germany, Austria, Ireland, Belgium, Greece;
- ✓ political funding where the state has a limited role (party expenditure supervisor and party incomes) - Great Britain.

(Pro Democracy Association, *Funding of political parties in Europe. What does the state do with our money? What do parties do with their money?* study published within the project "Transparency and control in political parties funding" carried out by Pro Democracy Association with the financial support of the European Union under the Phare 2004 - Democracy Strengthening in Romania, Bucharest, 2008).

In Romania, according to *Law 334/2006*, the state grants annually subsidies for political formations and political or electoral alliances under the conditions of the law. The subsidy from the state budget shall be paid monthly, through the budget of the Permanent Electoral Authority, into a special account opened by each political

party. The revenues from subsidies from the state budget are reflected separately in the accounting records of political parties. At the level of the Permanent Electoral Authority, a specialized department is set up to allocate the subsidy from the state budget. The subsidies from the state budget granted to political parties have a special status and are not subject to enforced enforcement by attachment. Also, the state reimburses the expenses for electoral campaigns to the electoral competitors, under the conditions *Of Law 334/2006* and a *Of the Government Decision no. 10 dated 13 January 2016 for the approval of the Methodological Norms for the enforcement of Law no. 334/2006 on financing of activities of political parties and electoral campaigns*, republished, as further amended and supplemented.

- **Supervisory and control authority**

Although there is no single model in European legislation, it is desirable to set up a single independent supervision and control body ensuring compliance with the legality of the entire process of funding of political parties and electoral campaigns. However, even if a surveillance body is technically independent, it is likely that political parties and other political competitors are reluctant to think of the existence and operation of a single supervisory and control body. During the Third Compliance Assessment rounds, GRECO noted that countries with supervisory and control bodies do not always provide the necessary financial and human resources to carry out their mission effectively (e.g. Spain). Supervisory and control bodies are often managed by public officials with legal training and less by economists, auditors and statisticians.

The modern audit of campaign funding reports requires confrontation of databases on campaign donations with records from other state bodies, contracts or works and public services, loans from public banks, licenses and permits. While public interest groups have begun to explore this area, the supervisory and control bodies do not have the resources to properly carry out these tasks. As a consequence, even if supervision is independent, where the rules are clear and there are sanctions, the quality of the supervision may be weakened due to the limited organizational capacity of the supervisory body (*OECD, Financing Democracy. Funding of Political Parties and Election Campaigns and Risk of Policy Capture, 2016*).

In the United Kingdom, the Chair of the Electoral Commission is appointed by a parliamentary commission chaired by the chairman of the House of Commons. The president, by convention, waives all his inclinations concerning political ideology and any connection with the parties and acts as a politically neutral figure. At the same time, this is a matter of political culture and would not work in all countries. In some countries, a higher judge acts as head of the supervisory body.

Despite the diversity of institutional agreements, the following factors are considered critical to the good functioning of the supervisory bodies: the independent appointment of its members (independence from political and executive parties at the same time) and the security of their mandate, an independent budget providing

sufficient resources and specialized expertise of the personnel as well as clear methodologies for discovering illegal funding of political parties and candidates.

The Estonian Party financing supervision committee (EPFSC) consists of representatives of each party in Parliament (from 2011 until 2015 there were four; after April 2015 there are six.) Moreover, these representatives may not be members of the parliament (parliamentarians) or government ministers and, ideally, not in the executive bodies of their party. Therefore, the idea is that these representatives serve as autonomous individuals, not as delegates or for the interests of their party. In addition, the Committee includes three expert members: one appointed by the Minister of Justice, one by the National Electoral Committee and one by the Chairperson of the Committee of Censors. The Committee is supported by an administrative adviser and a legal advisor. The inclusion of experts in EPFSC activity through other state institutions is considered positive, thus the number of party representatives increased in April 2015 to six (together with three experts).

The institutions responsible for implementing the regulations on political finances should also have a clear mandate and power, not just the capacity, but also the legal power to conduct investigations, to notify cases of criminal investigation and to impose sanctions. Such powers are essential for the effective application of a transparent and equitable campaign funding regime. Supervisory and control bodies, with resources available and well-funded, but not independent and / or legal authority to regulate and implement sanctions (enforceable ones) significantly, restrict the extent to which existing legal regulations can be enforced.

In the UK, the Electoral Commission Guidelines establish the principles behind supervision, investigation, sanctions and the regulatory role of the Commission. It provides details of the sanctions applicable to various crimes and offenses regarding breaches of regulations in terms of political funding, how financial penalties are calculated, the circumstances in which voluntary execution engagements can be accepted and other information related to the regulatory activity of the Commission.

In Romania, the institution responsible for implementing the regulations on political funding is the Permanent Electoral Authority (EPA), an autonomous administrative institution with legal personality and general electoral competence, which has the mission to ensure the organization and conduct of elections and referenda, as well as financing of political parties and electoral campaigns, in compliance with the Constitution, law and relevant international and European standards. The Permanent Electoral Authority performs its activity observing the principles of independence, impartiality, legality, transparency, efficiency, professionalism, accountability, sustainability, predictability and legitimacy.



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Programul Operațional Capacitate Administrativă 2014 - 2020

According to *Law no. 208/2015 on election of the Senate and of the Chamber of Deputies, as well as for the organization and operation of the Permanent Electoral Authority*, PEA has the following attributions:

- elaborates proposals for provision of logistics necessary for the performance of elections, which he submits to the Government and local public administration authorities, and monitors the execution of proposals;
- monitors how to divide the voting sections, to establish the premises of the voting sections and the offices of the electoral bureaus;
- aims to achieve in advance the specific endowments of the polling stations: standardized ballot boxes and stalls, stamps, wall paintings, recipients for transport of ballot papers and the like; controls the manner in which these are kept between election periods;
- monitors how to provide the funds needed for the timely, timely completion of the logistics necessary for the performance of the electoral process;
- monitors the security of polling stations, ballot papers and other documents and materials specific to the electoral period;
- monitors the elaboration and printing of permanent electoral lists; monitors and controls the updating of the electoral register;
- Manages the Electoral Register and the polling station register;
- controls and monitors the fulfilment of the tasks incumbent upon public authorities and other bodies in the preparation and organization of electoral processes;
- shall, within the limits of his competences, ensure the unitary application of the legal dispositions related to the organization of elections and referendums;
- Draws up studies and proposals aimed at improving the electoral system, which he publicises and presents to the public authorities, to political parties, as well as as interested non-governmental organizations;
- shall submit to the Parliament, within maximum 3 months after the conclusion of elections for the Senate and the Chamber of Deputies, to the President of Romania, to the European Parliament and to the local public administration authorities or to a national referendum, a report on the organization and performance of elections, respectively of the referendum, containing references participation in elections, manner of performance, non-conformities, including legislative, ascertained and outcome of the consultation; the report shall be publicized in the form of a White Paper;
- implements programs for informing and educating voters on the Romanian electoral system and for observing electoral deontology and ensures their popularization;
- organizes specific training and professional training programs in electoral matters for the staff of authorities and institutions, with responsibilities in organizing and holding elections, as well as for persons who may become members of electoral bureaus and computer operators in the polling stations;

- elaborates programs and establishes unitary procedures for the exercise of the right to vote by persons with disabilities and ensures their popularization;
- elaborates the draft of its own budget, which is approved by the law of the state budget;
- elaborates the list of specialized personnel certified by the National Institute of Statistics, which participates in the centralization, processing of data and observation of results of elections;
- coordinates the national electoral information system;
- acquires, as per legal conditions, the applications and / or IT services used by the Central Electoral Office for centralization of voting results;
- Draws up and submits to the Government, for approval, together with the Ministry of Internal Affairs, the date of elections and the schedule of actions within the electoral period;
- Draws up and submits to the Government for approval, together with the Ministry of Internal Affairs, the draft decisions on the proper organization and conduct of elections;
- elaborates draft regulatory documents for improvement and improvement of the Romanian electoral system, which he submits to the Government for analysis and exercise of the right of legislative initiative;
- Submits to the Government, for approval, together with the Ministry of Public Finance and the Ministry of Internal Affairs, the draft Government decision approving the expenses required for the organization and conduct of elections;
- certify without modification, 10 days prior to the election date, the computer applications used by the Central Electoral Office for the centralization of voting results and make them available to political parties and to organizations of citizens belonging to national minorities registered in the electoral race, upon their written request;
- makes proposals to the Government for setting the date for organization and performance of partial elections for the local public administration authorities and supports their organization;
- observes the observance of the law on organization and performance of local referenda;
- Ensures the enforcement of the legislation on financing of activity of political parties and electoral campaigns;
- organizes national and international conferences, seminars and congresses in his / her field of activity;
- ensures transparency of expenses incurred for the organization and conduct of elections and referendums.
- The Permanent Electoral Authority shall submit to Parliament an annual report on its activity, as per legal provisions.

(Law no. 208/2015 on election of the Senate and of the Chamber of Deputies, as well as for the organization and operation of the Permanent Electoral Authority)



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Programul Operațional Capacitate Administrativă 2014 - 2020





Figure 3.3. Functions of Permanent Electoral Authority



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3.3. Other categories of stakeholders

The monitoring of the activity of electoral competitors should be extended to other categories of stakeholders, such as mass-media and civil society. The latter should be incorporated into the ongoing monitoring of party activity, especially its funding. In addition to the supervisory and control authority, stakeholders can provide important information on the correctness of the policy funding process and compliance with legal regulations in this field.



- **Civil society organizations**

In many countries, civil society activists have maintained the debate on campaign funding reform on the political agenda. They put pressure on the state supervision and control bodies to enforce legislation and commit themselves to struggling for parties, candidates and donors to achieve ethical and integrity standards superior to legislation in force. In case when the information regarding the funding of parties and campaigns was published, the civil society organizations gathered, analysed and translated information on the respective funding. Efforts of these organizations then materialized in the publication of reports, integrity manuals or even databases, useful for identifying the directions for improvement of organizational practices and even for harmonization of legislation and enforcement rules.

Many bodies and specialists promote the idea that civil society organizations can be effective supervisors of the funding system of political parties and electoral campaigns, and they become real tools in promoting transparency and anti-corruption efforts in the field of political funding.

Civil society organizations are represented by "a wide range of non-governmental and non-profit organizations, which have a presence in public life, expresses the interests and values of their members or others, based on ethics, cultural, political, scientific, religious or philanthropic considerations. Therefore, civil-society organizations (CSOs) refer to a wide range of organizations: community groups, non-governmental organizations (NGOs), trade unions, indigenous groups, charitable organizations, faith-based organizations, professional associations and foundations" (World Bank, 2013).

Despite an increased interest in gathering information on how civil society organizations engage in the debate on political funding (Transparency International, 2007) and in providing guidance to activists in the field (OSI, 2005), it has not known yet how evolves non-profit organizations and becomes important stakeholders in political funding. Also, it is still questionable how the interventions of these organizations balance independence and activism and whether they prove effective in informing voters and in promoting reforms in the field of financing political parties



and electoral campaigns (*Bruno Wilhem Speck, "Brazil: Crime Meets Politics" In Dangerous Liaisons: Organized Crime and Political Finance in Latin America and Beyond. Edited by Kevin Casas-Zamora. Washington, DC, Brookings Institution Press, 2013*).

Any supervisory and control authority in the field of financing of political parties and electoral campaigns will be able to discover only part of the breaches of legal provisions, if they rely solely on internal monitoring of financial reports submitted by electoral competitors. In this regard, an efficient supervision authority must also engage external stakeholders in the process of monitoring of political funding.

Complaints and external notices for acts suspected as crimes are essential for the detection of breaches of legal provisions. Press reports can also be a particularly good source of information. The complaints verification process may require a formal written document that satisfies the conditions for an appropriate complaint or is more liberal in the sense that the Authority may take into account press articles or unofficial allegations.

In transitional regimes and especially in post-communist societies, voters are in the best position to observe questionable campaigning practices (they are active observers of the entire process), but they may be more reluctant to make a formal complaint, as they often fear retaliation. Therefore, in order to encourage citizens and civil society to make referrals and provide information, some systems of political funding even give the supervisory and control authority the opportunity not to disclose the source of information that it receives. Considering the complex nature of regulations on political funding and the importance of receiving complaints from outside, it is essential that countries invest in public awareness campaigns, media training and other forms of education of all stakeholders, with regard to regulations on political finances and the complaint process in case of suspicions of corruption or serious irregularities occurring (*IFES, Challenging the Norms and Standards of Election Administration, 2007*).

Civil society organizations are sometimes able and able to monitor the funding of campaigns for a longer period and deeper than is normally possible for international observers. Generally, although international observers must make their assessments as substantiated as possible, based on official documents and their own observations, they may analyse different situations or aspects related to the funding of political parties and electoral campaigns based on information developed by other observers organizations that protect the interests of citizens and society, information that can be valuable in identifying issues and in providing data.

In several countries, civil society organizations directly assess and monitor the contributions and expenses of the electoral campaign. Where legislation provides for reporting of funding for campaigns, civil society organizations have proven to be

essential in the frequent examination of the accuracy of these reports, as well as in monitoring funding sources and how funds have been spent. Often, such organizations may estimate campaign costs (e.g. costs of billboards, costs of media advertising, printing costs and rental costs of campaign spaces) to assess whether a candidate or party reported with accuracy and correctness and whether they fall within the legal limits of expenditure.

Several good examples of monitoring of campaign funding by civil society organizations were present in the OSCE region, sometimes with the support of international organizations. Several groups of observer citizens also published reports on their methodology for observing campaign funding. In some cases, civil society organizations have also promoted conduct codes for the campaign, including dispositions regarding campaign funding

- **Mass Media**

As mentioned above, an effective supervisory authority must also engage external stakeholders in the process of monitoring policy funding. The role of the media in terms of the electoral field is particularly important. There are countless situations in which citizens and even the supervisory and control bodies receive information in a very short time from the occurrence of an event or the occurrence of a situation that must be verified or monitored.

The media also have a special role to play in the ex-officio notification process of the authorities for supervision and control of the process of financing political parties and electoral campaigns. The importance of the media is also a result of the fact that the media people that signal situations or deeds, however, have certain skills and a high degree of professional training and act in accordance with the professional ethic code. Consequently, with regard to the media, it must be started from the point that public information is, however, correct information, that has credible sources behind, therefore, a process to verify the situations or facts noted must be started.

External notifications, especially in situations where they refer to certain facts that may significantly affect the values of a democratic society, facts that may fall within the category of crimes, may be essential for the discovery of serious breaches of legal provisions. In countless situations, press reports contain carefully documented information and help create a general picture that addresses multidimensionally the field of financing of political parties and electoral campaigns.

Unlike natural persons who can be afraid of different pressures exerted after elaboration of a written notification to the supervisory and control authorities, investigative journalists, through their professional formation, have the possibility to analyse the situations and actions considered illicit, as well as the courage to publicly request the competent authorities to carry out an own investigation for the purpose of applying the necessary sanctions.



Towards these considerations regarding the media role in supervising the process of financing political parties and electoral campaigns, it is quite obvious that press institutions must be absolutely impartial and politically independent.

3.4. Good practices at EU level regarding participants in political parties and electoral campaigns funding

In recent years, the issue of financing political parties, including electoral campaigns, has become increasingly important in terms of the fulfilment of democratic values. Most member states of the Council of Europe have taken substantial legislative measures to regulate the practice of party funding, as recommended by international institutions. However, the legislation adopted differs considerably from one country to another, especially in terms of reporting, accountability and monitoring of funding of political parties and electoral campaigns.

The Venice Commission reported that transparency and accountability in the use of funding during electoral campaigns is of the utmost importance and should operate at two levels. The first refers to the campaign funds, the details of which must be presented in a special set of closely monitored internal accounts and made public. The second level involves monitoring the financial status of the elected representatives before, during and after their mandate.

Other effective mechanisms for controlling campaign funding and current funding of political parties could include annual publication of the status of party accounts as well as the list of all amounts received from donations. Good practices for improving transparency of funding in general and opening up paths for the balancing of public and private funding must be taken into account by decision-makers in European countries.

From the analysis of specialized literature, of international standards and documents in the field of financing of political parties and electoral campaigns, a series of recommendations can be identified for the actors participating in the political funding.



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Political parties, political alliances, citizen organizations belonging to national minorities and independent candidates should:



- ✓ to practice transparency and demonstrate commitment to ethical standards in public life;
- ✓ to promote democratic principles and, in particular, transparency and equality of opportunity in the selection and nomination of candidates on election lists;
- ✓ to encourage the participation and nomination of members from underrepresented groups (for example: young people, minorities, immigrants and persons with disabilities);
- ✓ to adhere to the principle of "fair play" and to set general standards of conduct during the electoral campaign;
- ✓ to develop internal rules ensuring compliance with legislation on fair and transparent financing of electoral campaigns;
- ✓ to promote good practices in order to increase equality between men and women in political parties;
- ✓ to declare assets, revenues and expenses to an independent body;
- ✓ to publicly report timely annually, but especially before and after the elections, so that the public can take them into account when voting;
- ✓ to reveal the donors and the value of their donations, including contributions in kind, loans and destination of expenditures;
- ✓ to provide assistance and to cooperate with law enforcement authorities;
- ✓ to respect the rights of other political competitors;
- ✓ to cooperate fully with electoral officials so as to ensure their safety until the votes are completed;
- ✓ to promote a favourable atmosphere during the electoral campaign and the ballot, in order not to create tension by manner, conduct and respect for the opinion of others;
- ✓ to avoid provocative speeches, ridicule and lying statements;
- ✓ to plead against violence of any kind;
- ✓ to maintain a communication line with their opponents, so that tension sources can be approached and quickly eliminated;
- ✓ to maintain all the times control over the behaviour of supporters, members and their representatives;
- ✓ not to influence voting by offering money or goods;
- ✓ not to use the means of transport of public institutions to transport voters to polling stations;



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Political parties, political alliances, citizen organizations belonging to national minorities and independent candidates should:



- ✓ not to carry out illegal activities in the polling stations;
- ✓ not try to influence the voting on any voting day;
- ✓ to refuse illicit or corrupt donations and to report suspicious financial transactions to competent authorities;
- ✓ to set up internal mechanisms for controlling incomes and expenditures achieved;
- ✓ to develop internal rules supplementing and strengthening the national legislation on financing of political parties and funding electoral campaigns, especially with regard to transparency and accountability;
- ✓ to ensure transparency and promotion of high standards of conduct in order to maintain citizens' confidence;
- ✓ to develop internal rules, which are complementary to the national legislation, in order to monitor the financial status of the elected representatives before, during and after their appointment;
- ✓ to support preventive and repressive measures aimed at combating corruption;
- ✓ to set up independent disciplinary bodies for investigation and sanctioning of corruption within the parties;
- ✓ to strengthen and support assessment, monitoring and discipline processes;
- ✓ to continuously carry out dialogue with political parties in government or in opposition;
- ✓ to systematically monitor and report the results obtained by the party representatives in public institutions;
- ✓ to inform the citizens about the fulfilment of electoral promises, including, among other things, to provide the public with an assessment of the Party's program and an explanation of the extent to which it has been translated into public policies;
- ✓ to make public and make available to citizens and other interested parties the electoral program on the party's website during the legislature, in order to allow for public control and monitoring thereof;
- ✓ to periodically publish reports on the degree of fulfilment of objectives included in the governance program, detailing the delays and causes that caused these delays;
- ✓ to elaborate codes of ethics and conduct of party members and to carry out appropriate trainings to acquire the values included in the Code of Ethics;
- ✓ strengthen ties between party leadership and local and regional levels of organizations;
- ✓ adopt internal procedures that involve consultation of members with regard to politics or important decisions for the party, such as electoral coalitions or political coalitions;
- ✓ establish mechanisms that ensure the internal liability of party members



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Programul Operațional Capacitate Administrativă 2014 - 2020



Political parties, political alliances, citizen organizations belonging to national minorities and independent candidates should:



- holding public office;
- ✓ to facilitate citizens' access to information on local political affairs, or on all forms of participation in local public life, by setting up administrative offices to facilitate contacts between local authorities and citizens;
- ✓ not to use public funds to promote propaganda on behalf of political parties or certain political ideologies.

The private sector should:



- ✓ invest in strengthening the capacity and credibility of observing the internal elections and to support the international supervisory bodies and their members;
- ✓ not try to obtain personal or political favours or to buy access to politicians or public agents by donations to political parties, candidates and elected officials;
- ✓ decide to engage in political funding and political expenses in the board of directors and in consultation with shareholders;
- ✓ not compel or require members of the council or employees to contribute to a political party, politician or candidate;
- ✓ not use the position of strength to suggest, influence, compel others (including executives, employees, associated third parties) to contribute to or to support or not support a political candidate or impose a particular vote;
- ✓ publish their internal information on principles, policies, procedures and donations and their activities in relation to political engagement;
- ✓ report their contributions in each country where they carry out their activity, irrespective of whether or not it is a legal requirement;
- ✓ establish robust controls to ensure that donations and contributions are not breached by company policy and that any inaccurate political expense is detected, investigated and reported;
- ✓ comply with the laws governing post-public engagement of public agents and even establish ethical requirements in order to ensure responsible practices and mitigate the associated risks;
- ✓ publish details of secondments to and from the public sector, including information on secondment locations, number of persons and purpose of secondment;
- ✓ take into account the requirements and regulations of the supervisory and control bodies in order to respond to new challenges, such as supervision of public and private funding of parties and campaigns, regulation of mass-media and electoral advertising, ensuring transparency and accountability of technological



innovations;

- ✓ contribute to strengthening the capacity of local citizens to monitor, report and evaluate electoral elections;
- ✓ prohibit offering or receiving gifts, expenses on behalf of a political competitor or offering other advantages in order not to be improperly levied as a result of subsequent arrangements or favours;
- ✓ not contribute directly or indirectly to the funding of political parties and electoral campaigns, as subterfuge for bribing party officials, candidates, organizations or persons involved in politics.

The state / governments should:



- ✓ contribute to the construction of the rule of law in order to ensure that citizens, including political competitors and opposition, have acted legally to exercise their electoral rights;
- ✓ join states with similar visions and to associate with civil society organizations in order to fulfil specific commitments on electoral integrity, election funding and free media protection through POG (*Open Government Partnership* - an international initiative that encourages governments to improve their performance in transparency and accountability);
- ✓ implement appropriate conflicts of interest laws that regulate the circumstances in which an elected official may hold a simultaneous position in the private sector or in a state institution;
- ✓ set up independent, professional and competent regulatory and control bodies with full independence of action;
- ✓ provide timely access to the finances required for the running of the current activities of the parties and of the elections;
- ✓ develop institutions, processes and networks that discourage violence in elections and, where prevention fails to punish those responsible;
- ✓ promote and create a legal framework, both regulatory and institutional, allowing civil society organizations and independent media organizations to get involved and consulted in electoral processes. This framework should also provide access to information and the possibility for civil society to contribute to the improvement of legislation.
- ✓ reform and design electoral systems and to promote policies to mitigate the influence of the winners in elections over the electoral process;
- ✓ remove barriers to participation of women, young people, minorities, persons



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Programul Operațional Capacitate Administrativă 2014 - 2020



with disabilities and other traditionally marginalized groups and to take concrete measures to promote leadership and the wide participation of these categories, including through judicious use of quotas;

- ✓ pay more attention to the benefits that funding gives to parties and to encourage citizens to participate in supporting parties with small donations and membership fees;
- ✓ consider restricting financial support from corporations and foreign support, as well as individual donations with high values;
- ✓ control the request for political funding, and to propose mechanisms for expenditure limits and subsidized access to mass-media;
- ✓ control political funding by regulating donations and expenditures, public funding of political campaigns, disclosure and transparency of donations and expenditures, as well as sanctions in the field;
- ✓ criminalize the funding of political parties from illegal sources.

The supervisory and control authority should:



- ✓ effectively monitor compliance with regulatory laws and regulations;
- ✓ have the necessary resources, skills, independence and powers of verification and control;
- ✓ ensure, together with other independent authorities, that the commission of offenses or criminal actions will be sanctioned accordingly;
- ✓ remain neutral and objective in terms of registration of political parties (if applicable), funding of political parties and regulation of party activities;
- ✓ always enforce legal regulations in an objective and non-discriminatory manner;
- ✓ participate in a voluntary certification process and to undergo peer review in terms of professionalism, independence and competence;
- ✓ elaborate a declaration of principles and a code of conduct for integrity management, on which they support and follow.

Civil society and citizens' organizations should:



- ✓ participate actively in promoting adequate legislation in the field of political funding and monitoring of political funding and its impact on political representation;
- ✓ undertake the observance of international standards and recommendations in order to monitor internal elections and comply with the Statement of

Comprehensive Principles and the Code of Conduct;

- ✓ monitor the government's performance in order to cope with electoral integrity challenges by monitoring elections, impartially and systematically, in accordance with international principles;
- ✓ carry out civic actions for the prevention of electoral violence;
- ✓ monitor the media in order to make it more accountable, to ensure its diversity and independence;
- ✓ ask political parties to respond to citizens' needs;
- ✓ be active and vigilant and to contribute to stopping corruption in political funding;
- ✓ monitor the incomes and expenses of the political competitors;
- ✓ participate in democratic citizenship education activities, including open conferences and civic groups focusing on subjects related to a citizen's rights and responsibilities in a democracy, constitution, political parties or the role of civil society;
- ✓ establish relations with political competitors based on independence, interdependence and dialogue, as well as on the principle of transparency.

The media should:



- ✓ play an independent and critical role, both in electoral campaigns, as well as in terms of the political process in a general sense;
- ✓ establish, implement and maintain standards for the development of independent, balanced and accurate media organizations;
- ✓ use legislation on conflict of interest and other instruments to prevent political control of public and private media;
- ✓ become familiar with the rules and rules governing elections;
- ✓ comply with all electoral laws and regulations;
- ✓ maintain a close connection with the Electoral Commission / Authority;
- ✓ have a high level of impartiality, independence, neutrality and objectivity in the performance of tasks;
- ✓ balanced and impartial in their electoral reporting and not discriminate against any party;
- ✓ report the views of candidates and political parties directly and in their own words, and not as interpreted by others;
- ✓ report only information based on facts and accurate and accurate information;
- ✓ make a clear separation between fact and comment;



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Programul Operațional Capacitate Administrativă 2014 - 2020



- ✓ observe professional secrecy with regard to the source of information;
- ✓ not prevent or interfere with the electoral process, voting or counting procedures;
- ✓ not accept any inducements from a political party, candidate or any other source;
- ✓ not make any promise to a political party or candidate on the content of a news report;
- ✓ to bring to the attention of the supervision and control bodies the problems and irregularities notified;
- ✓ not display and wear symbols or colours or partisan banners;
- ✓ document his visits to the polling stations and to count and to report objectively;
- ✓ report on the observations;
- ✓ show respect for the people and culture of the country;
- ✓ refrain from issuing public statements about his observations and the electoral process;
- ✓ refrain from announcing election results before the period set by law;
- ✓ not offer donations in kind to parties, offering free time or free broadcast time to the favourite competitor;
- ✓ promote new information and communication technologies;
- ✓ increase the flow of information they can provide to citizens as well as to receive information from them.

Considering the diversity of political systems and the various levels of democratic development, there is no single solution or considered the best solution for each system of regulation of political funding in order to combat political corruption. Rather, differences in the legislative system will always produce a number of effective practices. However, it is important to establish standards and recommendations in the management of political finances, to which national practices should aspire. Standards and recommendations define society's expectations and enable all electoral actors to understand their roles and responsibilities.

Increase the effectiveness of mechanisms for controlling political funding, greater public visibility, adequate control of internal political parties, effective enforcement of applicable laws by supervisory and control authorities, as well as supervision of all stakeholders is fundamental to any transparent and accountable system.

Transparency and enforcement of applicable laws are essential in order to comply with regulations in the field of policy funding, and the internal and party control mechanisms (authorities, NGOs and the media) must be improved, rather than be undermined (*Marcin Walecki, IFES, Challenging the Norms and Standards of Election Administration, 2007*).



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Programul Operațional Capacitate Administrativă 2014 - 2020



Chapter 4

TYPES OF FINANCING OF POLITICAL PARTIES

In order to fulfil their basic functions, political parties need adequate funding, both during electoral campaigns (funds allocated by a party during the electoral process) and between them, so that they can carry out their current activity. Taking into account the principles of funding political parties and electoral campaigns, it can be said that legislation in this field is essential in order to guarantee the independence of political parties from the unwanted influence created by donors, in order to ensure that they are able to compete in accordance with the principle of equality of opportunity and to ensure transparency in political funding.

To create a transparent and equitable funding system, both party funding as well as campaign financing must be taken into account in legislation in the field of funding political parties. Many provisions (such as limitations of funding sources) apply to both types of funding, while others (such as the provision of free broadcast time) can only be applied during the electoral period. In this regard, most of the OSCE participating countries provide public support to the parties at any time, making the distinction between *financing of the current activity* and *financing of campaigns election*. Financing of political parties through private contributions is also a form of political participation. In this respect, the relevant legislation should try to achieve a balance between encouraging moderate contributions and limiting excessive contributions.

Taking into account the recommendations of the OSCE, the participating states can adopt some important guidelines for the policy financing systems in the drafting of legislation. These include:

- ✓ restrictions and limitations on private contributions;
- ✓ the balance between private and public funding;
- ✓ restrictions on the use of state resources;
- ✓ Correct criteria for allocation of public financial support;
- ✓ campaign expense limits;
- ✓ requirements that increase transparency of party financing leading to increased credibility of financial reporting;
- ✓ independent regulatory mechanisms and appropriate breach of law.

(Guidelines on Political Party Regulation, OSCE, published by the OSCE Office for Democratic Institutions and Human Rights (ODIHR), Adopted by the Venice Commission at its 84th Plenary Session, Venice, 15-16 October 2010)



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Programul Operațional Capacitate Administrativă 2014 - 2020



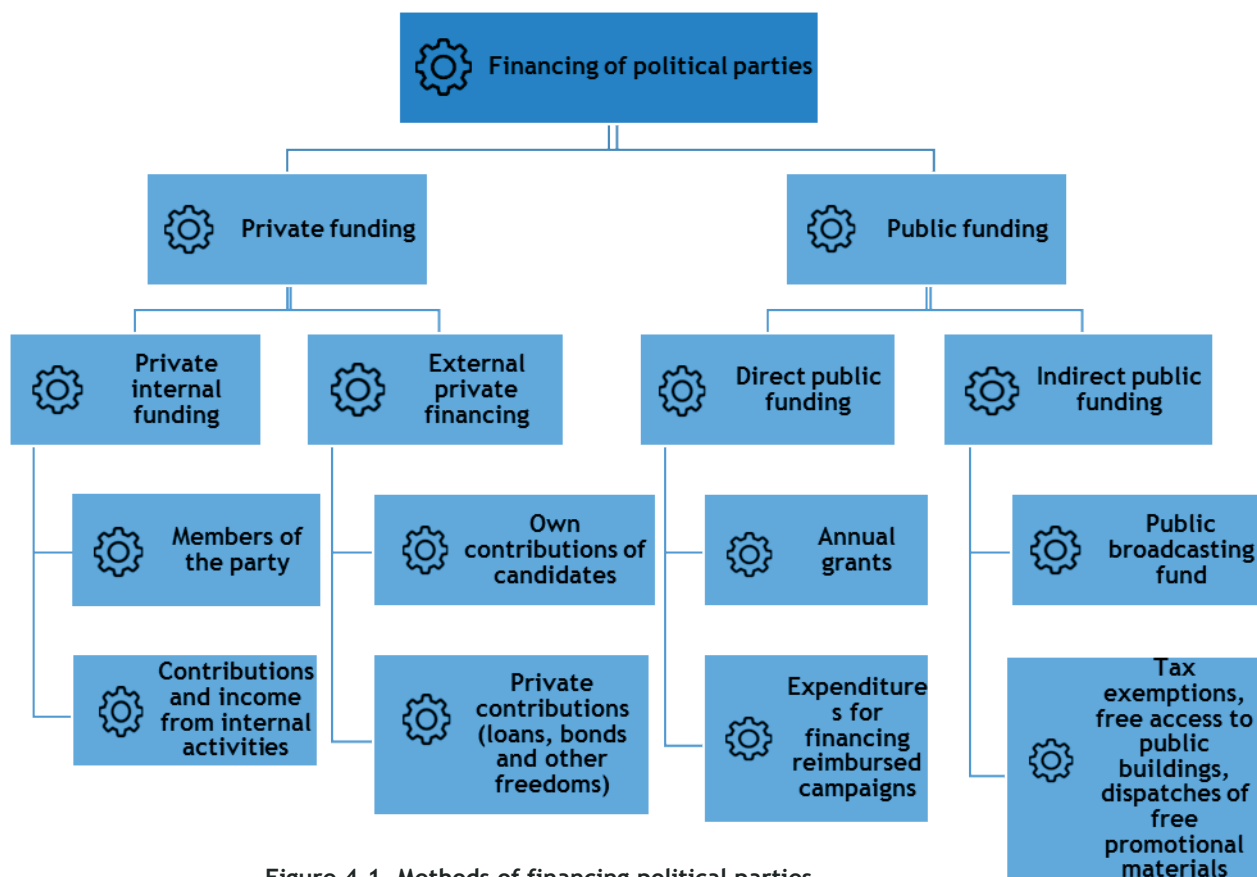


Figure 4.1. Methods of financing political parties

Political funding implies that amount of money allocated to an electoral campaign or political party activities in general. This money is collected and spent by: candidates, in order to hold a public office; political parties; other individuals or groups of partisan supporters (*Marcin Walecki, Challenging the Norms and Standards of Election Administration: Political Finance, IFES, 2007*).

The political parties compete for the same resources coming from private funding and from public funding. Many European states provide public funding (some for the current activity as subsidies, others for the current activity and for the expenses occasioned by the different types of campaigns and others only for the campaigns). In other countries, party funding relies largely on public funding, such as Greece (*OECD, Financing Democracy. Funding of Political Parties and Election Campaigns and Risk of Policy Capture, 2016*).

4.1. Private funding

European countries increasingly regulate private funding to ensure a level playing field between parties and candidates. The regulation of private funding is the basis for a concept banning or limiting sources or funding amounts. Sources considered inappropriate and therefore prohibited include foreign funding, funding from public organizations such as state-owned enterprises, corporate donations or trade unions. The reason for the limitation of the amounts of private donations is related to the degree of influence of donors on the result of elections or in the process of elaboration of public policies in the period between elections. However, the implementation of this approach to funding from foreign sources may be difficult, and legislation must take into account either the protection of national interests or the rights of individuals, groups and associations to cooperate and share information that is considered secret.

a) Funding by membership fee

In order to provide the necessary incomes for the current activities, political parties may request payment of a membership fee. Although these contributions should not be so great as to unduly restrict membership, they are a legitimate source of funding for political parties. Party membership fees do not inherently contradict the principle of free association, as long as the amount of that amount is reasonable.

In certain situations, such as financial difficulties of disadvantaged categories of party members, the possibility of exemption from the requirement to pay the party's fee should be encouraged, in order to ensure that membership in the political party is not unduly restricted only for those who can afford it. This facility granted to party members may also be customized, so as to take into account the specificity of each individual case. However, when additional contributions are requested for certain positions in the party, access may be blocked for those who do not wish to pay or who can't pay this contribution, which could violate their right to association or to participation and promotion in party positions. Some political parties may adopt different contribution systems for parliamentarians or representatives of parties occupying state positions, but these "Taxes" must be treated and subject to legal provisions on contributions, in order to ensure that they do not contradict the limits imposed by the legislation. Such funding may give the negative impression that elected MPs have "Purchased" the mandate from the party or paid for an upper position on the electoral list.

In France, membership fees are limited to EUR 7,500 per person. In Iceland, annual membership fees are limited to approximately € 670 per year. In France and Ireland, membership fees are treated as part of donations, subject to certain ceilings.

In Poland, membership fees may not exceed the minimum monthly salary, which is established each year by the Government. However, many countries do not

regulate the amount or frequency of membership fees as a source of funding for political parties.

Austria, Denmark, Finland and Germany are just a few of the countries that have no limitations on the value or frequency of membership fees that can be paid to political parties (OECD, *Financing Democracy. Funding of Political Parties and Election Campaigns and Risk of Policy Capture*, 2016).

In Romania, members of political parties may submit contributions by bank or cash accounts, as per law, which are recorded and highlighted in the accounting documents of political parties, according to the applicable regulations. The amount of the subscriptions, their assignment and their use shall be established by decisions of the political party, according to their statute.

The total revenues from the subscriptions are unchecked. The amount of the contributions paid in one year by a party member can't exceed 48 minimum national minimum salaries. The minimum gross national salary taken as a reference is the one existing on 1 January of the respective year.

The payment orders and the turnout sheets of the subscriptions shall include obligatorily the identification data of the depositors, the mention of the contribution and the political party to which the contribution is paid, as well as, in case the depositor is a person other than the member of the political party for which the contribution is paid, the identification data of the latter. The cash contributions are collected on the basis of receipts, which will include the identification data of the depositor, the mention of the contribution and the political party to which the contribution is paid, as well as, in case the depositor is a person other than the member of the political party for which payment is made the identification number of the latter (surname and name, date of birth, serial number and ID number and domicile).

By April 30th each year, political parties have the obligation to publish in the Official Gazette of Romania, Part I, the following: the situation regarding the total amount of the contributions received in the previous year and the list of the members who paid in the previous year contributions whose value total exceeds 10 minimum base salaries in the country.

b) Contributions and incomes within political parties

Legislation should generally allow political parties to provide financial support to their regional and local offices, and vice versa. Such support should be considered an internal activity of the party and should generally not be limited by legislation. However, in order to comply with the transparency principle, it is necessary for political parties to report the distribution of funds within them. In addition, the legislation should clearly establish that the value of total expenditures for an election campaign, including the funds allocated by various parties of the party, is in



compliance with the established expenditure limits. Political parties which produce income by selling materials related to meetings, events, where legislation permits, should be able to use these funds for their campaigns and activities, provided that the use of such revenues complies with transparency requirements and legislative limits on Party expenses (*Law 334/2006 on financing of activities of political parties and electoral campaigns*).

In Estonia, the funding of the political party is regulated by the political party law (in force since 23.03.2015). The legislation establishes the main rules for financing the activity of the political party, namely, the political party can receive funding from the following sources: membership fees, financing from the state budget, donation, income from internal activities of the political party and loans.

In Latvia, the funding of political parties is regulated by the Law on financing of political organizations (parties), adopted in July 1995, the last modification being on 12.09.2013. The legislation defines the financing sources: membership and membership fees, hand donations (donations) from private individuals, income from the economic activities of the party, state budget and any other legal sources.

In the case of Lithuania, the funding of the political party is organized by *Law on financial financing and financial control of political parties and political campaigns*, adopted in 2004. Legislation sources of funding are divided into two types: *permanent sources* and *sources of funding of political campaigns*. Permanent sources include: membership fees (initial, periodic fees and other membership fees), financing from the budget, income from the party's economic activities, donations, bank loans, ties and other freedoms.

In Estonia, the law defines only main sources of funding, but it does not contain any information on incomes from party activities. The political party may organize certain operations only with its own resources.

In Latvia and Lithuania, the political party can develop an economic activity in order to receive additional funding. Under Latvian legislation, any financial and economic activity of a party / political organization should be transparent and public. In Lithuanian law, the types of funding of political parties are different and well categorized. (*University of Tartu, Baltic Sea Region Studies, 2016*)

In Romania, according to the law, political parties can't carry out activities specific to the companies regulated by *Law no. 31/1990*, republished, as subsequently amended and supplemented. Exceptions are the following activities from which political parties can obtain incomes:

- a) publishing, producing and disseminating publications or other propaganda material and its own political culture;
- b) sale of tickets, participation fees or the like in cultural, sporting actions, as well as in political, economic or social meetings and seminars;
- c) sale of printed materials bearing the symbols of the political party;



d) services offered to the party members for organizing the events set forth in lett. b);

e) letting of the spaces in own patrimony, without prejudice to the public morality, order or image of the political party;

f) disposal of lands and buildings from patrimony, but only after at least 10 years after registration with patrimony, except for political parties in dissolution. The 10-year period does not apply to inherited real estate;

g) the disposal of movable assets from patrimony, unless they are activities of production, trade or provision of services;

h) sub-lease of premises received for the organization of parliamentary offices, without the monthly rent amount stipulated in the sub-lease agreement to exceed the amount of the monthly rent stipulated in the lease agreement with the local authorities. The maintenance expenses related to the sub-leased space shall be borne by the parliamentary office, as per the concluded agreement;

i) issue of political party cards / ID cards.

Political parties may obtain income from bank interest. By April 30th each year, political parties have the obligation to publish in the Official Journal of Romania, Part I, the total amount of revenues obtained in the previous fiscal year from the activities provided by the legislation, broken down by type of activity and source (*Law 334/2006 on financing of activities of political parties and electoral campaigns*).

c) Personal financial resources of the candidates

The relevant legislation may provide that candidates may use personal financial resources to finance electoral campaigns. Under such a system, personal contributions of candidates can be used as party funds, and can be allocated to that candidate's campaign. Although funds from a candidate's own contributions are often perceived as not being sources of undue corruption or influence, legislation may limit these contributions as part of the total expenditure limit during the campaign period, and may specifically request reporting of such contributions. Candidates should be required to file a public report of the assets and liabilities. Errors in candidates' reports should not, however, be sanctioned with the refusal of their candidacy.

In France, candidates in presidential elections can fund their campaigns using private donations, party contributions and own funds. As regards private donations, French citizens and foreigners are entitled to donate up to € 4,600 per election to one or more candidates. Donations from domestic and foreign legal entities are prohibited.

There is no explicit legal interdiction to make donations on behalf of another person. The cash donations are allowed up to 150 Euros, but they can't cumulatively exceed 20% of the authorized limit of expenditures. For the presidential elections, the cash donation ceilings amounted to 3.3 million Euro and respectively 4.5 million Euro for the first and second round. There is no ceiling for donations of a political



party or for the use of a candidate's own funds. The candidate's own funds may include loans granted by the candidate. Under the legal conditions, private individuals can donate 7,500 Euro per year to political parties. Thus, in 2017, a person could donate a total of 16,700 Euro (4,600 Euro in donations for candidates in presidential elections, 4,600 Euros for legislative elections and 7,500 Euros for one or more political parties). In the current legislation, no information identifying the donor or donations thereof is publicly available, although the total value of the donations admitted is more than seven times the average net monthly salary in France of 2.157 Euro (*OSCE, Republic of France, Presidential Election, OSCE / ODIHR Election Expert Team, Final Report* 23 April and 7 May 2017).

In Romania, the legislation in force provides limits on the amounts with which candidates can contribute to expenses related to electoral campaigns. The respective limits are correlated with the value of the minimum national minimum salary. The contributions of the candidates for the own electoral campaign or of the political party that proposed it can come only from donations received from candidates from private individuals, from own incomes or from loans contracted by them from private individuals or credit institutions.

d) Private contributions (loans, donations, ties and other freedoms)

Political party funding is a form of political participation and it is necessary for parties to request private financial contributions. In this context, it can be said that legislation should require all political parties to be financed, at least partially, by private means, as an expression of the minimum support provided by supporters. Except for funding sources that are prohibited by relevant legislation, all individuals should have the right to freely express their support to a political party through financial and in-kind contributions. However, it is preferable, by legislative provisions, to impose reasonable limits on the total amount of contributions.

In the legislation of the countries of the European Union, the most common interdiction is against the donations from public institutions to certain political parties and candidates. This prohibition concerns the abuse of state resources, as they are often controlled by the parties in power. In most countries in the European Union, contributions from foreign sources are prohibited. This is in accordance with the Recommendation of the Committee of Ministers (2003) 4 of the Council of Europe on common rules against corruption in funding political parties and electoral campaigns, which provides that "*States should restrict, prohibit by law donations from foreign donors*". This restriction, which is practiced in many OSCE participating states, aims to avoid the undesirable influence of foreign interests in internal political affairs. However, this field should be carefully regulated in order to avoid breach of the free association in case of internationally active political parties. Such careful regulation may be particularly important given the increasing role of the political



parties in the European Union, as set out in Article 12, paragraph 2 of the Charter of Fundamental Rights of the European Union (*Council of Europe Convention on the Participation of Foreigners in Public Life at Local Level*) (entered into force May 1, 1997). 5.II.1992, CETS-No. 144).

In addition, such a regulation could allow some support from a foreign branch of a political party, in accordance with the intention of points 10.4 and 26 of the Copenhagen Document, which provides for the method of external cooperation and support for individuals, groups and organizations that promote the fundamental rights and freedoms of citizens. Private funding allows the support of society in general for a political competitor, being widely recognized as a fundamental right of citizens. However, if private funding is not adequately regulated, it can easily be exploited by private interests (*OECD, Financing Democracy. Funding of Political Parties and Election Campaigns and Risk of Policy Capture*, 2016).

In some countries, anonymous donations are prohibited (if anonymous donations are permitted, it becomes very difficult to apply other forms of donor interdictions, although some countries allow small anonymous donations to protect the confidentiality of ordinary donors). Approximately one in five countries prohibits corporate donations, and the ban on donations from trade unions is slightly more frequent. Direct prohibitions (with clear provisions in law) on donations of unlawful origin are used only in a few countries. The total prohibition of private donations is exceptionally rare (although Tunisia did so in the 2011 National Constituent Assembly election, requiring candidates to rely on public funding and "own funds").

Such interdictions are not usually desirable, as it creates a dependency of the parties for state support and encourages hidden donations. However, over 40% of OSCE countries use a form of limitation on the number of eligible donors that are allowed to contribute.

Contrary to donor interdictions, the limits of donations do not directly target certain types of interests. Instead, the emphasis is on limiting the influence that any donor can have on a political party or candidate, and then on the political process as a whole. The actual impact of donor limits varies according to their level; if the limit is very high, it will have no impact, since it will not reduce donations in practice, and if the limit is very low, donors, political parties and candidates will find ways to circumvent it. A limit of donations that everyone ignores creates a risk of undermining confidence in the entire system of regulation of political finances. The correct level of donation limits depends on the political objectives that the relevant legislation tries to achieve and on the ability of political parties and candidates to raise sufficient funds from other sources in addition to large donations.

The Council of Europe Committee of Ministers and the OSCE are not the only international bodies that bring added value in financing political parties and electoral campaigns, through recommendations made to member states. GRECO, within the



Evaluation Round 3 launched on 1 January 2017, addresses the issue of funding political parties and electoral campaigns in terms of increasing transparency, considering that funding from private sources may represent a high risk area of corruption.

For these reasons, GRECO recommends to the analysed countries, both to those who elaborated and adopted an Electoral Code, as well as to those where the legislative framework is more complex, consisting of a variety of laws, to take appropriate measures in order to keep a record of donors, and Easily identify donations received, whether they are money donations or in-kind donations. The main recommendations included in the compliance assessment reports for the analysed countries regarding the funding from private sources fall within the following parameters:

- GRECO recommends that States take appropriate measures to draw up the lists donations and donors (in case of donations exceeding a certain amount determined by the regulations in force), reporting and publication thereof in a manner that is easily accessible to stakeholders and supervisors at regular intervals specified in the legislation (may be tracked the GRECO public report for countries like Albania and Estonia);
- GRECO encourages states to request political parties and campaign participants to use the banking system to receive donations and other sources of income, as well as to pay the expenses so that transfers can be monitored by the supervisory and control bodies (GRECO public report can be monitored for countries such as Bulgaria, Romania and Greece). Some states (including Romania) provided ceilings for which they introduced the transfer obligation. GRECO is not necessarily against this practice, but recommends that all Member States significantly reduce these ceilings and that donations are to be made through the banking system;
- GRECO recommends that states take into account the significant reduction of the threshold for disclosure of donations and donors (GRECO public report can be monitored for countries like Germany and Romania);
- As regards donations in kind, GRECO recommends to the states to request the parties to enter their commercial counter value (GRECO public report can be monitored for countries such as Albania and Georgia);
- GRECO recommends that states prohibit acceptance of anonymous donations (e.g. in the first compliance report for Greece, among the commission's first recommendations there is the abrogation of the possibility to use anonymous coupons for donations to political parties, coalitions and independent candidates). According to this recommendation, the commission considers that the recipients of the donations should keep a record of the donors for at least two reasons: a) in order to prove compliance with the legal requirements regarding the accepted donation threshold from a single donor and to demonstrate the fulfilment of the requirements for publication of information which identifies donors making donations larger than the amounts for which the legislation regulates the donor's right to remain



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Programul Operațional Capacitate Administrativă 2014 - 2020



anonymous; b) to eliminate the risks that donor identity rules and limitation of anonymous donations are deliberately avoided (e.g. amounts collected through fundraising events do not by their nature imply identification of donors). Italy, Germany and Denmark are other examples of countries for which GRECO recommends the introduction of a total ban on donations received from donors whose identity is not known to the political party or to the independent candidate;

- GRECO recommends to the states to adopt a comprehensive and coherent legal framework for the funding of electoral campaigns clearly stating the different types of eligible incomes and expenses, the exact way in which the incomes and expenses and the persons responsible for the collection of donations and the management of financial records must be accounted for (the GRECO public report can be monitored for countries like Bulgaria and Denmark);

- even if it does not in itself represent a distinct and direct recommendation for the states and GRECO points out that the limitation of private contributions must be based on economic considerations, and the ceilings must be adapted to the economic context of each state, taking into account a series of economic indicators;






- GRECO recommends that states take measures so that political parties, independent candidates and electoral coalitions publish at regular intervals, clearly defined by law, donations (in cash and / or in kind) received, destined both to the ongoing activity of political parties, as well as those specific for the electoral campaigns (GRECO public report for Estonia can be monitored).











It can be noticed that GRECO, like other international bodies concerned with issues of transparency of funding of political parties and electoral campaigns from private sources, focuses its recommendations on maintaining collection of private funds revenues, but considers it absolutely necessary to introduce certain limits for making donations. Also, a very important aspect for which GRECO continues to monitor the states (including Romania) is the one related to the limit introduced by the states for which the obligation to make the donation by bank transfer intervenes, promoting the idea that this ceiling must be very low. At the same time, it can be seen from the analysis of the recommendations that GRECO is an international body that strongly militates for banning donations from anonymous donors, whether we are talking about financial donations or non-financial donations.

Prohibitions on donations in the countries of the European Union are presented in the following table.



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Programul Operațional Capacitate Administrativă 2014 - 2020

Country	Prohibitions on donations to political parties					
	Individuals	Legal persons	Unions	Foreign corporations	Foreign interests	Anonymous donations
Austria 	No.	No.	NO	No.	No.	No, but limits are specified
Belgium 	No.	Yes	Yes	Yes	No.	Not up to 125 Euros
Bulgaria 	No.	Yes	Yes	Yes	Yes	Yes
Czech Republic 	No.	No.	No.	No.	Yes	Yes
Cyprus 	No.	No.	No.	Yes for parties, not for candidates	It gives over 5000 Euro per year, not for candidates	Yes
Croatia 	No.	No.	Yes	Yes	Yes	Yes
Denmark 	No.	No.	No.	No.	No.	Not up to DKK 20000
Estonia 	No.	Yes	Yes	Yes	Yes	Yes
Finland 	No.	No.	No.	No.	Yes	Yes

Country	Prohibitions on donations to political parties					
	Individuals	Legal persons	Unions	Foreign corporations	Foreign interests	Anonymous donations
France 	No.	Yes	Yes	Yes	Yes	Not up to 150 Euros
Germany 	No.	No.	Yes	Yes	No.	Not up to 500 Euro
Greece 	No.	Yes	Yes	Yes	No.	Yes
Ireland 	No.	No.	No.	No.	Yes	Not up to 100 Euros
Italy 	No.	No.	No.	No.	No.	Not up to € 5000 for parties Yes for candidates
Latvia 	No.	Yes	Yes	Yes	Yes	Yes
Lithuania 	No.	Yes	Yes	Yes	Yes	Yes
Luxembourg 	No.	Yes	Yes	Yes	No.	Yes
Malta 	No.	No.	Yes	No.	Yes	Yes
Sea Britain 	No.	No.	No.	No.	Yes	Yes












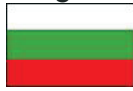

















Country	Prohibitions on donations to political parties					
	Individuals	Legal persons	Unions	Foreign corporations	Foreign interests	Anonymous donations
Netherlands 	No.	No.	No.	No.	No.	No, more than 1000 Euro is transferred to the state
Poland 	No.	Yes	Yes	Yes	Yes	Yes
Portugal 	No.	Yes	Yes	Yes	Yes	Yes
Romania 	No.	Not for parties Yes for candidates	Yes	Yes	Yes	Over 10 minimum wages
Slovakia 	No.	No.	No.	No.	Yes	Yes
Slovenia 	No.	Yes	Yes	Yes	Yes	Yes
Spain 	No.	No.	No.	Yes for parties Not for candidates	Yes for parties Not for candidates	Yes for parties Not for candidates
Sweden 	No.	No.	No.	No.	No.	Yes
Hungary 	No.	Yes	Yes	Yes	Yes	Yes

Table 4.1. Prohibitions of donations in the European Union countries (<https://www.idea.int/data-tools/data/political-finance-database>)

The limits of donations are usually difficult to control because large donations (over limit) can be done with the help of other people (sometimes called "Straw donors"). However, such limitations proved to be effective in reducing the likelihood of committing acts of corruption or gaining political influence for some spheres of influence. Legislation imposing limits on contribution should strike a balance between

ensuring that there is no distortion in the political process in favour of interests of interest groups with high financial possibilities and encouraging participation in political life, including by allowing private individuals to contribute financially to the current activity of the parties or the conduct of election campaigns and of elections. It is recommended that the limits of the contribution are designed so that inflation is taken into account, for example based on an indexation form, such as a minimum salary value, rather than absolute amounts.

Country	The limits of donations to political parties	
	Individuals	Legal persons
Austria 	-	-
Belgium 	500 euro per person 2500 euro per year per person	-
Bulgaria 	10000 BNG per person per year	-
Czech Republic 	CZK 3000000 per year for one person 20 average salaries	200 average salaries
Cyprus 	50000 euros per year Maximum 5000 euro per donation	50000 euros per year Maximum 5000 euro per donation
Croatia 	30000 HRK per year	HRK 200,000 in presidential election, HRK 100,000 in parliamentary elections HRK 30000 at regional and local elections
Denmark 	-	-
Estonia 	1200 euro annually from one person	-
Finland 	30000 euros per year 3000 euro in municipal elections EUR 6000 in parliamentary elections 10000 euros in the European Parliamentary elections	30000 euros per year 3000 euro in municipal elections EUR 6000 in parliamentary elections 10000 euros in the European Parliamentary elections

Country	The limits of donations to political parties	
	Individuals	Legal persons
France 	4600 annually for one candidate and 7500 per year for a party	-
Germany 	-	-
Greece 	20000 euros per year for one person	-
Ireland 	EUR 2500 per year per year 1000 euro for the candidate, 2500 euro for the party	EUR 2500 per year per year 1000 euro for the candidate, 2500 euro for the party
Italy 	100000 euros per year	100000 euros per year
Latvia 	50 minimum monthly salaries per year for one person	-
Lithuania 	In campaigns max 10 minimum salaries Annually 10% of the declared income	-
Luxembourg 	-	-
Malta 	EUR 25000 per person per year	EUR 25000 per person per year
Sea Britain 	-	-
Netherlands 	-	-









Country	The limits of donations to political parties	
	Individuals	Legal persons
Poland 	15 minimum salaries per year	-
Portugal 	25 minimum monthly salaries per year	-
Romania 	200 minimum monthly salaries per year for the party There are special limits for candidates' own contributions	500 minimum monthly salaries per party There are special limits for candidates' own contributions
Slovakia 	There are special limits for candidates' own contributions	-
Slovenia 	10 average monthly salaries	-
Spain 	50000 euros per year 6000 euro for the campaign	50000 euros per year 6000 euro for the campaign
Sweden 	-	-
Hungary 	-	-

Table 4.2. Limits of donations in EU countries (<https://www.idea.int/data-tools/data/political-finance-database>)

In Romania, private donations are governed by *Law no. 334/2006 on financing of activity of political parties and electoral campaigns, republished*.

According to the law, donations received by a political party in a fiscal year can't exceed 0.025% of the incomes provided in the state budget for the respective year.

The donations received from an individual in one year may be up to 200 minimum national minimum salaries, at the value existing on 1 January of the respective year. Donations received from a legal entity in a year may be up to 500 minimum national minimum salaries at the value existing on 1 January of that year.



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Programul Operațional Capacitate Administrativă 2014 - 2020



The market value of the movable and immovable assets donated to the party, as well as of the services rendered to it free of charge shall be included within the limits of the donations, as provided by the law. Donations in cash exceeding 10 gross national base salaries shall be made only through bank accounts.

Upon receipt of the donation, verification and registration of donor identity are mandatory, regardless of its public or confidential nature. At the donor's written request, his identity remains confidential, in case the donation is in excess of the annual amount of 10 minimum base salaries in the country.

The total amount received by a political party as confidential donations may not exceed the equivalent of 0.006% of the incomes stipulated in the state budget for the respective year.

All donations, including confidential ones, shall be duly recorded and highlighted in the accounting documents, indicating the date on which they were made and other information identifying funding sources and donors. Supplies of goods and services rendered free of charge shall be reflected in the book value at the market value at the time of the donation.

The political parties have the obligation to publish in the Romanian Official Gazette, Part I, the list of the private individuals and legal entities that made in the previous fiscal year donations whose cumulated value exceeds 10 gross minimum base salaries in the country, the list of natural and legal persons having granted loans which exceed 100 gross national base salaries, as well as the total amount of confidential donations, namely the total amount of loans with a value of less than 100 minimum base salaries per country, until 30 April of the following year.

The use of financial, human and technical resources belonging to public institutions, regimes autonomous, national companies, societies governed by *Law no. 31/1990*, republished, as subsequently amended and supplemented, or of credit institutions with majority shareholders of the state or of administrative-territorial units, in order to support the activity of electoral competitors or of their electoral campaign, otherwise than under the conditions established by electoral laws.

The electoral contestants can't accept donations or services rendered free of charge from an authority or public institution, from an autonomous registry, from a national company, a company governed by *Law no. 31/1990*, or credit institution with full capital or majority of state. It is forbidden to accept donations from a trade union or religious cult, regardless of their nature.

Acceptance of donations from other states or organizations abroad as well as from private individuals who do not have Romanian citizenship or legal persons of a non-Romanian nationality is prohibited, except for those received from citizens of EU Member States who have their domicile in Romania and they hold the position of the political party to whom the donation was granted. Exceptions are the donations



consisting of material goods required for political activity, but which are not electoral propaganda material, received from international political organizations where the respective political party is affiliated or from political parties or political formations in political collaboration relations. Propaganda materials may also be used which are used only during the election campaign for the election of Romanian representatives in the European Parliament.

In practice, legislation may allow parties and candidates to also contract, *loans* to fund part of the campaign or their activities. It is important that the transparency rules are consistently observed and reflected in the legislation when such resources are used.

Normally, the granting of a loan must be made in a legally binding manner and requires the operation to take place well in advance of the beginning of the year or of the electoral campaign, and the reimbursement will normally take place sometime after the conclusion of the loan to the electoral campaign. Therefore, there is a risk that the value of the loans is not reflected correctly in the financial reports of the parties and of the candidates. This is all the more important since, depending on the specific case rarely encountered when legislation in the field of political funding allows donations and support from commercial entities, loans granted on advantageous or even cancelled terms by the lender should be treated as a form of the donation as a financial contribution.

A loan may also be reimbursed not by the party or by the individual candidate but by a third party, in which case the loan also becomes a form of contribution and is subject to the legal provisions for this form of financing.

In Romania, according to *Law no. 334/2006 on financing of activities of political parties and electoral campaigns*, in the money subject to the loans received by a political party in a tax year may not exceed 0.025% of the incomes stipulated in the state budget for the respective year.

The amounts of money covered by loans received by a political party from one private individual in a year may be up to 200 minimum country-wide minimum salaries at the value existing on 1 January of that year. The amounts of money covered by loans received by a political party from a legal entity in one year may be up to 500 minimum national minimum salaries, at the value existing on 1 January of the respective year.

The total value of the amounts of money that are the object of loans granted to political parties by legal entities that are controlled directly or indirectly by another person or by a group of private individuals or legal entities may not exceed the limits provided in paragraphs (1) - (3).

4.2. Public funding

Another system of funding political parties and electoral campaigns is to give political parties (rarely candidates) access to money from public sources. If properly designed, the public funding system can have a significant positive impact on the role of public funding in the political process. There are several advantages that can be synthesized:

- ✓ ensuring that the principle of equal opportunities is observed, meaning that all relevant political forces have access to sufficient resources to reach the electorate, thereby encouraging pluralism and providing the electorate with a wider range of politicians and politicians;
- ✓ limiting the advantage of parties or candidates with access to significant resources, giving everyone access to funds for the campaigns. In this context, public funding should be combined with limits for donations and / or expenditures, as the relative difference will not be changed by providing money both to large and low fund parties;
- ✓ ensuring that political parties (or candidates) adhere to the other provisions imposed by legislation such as spending limits or reporting requirements is an extremely effective incentive to comply with the rules. In this context, the amount provided must be large enough so that the recipients comply with the rules in order to avoid the risk of losing funding;
- ✓ creating a balance between public contributions and private contributions as sources of funding for political parties. The allocation of public funding should not, however, restrict or interfere with the independence of a political party.

The value of public funding provided to political parties must be carefully designed to ensure the usefulness of such funding, without eliminating the need for private contributions or cancelling the impact of individual donations. Although the nature of elections and campaigns in different countries make it impossible to identify a universally applicable funding level, legislation should implement review mechanisms to periodically determine the impact of current public funding and, where appropriate, alter the amount of funding allocated. In general, subsidies should be set at a significant level to meet the objective of providing support, but they should not be the sole source of income or create conditions for over-reliance on state support.

Public funding may be direct or indirect in the sense of providing money (subsidies) or free or subsidized goods or services. When discussing public funding, two aspects must be addressed: (1) who should have the right to receive it (eligibility threshold); and (2) how it should be distributed among eligible persons (allocation criteria). Also, other elements taken into account are: the time of allocation of funds, the level of funding, as well as the type of financing (for the current activity and for running electoral campaigns or only for one of these activities).



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Programul Operațional Capacitate Administrativă 2014 - 2020

The level of amounts resulting from public funding should be clearly defined in the relevant statute and regulations. The rights and duties of the body with the legal authority to establish and revise the maximum level of financial support should also be clearly defined in law. Public funding of political parties must be accompanied by the supervision of party accounts by certain public bodies.

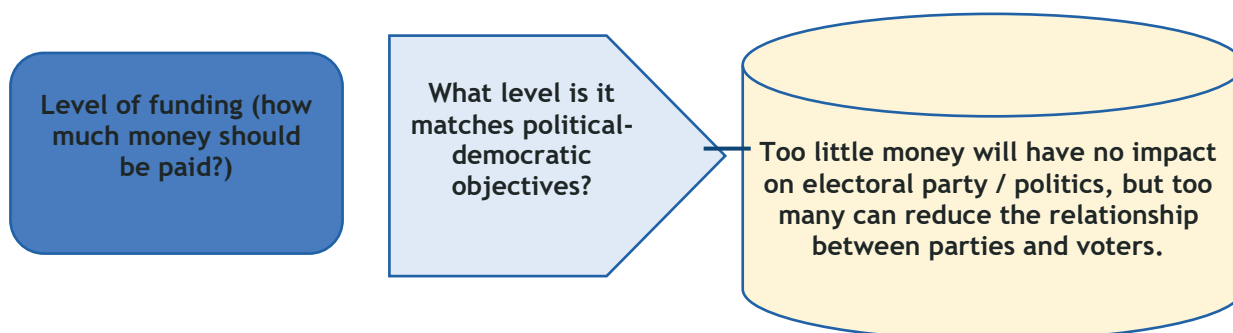


Figure 4.2. Criteria for allocation of public funds and their impact on political life (value granted)

It is reasonable for states to legislate the minimum requirements to be met before receiving public funding. These requirements may include:

- registration as a political party;
- proof of a minimum support level;
- balanced gender representation;
- correct filling-up of financial reports, as necessary (including for pre-election activities);
- compliance with the relevant accounting and auditing standards.

The criteria for the allocation of public funding may be based on the principle of "absolute equality" or the principle of proportionality based on the electoral results of a party or a proven support level ("fair"). There is no universal prescribed system for determining the distribution of public funding.

Legislation regulating public funding may opt for a distribution based on a combination of absolute equality and equity approaches, in which case it would lead to achievement of political pluralism and equal opportunities. In case minimum funding thresholds are required, an unjustified high threshold may be detrimental to political pluralism and the opportunities of small political parties. It is in the interest of political pluralism to condition the granting of public support to achieve a lower threshold than the electoral threshold required for allocation of a mandate in Parliament.

The allocation of funds based on party support for the candidate women can't be considered discriminatory and should be taken into account according to the requirement of special measures defined by CEDAW (article 4).

As set out in the Recommendation of the Committee of Ministers (2003) 3 of the Council of Europe on balanced participation of women and men in political and public decision-making, the allocation of public funds may be conditional on compliance with requirements for participation of women (examples of such requirements are found in legislation of Croatia and Slovenia). Although it is important to adhere to the parties' free internal functioning in the selection of candidates and platform elections, public funding can be reasonably restricted based on compliance with a set of basic obligations.

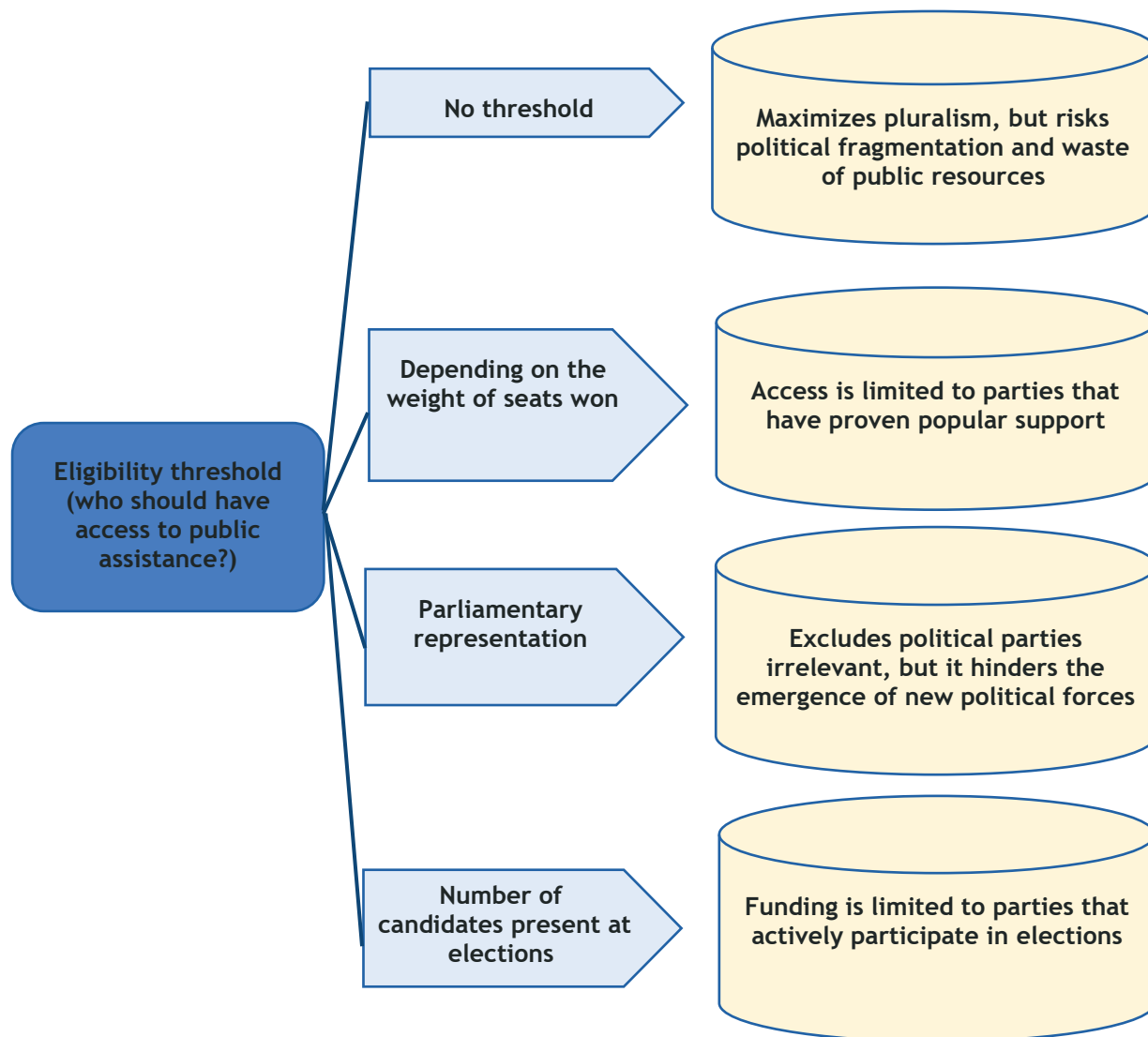


Figure 4.3. Criteria for allocation of public funds and their impact on political life (eligibility threshold)

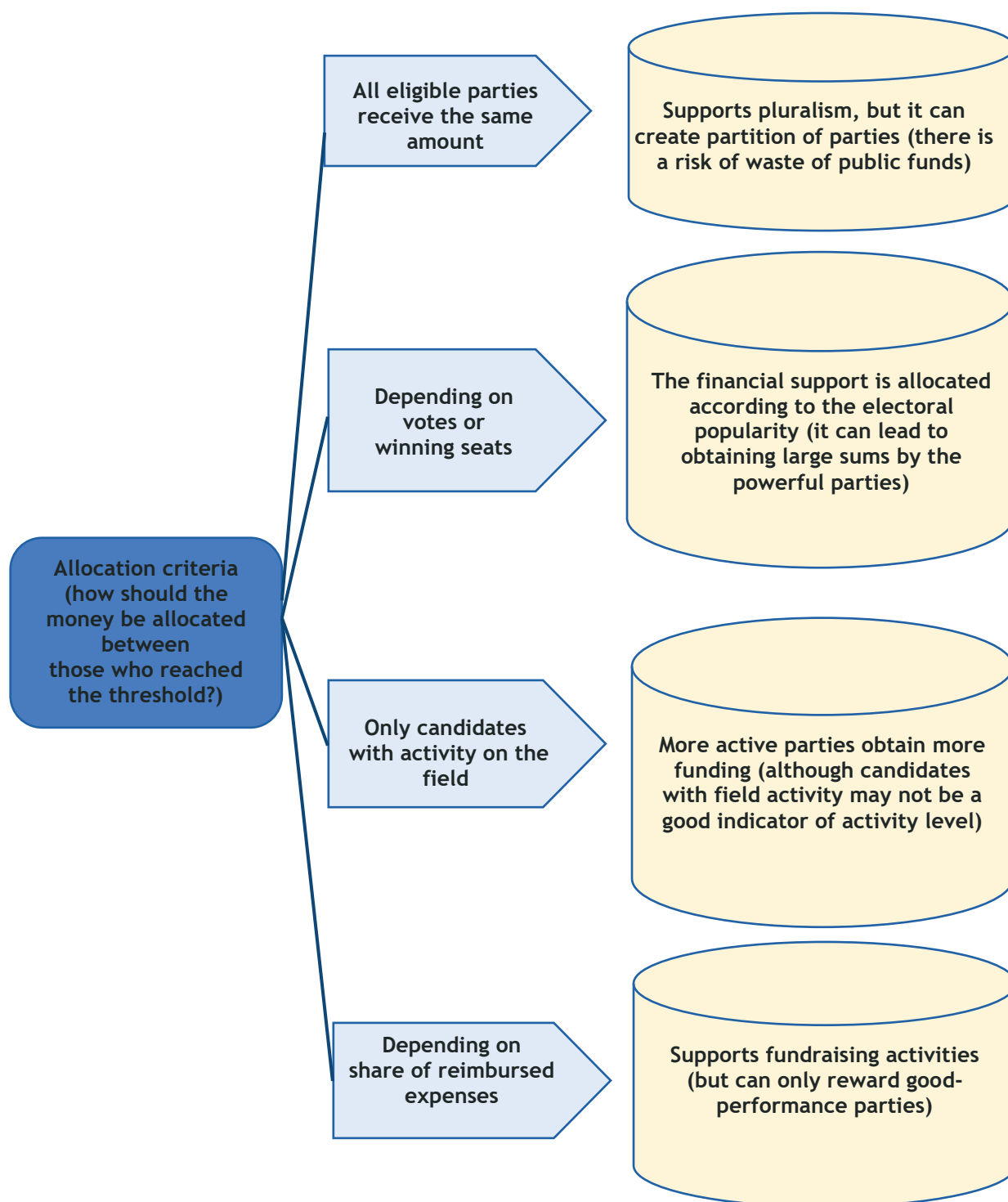


Figure 4.4. Criteria for allocation of public funds and their impact on political life (criteria for allocation of assigned amounts)

Legislation establishing allocation systems may also include incentives to encourage political participation. For example, subsidization, where the state provides an equal amount of funding to the one donated by the supporters to the party, may favour increased political involvement from the public. However, these systems require strong supervision to ensure that the amounts reported as donations are not "inflated" and that all of these private donations are done in compliance with the framework governing private donations. Legislation should ensure that the formula for allocating public funding does not give the political party a monopoly or a disproportionate amount of funding. The allocation formula should also prevent major political parties from monopolizing the receipt of public funding.

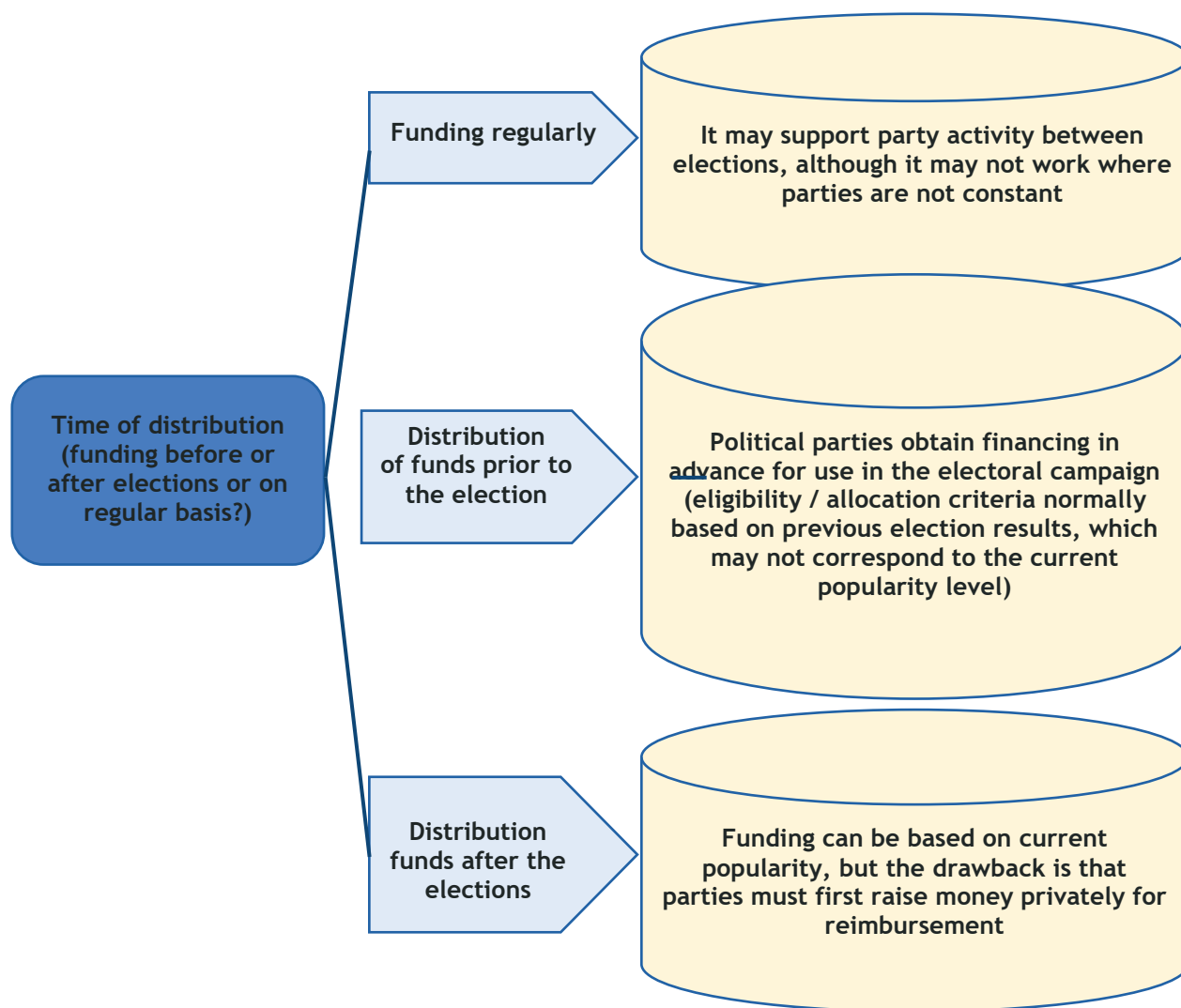


Figure 4.5. Criteria for allocation of public funds and their impact on political life (when funds are allocated)

At least a certain degree of public funding should be available to all parties represented in Parliament. However, in order to promote political pluralism, some funding should be extended beyond those large parties represented in Parliament, to include all parties that present candidates for elections and benefit of a minimum level of citizens support. This is particularly important for new parties, who must be given the right opportunity to compete with existing parties.

The system for allocating public support to political parties should be set by the relevant legislation. Some funding systems allocate money prior to the election based on the results of past elections or evidence of minimum levels of political support. Others pay after the elections based on the final results. Generally, pre-election funding or at least a percentage of funding to be provided best ensures parties' ability to compete on equal opportunities.

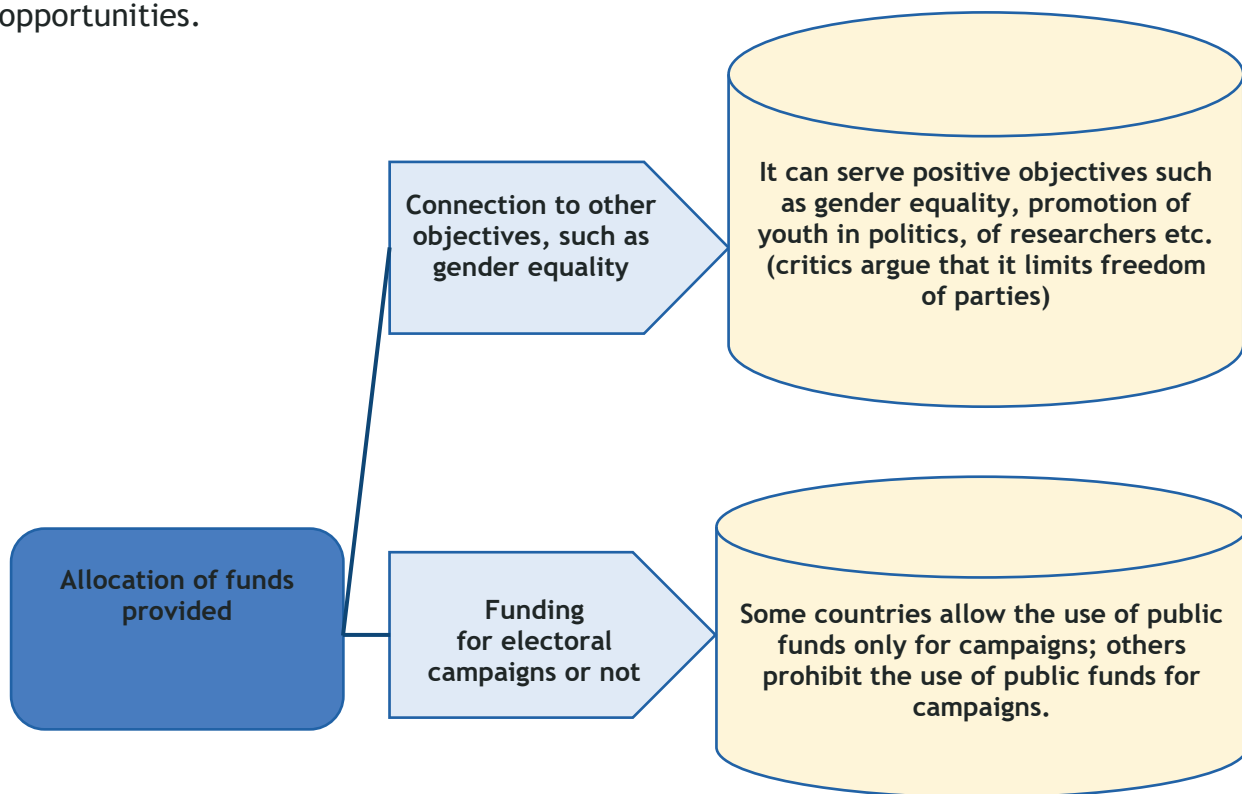


Figure 4.6. Criteria for allocation of public funds and their impact on political life (purpose of allocation of funds provided)

When allocating systems are developed, careful attention should be paid to funding systems in pre-selection, unlike post-election reimbursement, which may perpetuate the inability of younger or younger parties to compete effectively.

The OSCE / ODIHR and the Venice Commission (article 184 in 2010) recommended that *"when developing allocation systems, increased attention must be paid to pre-election funding systems, as opposed to post-election reimbursement that can often perpetuate the inability of new parties or poor parties to compete effectively. A post-electoral funding system may not provide the minimum initial funding required for a political, correct, balanced campaign. Post fundraising fund allocation systems may have a negative impact on political pluralism. In addition, the allocation of funds should take place early enough in the electoral process, in order to ensure an equal opportunity for the parties, throughout the campaign. The delay in the distribution of public funding until the end of the campaign or after election day can actually undermine equality in election campaign and can affect political parties with size and reduced force"*.

In addition to direct funding, the state can provide support to parties in a variety of other ways, including tax exemptions for activities like meetings, events, free press access, or free use of public meeting rooms for campaign activities (*Funding of Political Parties and Election Campaigns, The International IDEA Handbook on Political Finance, 2014*). In all these cases, financial and in kind support must be offered on equal opportunities basis for all parties and all candidates (including women and minorities).




Allocation of free emission time for competitors running for elections is one of the easiest and most effective means of state support. Such support is readily available and can also help the state fulfil its responsibilities in ensuring that the electorate is properly informed. Moreover, the media can play a crucial role in combating gender-specific stereotypes, by presenting a realistic image of skills and potential of both men and women candidates, and creating a fair image of competitors, in a way balanced, but characterized by diversity and balance. As such, any public funding system should consider carefully the adoption of a requirement for allocation of free emission time to all eligible applicants. Where available, this emission time must be provided on the basis of equal treatment before the law (distribution can be done in a reasonable manner, either on the basis of absolute equality or fairness, i.e., depending on the proven support level). Equality refers to both the time granted and the timing and nature of these assignments (*Venice Commission Code of Good Practice in Electoral Matters - Guidelines and Explanatory Report 2002*).



A common practice is to provide tax incentives for persons who make contributions in kind, either in the form of work or goods and services. Legislation may provide that such contributions, including contributions in kind to political parties, are deductible from taxes. However, in accordance with the Recommendation of the Committee of Ministers (2003) 4 of the Council of Europe, legislation should restrict this tax deductibility.






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Programul Operațional Capacitate Administrativă 2014 - 2020








Country	Public funding
Austria 	<p>Direct public funding is made after deduction of subsidies. The remaining funds are distributed among the political parties represented in the National Council, in proportion to the votes cast for them at the last elections of the National Council. Political parties that are not represented in the National Council, but which received more than 1% of the valid votes in the elections for the National Council, will be entitled to subsidies for their annual activities. Such political parties will receive an amount of 2,5 Euros multiplied by the votes won at the National Council elections, within six months after the elections of the National Council. Non-parliamentary parties receive EUR 2.5 per vote. For parliamentary parties, the total funding (EUR 4.6 per eligible voter) is divided proportionally to the votes won after deduction of 218 000 Euro for each party with at least five parliamentary seats. EUR 218,000 is granted equally to each party, with at least five parliamentary seats, as a lump sum contribution. There are no additional funds for the parties that promote gender equality and no indirect public funding. The free use of the postal service for the purpose of contacting voters is very frequent.</p>
Belgium 	<p>The total annual subsidy allocated to each political party consists of the following amount: a lump sum equivalent to EUR 125,000, as well as an additional amount equivalent to EUR 1.25 per valid vote (for the list of parties or nominal vote at the last elections). There are no additional funds for the parties that promote gender equality or for the candidates belonging to this category, as well as indirect public funding for the candidates. Access to mass-media and publicity is granted at community level, for the national level, the provisions of the electoral laws are missing. In case of elections at all levels, the Radio and Public Television assign free broadcasting facilities to the democratic parties involved in the electoral process, based on their parliamentary representation. Parties that do not have parliamentary representation shall be granted limited access, based on the number of submitted candidatures. The state shall settle the following electoral expenses: paper for voting papers, amounts granted for the work performed and travel expenses for members of polling stations, travel expenses (documented documents) of voters who no longer live in the unit where they are registered, premiums due for accident insurance for members of polling stations.</p>
Bulgaria 	<p>The Bulgarian state grants an annual subsidy in four equal instalments from the central budget for financing political parties or coalitions that are registered with the Central Electoral Commission, who participated in the last parliamentary elections and which have national representatives, in order to participate in the elections, proportionally to the valid votes received by each party or coalition. In addition, a state subsidy is allocated annually to parties that are not represented in the National Assembly, but who received more than 1% of all votes valid at the last parliamentary elections. The state provides financial resources for the media packets amounting to 40,000 BGN to the parties and coalitions that registered candidates in elections of the President and vice-president of the Republic and of the members of the European Parliament for the Republic of Bulgaria and in all constituencies at the elections of the national representatives and who are not entitled to state subsidies. Any coalition attended by the parties that may receive state subsidies may receive financial resources for media packages, in an amount proportional to the share of the participating parties. The amounts are used to pay the various forms paid during the electoral campaign, through the media service providers. The Central Electoral Commission pays the electoral amounts until the financial resources of the party, coalition or nomination committees are exhausted. They make public the financial resources for the media packages, which were paid to cover the occurrences of the candidates in the campaign, in an expense register. There are no additional funds for the parties that promote gender equality or candidates belonging to this category.</p>

Country	Public funding
<p>Czech Republic</p> 	<p>The Czech Republic provides both funding for current activities as well as campaign expenses for parties and political movements. Also, grants subsidies to the political institutes if they submitted a complete annual financial report within the deadline and if they obtained at least 3% of the votes in the elections for the Chamber of Deputies. The right to reimburse the expenses for the campaign of the political parties and movements occurs when at least one deputy, senator, member of the regional council or member of the Municipal Council of Prague was elected on their lists of candidates. The same conditions apply to independent coalitions and candidates in elections to the Chamber of Deputies, the Senate or in elections to the Prague Municipal Council. The right to support for the activity of a political institute has a political party or movement of which at least one member has been elected for that party and movement for at least two of the last three consecutive electoral periods of the lower house, including the current mandate and who is the founder or member of the political institute. The permanent contribution amounts to CZK 6,000,000 per year for the party and for the political movement, which received 3% of the votes at the last elections for the Chamber of Deputies. For all other elections, in order to obtain over 0.1% of the votes, the political party and movement will receive annually CZK 200.000. The contribution for a deputy or senator's mandate is of CZK 900,000 per year and CZK 250,000 per year for the term of office of a member of the regional council and of a member of the Municipal Council in Prague. The contribution to support the activity of a political institute amounts to an annual amount equal to 10% of the total contribution to the activity of the party or political movement to which it belongs. There are no additional funds for the parties that promote gender equality or candidates belonging to this category. With regard to the free allocation of media, during the period beginning with 16 days and ending 48 hours before the start of elections to the Chamber of Deputies, the Czech Television and Czech Radio reserve each 14 hours of broadcast free of charge for all political parties, political movements and registered coalitions participating in elections, the distribution time being reserved being distributed equally between them and by drawing lots. Political parties, political movements and coalitions will be entirely responsible for the content of these shows. Also, during the period beginning with 16 days and ending 48 hours before the start of the presidential election, Czech Television and Czech Radio reserve each 5 hours of free broadcast for all presidential candidates registered. In the period starting with 4 days and ending 48 hours before the start of the second round of presidential elections, Czech television and radio will free of charge one hour of dissemination time for candidates who go to the second round of the presidential election. Time is shared equally between the candidates and by drawing lots. Candidates assume responsibility for the content of the programs. Each mayor may allocate a space for the electoral posters 16 days before election day, equal for all parties and candidates to the Presidency.</p>
<p>Cyprus</p> 	<p>The parliamentary parties regularly receive funding, the amount of which will be determined by the Council of Ministers and included in the state budget. Fifteen percent (15%) of the annual funding is paid in equal proportion, the remainder being paid proportionally to the percentages they received at the last elections. There are no additional funds for the parties that promote gender equality or for the candidates belonging to this category, as well as indirect public funding for the candidates. According to the Radio and Television Act, all authorized emissions should ensure equal and objective treatment for all candidates during the electoral period, based on the percentage of votes that he received in previous parliamentary elections. The law stipulates that smaller and new parties must not be neglected in awarding the broadcasting time. The broadcasters discuss with the political parties a planned coverage schedule of the candidates during the campaign. The printed press is autonomous and is not subject to any legal restrictions during the campaign.</p>




Country	Public funding
<p>Croatia</p> 	<p>The parliamentary political parties and independent parliamentarians elected from the independent lists are entitled to regular annual funding from the state budget. Political parties, candidates and independent lists or lists of voters shall have the right to recover the costs of their electoral campaigns from the state budget or from the local or regional budget, according to the following criteria: a) from national funds: weight of votes obtained at elections (percentage by type of election) and candidates (and nominating parties) from national minorities; b) from local funds: seats in the representative body, percentage of votes. The following persons have the right to recover the costs of the electoral campaign from the state budget of the Republic of Croatia: <i>candidates who receive at least 10% of the votes valid in elections to the President of the Republic of Croatia; political parties and independent lists receiving at least 5% of the valid votes in the elections for the members of the European Parliament; political parties and independent lists receiving over 5% of the valid votes of voters in their constituency at elections for members of the Croatian parliament; political parties that nominated candidates for deputies with national minorities who became members of the Croatian Parliament and candidates for deputies with national minorities designated by voters and national minority associations who became members of the Croatian Parliament; candidates for members of national minorities representing less than 1.5% of the population of the Republic of Croatia, who did not become members of the Croatian Parliament, but who received more than 15% of the valid votes from voters in their constituency, are entitled to 15 % of the equivalent costs of elected MPs.</i> The following persons have the right to recover the costs of the electoral campaign from the budgets of the local and regional governing units: <i>political parties and lists of a group of voters who win at least one seat in a representative body in elections for members of representative bodies of local and regional self-government units; candidates who, in elections to city mayors, district presidents and the mayor of Zagreb and their deputies, receive at least 10% of the valid votes from the total number of voters participating in such elections; candidates who, in elections for municipal heads, mayors of towns, county prefects elected from national minorities, receive at least 10% of the valid votes from the total number of voters participating in these elections.</i> The funds allocated for the current activity, proportionally with the seats in the representative body, are granted by establishing an equal amount for each parliamentarian or for each member of the representative body of local and regional self-governing units, each political party being entitled to receive any funding proportionate to number of parliamentarians or members of the representation body at the time of establishing the Croatian Parliament or of the body representing such local and regional self-government unit. To finance the campaign: in proportion to the winning seats or the votes won, depending on the type of election. The funds required for the recovery of election campaign costs related to the elections for the President of the Republic of Croatia and elections for municipal heads, city mayors, county prefects and mayor of Zagreb and elections for deputy mayors, city mayors and county prefects elected from members of national minorities shall be allocated proportionally with votes received. Croatia's Croatian and Croatian television are obliged in their activities to allow all those who participate in the elections to present and explain their electoral programs. As for political activities, political parties shall not be subject to payment of corporation tax and value added tax. For each elected parliamentarian or member of the representative body of a local and regional self-government unit belonging to a sub-represented gender, the political parties will also be entitled to a bonus of 10% of the amount allocated to each parliamentarian or member of a body representative local and regional.</p>


Country	Public funding
Denmark 	<p>Public funding is allocated at national, regional and local level, and eligibility criteria depend on the type of election. A party that participated in the last general election is entitled to receive a subsidy in support of the political activity of the party in Denmark. The annual grant amounts to DKK 22.30 per vote voted in favour of the election party. The state support is offered to all independent parties and candidates who received at least 1,000 votes at the last parliamentary elections. No subsidies are granted to independent parties and candidates in favour of which less than 1,000 votes were cast in elections. The respective amounts are adjusted annually on January 1 by 2.0%. The amount resulting from this calculation is rounded to the nearest amount divisible by DKK 0.25. The adjustment takes place based on the amounts obtained before rounding at the time of the adjustment. Political parties as well as independent candidates attending the most recent regional council elections are entitled to DKK 3.75 (EUR 0.50) per vote received at the last elections, provided they achieve at least 500 votes. Finally, political parties and independent candidates attending the most recent elections for the district council are entitled to 6.00 DKK (EUR 0.80) per vote, provided that they obtain at least 100 votes in regional elections, or, in respect of the district of Copenhagen Municipality, at least 500 votes. In terms of indirect public funding, the only source provided in Denmark is free access to public media during electoral campaigns. Equal access shall be granted to all political parties recorded on radio and television. Political parties are subject to taxation in respect to their commercial activities and are, in this sense, subject to the regulations in the law on corporation tax. Other types of funding of political parties, public or private, are exempted from taxation. There are no additional funds for the parties that promote gender equality or candidates belonging to this category.</p>
Estonia 	<p>A political party represented in Parliament has the right to receive an allocation from the state budget. The size of the allocation is proportional to the number of seats obtained during parliamentary elections. A political party that participated in the parliamentary elections, but did not exceed the electoral threshold and received at least: 1) 2%, but less than 3% of the votes, will receive an annual allocation of 30,000 euros from the state budget; 2) 3%, but less than 4% of the votes, will receive an annual allocation of 60,000 euros from the state budget; 3) 4%, but less than 5% of the votes, will receive an annual allocation of 100,000 euros from the state budget. All political parties must report on their expenses. A political party shall produce a quarterly report on its expenditure. The report shall present the expenses divided into the following categories:</p> <ol style="list-style-type: none"> 1) <i>expenditures of political activities: advertising expenses by type (television, radio, online, outdoor advertising and newspapers, printed advertisements), public relations expenses; expenditure on publication of materials; expenditure on public events; other expenditures of political activities.</i> 2) <i>labour expenses;</i> 3) <i>administrative expenses (public utility expenses, transport, heating, telecommunications, depreciation of fixed assets, insurances, minor consumables and similar expenses).</i> <p>There are no additional funds for the parties that promote gender equality or candidates belonging to this category. There are no legislative provisions on free access to the media. However, notifications of governmental and local government agencies and announcements and advertisements related to electoral campaigns of political parties, electoral coalitions and independent candidates are exempt from the advertising tax. Also, there are no provisions regarding the provision of other financial advantages or subsidies that promote gender equality in the political parties.</p>

Country	Public funding
Finland 	<p>Public funding is granted to all political parties that have at least one representative in Parliament, in proportion to the number of seats occupied. There are no other provisions for direct public funding to political parties nor any other binding provisions on how the funds should be used. The legislative framework regulates free or subsidized access to mass-media for political parties, ensuring equal access to all political parties recorded on radio and television. However, there is no provision for free or state subsidized access to the media for candidates. Other types of funding of political parties, public or private, are exempt from taxation (such as donations received from political parties, electoral associations and support groups of a candidate, under certain conditions provided by law). The free use of the postal service for the purpose of contacting voters is very frequent. There are no provisions regarding additional funds allocated to the parties that promote gender equality or for the candidates belonging to this category, but there is an obligation for all political parties to allocate 12% of their annual subsidy to the party to support women (Government's annual decision).</p>
France 	<p>Direct funding to political parties is allowed by legislation, and grants are granted on a regular basis. The political parties receive annual funding from public funds, the amount of which is calculated based on the results of the last parliamentary elections. Candidates, not political parties, may benefit from the reimbursement of election expenses, if they meet legal and accounting requirements. Organic law no. 88-226 and Law no. 88-227 of 11 March 1988 on financial transparency in the political field were the first legal instruments to establish a framework of standards regulating the funding of political parties and electoral campaigns in France, but parties' funding and reimbursement of campaign expenses is granted subject to supervision accounting (financial control). Public funding is divided equally as follows: the first half is granted to political parties, in proportion to the votes received, the eligible parties being those who had at least 50 candidates who obtained at least 1% of the votes cast in at least 50 constituencies election at the last parliamentary elections; The second half of the public budget destined to financing political parties and electoral campaigns is granted proportionally to the number of seats received, depending on the number of MPs who declared that they belong to the party's parliamentary group.</p> <p>There is no strict limit on how political parties can spend their incomes from public funding. The state also provides to the political parties, on an equal basis, free access to radio and public television for a certain period of time during the official election campaigns. Free access to the media is regulated by the Electoral Code and applies only to parliamentary elections. Before the first electoral tour, all parties represented in the National Assembly are granted three hours of dissemination, allocated proportionally with the number of electors for each party. For the second round, the free broadcast time is 1.5 hours. Political parties that are not represented in the National Assembly may use public broadcasting for 7 minutes before the first electoral round and 5 minutes before the second. There are no other provisions for access to state-subsidized media for candidates. The state covers the costs related to the official electoral campaign, such as the free use of the postal service for the purpose of contacting voters, as well as the printing and display of the official posters for the electoral campaign. Another indirect source of public funding is the tax relief of 66% granted to donors as a result of their donations. Concerning gender equality, if the gender gap between candidates from party lists is higher than 2%, public funding is reduced by 150% of this difference, in relation to the total number of candidates, but this reduction can not exceeds the total amount of the first part of the allocated budget.</p>

Country	Public funding
Germany 	<p>The legislation allows public funding of political parties for the conduct of electoral campaigns, depending on the share of votes in the previous elections. The entire grant is related to the number of votes received. Also, the funds are distributed according to the 0,38 Euro rule at 1 Euro donated for donations below 3,300 Euro, but the public funding can't be higher than the private funding obtained by the political party. There are no dispositions regarding the way public funds can be spent. The state subsidizes access to the media. Media time is equally and proportionally allocated to political parties (weight of seats). According to the Constitutional Court, equality implies that all the parties that run in the electoral campaign receive a certain period of time in the media. Even if large parties receive more time, small parties are granted a time-subsidized state, in order to offer them the possibility to launch certain spots in the media. Concerning the candidates, there are no explanations related to subsidizing the media. There are no subsidies to support gender equality or other provisions encouraging gender equality in political parties.</p>
Greece 	<p>The legislation allows allocation of funds from the state budget for a series of activities carried out by political parties and coalitions, as follows:</p> <p>(a) annually: by allocating a share of the national budget to parties and coalitions, to cover current running expenses (political parties and coalitions represented in Parliament by the elected members of general elections; political parties and coalitions who sent representatives to the European Parliament; political parties and coalitions, who at the last general elections obtained at least seventy per cent (70%) of the country constituencies and at least 1.5% of all valid ballots.</p> <p>(b) to cover electoral expenses, by allocating part of the net revenues generated from the state budget before the election year (political parties and coalitions represented in Parliament by members elected in general elections by combinations of the same party or coalition). In order to be eligible for attendance at general elections, this requirement must have been met by the expiration of the mandate. In order to finance the participation in the campaigns for the election of Greek representatives in the European Parliament, this requirement must have been met until the expiration of the mandate. Political parties and coalition of parties, who allied and obtained at least seventy per cent (70%) of the electoral constituencies of the country and obtained at least 1.5% of all ballots valid for general parliamentary elections, may receive funding .</p> <p>(c) for research and professional training by annual allocation of a part of the net revenues from the national budget, for the set up and operation of party centres or for the organization of training programs for managers of established centres (for example for research centres of political parties).</p>
Ireland 	<p>There are three main ways of public financing: funds for political parties that achieved 2% during the last parliamentary campaigns (as a weight of the total votes received by all candidates of the respective party) and which are included in the Register of political parties; funds for candidates fulfilling the criteria for reimbursement of electoral expenses; funds for political party leaders in relation to expenditures generated by parliamentary activities, including research, spending on rental of ministerial and parliamentary offices (budgetary allocations). The state subsidies are exempt from tax taxation. In addition, funding must include expenditure on promoting the participation of women and young people in political activities. Public funding can't used for elections or referendum. The free dissemination time at the average is calculated according to the number of votes obtained at the last elections, as well as taking into account the geographic distribution of the candidates. The subsidized amounts shall be reduced by 50%, except that at least 40% of the candidates whose party candidates are in general elections are women and at least 40% are men.</p>

Country	Public funding
Italy 	<p>The direct public funding of the parties was replaced by an indirect system of deduction of the tax on voluntary contributions for political parties.</p> <p>Political parties and movements have the right to free access to public mass media (TV and radio) in campaigns for elections and referendums. The political messages may also be distributed by the private radio and TV stations, which will receive a 50% discount at the usual advertising prices. Whenever they provide free access to political parties, the state provides reimbursements for costs incurred. Candidates who qualify for the second ballot receive equal access to mass media during the period preceding the second round of elections.</p> <p>Tax deductions are available for private donations to political parties; in addition, private individuals can allocate 2 per thousand of "IRPEF" (personal income tax) to political parties. Free campaign activities and posters during campaigning are provided. The parties also benefit from subsidized postal expenses and no registration fees for the statute are levied. Political parties must spend 10% of their income, through the tax deduction mechanism, for activities aimed at encouraging women's participation in politics.</p>
Latvia 	<p>The funding from the state budget is granted to a political organization for which more than 2% of the voters voted in the previous elections. The annual funding is calculated by multiplying 0.71 Euros with the number of votes won. The expenditures from the allocated amounts are destined to finance the political and economic activity: 1) rental, organization of meetings and services related to rentals, including public utility services; 2) communication and Internet services; 3) remuneration of work and other payments to private individuals related to the operations of the political organization; 4) auditing services; 5) research works, surveys and consultations; 6) organization of educational events destined to residents, including public events, seminars, charity events and publication and distribution of books, information materials, except for the provision of catering services; 7) political campaigns. The candidates selected have the right to use the guaranteed free state broadcast time for the pre-election campaign and after the elections.</p> <p>All the financial and campaign activities of a candidate are considered the financial and campaign activities of the political party that nominated him. Individuals who make donations to a political organization are exempt from state taxes. There are no additional funds for the parties that promote gender equality or candidates belonging to this category.</p>
Lithuania 	<p>The political funding is granted for the current activities of the political parties. Political parties that are registered in the Registry of legal entities and that meet the legal requirements are entitled to state subsidies to finance the activities of the political party. The allocation is granted to those political parties that meet the criteria (they received 3% of the votes cast by voters for the candidates of political parties in the respective elections) depending on the results of these state subsidies.</p> <p>Public funding may be used to: 1) a political campaign; 2) an electoral depot; 3) purchase of circulating and fixed assets; 4) employee payment; 5) taxes and other contributions to the state budget, compulsory social security contributions and mandatory social security contributions; 6) expenses related to the provision of services; 7) arrears of the political campaign of the political party; 8) reimbursement of the loans taken by the political party. Free media access time targets discussions of radio and television candidates in view of presenting electoral programs in accordance with the principle of equality and in accordance with the procedure laid down by the Central Electoral Commission. State and municipal properties may be offered to political parties in accordance with established criteria.</p>

Country	Public funding
Luxembourg 	<p>Annual contributions from the state budget consisting of a lump sum payment and the votes received. Political parties who presented a complete list in the four electoral constituencies during legislative elections and a complete list in the single national constituency during the European elections and obtained at least 2% of the total votes both in the four electoral constituencies for the national average, as well as the single national constitution for the European elections are entitled to an annual contribution from the state budget, determined as follows:</p> <ol style="list-style-type: none"> 1. a lump sum of 100,000 Euro; 2. an additional amount of EUR 11 500 for each percentage point of the additional votes received during the national elections; 3. an additional amount of EUR 11 500 per percentage point of the additional votes received at the European elections. When awarding the additional amount, each percentage point of the extra votes received shall be taken into consideration up to the second position behind the comma. The determined contribution can't exceed 75% of the overall revenues of the central structure of a political party. The political party has the obligation to prove that it meets these requirements or will lose the advantage of the public funding starting with the subsequent financial exercise. <p>Public funding may be used at: 1) operating expenses; 2) expenses for preparation, study and research; 3) expenses for events and publications; 4) electoral expenses; 5) contributions to international organizations and associations; 6) amounts granted to other party members; 7) expenses related to movable and immovable assets; 8) various expenses. There are no legislative provisions on free access to the media. However, dispatch fees for a single document sent in printed format to voters in their constituency before each election to the European Parliament and the Lower House shall be reimbursed by the state upon submission of supporting documents, provided that they have received at least 5% of the valid votes cast in the relevant constituency. Also, there are no provisions regarding the provision of other financial advantages or subsidies that promote gender equality in the political parties.</p>
Malta 	<p>There is no direct public funding. Indirect funding refers to services provided only from state sources such as free broadcast time, free access to means of communication, etc. The law provides that incomes of any political party, including the income of organizations adhering to political parties, are exempt from taxation. A second tax exemption is provided by <i>Law on value added tax</i>, non-profit organizations, such as political parties, are exempt from value added tax for the provision of services.</p>
Sea Britain 	<p>There is direct public funding for the current activity of the party in the form of subsidies. Eligible parties must submit a request stating their plans for the following year, analysed by the Electoral Commission. If the application is approved, political parties may receive up to 75% of their total income. At the end of the year, the parties present a final expenditure report, detailing the actual activities and expenditures. The total subsidy is £ 2 million per year and is distributed through a formula based on representation and performance in national and de-centralized legislative elections. There are also provided public funds paid by other state bodies. The grant for access to the average mass is distributed based on a formula elaborated by the Electoral Commission and approved by Parliament. The first million pounds is distributed among the eligible parties, and the second million pounds is divided based on the proportion of voters where the elections took place (England, Wales, Scotland and Northern Ireland) and the weighted share of vote. Also, there are no provisions regarding the provision of other financial advantages or subsidies that promote gender equality in political parties or candidates belonging to disadvantaged groups.</p>

Country	Public funding
<p>Netherlands</p> 	<p>Direct public funding to be granted according to the following criteria:</p> <ol style="list-style-type: none"> 1. Following a request in this regard, MIKR (Ministry of Interior and Relations with the Kingdom) will award subsidies to a political party. 2. In case the party has at least 1000 members with right to participate in meetings and with the right to vote in the political party on the set reference date and each of them pays an annual member fee of at least 12 Euros. 3. Membership is highlighted by an explicit declaration of intention of the person involved. 4. The grant will be granted per calendar year. 5 The reference date will be used as the basis of work to determine the number of seats of a political party, the number of members of a political party and the number of members of a political youth organization. 6 The amounts allocated will be updated annually, by MIKR regulation, on 1 January, in accordance with the salary and the price adjustment index, used in the elaboration of the central budget. 7. The grant will consist of a basic amount of 178,384 Euro, an additional amount of 51,740 Euro per place held by the political party and an additional amount obtained from the division of the amount of 1,953.202 Euro to the total number of political party members receiving subsidies , on the set reference date; 8. The grant will also consist of amounts granted to the ancillary institutions, in the following situations: <i>a) if, on the set date, the political party appointed a political sciences institute as an ancillary institution, the grant will consist of a basic amount of 125.287 Euro and an additional amount of 12.877 Euro per place held by the political party in Parliament , on the set reference date. b) if, at the reference date, the political party has appointed a political youth organization as an ancillary institution, the grant will consist of a basic amount for each member of the political youth organization and an additional amount per place detained by the political party in Parliament.</i> c) <i>if, on the reference date, the political party appointed an institution for external activities as an ancillary institution, the subsidy will consist of a basic amount and an additional amount per place held by the political party in Parliament.</i> 9. Applications for the subsidy for a calendar year shall be submitted to the MIKR before 1 July of the following calendar year, together with the financial report, as well as the report on the planned activities. 10. The MIKR will establish the subsidy before 1 November. 11 Grant applications may also be made for an advance for a calendar year and shall be submitted before 1 November of the preceding year to the MIKR; grant applications must be accompanied by an activity plan, a budget, an estimate of the number of political party members on the reference date. <p>The legislation contains provisions related to free access to the media. Netherlands political parties are recognized as "institutions for general benefit" and therefore have tax benefits under the Income Tax Act. The Commissariat allocates a number of hours each year on the general programs channels of the national press service, to political parties that have one or more seats acquired at the last election of the members of the lower or higher Chamber. During the elections, the Commissioner assigns a number of hours on the general program channels of the national public service media for:</p> <ol style="list-style-type: none"> a. <i>political parties that participate in the election of the members of the Lower Chamber in all constituencies;</i> b. <i>political parties attending the election of members of the European Parliament in the Netherlands.</i>

Country	Public funding
Poland 	<p>A political party that: 1) in the elections for the Lower Chamber, after having independently formed an electoral committee, received at national level at least 3% of the valid votes cast on his lists of candidates; or 2) in the elections for the Lower Chamber was part of a coalition whose candidate lists received at least 6% of the valid votes at national level, will be entitled to receive, during the mandate, a subsidy from the state budget for its activities set forth in its statute. The amount of the annual subsidy for a political party or an electoral coalition is determined based on a gradual decrease, proportional to the total number of valid votes cast on the regional lists of the candidates for the deputies of such party or electoral coalition, with a breakdown of the number of votes corresponding to the individual percentages , in accordance with the following formula:</p> $S = W1 \times M1 + W2 \times M2 + W3 \times M3 + W4 \times M4 + W5 \times M5$ <p>where S - amount of the annual grant; W1..W5 - the numbers of votes calculated successively for each row in the following table, provided separately as a result of the decomposition of the total number of valid votes cast nationally on lists of districts of candidates for deputies from a certain political party or electoral coalition; M1..M5 - amount in PLN calculated on the basis of total valid votes expressed nationally on regional lists of candidates for deputies in each political party or electoral coalition, broken down respectively for each category, as follows: up to 5% of the votes - PLN 10.00 per vote, over 5% - up to 10% - PLN 8.00 per vote, over 10% up to 20% - PLN 7.00 per vote, over 20% up to 30% - PLN 4.00 per vote, over 30% - PLN 1.50 per vote. Subsidies can be used for both campaign activities and current activities. A political party receiving the grant shall remit between 5% and 15% of the grant to the Fund in order to finance opinions of legal experts, politicians, sociologists and socio-economics experts and to finance the publishing and education activities of a political party. As for the electoral campaign, the political party, whose election committee participated in the elections, the political party comprising an electoral coalition committee and the electoral committee of voters participating in elections is entitled to a subsidy from the state budget, for each term of office . The subsidy applies only to the expenses highlighted in the financial reports.</p>
Portugal 	<p>Public funding is granted for: subsidies for financing of political parties, electoral campaigns, other provisions provided by law. Each party and coalition that participated in the elections and obtains representation in the Assembly of the Republic receives annually the state subsidy if it requests the President of the Assembly of the Republic, consisting in an amount equivalent to fraction 1/135 of the minimum salary, for each vote obtained at the last elections. Each parliamentary group, representative of a party and lawmakers not affiliated to a parliamentary group of the Republic Assembly, will receive annually a subsidy for counselling expenses and other operating expenses, in quantum of four times the minimum annual salary, plus half of the value of the minimum annual salary, per member. The grant is granted also to parties that did not obtain parliamentary representation, but obtains a number of votes higher than 50,000, if they request the subsidy of the President of the Assembly of the Republic. The parties are not subject to corporation tax and benefit from exemptions from the following taxes: value added tax for the acquisition and delivery of goods and services that disseminate the political message or own identity by any means, printed, audio-visual or multimedia, including those used as propaganda material and means of communication and transport. Regarding free access to the media provided by the national public and private media, as free broadcasting time, it is allocated proportionally to political parties and coalitions that submitted a minimum of 25% of the total number of candidates. Concerning gender equality if one of the sexes is represented in the list of candidates in percentage of less than 20%, the participation in the public subsidy is reduced by 50%.</p>

Country	Public funding
Romania 	<p>The political parties receive an annual subsidy from the state budget, as per legal conditions. The amount allocated annually to the political parties from the state budget is of at least 0.01% and not more than 0.04% of the gross domestic product. Public funding is based on the proportion of votes in previous elections and the share of seats in previous elections. The access of political parties, of their political alliances and their electoral alliances to public broadcasting services, including their territorial studios, is free. Access to public radio and television services for candidates for the position of President of Romania is equal and free of charge. The income obtained from the party's own activities is not subject to income tax. For political parties that promote women on electoral lists, on eligible places, the amount allocated from the state budget will be increased proportionally with the number of mandates obtained by the candidate women.</p>
Slovakia 	<p>The public funds allocated from the state budget are:</p> <ul style="list-style-type: none"> <i>a. Contribution for votes won at elections, given once, after elections - to parties that obtained more than 3% of the valid votes cast and which amounts to 1% of the average monthly salary per vote.</i> <i>b. contribution for current activity expenses, which are granted annually to the same group of parties / coalitions which contribute to votes. The value is 25% of the total value of the vote contribution;</i> <i>c. Contribution to seats, granted annually to the parties / coalitions represented in the National Council. It amounts to 30 times the monthly average monthly salary for up to 20 people; any place over 20 years old will receive 20 times the average monthly salary.</i> <p>The parties may not use the contributions to the state budget for: <i>loans and credits to private individuals or legal entities; silent partnership agreements; the activities of a company which the party has founded or has become the sole shareholder; guarantees for debts of private individuals or legal entities; donations; payment of fines and other financial penalties.</i></p> <p>In elections for the National Council of the Slovak Republic and for the European Parliament, the Radio and TV public in Slovakia will allow a maximum of 30 minutes of dissemination for a political party, candidate or political coalition, but not more than 10 hours of dissemination time for political advertising on radio and no more than 10 hours of broadcasting time for political advertising on television. Donations to political parties are not tax-free although they are not deductible by individual taxpayers.</p>
Slovenia 	<p>Public funding is granted for both the current activities and the campaign expenses, taking into account the votes cast in the previous elections: at least 1% of the votes in the country or at least 1.2% if the common list belongs to two parties or at least 1.5% if the joint list belongs to three or more parties. 25% of the total amount is distributed equally among all parties that meet the criteria for receiving state subsidies. The remaining 75% is divided proportionally with the number of votes received by the parties at national level. The electoral reimbursement is calculated multiplied by 0.33 Euro for the vote received. In addition to the respective funds, a party can obtain up to 50% of the funds from the national budget for education of deputies, administrative assistance and expertise, for the activity of MPs and organization of parliamentary offices. A party may obtain funds allocated from groups of deputies and deputies who have been elected to the National Assembly of the Republic of Slovenia from the same lists of candidates. Presidential candidates and political parties have the right to equal time during electoral campaigns. At least one third of the total time reserved by RTV Slovenia must be at the disposal of political parties that are not represented in the National Assembly and in the European Parliament. Independent candidates are granted free access to the media for the presentation of the political program. The local administration will provide free advertising space for all campaigns to the parties and to the candidates. Women organizations may obtain state subsidies for financial activities and projects related to women promotion.</p>

Country	Public funding
Spain 	<p>Direct public funding is received only by political parties represented in Parliament / autonomous community / municipal legislative body. The public subsidies can't be granted to a political party that has in its governing body, electoral list or in the parliamentary group, a person found guilty of a serious crime (for example, terrorism, serious crimes against public administration, etc.).). The funding is allocated proportionally based on the number of seats / votes won at the last elections, for: <i>electoral expenses, operating activities and security expenses (i.e. amounts allocated to political parties to provide protection against terrorist attacks), autonomous communities and annual municipal subsidies for operational activities, d) extraordinary grants for advertising purposes, e) contributions to parliamentary groups at state level, autonomous community and municipality.</i> The political parties attending the municipal council elections may receive direct public funding from the local communities budget in the form of an equal lump sum quota for all parties and a variable amount proportional to the number of seats per party. Finally, the state can award extraordinary funds for the referendum. The public television provides free broadcasting time, according to the number of votes and seats, obtained by each party in the previous parliamentary elections. If a party has not, or has not, won the representation at the last election, it is still entitled to ten minutes of free time. In addition to the free advertising time, public television provides political parties with time in its news and information programs, also allocated based on the party's previous electoral results. Free public spaces, public meeting rooms are provided by the municipalities during electoral campaigns. There are no provisions encouraging gender equality.</p>
Sweden 	<p>Direct public funding is granted for the Party assistance if it has received at least one seat in Parliament or more than 2.5% of the votes at national level at any of the last two elections. Parties that received at least 4% of the votes at national level in the elections to the Senate receive a total amount of basic support for each election year. Political parties receiving anonymous donations are not eligible to receive public funding. There are no legislative provisions on free access to the media. In terms of indirect public funding, members and party secretariats receive such support in the form of access to free spaces and technical equipment within the Senate building. Therefore, direct funding should not be used for such costs. There are no provisions encouraging gender equality.</p>
Hungary 	<p>According to the law of the central state budget, 25% of the amount that can be spent for subsidies granted equally to the parties must be distributed among the parties according to the national list of members in Parliament. The remainder of 75% will be provided proportionally to the parties, based on the results of the parliamentary elections. A party that does not get at least 1% of valid votes cast by voters at the last parliamentary elections is not eligible for the subsidy. The Party Foundation is also eligible for a grant proportional to the votes cast at the last elections for the Party of Representatives for that party. There are no provisions regarding the use of public funding, but only the obligation to report. The law provides 600 minutes of free time for public broadcasting and allows paid publicity in printed and online media. Politically paid advertising is forbidden on radio and commercial televisions, but these means of communication can provide the broadcasting time on an equal basis free of charge. Political parties do not pay local taxes, but they have to pay real estate taxes, taxes on companies and, if employed, they have to pay all taxes and social security taxes. There are no legal requirements for the promotion of gender equality.</p>

Table 4.3. Public funding in the European Union countries (Source: <https://www.idea.int/data-tools/data/political-finance-database>)




4.3. Prohibitions and limits of expenses of electoral competitors




Although there are numerous examples of interdiction for donations, few types of spending are prohibited worldwide. Voting and use of public resources for partisan purposes (excluding regulated public funding) are prohibited almost everywhere, but otherwise there are few examples, apart from the ban on TV advertising (sometimes for all commercials) used in a limited number of countries. More often than not, there are limitations regarding the expenses that candidates and parties are allowed to make during election campaigns. Contrary to the limits of donations, the purpose is not to regulate the flow of individual donors, but to reduce the benefits of political parties and of candidates with access to large amounts of money. Special cases include candidates who fund their campaigns using their own money or when party leaders provide the bulk of their party funding - two phenomena that are common in the case of party mergers and in well-established democracies. Although candidates and party leaders are unlikely to be able to influence unduly, the advantage they derive from their personal wealth may be limited either by extending the limits of donations to the use of own funds or by imposing an expenditure limit.

Approximately 30% of all European Union countries limit the amounts that political parties can spend, while over 40% limit candidates' expenses. As with donation limits, the effectiveness of spending limits depends both on the fact that the limit is set at the appropriate level to reduce the benefit of those with access to a lot of money, without hampering an inclusive and involved campaign, and (especially) indifferent if executed. Other factors that may influence efficiency and effectiveness include the definition of expenditures (e.g. personnel costs are included or not included) and the time period of any limits (i.e. the limit covers a period long enough to achieve its purpose). A separate problem is whether spending on campaigns should be limited by actors that are neither political parties nor candidates (so-called third parties).

The easiest solution can be to ban any person who does not participate directly in elections to participate in the campaigns, but such an approach would be considered a violation of human rights in most parts of the world, especially freedom of expression (*two rulings of the European Court of Human Rights with regard to the United Kingdom found that, in a European context, reasonable limitations of third party involvement in electoral campaigns are acceptable. See Bowman v. United Kingdom (141/1996/760/961) judgment of 1998 and Animal Defenders International v. The United Kingdom (application no. 48876/08) in 2013*). Most countries do not have regulations regarding third party expenses. Of those that do this, some require different spending limits or require third parties to submit financial reports.








Country	Cost limits for parties and campaign candidates
Austria 	<p>- 7 million Euros for parties; EUR 7 million for candidates, but depends on the position of the candidate in the nomination list; the limit includes the fixed amount for voters registered in previous elections.</p>
Belgium 	<p>- the total expenses and financial obligations related to the electoral propaganda of political parties at federal level, at the level of the electoral divisions and at the level of the electoral bodies must not exceed, for the elections of the House of Representatives, the value of EUR 1,000,000; for the candidate, the limit depends on his position on the nomination list; the limit includes the calculated amount and the fixed amount for the voter registered in the previous elections. For each candidate from the top of the list up to the number of mandates obtained from his list (s) during the first elections and for any additional candidate appointed by the political party (on the list of candidates submitted): (8,700 Euro), increased by (0,035 Euro) per voter registered at the previous elections for the Chamber of Representatives of the electoral division where the candidate is presented.</p>
Bulgaria 	<p>- the total amount of funding may not exceed: <i>at the elections of the national representatives for the National Assembly: (a) 3,000,000 BGN for a party and for a coalition; (b) 200,000 BGN for a nomination committee; at the elections of the national representatives for a Grand National Assembly: (a) 4,000,000 BGN for a party and for a coalition; (b) 200,000 BGN for a nomination committee; at the elections of the President and Vice-President of the Republic and of the members of the European Parliament: (a) 2,000,000 BGN for a party, a coalition and a nomination committee for the elections of the President and vice-president of the Republic, as well as for a party and a coalition for the election of the members of the European Parliament; (b) 100,000 BGN for a nomination committee for elections of members of the European Parliament; in the elections of municipal councillors and mayors: (a) BGN 8,000,000 for a party and for a coalition; (b) the maximum value of the financial resources specified in the law for a nomination committee</i></p> <p>- the following amounts may be spent for each candidate for mayoralty of the municipality: <i>for a municipality not exceeding 30,000 residents - not more than 25,000 BGN, for a municipality not exceeding 60,000 residents - at most 50,000 BGN, for a municipality not exceeding 100,000 residents - at most 100,000 BGN, for a municipality not exceeding 200,000 residents - at most 250,000 BGN, for a municipality not exceeding 500,000 residents - no more than 500,000 BGN, for a municipality that exceeds 500,000 residents - no more than BGN 1,000,000.</i></p> <p>- up to the limit of the total amount, the following amounts may be spent for each candidate for mayor of the city: <i>for a district with a population not exceeding 25,000 residents - not more than 20,000 BGN, for a district with a population not exceeding 50,000 residents - not more than 40,000 BGN, for a district with a population not exceeding 100,000 of residents - up to 60,000 BGN, for a city with a population exceeding 100,000 residents - not more than BGN 60,000.</i></p> <p>- within the total amount, the following amounts may be spent for each candidate for mayor office of the municipality: <i>for a town hall not exceeding 1,000 residents - not more than BGN 2,000, for a city hall not exceeding 3,000 residents - not more than BGN 6,000, for a city hall that exceeds 3,000 residents - not more than BGN 10,000.</i></p>

Country	Cost limits for parties and campaign candidates
Czech Republic 	<ul style="list-style-type: none"> - there are no spending limits for parties; - the campaign expenses can't exceed: (a) in case of elections of the Chamber of Deputies, the amount of CZK 90,000,000 inclusive of VAT, (b) in case of elections in the Senate, the amount of CZK 2,000,000, including VAT for each candidate, if the candidate participates only in the first round of elections to the Senate, or CZK 2,500,000 including VAT if the candidate participates in both the first and the second round in the Senate elections. The expenses for the presidential campaign can't exceed CZK 40,000,000, including VAT if the candidate participates only in the first round of presidential elections or CZK 50,000,000, including VAT, if the candidate participates in both the first round and the second round of elections presidential elections. This amount includes all the amounts that the presidential candidate paid or must pay, including the amounts paid or required to be paid by third parties on behalf of the candidate.
Cyprus 	<ul style="list-style-type: none"> - for parties there are no spending limits; - the candidate can pay, in elections, any personal expenses incurred in connection with the elections up to an amount not exceeding 5000 Euros. The candidate shall send, within the deadline set forth by law, a written report of the amount with the personal expenses paid during the elections. Personal expenses of the candidate include reasonable travel expenses and reasonable expenses for accommodation in the hotel for election purposes. Any person may, if authorized by the electoral agent in writing, pay the necessary expenses for stationery, mail, telegraphy and other small expenses that do not exceed the authorized amount, however any amount exceeding the amount thus specified must be declared to the electoral representative. Except for these expenses, no costs will be borne by the candidate. The total amount must not exceed EUR 25000 excluding the applicant's personal expenses.
Croatia 	<ul style="list-style-type: none"> - for parties there are no spending limits, but the total cost of the electoral campaign per candidate or candidate list must not exceed the following amounts: HRK 8,000,000 in elections to the President of the Republic of Croatia, HRK 1,500,000 in a single constituency in case of parliamentarians election, HRK 1,500,000 in case of election of members of the European Parliament, HRK 1,000,000 in elections for mayor of Zagreb, 600,000 HRK in case of elections for the county prefect and mayor of major cities, HRK 250,000 in case of elections for cities and municipalities, in local self-governing units, with a population of over 10,000, HRK 100,000 in case of elections for city and municipal office officials in local units of self-governing with populations from 3.001 to 10.000, HRK 50.000 in case of elections for mayor and head of municipality in local self-governing units with population not exceeding 3.000. In elections for the deputy head of municipality, mayor of the city and of the Prefect of county elected from members of national minorities, the total value of expenses for electoral campaigns shall not exceed 50% of the amount set for election campaign expenditures of candidates for the position of Head of the municipality, Mayor of the city and the Prefect of the county in the same units. The total value of election campaign costs for the President of the Republic of Croatia, for elections to the head of municipality, mayor of the city, county prefect and mayor of Zagreb, and for deputy city hall mayor, city mayor and prefect of county, for candidates elected from members of national minorities, may be increased by 20% of the maximum value set by law for candidates who reach the second and third round of elections. If the total amount of donations received to fund electoral campaign costs exceeds the eligible value, it is returned to their payers.

Country	Cost limits for parties and campaign candidates
Denmark 	<ul style="list-style-type: none"> - there are no spending limits for parties and candidates
Estonia 	<ul style="list-style-type: none"> - political parties must report how spending is achieved, but there is no limit to spending. The political party shall elaborate a quarterly report on its expenditures at the end of the quarter and submit it to the supervision committee of the financing of the political parties in the required format, by the 10th day of the following quarter. The report shall present the expenses divided into the following categories: 1) expenditures of political activities; 2) labour expenses; 3) administrative expenses. - candidates must report on expenses related to the electoral campaign, as well as the origin of funds used, even if there is no limit to them.
Finland 	<ul style="list-style-type: none"> - there are no spending limits for parties and candidates
France 	<ul style="list-style-type: none"> - there is no overall ceiling for expenditure on political parties. Political parties must comply with the expenditure ceiling that applies in each constituency where the candidates support. Candidates must declare the amount of money coming from political parties. - electoral expenses for candidates are covered according to different formulas that vary depending on the type of elections (national, regional or local) and the population in the respective constituency.
Germany 	<ul style="list-style-type: none"> - there are no spending limits for parties and candidates
Greece 	<ul style="list-style-type: none"> - for parties, the expenditures refer to the contribution of the public sector (0.08% of the net revenues of the state budget of the previous financial year). In addition, a maximum of 20,000 Euros are granted annually. - there are no spending limits for candidates
Ireland 	<ul style="list-style-type: none"> - there are no spending limits for parties - The limits apply in terms of expenditure to parliamentary elections and European elections. In particular, the following expenditure limits are set out in relation to the candidates: <ul style="list-style-type: none"> a) European elections: 230.000 Euro b) 3 general parliamentary election districts or by secondary elections: 30,150 Euro c) 4 general parliamentary electoral districts or by secondary elections: 37.650 Euro d) 5 general parliamentary districts or by secondary elections: 45.200 Euro <p>[GRECO, Evaluation Report on Ireland, Transparency of Party Funding (Theme II), 2009, p.13]</p>

Country	Cost limits for parties and campaign candidates
Italy 	<ul style="list-style-type: none"> - the limit for parties is given by the amount represented by: multiplication of 1 Euro with the number of citizens registered as representatives where the parties presented lists of candidates for the national parliament, multiplication of 1 Euro with the number of persons eligible for vote of the Chamber of Deputies and for Parliament European, 1 Euro multiplied by the number of persons eligible to vote Local Council for Municipal elections, mayor and local councils - 52.000 Euro + 0.001 Euro for every citizen residing in the constituencies of the candidate (parliamentary elections), 38.802.85 Euro + 0.0061 Euro for every citizen residing in the province constituency for which the candidates participate (for regional, provincial elections and municipal). For Toscana and Lazio, the coefficient should be multiplied by 0.03 Euro instead of 0.006 Euro. <p>[GRECO, Evaluation Report on Italy Transparency of Party Funding (Theme II), Strasbourg, March 2012]</p>
Latvia 	<ul style="list-style-type: none"> - for parties there are different limits for electoral expenses in parliamentary, local elections and for elections to the European Parliament. A political party that submitted the list of candidates in the parliamentary elections in five electoral districts with pre-election expenses may spend an amount not exceeding the monthly average of the gross remuneration for the previous year published by the Central Statistics Office, which is approximated to Euro, applying a coefficient of 0.0004 per voter in the previous parliamentary elections. The same coefficient is for municipal elections. For the European Parliament, the election coefficient is 0.0003. - any financial activity of a candidate will be considered a financial activity of the respective political party. Therefore, all expenses will be considered as expenses of a political party and the threshold will be applied. In case of a candidate who performed an individual pre-election campaign, the funds spent for this campaign will be included in the pre-election expenditures of the political organization (party) from whose candidate list he was a party.
Lithuania 	<ul style="list-style-type: none"> - when the electoral constituency covers the entire territory of the Republic of Lithuania, the maximum amount of expenses for a political campaign of a participant is calculated as follows: the number of voters registered on electoral lists in the Republic of Lithuania is multiplied by 0.29 Euro, the amount being rounded up with the accuracy of the bonuses two significant figures. Where the electoral district covers a part of the territory of the Republic of Lithuania, the maximum amount of expenses for political campaigns of a participant in a political campaign shall be calculated as follows: the number of voters in a constituency is multiplied by EUR 0.58, the amount being rounded up with the accuracy of the bonuses two significant figures. If the amount is less than 5792 Euro, the maximum fixed amount of the campaign costs is of 5792 Euro. In elections for municipal councils, a political party that nominated a candidate list (s) may spend in addition to this political campaign no more than 10% of the maximum amount of political campaign expenses in the list (s) of candidates nominated by this party.
Luxembourg 	<ul style="list-style-type: none"> - there are no spending limits for parties and candidates
Malta 	<ul style="list-style-type: none"> - there are no spending limits for parties - the maximum amount paid and the expenses incurred by or on behalf of a candidate in elections for members of the House of Representatives and, or by his electoral agent, must not exceed the amount of 20000 Euros from each electoral district

Country	Cost limits for parties and campaign candidates
Great Britain 	<ul style="list-style-type: none"> - If a registered party takes part in elections in one or more constituencies in England, Scotland or Wales, the limit that applies to campaign expenses incurred by or on behalf of the party during the electoral period in that part of the United Kingdom is: <ul style="list-style-type: none"> (a) 30,000 pounds multiplied by the number of constituencies in which the party participates in that part of the United Kingdom; (b) if higher, the corresponding amount is £ 810,000 for England, £ 120,000 for Scotland and £ 60,000 for Wales; - if a registered party participates in elections in one or more Northern Ireland constituencies, the limit applicable to campaign expenses which is borne by or in the name of the party during the relevant period in Northern Ireland is £ 30,000 multiplied by the number of constituencies in which the party participates in elections.
Netherlands 	<ul style="list-style-type: none"> - there are no spending limits for parties and candidates
Poland 	<ul style="list-style-type: none"> - there are no spending limits for parties - campaign expenses are limited to PLN 0.82 per voter in the Chamber of Deputies and PLN 0.18 per elector for the Senate. The expenditure limit is specific to the electoral committee, and its calculation depends on the number of candidates registered by the commission. For presidential elections, campaign expenses for electoral commissions are limited to PLN 0.60 per voter (a total of approximately PLN 18.3 million) equivalent to approximately EURO 4.5 million. Expenditures for the presidential campaign are not offset by the state subsidy. The committees which register the candidates in the Chamber of Deputies and the Senate in all districts have a maximum limit of expenditures at national level of PLN 30,629,150.28. By law, up to 80% of this amount may be spent for advertising. During the campaign, each electoral committee must appoint a financial representative responsible for the financial management of the committee.
Portugal 	<ul style="list-style-type: none"> - the maximum allowable value of expenses incurred by parties and candidates in each election campaign, national or regional, is established at the following values: a) 10,000 times the value of the IAS (indexation reference of social support) in the election campaign for the president, plus 2500 times the IAS value in case of competing for round two; b) 60 times the value of the IAS for each candidate presented in the electoral campaign for the Assembly of the Republic; c) 100 times the value of the IAS for each candidate presented in the electoral campaign for the Regional legislative meetings; (d) 300 times the IAS value for each candidature submitted for the European Parliament campaign. The maximum allowable limit of expenditures incurred in electoral campaigns for local authorities is set at the following values: a) 1350 times higher than the IAS value in Lisbon and Porto; b) 900 times the value of IAS in municipalities with 100,000 or more voters; c) 450 times the value of IAS in municipalities with more than 50,000 and less than 100,000 voters; d) 300 times the value of IAS in municipalities with more than 10,000 and up to 50,000 voters; e) 150 times the value of IAS in municipalities with 10,000 voters or less.
Romania 	<ul style="list-style-type: none"> - there are no spending limits for the parties, but there are limits established for the expenses of the candidates depending on the type of electoral campaign.






Country	Cost limits for parties and campaign candidates
Slovakia 	<ul style="list-style-type: none"> - a political party or a political movement can spend up to EUR 3,000,000, including value added tax for its electoral campaign in elections for the National Council of the Slovak Republic and for elections to the European Parliament. - the candidate for president may spend up to 500,000 euros for the electoral campaign, for both electoral rounds. For the electoral campaign, an independent candidate may spend: for the chairman of the self-governing region, no more than 250,000 Euro for both electoral rounds, for mayor of the Slovak capital Bratislava and Kosice mayor, no more than 250,000 euros; - for the mayor of the city, the mayor of the municipality or the mayor of a city section: with 60001 to 120000 inhabitants, no more than 100.000 Euro, with 30001 to 60000 inhabitants, no more than 70.000 Euro, with 16001 to 30000 inhabitants, no more than 50,000 Euro, with 10,001 to 16,000 inhabitants, no more than 20,000 Euro, with 5,001 to 10,000 inhabitants, no more than 10,000 Euros, with 2,001 to 5,000 inhabitants, no more than 5,000 Euros.
Slovenia 	<ul style="list-style-type: none"> - expenditure limits for parties and candidates related to the election campaign for elections to the National Assembly must not exceed 0.40 Euro per eligible voter in the electoral district or in the electoral unit. Costs of the electoral campaign for: elections to the European Parliament must not exceed 0.40 Euro per eligible voter in the country; the election of the President of the Republic shall not exceed 0, EUR 25 per voter eligible at national level; elections in the representative body of the local community must not exceed 0.40 Euro per eligible voter in the local community. In case of second round, the expenses of the electoral campaign may be increased by 0, EUR 15 per eligible voter in the local community. The costs of the referendum campaign at national or local community level should not exceed 0.25 Euro per eligible voter nationwide or local community.
Spain 	<ul style="list-style-type: none"> - the limit of expenses for parties is of 0.24 Euro per resident in electoral districts where the party presents its list. For the European Parliament elections: 0.12 Euro per resident, for municipal elections: EUR 0.07 per resident and, additionally, EUR 96,162 per province where the political party meets certain conditions. Moreover, if two or more elections overlap as a period, political parties can't bear additional electoral expenses that exceed 25% of the maximum allowable expenses for general elections. There are no spending limits for candidates.
Sweden 	<ul style="list-style-type: none"> - there are no spending limits for parties and candidates.
Hungary 	<ul style="list-style-type: none"> - political parties can only spend HUF 5 million (approximately EUR 15,300) for each candidate on the national list, amounting to HUF 995 million, for the parties occupying the maximum number of candidates. Besides the budget support to cover the costs for election materials, the parties may also request private funds and loans from banks and private individuals. There are no explicit ceilings on individual donations, which may encourage dependence on large donors' financial contributions. As the donor's complete lists are not published and submitted to the relevant authorities, transparency in campaign funding is still limited.

Table 4.4. Comparative analysis of the legislation in the European countries regarding expenditure limits for parties and candidates in the electoral campaign (Source: <https://www.idea.int/data-tools/data/political-finance-database>)

Chapter 5

TYPES OF FUNDED ACTIVITIES

Political parties represent one of the central elements of democratic life and therefore expect, from the point of view of their internal organization and operation and in relation to public authorities and private interests in society, to act and behave according to ethical and ethical principles. transparency.

In this sense, the state should establish certain basic rules for all political parties, rules that contribute to regulation of the way in which activities are organized and carried out, without legislation representing an obstacle to the principles of freedom of association and of volunteering. Some authors consider the regulation of the organization and of the activities carried out by the political parties, such as *"An attempt to fill the gap created by the absence of ethical standards and to prevent the formation of certain negative perceptions that may discredit the role and legitimacy of political parties in society"* (Luis de Sousa, *Challenges to Political Financing Regulation: Sound External Monitoring / Enforcement and Sensible Internal Party Accountability*, Lisbon, 2005).

In this context, an important element should consist in the commitment of political parties to observe the contents of the legislative norms and the principles underpinning the funding of the parties. As for the entire legislative framework, political parties (main stakeholders), together with other stakeholders (press institutions or non-governmental organizations), should cooperate to highlight possibilities for improving and increasing the effectiveness of regulations in force regarding funding current activity and electoral campaigns.

As complex organizations that are at the centre of democracy, political parties require numerous financial and non-financial resources to ensure functionality, as well as to carry out the operations specific to electoral campaigns.

Funding of political parties refers to the total financial resources that political competitors may attract or that are provided to them from various public or private sources, for the performance of current activities, during election campaign periods and outside it, in order to cover various political activities such as election campaign costs and day to day operations.

Political parties may use two types of funding sources: public and private funding. Public funding consists of funds from the consolidated public budget in the form of public subsidies (direct funding) or non-financial resources (indirect funding).

Therefore, the funding of political parties involves two essential aspects, with numerous elements of differentiation, but which may lead to equally important



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corruption risks, when they are regulated by a lacunar or ambiguous legislative framework:

- *Financing of current activity* - activity that takes place between electoral campaigns and targets party members meetings, campaigns for the recruitment of new members, attendance at meetings and national and international events, administrative and maintenance activities, etc.
- *Funding electoral campaigns* - activity that directly targets the conduct of electoral campaigns, within the limits and conditions imposed by law.

Another important aspect referring to political funding, which differs from free and regular elections, through the way in which it responds to issues of national or local interest is represented by the funding of referendums.

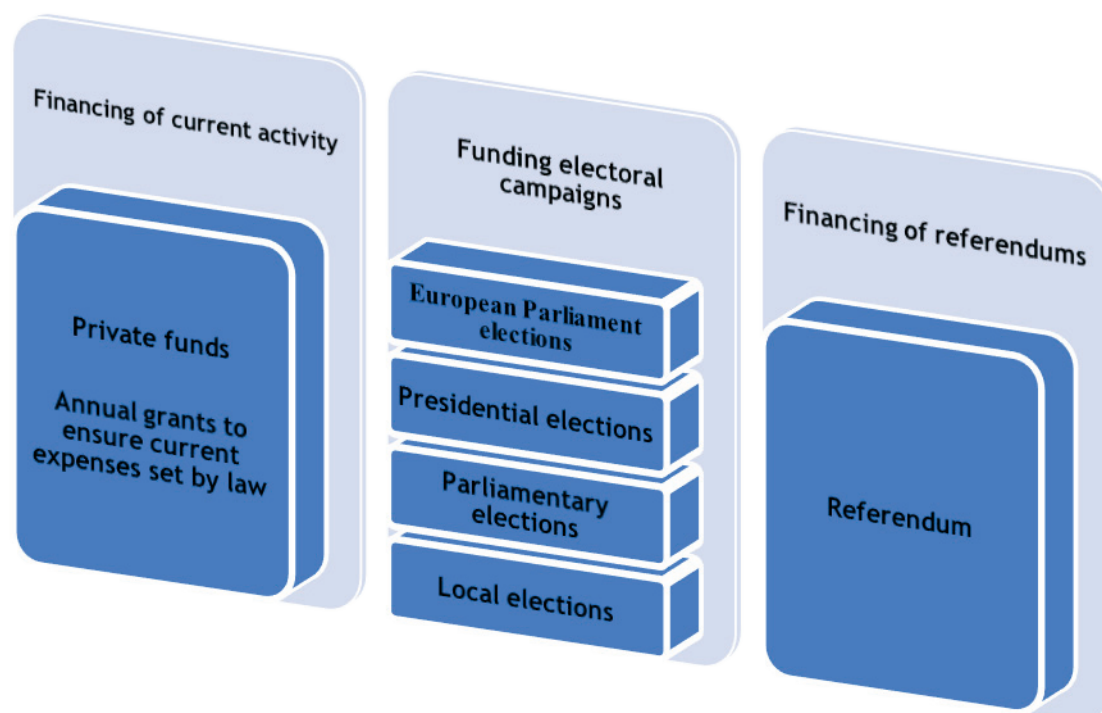


Figure 5.1. Types of funded activities

Concerning the three types of funded activities, at international level various aspects and issues that can be analysed comparatively can be identified, in order to identify the trends existing in other states. Thus, it can be discussed whether state financing (in the form of grants) also covers the current activities of political parties and activities specific to electoral campaigns, whether funding is granted to political parties and / or candidates, whether the legislation regulates the method of spending the respective amounts, whether limits of expenses are established, as well as if deterrent sanctions are introduced in case of deviations from the legal provisions. These questionnaires are of particular importance and they can be subject to distinct

analyses in order to identify the capacity of the states to manage the various issues that may contribute to the amplification of corruption phenomenon. The high level of importance lies also in the fact that these aspects are also reflected in the supervision and control field conducted by the competent bodies.

The main difference in the state is related to the destination of funding, thus the question arises whether funds are used for electoral campaign purposes (more often is the case when public funds are granted to candidates) or for current operations (so-called routine operations), non-electoral ones (encountered in case of funds are provided to political parties).

In addition to supporting the purpose for which the electoral campaign is conducted and the current operations of the party, public funds can also be allocated to:

- works of the parliamentary group, which may include administrative staff, legislative research and publications or other necessary information;
- training members or candidates in any way, from party ideology, recruiting members and raising awareness on various issues of national or local interest;
- research activities, including personnel expenses, informative materials and opinion polls;
- funds provided to a foundation of political parties to support parties that share the same political ideology in the development of democracies, by promoting common values;
- various activities intended to support the participation of underrepresented groups such as information campaigns aimed at increasing the participation of national minorities, young voters or voters in areas where voting is lower than in the rest of the country;
- election deposits in countries where political parties or candidates have to present a depository / bank account in order to register at elections;
- support for signature collection in countries where the signatures are a requirement for registration.
- fast education, which is sometimes the responsibility of political parties and / or candidates;
- educational and cultural activities, which may also be a responsibility of political parties and / or candidates;
- publication of political messages, ideological publications or party press.

5.1. Financing of current activity

In any democratic society, political parties exercise a major role in organizing and leading social-political life. As a rule, this role is manifested through the positions exercised by political parties and by the activities they carry out on a regular basis, as well as during electoral campaigns.

The financing of the current activity of the political parties is carried out through *private funding* and *public funding*. The private funding of the parties' current activity has as sources: membership fees, donations, loans, legacies and other liberties. The public financing of the current activity materializes in granting subsidies from the national budget or in some cases from the regional budget, subsidies that can be used in the conditions defined by the laws in the field of political funding of each country.

In Poland, political parties rely heavily on public funding, in the form of state subsidies. Each political party, coalition or electoral committee, which obtains at least one seat in the Sejm (lower chamber of the Parliament) or the Senate (upper house of Parliament), is eligible to receive a state subsidy. This amount is calculated based on the total expenditures declared in the financial reports and is proportional to the number of mandates of the Sejm and Senate obtained, but it can't exceed the limit of campaign expenditures or of actual expenditures of the electoral committee. Moreover, each political party that receives more than 3% of the total votes cast or is part of a coalition receiving more than 6% of the votes cast for the lower house may receive annual state subsidies during the mandate The lower house . Additional income is allowed from donations and membership fees. Political parties receiving annual state subsidies are required to submit annual financial reports to NEC (National Electoral Commission), in which they report all party incomes, expenses from the electoral fund and expenditures financed from the state subsidy (*OSCE / ODIHR, Poland, Parliamentary Elections, Needs Assessment Mission Report, 2019*).

In Latvia, political parties receive funding based on the lump sum calculation. A lump sum is a stable amount of money for each vote obtained. The payment is made quarterly for a period of four years until the next elections.

In Estonia, the grant is granted monthly, until the election month. Such funding will mostly be spent to cover the current needs of a political party. In this case, each party must manage its public funds carefully, especially before the elections. Efficient management of funds prior to the electoral campaign determines the political parties to raise funds in advance, which will be used during the electoral campaign.

In Serbia, funds from public sources destined to finance the current activity of competitors whose candidates were elected members of Parliament, deputies and / or advisers are set at 0.15% of the budgetary expenditures of the Republic of Serbia,



budget expenditures of territorial autonomy and or budget expenditures of the local administration. The respective funds are allocated to political entities that win seats in the representative structures, proportionally to the number of votes, by multiplying the number of votes of all its voters by up to 5% of the valid votes by a coefficient of 1.5, and the number of votes above 5 % of valid votes of all voters with a coefficient of 1. The funds provided to a political entity participating in elections as a coalition are divided according to the respective coalition agreement.

The Ministry responsible for financial affairs and / or the relevant autonomous province authority and / or local public administration authority transfers a proportional share to the political entities each month, before the 10th of the month for the preceding month. The political party may have several accounts, but only with the same fiscal identification number, as well as an account in foreign currency, through which it trades all the funds allocated for the financing of the ordinary activity. The coalition and / or the citizen group shall establish the accounts used for the transaction of all funds allocated for the financing of the current activity, by agreement establishing these political entities. Funds for financing the current activity of political entities are used to operate and promote the idea of a political entity, which means collaboration with voters and membership, promotional costs, advertising materials and publications, public opinion surveys, training, international cooperation, salaries for personnel, utility costs and expenses related to other similar activities. A political entity is obliged to use annually more than 5% of funds received from public sources for current activities for modernization and professional training, development of practical skills, international cooperation and activities of party members.

In Romania, the financing of the current activity of the political parties is made from the party's own funds as well as from the state subsidies. According to *Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns*, republished, further amended and supplemented (incl *Law no. 148/2019 for amendment and supplementation of certain normative acts in electoral matters*), political parties receive annual subsidy from the state budget, as per legal conditions.

The amount allocated to political parties annually from the state budget is at least 0.01% and not more than 0.04% of the Gross National Product. For political parties that promote women on electoral lists, on eligible places, the amount allocated from the state budget will be increased in double proportion to the number of mandates obtained in elections of female candidates.

The criteria for awarding the subsidy from the state budget are as follows:

- the number of votes received during the general elections for the Chamber of Deputies and the Senate;
- number of votes received in general elections for local public administration authorities.



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In case of political or electoral alliances, the subsidy will be divided among the members of the alliance according to the number of mandates obtained.

75% of the annual budget allocated to political parties will be divided into political parties, proportionally with the number of votes received in parliamentary elections, respectively the average of votes validly cast for the Chamber of Deputies and the Senate, if they achieved the electoral threshold, and 25% of the annual budget to political parties shall be divided into political parties, proportionally with the number of valid votes cast, received at the local elections for the election of county councillors and counsellors from Bucharest if they obtained at least 50 mandates of county counsellor and counsellor from Bucharest Municipality.

According to *Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns*, republished, as subsequently amended and supplemented (including Law no. 148/2019 for amendment and supplementation of normative acts in electoral matters), it is forbidden to use incomes from subsidies from the state budget for any purpose other than those provided by law, namely:

- a) material expenses for the maintenance and operation of premises;
- b) personnel expenses;
- c) expenditures for press and propaganda;
- d) expenditures related to organization of political activities;
- e) travel expenses in the country and abroad;
- f) telecommunication expenses;
- g) expenses with delegations from abroad;
- h) expenses with contributions due to international political organizations to which the political party is affiliated;
- i) investments in movable and immovable assets, required for the activity of respective parties;
- j) protocol expenses;
- k) office expenses;
- l) expenses with bank fees;
- m) expenditure on premises rents and utilities;
- n) maintenance and vehicle maintenance expenses;
- o) expenses on insurance premiums;
- p) transportation expenses;
- q) fuel and fuel expenses;
- r) expenditure on production and dissemination of advertising spots;
- s) expenditures with political consultancy;
- t) legal advice expenses;
- u) expenditure on national and local opinion polls;
- v) expenses with fees of lawyers, bailiffs and experts;
- w) stamp duty expenses;
- x) expenses with the taxes of the trademarks registered;
- y) penalty expenses.



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According to the law, the central and local public administration authorities may provide spaces for central and local headquarters of political parties, as well as the adjacent lands, at their motivated request. Political parties may receive as many as one office per administrative-territorial unit. The rental by local authorities of the spaces destined to the political parties' offices follows the legal regime set up for renting the premises destined to housing.

5.2. Financing of electoral campaigns

The electoral campaign represents the time period immediately before the election, when electoral competitors try to convince the citizens to vote for them or their representatives.

In the opinion of some specialists, the election campaign represents "the period that is officially established before the elections and which has a certain duration, period which is characterized by a competitive principle, in which the political competitors compete with the purpose to occupy a place as high as possible, an imaginary pyramid of post-election power, competition which is governed by laws and rules of the rule of law, and in which public opinion reacts to the various types of activities carried out by political actors, during which information transfer between political actors and members of society takes place directly or indirectly, by means of the mass media or other means or actions (*Flaviu Călin Rus, Evolution of the communication process from interpersonal to political and media relations, Accent Publishing House, 2005.*)"

At the level of the countries of the European Union, each Member State member state provides a form of public funding of parties for funding election campaigns, with two exceptions: Italy and Malta. In addition, in all Member States, political competitors receive indirect public funding, largely tax exemptions, free access to media or dissemination time and other forms of public funding related to the campaign. A political competitor is considered to be most often eligible for funding when registered, participated in certain elections and / or reached a voting threshold during the last general, local or European elections. This threshold is, in the vast majority of cases, between 1-3% of the total votes. The most common distribution criterion for public funding is an equal and proportionate distribution based on the number of votes received in the previous general elections.

In some countries, such as Malta and Portugal, there is a form of party funding not directly related to elections or for electoral purposes, but it is provided annually in other specific activities.

Also, few Member States invest in party organizations, but those that do so (Austria, Cyprus, Germany, Lithuania, Netherlands and Slovenia) most often invest in



youth organizations (*European Parliament, Party financing and referendum campaigns in EU Member States, 2015*).

In some EU countries campaign funding is provided by private funds and annual public funds (Austria, Belgium, Bulgaria, Denmark, Estonia, Latvia, the Netherlands, Poland, Sweden). In other countries, the costs of campaign funding are reimbursed by the state (Croatia, Luxembourg, France, Romania, Slovenia), following cost reports submitted by the competitor or allocated before campaigning (Hungary).

Approximately half of the Member States have a ceiling for party spending, with public funding often targeting specific campaign activities. However, in nine of the 28 countries (Belgium, Cyprus, Czech Republic, Denmark, Estonia, France, Germany, Malta and Sweden), there are no strict rules on how the budget can be spent.

In France, the electoral campaign is carried out by individual candidates. A political party may transfer funds to a candidate in support of its electoral campaign under the conditions and limits of French law. The candidate has the obligation to register a financial agent (private individual or legal entity specialized in money management that must be notified or authorized by the CNCCFP) through which he will receive all contributions and donations or loans necessary for financing the electoral campaign.

The payment of electoral expenses is made only by the bank and only by the financial agent of the political party using collections / payment documents with the letter CNCCFP. As a general rule, expenditure must be electoral purpose and must be committed / carried out only during the election campaign. The maximum electoral expenses are differentiated according to the type of elections and the number of the voting population participating in the type of elections (presidential national - EUR 21 million, national legislatures - from 50,000 Euro to 70,000 Euros, regional / local - several thousand Euro). Within 60 days after the termination of the electoral campaign, the CNCCFP shall send the form with the campaign account correctly filled in and signed by the candidate for verification, a form which must include the amount of incomes obtained (personal contribution, loans, donations, funding from a party political activities etc.) with all supporting documents and the amount of electoral expenses performed in accordance with the accepted legal destinations, including the expenses incurred by a political party for the benefit of the candidate in the presidential elections. The campaign account shall be accompanied by the audit report drafted by an authorized accountant expert.

Exempt from the submission of the audit report of electoral campaign account, candidates who did not have income registered during the electoral campaign and did not have other financing expenditures. The candidates who obtained less than 1% of the votes and did not benefit from donations from private individuals are exempted from the submission of the campaign account. (*Permanent Electoral Authority, Report on the working visit performed by the Permanent Electoral Authorities*



representatives at the CNCCFP - "National commission of Compartments of Campaigns and of Finance Policies", within the "Argus" Project - Integrity, ethics, transparency, anticorruption in financing political parties and electoral campaigns ", during 10-12.10.2018).

In the Netherlands, each political party taking part in elections to the House of Representatives must send to MIKR from the 14th day and until the 21st day before the election date a report that must include:

- the amount exceeding EUR 4,500 per contributor received by the political party participating in elections, in a calendar year;
- the situation of debts exceeding the amount of EUR 25,000.
- the amount exceeding EUR 4,500 per contributor received by each candidate participating in elections, in a calendar year.

The report shall include contributions and debts related to the period beginning on 1 January of the previous year in which the elections take place and up to the 21 st day before the election reference date. The MIKR shall publish in the Official Journal in the shortest possible time but not later on the seventh day before the election date. As regards the details of an individual's address, only the place of residence will be made public. If a candidate on the candidate list of a political party attending the elections for the House of Representatives received, in one calendar year, total contributions of 4,500 Euro or more, the party will send to MIKR, starting on the 14 th day and up on the 21st day before the election date an overview of these contributions, including information on candidates' contributions. The presentation shall include the contributions that were received during that period, and it shall be taken into account the date of January 1 st of the second calendar year preceding the year in which the elections took place, and shall be concluded on the twenty-one day ahead of elections. Any amount transferred to a candidate shall be considered a contribution to the benefit of political activities or of its activity, in the context of the candidate's electoral campaign. The MIKR shall publish in the Official Journal, as soon as possible, but no later than the seventh day before the election date. As regards the details of the address of a private individual, only the place of residence will be made public. Candidates will provide the political party with all necessary details related to financial transfers. *(PEA, Report on the work visit performed by the representatives of the Permanent Electoral Authority, at the Ministry of Interior and Relations with the Kingdom, at the Electoral Council, The Hague, Netherlands, between 25.03-29.03.2019, in the sphere of activities related to the "Argus - Integrity, ethics, transparency, anti-corruption in financing political parties and electoral campaigns ", 2019).*

In Poland, electoral campaigns may be financed by donations and private loans. Party and coalition election committees may be financed only from designated election funds. Candidates may contribute to the electoral committee up to 45 times the minimum monthly income. The private individuals can donate up to 15 times the minimum monthly income. Anonymous donations, as well as contributions from

foreign sources and legal entities are prohibited. The specific expenditure limits are determined for each electoral committee based on the number of candidates registered for the Lower Chamber or the constituencies in which they participated (for the Senate), calculated on the basis of maximum rates of PLN 0,82 and PLN 0,18 for each voter registered. Recent amendments to the Electoral Code removed the sanctions for campaigns or contributions from third parties, even if such activities remain prohibited. No regulations have been introduced to control or monitor the potential activities of the campaign by third parties. Other changes widened the possibility for in-kind contributions for electoral campaigns, including free use of sites and vehicles. Contributions in kind are not required to be reported. NEC is the main policy and campaign funding supervision body. Electoral commissions of voters must report on all donations within seven days of reception. All electoral committees must submit a financial report to NEC within three months of election day. The law does not provide for gradual sanctions, and incorrect accounting may result in heavy penalties, including the revocation of public funding (*ODIHR, Poland, Parliamentary Elections, ODIHR Needs Assessment Mission Report, 2019*).

In Romania, in order to be reimbursed through public funding, the expenses related to the electoral campaigns must comply with the following conditions:

- ✓ come only from contributions from candidates or political formations;
- ✓ be employed only with the prior visa of the competent financial agent;
- ✓ to comply with the limits provided by law;
- ✓ to be performed by electoral competitors only for the promotion of candidates and their electoral programs.

Contributions of political parties to the electoral campaign may come only from funds obtained through:

- membership fees;
- donations, ties and other liberalities;
- income from its own activities, within the limits of the legislation in force;
- subsidies from the state budget;
- cash loans from private individuals and legal entities.

The contributions of the candidates for the own electoral campaign or of the political party that proposed it can come only from donations received from candidates from private individuals, from own incomes or from loans contracted by them from private individuals or credit institutions.

The collection of electoral contributions and the payment of electoral expenses can only be made by means of bank accounts previously notified to the Permanent Electoral Authority. Contributions for the electoral campaign shall be submitted or transferred to respective accounts only by candidates, political parties or by their financial agents.



In parliamentary elections, political parties and independent candidates will use a separate bank account for each electoral constituency in which they participate in elections to finance the electoral campaign. The organizations of Romanian citizens belonging to national minorities, who propose candidates only at national level, use a bank account at national level.

In local elections, political parties and independent candidates will use a separate bank account for each county and for Bucharest Municipality, where they participate in the elections.

In elections to the European Parliament and in elections to the President of Romania, political parties and independent candidates shall use only one bank account to fund the electoral campaign.

In elections for the President of Romania, the candidate proposed by a political party has the possibility to receive election contributions and to carry out election expenses through a bank account distinct from the one notified by the political formation. The electoral expenses incurred by the candidate and by the political party that proposed him can't exceed the limits of expenses provided by the legislation.

Maximum limits of candidates' contributions for electoral campaign in Romania:

- ✓ 60 gross national minimum salaries per country for each candidate for deputy or senator function;
- ✓ a minimum gross salary per country for each candidate list at the commune's local council;
- ✓ 3 minimum gross base gross salaries per country for each list of candidates to the local city council;
- ✓ minimum gross salaries per country for each candidate list at the local city council;
- ✓ 30 minimum gross salaries per country for each candidate list at the local council of the county seat municipality;
- ✓ 50 minimum gross salaries per country for each list of candidates at the sector council of Bucharest Municipality;
- ✓ 500 gross national minimum salaries per country for each list of candidates to the General Council of Bucharest Municipality;
- ✓ 100 minimum gross salaries per country for each list of candidates to the county council;
- ✓ 5 minimum base salaries for each candidate for mayoral office of the commune;

Maximum limits of candidates' contributions for electoral campaign in Romania:

- ✓ 7 minimum national base salaries for each candidate for mayor of the city;
- ✓ 10 minimum gross base salaries per country for each candidate for mayor office of the municipality;
- ✓ 50 minimum gross salaries per country for each candidate for mayor of the county seat;
- ✓ 100 gross minimum salaries per country for each candidate for mayoralty in Bucharest;
- ✓ 200 minimum country-wide minimum salaries for each candidate for president of the county council and mayor of Bucharest;
- ✓ 750 gross national minimum salaries per country for each candidate for European parliamentary office;
- ✓ 20,000 gross national minimum salaries for the candidate for president of Romania.

Within 3 working days from the date of submission or transfer of a sum of money to the bank account notified for the electoral campaign, the candidate or the political party, as the case may be, must deliver a declaration indicating the source of the contribution to the competent financial tian agent. The contribution for the electoral campaign shall be declared to the Permanent Electoral Authority by the competent financial officer, no later than 3 working days after the date of its collection into the bank account notified to the Permanent Electoral Authority. The political party, political alliance or citizens' organization belonging to national minorities may contribute money to the electoral campaign within the limits provided by the legislation. In addition to these contributions, the political party, the political alliance or the citizens' organizations belonging to national minorities may contribute to their own electoral campaign with up to 10 gross national minimum salaries per candidate for deputy or senator, respectively by up to 50 of gross minimum country salaries per country for each list of candidates at the county council and the General Council of Bucharest Municipality.

5.3. Financing of referendums

Referendum represents the process of direct consultation of citizens of a country in connection with a text of special importance which is of special importance or of a situation of national importance. Referendum is a form of direct democracy, in contrast to representative democracy. As general accepted legislative procedure, in case of referendum, the citizens' consultation is made by calling to direct vote, on the ballot papers there are only two options, "yes" or "no". The result of the referendum is



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Programul Operațional Capacitate Administrativă 2014 - 2020

expressed by counting all valid votes cast and publication of the final result, in the form of a vote expressed individually, in the form of a "yes" or "no". In order to determine the final result, most referenda, with notable exceptions requiring a special law mentioning the exception, require only a simple majority (more than half of the total votes validly cast). The result is either "yes" in favour of the situation, plan, project or law or "no". A referendum is defined as a direct vote of a country's electorate in order to decide on a specific issue, unlike the votes for the political competitors in the national or local elections.

The referendum may be mandatory or optional. According to the mandatory type, a statute or a constitution requires certain classes of legislative actions to be sent to popular vote for approval or rejection. For example, constitutional amendments proposed by legislatures in most states in the United States are subject to mandatory referendum. In the optional referendum, popular vote is required on a law passed by the legislator, whenever requested by a certain number of voters. In this respect, actions of a legislative body may be annulled. Mandatory and optional referenda should be differentiated by voluntary referenda that legislators submit to voters in order to decide a problem or to test public opinion. Through the initiative, a specific number of voters may request the invocation of a popular vote for a proposed law or a modification of a constitution. An initiative may be direct (a proposal supported by the required number of voters is sent directly to the popular vote for decision) or indirect (the proposal is submitted to the legislator).

Unlike the regulations concerning current funding and electoral campaigns, there are limited regulations that establish legal requirements regarding the funding of the referendum in the countries of the European Union, because most of the EU member states do not hold referendums periodically and in this sense, public funding is often ad-hoc distributed.

In the European Union, only two countries have specific regulations on public funding of referendums, Great Britain and Romania, where general rules for parties' funding apply. Most countries distribute public ad hoc funding (Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Greece, Hungary, Lithuania, Luxembourg, the Netherlands, Slovenia, and Spain). In Italy, this can lead to a certain uncertainty, where referendums are organized regularly. In some countries, it is strictly forbidden to use public funding for campaigns conducted for referendum (Austria, Bulgaria, Croatia, Ireland, Latvia, Malta, Poland and Portugal). The political competitors in these countries rely on private donations for campaigns conducted for the referendum.

In Portugal, there is no specific allocation of public funding, but there are detailed regulations on the allocation of indirect funds, such as publicity and use of public buildings.

In Belgium and Germany, no national referendum was organized. However, in both countries, referendums may be organized at local or regional level. Local

referendums may also be organized in most other Member States. The only countries that do not hold referendums at local or regional level are Cyprus, Greece, Latvia and Lithuania (*European Parliament, Party financing and referendum campaigns in EU Member States, 2015*).

In Spain, the regulation of the referendum is subsidiary to the general electoral law. Depending on the actors and the type of objectives, the funding regulations differentiate between institutional campaigns, promoting information and awareness-raising activities that are carried out by public authorities and non-institutional campaigns, which are performed by political actors (i.e. political parties that defend any one of the options proposed for a referendum).

The public, national or autonomous authorities carry out institutional campaigns that are not explicitly regulated in the law on referendums, but rather, through general election law. Consequently, the public authorities that call a referendum may carry out an institutional campaign "in order to inform citizens on the date of voting, the voting procedure and the requirements and stages of the voting by mail, without influencing, in any case, the orientation from voter voting. The calling public authorities assume the total costs of these campaigns. Electoral competitors may carry out campaigns favouring a specific option, and these campaigns are called non-institutional, unlike neutral institutional campaigns. Political parties are the main actors in these campaigns, because they play a central role in Spanish politics. This means that it also assumes a central and essential role in any political campaign (including referenda) over any potential non-player player. For these campaigns, parties can access two different funding sources:

- the former is regular funding, which is generally established for all referenda;
- the second is extraordinary funding consisting of ad-hoc state subsidies for a given referendum. Until now, extraordinary funding has been provided only in the case of the EU Constitutional referendum.

For example, the Spanish legislation, as well as some regional regulations, provide for a certain amount of expenditure considered mandatory for the state, in the case of the referendum campaign. In this sense, the parties receive free media or advertising spaces in the public media, both at national level and at local level, depending on the scope of the consultation. Electoral parties and coalitions that obtain these spaces in the public media proportionally with the number of deputies obtained at the last general elections or with the number of local representatives (in case of local referendums). In these publicly subsidized areas, the parties can promote their own option.

The law makes no reference to other expenses and costs that a referendum campaign may generate. Consequently, each political group has to pay all those expenses that are not expressly considered in the legislation. Subsidies are granted in case of special referendums, although the Consultative Referendum for the European Constitutional Treaty is the only case where extraordinary funding has been granted.



Only electoral parties and coalitions with parliamentary representation (that is those who obtained seats in the Chamber of Deputies from the last legislature elections) may request subsidies. This excludes parties that have no presence in Parliament, as well as any group and / or association that may attend the referendum, but can't be qualified as a political party. The body responsible for awarding the extraordinary grant is the Minister of Internal Affairs, who heads the electoral administration.

The subsidy amount is given by the smallest amount of the following categories:

a) expenses justified and established by law: expenses for the execution of envelopes and information materials; direct or indirect advertising to inform citizens; rent expenses for the information and dissemination centres; bonuses or bonuses for non-permanent personnel who provide their services for information purposes; travel expenses and travel expenses for party members for the purpose of the campaign; correspondence delivery expenses; interest expenditure on loans received for these campaigns; other expenses required for the organization and operation of the offices for the respective campaign.

b) fixed amounts calculated by number of seats and votes obtained (EUR 8,551,428 on the spot obtained by the Congress of Deputies, EUR 0,2442 per vote obtained by each Congress candidature. At least one of these members must have obtained a seat as deputy. Votes obtained in those districts where 3% of the valid votes were not obtained are not calculated here.

In other words, the state subsidizes the amount that the political party justifies depending on its expenses in the category "bank charges", but only up to the amount established in relation to seats or votes. Parties may request a down payment, but only up to 75% of the fixed amounts for seats and votes. (*Carlos Closa Montero and Flavia Carbonell Bellolio, Financing Referendum Campaigns in Spain, 2010*)

In Romania, according to the legislation in force, the contributions destined to the referendum campaign which are submitted by the political party can come only from transfers of funds coming from outside the electoral campaign.

Maximum contribution limits for the referendum campaign in Romania:

- ✓ 5 minimum national base salaries for the referendum for dismissal of the local council or of the commune's mayor;
- ✓ 7 minimum national base salaries for the referendum for dismissal of the local council or of the mayor of the city;
- ✓ 10 minimum national base salaries for the referendum for dismissal of the local council or of the mayor of the municipality;



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Programul Operațional Capacitate Administrativă 2014 - 2020

Maximum contribution limits for the referendum campaign in Romania:

- ✓ 30 minimum gross salaries per country for the referendum on the dismissal of the local council or of the mayor of the municipality of county / Bucharest municipality;
- ✓ 100 minimum gross salaries for the country for the referendum for dismissal of the General Council of Bucharest Municipality or of the mayor general of Bucharest;
- ✓ 100 minimum national minimum salaries for the referendum on dismissal of the county council;
- ✓ 20,000 gross national minimum salaries for the referendum for the dismissal of the President of Romania, for the referendum on issues of national concern or for the referendum for the revision of the Constitution.

The financing of the current activities of the political parties, including financing of electoral campaigns, is important in terms of anticorruption policies. On the one hand, a truly democratic, democratic policy, with no functional and socially mooted parties is not possible, which requires substantial financial resources. On the other hand, given that the parties compete for the governmental power and the political influence, it is expected that those who donate money to the political parties wait for a favourable treatment in the political decisions. This is a challenge for the institutions competent to regulate, supervise and control the political funding.



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Programul Operațional Capacitate Administrativă 2014 - 2020



Chapter 6

FINANCIAL TRUSTEE AND COORDINATING FINANCIAL AGENT

The responsibility for observing the legal regulations regarding the funding of political parties and electoral campaigns is a much more complex process and a long-term approach is considered, being closely related to the principle of transparency of incomes and expenditures (Pro-Democracy Association, *Funding of political parties in Europe. What does the state do with our money? What do parties do with their money?* study published within the project "Transparency and control in political parties funding" carried out by Pro-Democracy Association with the financial support of the European Union under the Phare 2004 - Democracy Strengthening in Romania, Bucharest, 2008).

In this context, it can be appreciated that the most efficient mechanism in this field is to establish individual responsibilities for persons among party leaders or appointed by them, with regard to the monitoring and reporting of party expenses. The existence of a party treasurer or of a person so designated as having responsibilities for the publication of incomes and expenses is a necessity for ensuring an efficient public policy in this field (Reginald Austin and Maja Tjernstrom, *Funding of Political Parties and Electoral Campaigns*, IDEA Handbook Series, 2003).

In the UK, responsibility for transparency of a party's revenue and expenditure rests with a *financial agent in charge of a party's finances*. This is, together with the candidate, responsible for managing the campaign. The candidate is responsible for all acts of his electoral agent.

In France, the responsibility belongs to a person - agent (without mandate) or to an association (fr. Association de financement). Term of "*Trustee*" refers either to the financial agent, to the private individual or to the Electoral Financing Association (AFE). All candidates must declare a trustee, according to the procedures defined in the guidelines for the application of the financial representative.

In order to ensure financial transparency, the candidate must declare to the Prefecture the appointed financial agent, who will open a single bank account. This appointment must be made at the latest on the day of registration of the candidature of the candidate. However, the Commission recommends that procedural formalities be completed as soon as possible, during the six months prior to the election.

The candidate is free to choose the financial agent, either by appointing a private individual or by setting up an EIF, in compliance with the provisions of the



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Programul Operațional Capacitate Administrativă 2014 - 2020

common law of the associations (*Association Act of 1901, republished, as subsequently amended and supplemented*).

It is to be noted that, The Electoral Financing Association should not be confused with a political party or political group, a support committee or an association that finances the party or political group. Its purpose is specific, its existence is limited and acts exclusively on behalf of the candidate benefiting from its establishment. The tenants must have the civil capacity to contract free, to pay the expenses and to collect the revenues of the campaign. The financial teller, the private individual or the treasurer of the Electoral Financing Association must not have any banking interdiction that would prevent the opening and operation of a bank account.

In Canada (British Columbia), according to legislation, there is a person appointed to manage the finances required for electoral campaigns, in accordance with the provisions of the electoral law. The legislation includes expenses, acceptance of political contributions, registration of financial transactions and submission of required financial statements to Elections BC. It also includes the authorization of electoral advertising performed on behalf of candidates and political parties. The registered political parties, the circumscribed district association, the candidates and the competitors in the party management positions must appoint a *financial agent*. Candidates and competitors to management positions may be their own financial agents. An organization or individual may have only one financial agent at a time, but one person may be a financial agent for several organizations or individuals. This means that the financial agent of a registered political party may also be the financial agent for an association of candidates and / or a district. If the appointment of a registered financial agent for a registered political party or a constituency association is concluded for any reason, the organization must appoint a new financial agent within 60 days and must inform Elections BC of this change as soon as possible. soon after appointment. If a new financial agent is not appointed within 60 days, the organization may be suspended by the Chief Electoral Officer (*Election BC, Guide for Financial Agents Appointed Under the Election Act, 2018*).

Analysing the legislation of the European Union countries it can be said that in most countries the responsibilities regarding the management of a party's finances are ensured through the treasurer of the respective party. In Romania, *Law 334/2006 on financing of activity of political parties and electoral campaigns*, republished, as further amended and supplemented, requires the mandate of the financial agent in keeping records of financial operations related to the electoral campaigns of a political competitor.

Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns regulates the statute and attributions of the financial agents of political parties and the conditions required for occupation of this position. The electoral contestants (we include here the political parties, political alliances and



organizations of citizens belonging to national minorities, as well as the independent candidates) are obliged by law to appoint financial mandates for *keeping records of all financial operations*. In case when an electoral competitor appoints several financial agents, their management has the obligation to appoint a single coordinating financial agent. From the study of the specific regulations in force (Art. 41 of G.D. 10/2016) the following logical diagram of the covering of financial management activity of electoral competitors is observed:

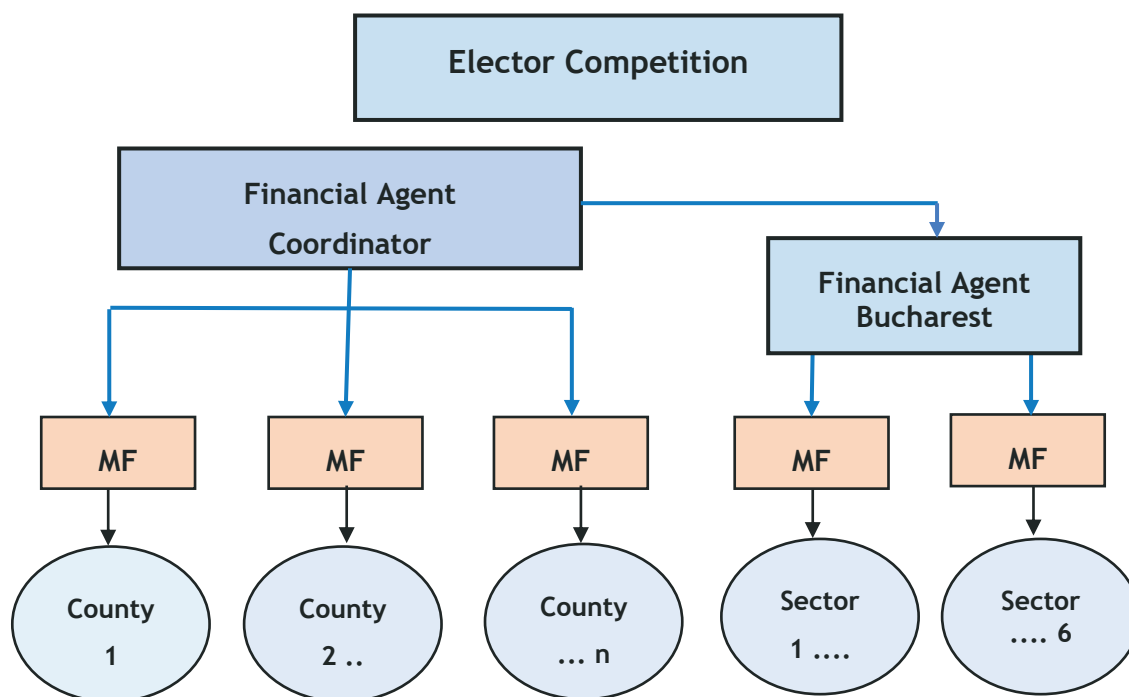


Figure 6.1. Covering the activity of financial management of electoral competitors by financial mandates

The electoral contestants in Romania have the obligation, regardless of whether they belong to political parties or are independent candidates, to register the financial agents with the Permanent Electoral Authority, for each electoral process.

In this context, the legislation in force regarding the statute and attributions of the financial trustees, respectively of the coordinating financial officers is supplemented by the provisions of Art. 41 of the Government Decision no. 10/2016 for the approval of the Methodological Norms for the enforcement of Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns, norms detailing which documents must be submitted by political formations and independent candidates to the Permanent Electoral Authority for the registration of financial mandates, as well as by the operational procedure of the Permanent

Electoral Authority, which describes how to record the financial agents and the allocation of the unique ID code. An important point is related to the fact that these ID codes are different from one electoral process to another, even if the coordinating financial representative is appointed by the same electoral competitor.

6.1. Role of financial agent

In many national legislation on party financing and electoral campaigns, provision is made for the appointment of financial officers (mandators, financial agents or campaign treasurers). Its role is to keep and report accurate and detailed records for each transaction related to the incomes and expenses incurred during the campaign (*OSSCE / ODIHR, Handbook for the Observation of Campaign Finance, 2015*).

In France, the financial mandate is responsible, during funding of the electoral campaign, for the collection of funds required for the campaign. He also has to pay all campaign expenses, except for those directly claimed by political parties. However, the candidate must follow all expenses and receipts from a campaign account that must be sent with supporting documents to the committee before 18 o'clock.⁰⁰, on the following Friday, after elections. These documents must be certified by an accountant expert, except for those that do not present expenses or income. The financial agent or the treasurer of the association must open a bank account. Except for the specific wording, the current account acts like any bank account linking the bank and the holder to allow financial transactions with third parties. There is no legal limit with respect to the total income collected by the agent. They may exceed the legal expense limit, particularly due to donations received from private individuals or the final contributions of political parties that provide financial support to the candidate. Retention of accounts must allow the identification of campaign revenues and expenditures and supporting documents. In this respect, the donor has to keep a daily record that highlights: daily expenses identified by invoice number and payment reference means, settlement beneficiary, date, settlement value, campaign account entry and daily receipts: payment date, method of payment, origin of income, allocation item. The bank account of the trustee must be closed within three months from the submission of the documents to the National Commission consisting of 9 members: three from the Conseil d'État - three from the Cour de cassation) and three from the Court of Auditors (Cour des Comptes). The means of payment attached to the account (check book or debit card) must be returned to the financial institution and must not be sent to the Commission (*National Commission for Compilations of Campaigns and Finance Policies, Guide of the Candidate and Mandate, 2019*).

Considering the responsibility to provide evidence of financial operations and the transmission to PEA of all supporting documents of the financial inputs and



outputs and of the detailed report drafted in this respect, it can be concluded that, according to the Romanian legislation, the financial agents have an important role, for subsequent controls performed by the relevant institutions (PEA, Court of Accounts, criminal investigation bodies - when the situation so requires) and for the reimbursement of the remaining amounts not collected during election campaigns.

6.2. Eligibility conditions for the appointment of financial agents

In terms of eligibility conditions of financial trusts, or a *"Persons responsible for economic-financial management"*, as they are also called in other states, we observe that also in other EU Member States there is a condition that the occupiers of this position prove strong knowledge and experience in the economic field, as well as a number of other conditions regarding incompatibilities established by the law of each state.

For example, Spain's legislation on funding political parties forces financial officers to meet a number of "honourable" conditions. Thus, they are considered unfit for such function, in terms of the liability involved, who:

- a) are convicted by a final sentence for the enforcement of a custodial sentence, until the enforcement of the sentence;
- b) they are convicted by a final judgment report for commission of forgery and forgery; crimes against freedom; crimes against patrimony and socio-economic order, crimes against public treasury and social security, crimes against workers' rights, rights of the Public Administration, rights under Constitution, rights of institutions in justice system, rights of international community; crimes of betrayal and against peace or independence of state and crimes related to national defence; public order, especially terrorism, until the annulment of the relevant criminal record;
- c) is in criminal investigation stage for a crime involving, as complementary punishment, the prohibition of the right to exercise profession or to participate in the electoral process (disqualification or loss of the right to passive death penalty);
- d) persons with interdiction, expressly set forth in the bankruptcy law (Law 22/2003, dated July 9).

Also, the active agents in the service of the public administration (equivalent of public agents) and other persons affected by a legal incompatibility can't be held responsible for the economic-financial management of a political party (*Organic law no. 8/4 July 2007 on financing of political parties, Title IV - Accounting obligations and economic-financial management, Art. 14 bis, page 9*).

In France, the financial mandate, regardless of whether the individual is appointed or the Electoral Financing Association, is the representative of a single electoral competitor. The same financial agent can't serve at the same time several

electoral competitors for the same election. In France, candidates can't be financial mandate for their electoral campaign (similar in Romania) and they can't be members of the association that manages electoral finances.

Also, the accountant of the electoral competitor, authorized for the management of the campaign account, can't cumulate both the function of financial agent and of the president or treasurer of the financing association. However, this provision does not exclude the possibility to hold other positions for another candidate, provided that they do not deal with his campaign account. In addition, an employee of an accounting firm, not acting on behalf of the company and not having the title of authorized accountant, may be an agent, treasurer or chairman (*Nationale des Comptes de Campagne et des Finances Politiques, Guide du candidat et d'appel d'accès à l'élection des représentants au Parlement Européen, France, 2019*).

In Canada (British Columbia), in order to act as financial agent, a person must be able to conclude contracts. The statutory obligations of the financial agent are significant and require certain skills. The financial agent must be able to manage the campaign's finances in accordance with the electoral law and it is recommended that the appointed person is familiar with the keeping of the financial records and the submission of financial reports. The officials who participate in elections, the officials recording voters or other employees of Elections BC, persons who do not have the full capacity to conclude contracts (for example, a minor child), private individuals who are members of the same company may not be financial agents and the financial auditor or who are members of the audit firm or persons who have been convicted for an offense under the Electoral Law in the last seven years. The appointment of a financial agent must be made in writing and on the form provided by Elections BC which includes the name, postal address and telephone number of the appointed agent and the effective date of the appointment, the signature of the person and of a party leader or of a person physical agreement, the signed agreement of the individual appointed to act as financial agent (*Election BC, Guide for Financial Agents Appointed Under the Election Act, 2018*).

Considering the importance of the coordinating financial agent, the provision included in art. 34, para. 8, of Law no. 334/2006 on financing of activity of political parties and election campaigns, according to which *"Only financial individuals who have the status of expert accountant or authorized accountant, respectively only legal entities that provide specialized accounting services may be appointed coordinating financial agents"* is as justifiable as possible for the legal framing of the ongoing financial operations and the proper conduct of this process.

By way of exception to this provision, by *Guide to financing of electoral campaign at local elections in 2016*, drafted by the Permanent Electoral Authority on 18.04.2016 and published in M. Of. Part I no. 313 of 22 April 2016, it is established that *"In case the financial mandate appointed at county, sectoral and / or Bucharest level is not qualified as an accountant expert or authorized accountant, the electoral*



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Programul Operațional Capacitate Administrativă 2014 - 2020

competitor has the obligation to conclude a specialized assistance contract with authorized specialists, or legal entities, specialized in providing accounting services".

Therefore, the attributions of the Financial Mandarin Coordinator must be performed based on a contract, free of charge or for consideration, as the case may be, from the date of appointment until the date of fulfilment of all legal attributions, respectively until the date of submission of the documents provided by law within the deadline 15 days from the date of the elections, and in the case of submission of the Request for Repayment and of the supporting documents, within 30 days from the election date, until the date of returning the amounts reimbursed and / or unpaid due to the candidates, as set forth in Art. 48 para. (10) of *Law no. 334/2006*.

Analysing comparatively, it is noticed that the Romanian legislation regarding the financing of political parties (*Law 334/2006 and HG 10/2016, republished, with subsequent additions and amendments*) does not include any interdiction regarding the appointment of a financial agent or a coordinating financial agent and does not require any professional conduct thereof, being included only the obligation to hold the qualification of an accountant expert or an authorized accountant for private individuals and fulfilment of the conditions for the provision of specialized services accounting, in the case of legal persons. The remainder of the eligibility conditions arises indirectly from Ordinance no. 65/1994 on organization of accounting expertise and of authorized accountants, including the conditions that a person must meet in order to be able to attend the admission examination in order to obtain the skills of an accountant expert and authorized accountant, as well as from other mandatory rules such as the Regulation on access to the profession of accountant expert and authorized accountant or the National Code of Ethics for professional accountants, elaborated by the Body of Chartered Accountants and Authorized Accounting Officers in Romania. The only exception provided by law, specifies the electoral field, regulates the status of candidates who are prohibited from being candidates and financial agents at the same time.

Considering the important role of financial trustees in strengthening links and interinstitutional communication between political parties and the Permanent Electoral Authority, but also in order to ensure the legality of financial-accounting operations, during electoral campaigns and outside them, we can assume that the Romanian legislation on financing of parties policy can be improved by introducing interdictions for occupation of financial agent mandate and coordinating financial agent of political parties. Another direction for improvement of the current legislation in financing political parties and electoral campaigns is the one related to the extension of the decision-making power of the financial representative, at the level of the party it represents. For the proper coordination of the processes specific to the record of financial operations and for the proper performance of his duties, the legislation of Spain expressly stipulates that the person responsible for the economic-financial management of the political formation at national level (equivalent of the



coordinating financial agent) may issue specific instructions and criteria performance of the responsible persons for the various territorial levels. Providing the possibility to standardize procedures or work instructions for the subordinated financial agents may help the coordinating financial donor in the process of improving his activity (*Organic law no. 8/4 July 2007 on financing of political parties, Title IV - Accounting obligations and economic-financial management, Art. 14 bis, page 9*).

6.3. Registration of financial trustees and of coordinating financial agents

The recording of contributions and expenses for the electoral campaign belonging to political parties and independent candidates is organized exclusively by financial donors in case of European countries or by the treasurer of the party, in case when the legislation of the respective country does not expressly provide the function of financial agent. In the first case, the electoral competitors have the obligation to record the financial mandates to the regulator and / or control authority.

For example, in France, any candidate has the obligation to declare at the Prefecture a financial representative, the National Committee des Comptes de Campagne et des Financements Politiques (CNCCFP) recommending that this be done as soon as possible during the six months preceding the elections, whereas that formality determines the admissibility of the candidature declaration. The conditions for declaring his agent differ depending on the candidate's choice of a "financial agent" (private individual) or a financing association (legal entity). The candidate is the one who declares in writing the financial mandate with the Home Prefecture, enclosing the written and express consent of this private individual. If the Prefect's home prefecture is different from the one of the electoral district where the elections will be held, the candidate must send a duplicate of this declaration to the Prefecture of the respective constituency, the latter being the one who will register the application form.

The electoral financing association is declared like the other associations by registered letter with acknowledgment of receipt by at least two party leaders, to the Prefecture or to the Sub-Prefecture of the head-offices. This time, the attachment is not the consent of the agent, but the consent of the candidate. Subsequently, the creation of the financing association is published in the Official Journal (within one month after its declaration, the publication costs being included in the campaign account of the candidate).

In case of a trustee - private individual, it is sufficient to receive the declaration from the prefecture. In the case of an association, it will have to annex the statute and declaration to the members of the management office (*National Commission for Compartments of Campaigns and Finance Policies, Guide du Candidat et du Mandataire, 2019*).



In Hungary, there is no obligation for the financial treasurer (specialized and qualified expert type of accountant) to manage the financial resources (incomes / expenses) of a political party for the current activity. Also, there is the possibility to deposit amounts in the bank account during the electoral campaign and by other persons in addition to the appointed financial agent, as sole owner of financial resources. In order to make campaign budgets transparent, in order to promote equal opportunities between candidates and minority parties or organizations, in order to ensure the right conditions for exercising voting rights and to protect the correctness of the election of members in Parliament, the Hungarian state subsidizes the electoral campaign.

In the parliamentary elections of deputies, each candidate for a single constituency with a single mandate (hereinafter referred to as "the candidate") has the right to receive from the central budget as subsidy the sum of one million HUF. The amount of the subsidy shall be adjusted with the consumption price index, established by the Central Office of Statistics of Hungary for the preceding year in question. The grant may be used only during the electoral campaign for the election of the members of Parliament, in the single mandate district, in order to cover the real costs related to the campaign activities, as they are defined in the law on electoral procedure. The grant is awarded to the candidate by the State Treasury and is transferred on a bank card. For this purpose, the Treasury will sign an agreement with the candidate to pay the amount of the grant based on the notification, within 5 business days after the entry into force of the candidate's registration for the election.

Based on this agreement, the Hungarian State Treasury will open a bank card coverage account in accordance with the applicable regulations and will make arrangements for the issuance of the treasury card. The Treasury Department is informed that the registration of the candidate has entered into force, together with the appointment of the party that nominated the candidate to the National Electoral Office on the effective date of the final candidacy. The candidate may make payments from the cover account of the card received from the Hungarian State Treasury in accordance with the law, using the treasury card only to cover the electoral expenses provided by law. In accordance with the law, the card received from the Treasury may not be used for the cash withdrawal. Expenditures are eligible for settlement from subsidies from the central budget only based on an invoice or an accounting document issued in accordance with the provisions of the Accounting Law and the Law on value added tax. All costs associated with the production and use of the treasury card in accordance with the law are borne by the state.

The settlement is made within fifteen days. *(PEA, Report on the working visit performed by the representatives of the Permanent Electoral Authority, to the National Electoral Office, State Audit Office and State Treasury, Budapest, Hungary, during 06.05-10.05.2019 in the activities related to the "Argus Project" - Integrity,*



Ethics, Transparency, Anticorruption in the Financing of Political Parties and Electoral Campaigns ", 2019)

In the Netherlands, there is no obligation for the financial treasurer (specialized and qualified accountant expert) to manage the financial resources (incomes / expenses) of a political party for the current activity. Also, there is the possibility to deposit amounts in the bank account during electoral campaign and by other persons besides the appointed financial agent, as sole owner of financial resources.

There is no legal requirement for responsible accounting representatives representing political entities at central level to be registered with the regulatory authority within a registry of financial treasurers accounting experts. *(PEA, Report on the work visit performed by the representatives of the Permanent Electoral Authority, at the Ministry of Interior and Relations with the Kingdom, at the Electoral Council, The Hague, Netherlands, between 25.03-29.03.2019, in the sphere of activities related to the "Argus - Integrity, Ethics, Transparency, Anti-corruption in Financing of Political Parties and Electoral Campaigns ", 2019)*

In Romania, according to the legislation, electoral competitors have the obligation to record financial mandates with the Permanent Electoral Authority. According to the legislation in force, *Law 334/2006, Art. 34, para. 12-13*, the title of financial representative is obtained only after the official registration with the Permanent Electoral Authority, based on the empowerment of the political party or of the organization of citizens belonging to national minorities and of its acceptance.

The registration of the financial agent is done between the moment when the election date is publicly announced and the start of the electoral campaign, becoming public on the website of the Permanent Electoral Authority. On the date of the official registration, the coordinating financial agent receives from the Permanent Electoral Authority a unique identifier of the political party or of the independent candidate, which shall be printed on all electoral propaganda material belonging to the political party or independent candidate that he / she represents.

In order to register the coordinating financial agent, he or the electoral competitor, through the designated person, must submit to PEA, until the start date of the electoral campaign, a series of documents whereby the person can be identified and who can prove his status of expert accountant or authorized accountant. *HG no. 10/20016* clarifies these documents, but the Permanent Electoral Authority through its own procedure and guidelines for financing electoral campaigns, adds amendments.

Documents required for the registration of financial trustees with EPAs	
Individuals	Legal persons
- the application for registration of MFC,	- application for registration of the

according to the model set forth in Annex no. 15 of the Methodological norms for the application of the law on the financing of political parties (in triplicate)	coordinating financial agent, in accordance with the model set forth in Annex no. 15 of the Methodological norms for the application of the law on the financing of political parties (in triplicate)
- copy of ID document	- copy of the fiscal registration certificate for authorized private individuals, namely copy of the unique registration code, for legal entities;
- copies of the documents attesting the status of expert accountant or authorized accountant [identity card of expert accountant or certified accountant (target for the current year)]	- copies of the attestations for the legal entities specialized in providing accounting services; [copy of the operating permit and of the operating permit, issued by CECCAR for the current year];
- copies of the assistance agreements with authorized private individuals or legal entities specialized in providing accounting services to financial agents who do not have the status of an accounting expert or an authorized accountant;	- copies of the assistance agreements with authorized private individuals or legal entities specialized in providing accounting services to financial agents who do not have the status of an accounting expert or an authorized accountant;
- copies of the agreements concluded between the electoral competitor and the financial agent. [as per original]	- copies of the agreements concluded between the electoral competitor and the financial agent. [as per original]
- contact data: e-mail, fax and telephone	- contact data: e-mail, fax and telephone

Table 6.1. Documents required for the registration of financial trustees with EPAs (HG no. 10 dated 13 January 2016 for the approval of the Methodological Norms for the enforcement of Law no. 334/2006 on financing of activity of political parties and electoral campaigns; Guide to financing of electoral campaign when electing members from Romania in the European Parliament 26 May 2019, page 5; Formalized operational procedure regarding the recording of financial mandates and allocation of the unique registration code)

Regarding the performance of the operations of registering the financial agent at PEA, for the purpose of assigning the unique ID code, there are several important steps (Law no. 334/2006 on financing of activities of political parties and electoral campaigns, republished, as subsequently amended and supplemented, GD no. 10 dated 13 January 2016 for the approval of the Methodological Norms for the enforcement of Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns):



(1) The first time the coordinating financial agent, then the agents appointed at county level, in the Bucharest Municipality sector and at the level of the Municipality of Bucharest is registered:

- (a) The Financing Coordinators may be registered with the PEA Head-Office,
- (b) The County Financial Brokers may register with the PEA Central Office, at the offices of the branches and County Offices of PEA,
- (c) Independent candidates record financial mandates at the offices of the branches and County Offices of EPA.

(2) On the date when the documents for the registration of financial trustees at territorial level are submitted, the personnel within the subsidiaries or in the County Offices shall request the designated person from the Policy Control Activities Activity of Political Parties and of the Electoral Campaigns to assign and communicate the unique ID code that he / she enters on request for registration of the financial agent.

(3) Verification of eligibility conditions for the registration of financial trustees, according to the law,

(4) The personnel appointed from PEA may request, if necessary, additional documents or explanations from the financial agents,

(5) The appointed person publishes on the official website of PEA the list of financial agents and their unique ID codes

After the official registration and assignment for the financial agent of the unique ID code of the political party or of the independent candidate, it shall be printed on all electoral propaganda material belonging to the political party or to the independent candidate it represents. The Permanent Electoral Authority shall publish on the website www.finantarepartide.ro, name (name) of the coordinating financial agent and Sole Codes of Identity received upon signing up in the Register of Financial Mandates.

The registration of the coordinating financial agent and of the CUI received from PEA will be made public in the press or on the website of the electoral competitor. The records of the contributions and expenses for the electoral campaign belonging to the electoral competitors are organized exclusively by the coordinating financial donor.

According to the law and to the methodological norms, the CUI received from PEA must be printed on all materials of electoral propaganda, print media, electoral posters, leaflets, flyers and other printed materials belonging to the electoral competitor, which he represents.

	Yes	NO
❖ The quality of financial agent is acquired only after the official registration with the Permanent Electoral Authority	✓	

❖	Several electoral competitors may not use the services of the same CFM, except for the situation when the electoral competitors are part of the same political or electoral alliance	✓	
❖	In case of appointing several financial mandates, the electoral competitors will appoint a single coordinating financial agent	✓	
❖	Candidates may not be coordinating financial officers of any electoral competitor	✓	
❖	The coordinating financial officers registered at PEA may be replaced at any time by the electoral competitors who appointed them, in compliance with the legal provisions related to the eligibility conditions, registration procedure, accountabilities and liabilities	✓	
❖	Non-registration of MFC to PEA is a sanction offense punishable by a fine from Lei 10,000 to Lei 25,000 (art. 52 para. 1 in Law no. 334/2006) and may result in non-reimbursement of electoral expenses	✓	
❖	Monitoring and controlling the financing of the electoral campaign, training and informing the financial representatives of the political parties is done by the Permanent Electoral Authority	✓	
❖	The individual labour agreements are accepted for the provision of services as MFC		✗

Table 6.2. Legal conditions regarding financial mandates (HG no. 10 dated 13 January 2016 for the approval of the Methodological Norms for the enforcement of Law no. 334/2006 on financing of activity of political parties and electoral campaigns; Guide to financing of electoral campaign when electing members from Romania in the European Parliament 26 May 2019, page 5; Formalized operational procedure regarding the recording of financial mandates and allocation of the unique registration code)

6.4. Rights and obligations of the financial agent

As a starting point, any system of political funding should clearly define the rights and obligations of financial trustees and coordinating financial trustees.

In France, the trustee bears a civil liability arising from the erroneous financial management of the operations entrusted to him, not only in his relations with third parties, but also in respect to the candidate. The criminal liability of the agent may also be engaged, as soon as he contributes to the commission of the actions mentioned in articles R. 94-1 and L. 113-1 of the Electoral Code.

In Spain, as far as the accountabilities of financial operations keepers are concerned, the Spanish legislation is similar to the Romanian law.

Thus, responsibilities of the person responsible for economic-financial management are considered:

a) preparing the annual accounting statements and submitting them to the Court of Accounts;

b) supervision of the activity of the other financial officers at regional and provincial level, if any;

c) attributions and responsibilities in terms of ordering payments and authorizing expenses, in accordance with the statute of the party;

d) any other duties under the statute of the position, issued by the decision of the party representatives;

(Organic law no. 8/4 July 2007 on financing of political parties, Title IV - Accounting obligations and economic-financial management, Art. 14 bis, page 9).

In Canada, the responsibilities of the finance agent include:

- ✓ accepting and recording political contributions and determining the market value of political contributions by goods and services as well as recording and issuing tax receipts for eligible political contributions;

- ✓ recovery, marking and keeping tax receipts issued for ineligible and prohibited contributions;

- ✓ ensure that all political contributions and other incomes are appropriately recorded to enable compliance with the provisions on reporting under the electoral law and the Income Tax Act;

- ✓ Ensure that all permitted loans are properly recorded and reported and perform and record the expenses of the organization or candidates;

- ✓ Ensure that amounts received in the name of the organization or candidate are stored in a bank account and that all expenses are made from that account;

- ✓ to open a separate bank account for each private individual or organization for which it carries out its activity;

- ✓ maintain complete and accurate financial records and ensure that all financial statements relating to income and expenses are kept for at least five years from the reporting date (British Columbia)

- ✓ to submit all necessary financial reports to Elections BC within the deadlines set by the legislation;

- ✓ to provide the Financing Report (form provided by Elections BC), in which it must present the following information: candidate's expenditure reported by type, political contributions accepted by a candidate, details of any prohibited political contribution and when they were returned to contributor or sent to Elections BC, details of any fundraising performed in the name of the candidate, details of any loans or guarantees accepted received by the candidate, any transfer of money, goods or services made or received from the political party to the respective candidate *(Election BC, Guide for Financial Agents Appointed Under the Election Act, 2018).*

The coordinating financial trustee checks and keeps a record of all transfers and electoral contributions, so that candidates and electoral competitors comply with all rules and limits on electoral contributions.

After registration and receipt of the CUI, the coordinating financial donor with the document received from PEA and with a written mandate from the electoral



competitor **must open the bank account** destined to private financing of the electoral campaign, in the name of the electoral competitor, until the latest at the start date of the election campaign. Within maximum 5 days from the start date of the referendum campaign, the political party, through a financial agent, shall open a bank account at national level in case of a national referendum or at a county / Bucharest level in case of a local referendum. Political parties benefiting from public funding (subsidies from the state budget) may use the subsidies received from the state budget as source of financing of the electoral campaign, but in this case the MFC is obliged to open the second special bank account destined for the amounts money from subsidies. The coordinating financial agent shall communicate to PEA the list of bank accounts for the electoral campaign opened by the electoral competitor, as of now. The list shall include at least the IBAN code and the bank, respectively the branches where the accounts have been opened. Once the bank accounts destined to finance the electoral campaign were opened, the transfers of funds in these accounts can also be made.

	Yes	NO
❖ Contributions for the electoral campaign shall be submitted or transferred to the accounts only by the candidates, political parties or by their financial agents	✓	
❖ Expenditures related to electoral campaigns must be incurred only with the prior visa of the competent financial representative	✓	
❖ In the absence of the coordinating financial agent and of the CUI received from PEA, the bank accounts for the electoral campaign can't be opened, the electoral contributions can't be collected, and the electoral expenses can't be performed	✓	
❖ The bank accounts for the electoral campaign may be opened at any subsidiary or branch of a banking institution with its headquarters in Romania	✓	
❖ The campaign bank account shall open ONLY on behalf of the electoral competitor	✓	
❖ The feeding of the campaign bank accounts destined to finance the electoral campaign can be made until the conclusion of the electoral campaign	✓	
❖ EVERY ACCOUNT has DISTINCTE financing sources which must be highlighted and managed SEPARAT and correspondingly	✓	
❖ FUND transfers between the 2 (two) TYPES of bank accounts opened for financing the election campaign (private funding vs. public funding)		✗

Table 6.3. Legal conditions with regard to electoral campaign accounts (HG no. 10 dated 13 January 2016 for the approval of the Methodological Norms for the enforcement of Law no. 334/2006 on financing of activity of political parties and electoral campaigns)

6.5. Liability of the financial agent

In case the legal provisions are breached, the financial mandate is jointly and severally liable with the political party that appointed him from the legality of the financial operations performed during the electoral campaign (*Art. 34 par. 7 of the Law no. 334/2006*). Chapter VI of *Law no. 334/2006*, republished, as further amended and supplemented, highlights the sanctions for non-observance of legal provisions and stipulates that they can be applied, as the case may be, to the political party, political alliance, citizens' organization belonging to national minorities, independent candidate, financial agent and / or donor, as well as to other persons who have breached the provisions laid down by law (*Art. 52 para. 4*). Schematically the types of responsibility of the financial agent they are represented as follows:

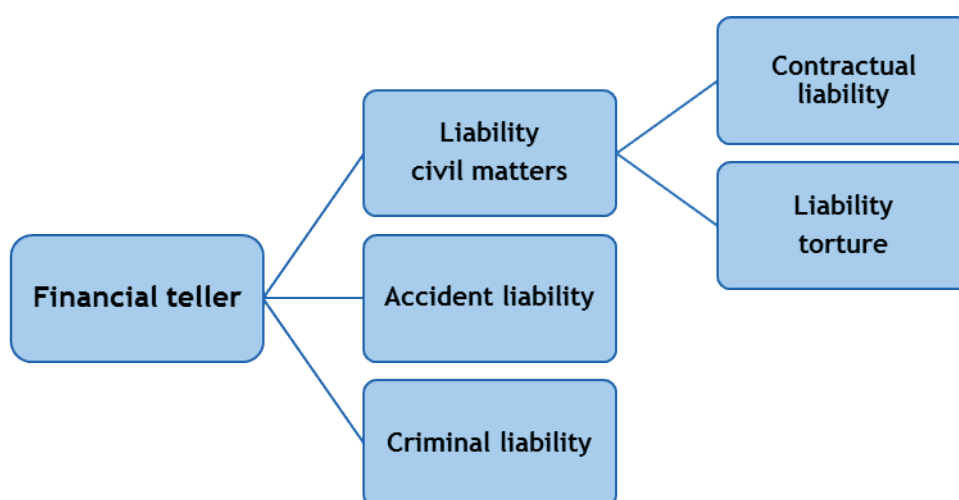


Figure 6.2. Liability of the financial agent

The teller financial activity is represented by the person mandated to organize exclusively the recording of contributions and expenses for the electoral campaign, belonging to political parties and independent candidates. Thus, all the operations necessary for the fulfilment of this legal obligation rest with the coordinating financial agent, for the entire organization, and with the other financial agents, each for the level for which he / she was appointed. The responsibility of the financial agent must be assessed from three perspectives: civil liability which includes patrimonial and / or non-territorial penalties), offense liability (sanctions for minor offenses) and criminal liability (criminal sanctions).

Civil liability of the Financial Agent

The financial agent has a contractual civil liability to the political party or to the independent candidate, which he represents, as well as a tort / delict liability to



them, in case of exceeding the limits of the mandate contract, but also to the Permanent Electoral Authority.

During the execution of the mandate, according to the contractual obligations and the legal provisions, in relation to the persons before whom he / she is liable within the limits of the mandate, **financial mandatary is not responding with own patrimony** for the contractual obligations he / she undertakes on behalf of the principal (political party, independent candidate). However, for failure to perform or misstatement of attributions arising from mandate contract or from legal dispositions, the coordinating financial representative, as well as the other financial agents, are liable in civil terms to the principal, for the quality and correctness of the documents concerning the highlighting of contributions and expenses for the electoral campaign.

The prejudicial act may be positive (represented by an action) or negative (represented by a failure / omission).

Last but not least, the act may consist both in failure to comply with obligations to perform, as well as in obligations not to do, when the conduct had to be an abstention (*for example*, to refrain from communicating situations of conflicts of interest).

The prejudicial actions may consist in:

- lack of highlighting of some financial operations or faulty highlighting thereof;
- no detailed elaboration of reports on election incomes and expenditures or elaboration thereof in an erroneous or ill-faith manner;
- failure to submit documents and reports provided by law;
- omission of the financial representative coordinating supervision of the activities undertaken by the financial agents, as well as the centralization of their records.

In all these cases guilt can occur in the form of intent, culpability, there is guilt (culpability, intent), as a result of failure or malpractice or ill-faithfulness of a legal obligation, or of a contractual obligation. Liability, in all these cases, intervenes against the political party (as a legal entity), the independent candidate, as well as with the Permanent Electoral Authority. Under common law, in the case of tort / delict, fault is analysed according to objective criterion, whereas in case of contractual liability it is analysed according to the subjective or objective criterion, on a case-by-case basis. Regarding the burden of proof, the fault must be proved in case of tort / delict, presumably, in the case of the contractual one.

The obligations of the financial agent are usually result obligations, being limited to the cases provided by the legislator (records of financial operations, elaboration of reports, etc.) or in cases of abstention. From the analysis of the two forms of liability of the financial agent (contractual and tort), it results that there are a number of attributions arising both from the mandate contract and from the normative acts regulating this field, evidencing that the same act violates, in most

cases, both a contractual obligation, as well as that resulting from the interpretation and law enforcement.

The financial agent has, in addition to the result obligation, certain prudential or due diligence obligations, and he must perform his duties loyally, in good faith, in the interest of the political party, political alliance, independent candidate and fit for a legitimate purpose. The necessary requirement for assessing the liability of financial representatives must be objective (abstract), by reference to the conduct of a good financial agent, responsible not only for the gross negligence ("culpa lata"), i.e. the mistake that the most limited person would not have done but also for the slight guilt (culpa levis) represented by *the incomplete elaboration of reports on electoral incomes and expenditures or their elaboration in an erroneous or ill-faith manner.*

Financial agent are jointly responsible with the political party, who appointed him, of the legality of the financial operations performed during the electoral campaign, as well as compliance with the following legal provisions, that:

a) *expenses related to the electoral campaign must come from contributions from candidates and political parties, bears the prior visa of the competent financial representative, not of any financial agent entrusted, comply with legal limits and be achieved just for promotion of candidates;*

b) *the use of bank accounts must be made in accordance with the law;*

c) *shall communicate to PEA, within a maximum of three business days from the date of commitment, of each expense (art. 28 para. 9 in Law no. 334/2006 regarding the financing of political parties, republished, with further modifications and additions);*

d) *the origin of the contributions, for the electoral campaign, is represented only by donations from private individuals, own incomes or loans from private individuals or credit institutions; the value of the contributions, for the electoral campaign, must not exceed the limits provided by law;*

e) *must use electoral propaganda material to the limits strictly described;*

f) *the conduct of the referendum campaign must comply with the requirements related to the use of banking accounts, the origin of funds outside the electoral campaign, as well as the limits of the applicable contributions;*

g) *has the obligation to check the source of financing for the electoral campaign, in compliance with the prohibitions set forth in the special regulatory documents.*

In addition to the obligations of the financial agent resulting from the normative acts concerning the financing of political parties and electoral campaigns, as well as from the mandate contract concluded legally, a series of obligations stemming from the interpretation of provisions of the Civil Code (applicable to the common law in this matter):

- the obligation to execute the warrant;



- the obligation to give an account for the execution of the mandate;
- the obligation to be answerable for exceeding the limits of the warrant.

The principal obligation of the agent arising out of the mandate contract is the obligation to execute the warrant. Being an intuit personae contract, it is concluded based on the personal aptitudes of the financial agent, being subject to the obligation to personally execute the assumed prerogatives.

As a rule, the trustee may not exceed the limits set by the warrant, except for the case when the financial mandate may exceed the indications received, if it is impossible to notify the mandate in advance, presuming that he would have approved the deviation if he be aware of the circumstances justifying it. In this case, the proxy is obliged to immediately notify the mandate of the changes brought about by the execution of the mandate. Also, the financial agent is obliged to notify the political party / independent candidate, who appointed him, about the circumstances that occurred after the expiration of the mandate and which may determine the revocation or amendment thereof.

With respect to ***reporting obligation*** incumbent upon the financial agent, the latter is accountable for his activity and must render to the political party, to the political alliance or to the independent candidate everything he received as a result of his mandate, even if the thing he received was not owed to the mandate. During the period when the documents received during the execution of the mandate from the mandate or in his name are held by the financial agent, he / she must preserve them. The financial agent is liable for exceeding the limits of the mandate contract, but it may depart from the directives received, if it is impossible for him to notify the electoral contestant in advance, presuming that he would have approved the deviation if he knew the circumstances justifying it. In this case, the financial agent is obliged to immediately notify the political party about the changes brought about by the execution of the mandate.

If the financial agent exceeds the limits of the mandate, its liability can be assumed, both for the damages caused to the electoral competitor, as well as to the Permanent Electoral Authority.

We consider the situation when the coordinating financial donor transfers, by bank transfer, money from the central account to county accounts, without the consent of the electoral competitor and without observing the legal level of electoral contributions in that electoral district (art. 32 of GD no. 10/2016 - Methodological norms).

The exceeding of mandate limits and involvement of trustee may arise and if there is a conflict of interest, the contract concluded by a financial agent in a situation of conflict of interests may be cancelled, at the request of the electoral contestant, when the conflict was known or should have been to be known on the conclusion of the contract.

Regarding the partial performance of legal or contractual obligations, jurisprudence has been decided in the case law that non-performance of obligations in their entirety does not constitute an exceedance of the limits of mandate, but an incomplete, inadequate execution thereof, which does not have the validity of the document as a sanction thus terminated, but the resolution of the mandate with damages.

In case when the electoral competitor is not obliged for the acts concluded by his financial agent beyond the limits of the power of attorney, the illicit acts causing prejudices committed by the trustee in case of fulfilment of the legal or contractual obligations, do not attract the competitor's liability.

The offense responsibility of the Financial Agent

The purpose of the offense rules is to protect the social values protected by the law, in solving the causes of offenses, as well as in preventing the commission of new offenses.

The offense of the act and its sanction shall be related to the moment when the crime was committed. In case, by a new act of action, is no longer considered a sanction is no longer sanctioned, and the sanction established and not enforced prior to the coming into force of the new law is no longer enforced.

If the new law provides for a milder offense sanction, this sanction shall be applied, and, if the new law no longer provides for another sanction, the sanction established and not executed shall not be enforced before the effective date of the new law. If the new law provides for a more severe sanction, the continuous offense committed before the effective date of the new law shall be sanctioned in accordance with the law in force at the time it is consumed. According to the legality principle, no one can be held guilty of committing a sanction, nor subject to sanction, except as per the offense law. Thus, an extensive unfavourable interpretation, as well as the analogous application of the offense law are illegal.

In order to highlight the legal treatment of the analogy institution, please note that in Spanish legislation analogy is expressly prohibited by the provisions of the law governing administrative authorities and administrative procedure, stating that the provisions regulating breaches of law and sanctions can't be applied by analogy (*Ley de Régimen Jurídico de las Administraciones Públicas y del Procedimiento Administrativo Común*).

The offense, as any act contrary to the rule of law, is a manifestation of the human conduct externalized in society, that is a set of acts of a person under control of will and reason. As far as the perpetrator's guilt is concerned, the offense is committed intentionally or at fault. The offense is committed intentionally when the perpetrator sets forth the consequences of the crime and follows that he / she

committed it by committing the deed or provides the result of the crime and although he does not intend to produce it, he accepts the possibility of producing it. The offense is committed by negligence when the perpetrator provides the result of the crime but does not accept it, unreasonably considering that it does not occur or does not foresee the result of his deed, although he should have been able to foresee it.

In any of its forms, the culpability expresses a certain mental attitude of the perpetrator towards the act and its consequences. The offender realizes or might realize that his act is contrary to law, that he produces socially dangerous pursuits and, nevertheless, he commits. In case of minor offenses, where there is no identified subject as lawfully injured except for the state, it has the status of passive subject.

The objective side consists in the action or inactivity of the perpetrator producing dangerous tracing, which prejudices the social values protected by the offense law and appears in the content of each offense by describing the features characterizing it and differentiating it from other facts. The undue action concerns commission of acts forbidden by the legal norm, and the sanction consists in the failure to comply with an act bound by the offense law. In some cases, actions of offense can be omisive -groups, meaning that their content includes both action and inaction. No one can be held liable for the deed of another, since both the offense as well as the criminal responsibility is personal, therefore only the person who committed the offense is the active subject of the offense.

The financial agent is liable to offense if, at the time of the commission of the offense, he / she was empowered by the political bodies or political alliance's management bodies and was legally registered with the Permanent Electoral Authority. The financial agent shall be held jointly and severally liable with the political competitor who appointed him as of the legality of the financial operations performed during the electoral campaign and with the observance of the legal provisions in this field, only in respect to the patrimonial liability, and not in the matter of offense liability, the latter being personal. According to the principle equality before the law, the private individual or legal entity may be sanctioned only for the offense in respect of which its guilt is proven.

Thus, according to the legislation in force, when a competitor appointed and registered with the Permanent electoral authority a financial agent, who did not submit within the deadline set forth by law the detailed report on electoral revenues and expenses, the offense responsibility falls to the financial representative, and not the competitor. If the legislator had intended to sanction both the financial trustee and the electoral competitor, he should have provided this expressly. In case when the political party or the independent candidate did not appoint and register with the Permanent Electoral Authority a financial agent, the responsibility for the failure to submit the report according to the norms lies with the electoral competitor.

In terms of contraventional liability, the personality principle operates, which means that the sanction of offense can only be applied to the person who committed the offense, who will be liable in his own name, by virtue of his responsibility for offenses. This reasoning assumes that, for the same offense, one can not penalize at the same time the political competitor and the financial agent. As a result, if the financial mandate, registered under legal conditions, is empowered by the governing bodies of the electoral competitor to execute an obligation set forth in the norms governing the financing of political parties, the latter will bear the penalty for offense.

As per dispositions *Of Law no. 334/2016*, republished, with subsequent supplements and amendments, the financial representative may be liable for offenses for:

- breach of the obligation assumed to political parties and alliances, as well as independent candidates, to declare PEA the number of propaganda materials, according to legal requirements (*art. 36 para. 6*);
- failure to declare to EPA the funds obtained by the political party, in addition to the electoral campaign, and transferred to the banking bank accounts opened at central level (*art. 28 para. 4*);
- non-declaration of contributions for electoral campaign to EPA (*art. 28 para. 10*);
- failure to submit, in the legal term and in the form required by law, detailed reports on electoral revenues and expenses, as well as the amount of debts registered as a result of the campaign, together with a statement indicating the source of the contribution (*art. 47 para. 1*).

Criminal liability of the Financial Agent

The financial agent may also include criminal liability, for actions that are considered to bring significant prejudice to social values (crimes).

In some legal systems, such as Anglo-Saxons, the two forms of accountability (civil liability and criminal liability) are not so clearly delineated, so that in England tort law is not primarily aimed at repairing injury, but in coercion. In this respect, when more people evade a certain amount of money, each of them is obliged to pay the entire amount in full, which, in other legal systems, would be inconceivable.

Transparency in the funding of political parties and electoral campaigns can be considered a fundamental value for the state. An infringement or any kind of prejudice significantly affecting such value may be considered an offense, especially in countries that guarantee transparency in the funding of political parties and electoral campaigns by the Constitution.

In Poland, Constitution Of the Republic of Poland, provides that **the funding of political parties is open to public control**, provision by which the state guarantees the transparency of the funding of political parties (*Chapter I of the Constitution of the Republic of Poland, Art. 11, paragraph 2*). In accordance with this constitutional provision, the Polish legislative framework is built in such a way as to allow sanctions for offenses, as well as for criminal sanctions, aimed at increasing the accountability of persons obliged to ensure transparency of funding sources for political parties. Thus, failure to comply with legal requirements concerning the declaration of income or non-submission of income justifying documents (list of private donors with names, addresses and amounts donated to the party, proof of bank transfer, documents with amounts declared correctly, bank account statements, other details required by ministerial decree) may attract for the responsible persons responsibility for offenses or may incur criminal liability, sanctioned with imprisonment of up to two years. (*International Institute for Democracy and Electoral Assistance: Case Studies and Practical Approaches, 2014, pp. 85-103*)

The delineation of the reparation of prejudice by the preventive function, function that belongs to the penalty in our system, is not accepted in all right systems. In fact, it can be claimed that reparation of the prejudice, as a result of the taking of civil liability, contributes to the achievement of the function of prevention of commission of new illicit deeds.

As a result of the influence of the French system with regard to criminal liability, in our doctrine it is admitted that committing a crime gives rise to a criminal legal juridical relation of conflict between the active subject (the person or persons who committed, as authors, instigators or accomplices, a offense actually consumed or exhausted fact or an attempt), on the one hand, and the passive subject of the crime (state, as company's representative), on the other hand, as a result of the mutual rights and obligations to be established between the subjects of the legal relation. The content of this report is constituted, on the one hand, by the State's right to use criminal proceedings against the perpetrator, to hold him liable, to enforce and to force him to serve a sentence, and, on the other hand, by the perpetrator's obligation to answer for the offense committed and to execute the sentence imposed on him.

The notion of "criminal liability" has in criminal law two concepts, namely:

- a) one, broader, called *legal liability* and defined by the obligation to bear the legal consequences of an act committed;
- b) and another, narrower, *liability* (or responsibility) *individual*, arising from the psychopathic normal condition of the perpetrator.

Criminal responsibility is the most serious form of legal liability, which involves an individual's obligation to be accountable to criminal investigation bodies and then to the law court for the act he / she has committed, set forth in the criminal law, the obligation to bear the criminal coercive measures set forth in law



for the commission of the crime and the obligation to execute the punishment imposed. Art. 15 par. 2 of the Criminal Code establishes, as a principle, that *"criminality is the sole basis of criminal liability"*. Thus, the crime is the cause of criminal liability, and criminal sanctions (criminal penalties, accessory punishments, complementary punishments, safety measures) are the result of criminal liability. According to art. 175 para. 2 Penal Code, a person, performing a profession of public interest for which a special authority from a public authority is required or which is subject to monitoring thereof, has the status of public officer.

Thus, the accounting expert or authorized accountant appointed by the management of political parties, political alliances, organizations of Romanian citizens belonging to national minorities or by independent candidates as financial officer officially registered with the Permanent Electoral Authority (EPA) is a civil servant assimilated, whether or not whether paid or not, or whether the source of the remuneration is public or private.

In Romania, having regard to the legal attributions of the financial agent, regarding the recording of contributions and expenses for the electoral campaign belonging to political parties, political alliances, citizens' organizations belonging to national minorities or independent candidates, he / she may be criminally responsible for committing certain deeds set forth in the criminal law. Such acts that may be committed comprise, within their structure, actions or inactions such as:

- promise, offering or giving money or other benefits;
- claiming, accepting or accepting the promise of money or other benefits, directly or indirectly, for himself or for another, committed by the financial agent that has influence or that gives rise to the belief that he has influence over a public agent and who promises to determine him to fulfil, not to fulfil, to accelerate or to delay the performance of an act that falls within his / her duties or to perform an act contrary to these duties;
- falsification of an official document, by counterfeiting of the writing or underwriting or by alteration thereof in any way, likely to produce legal consequences;
- falsification of an official document on the occasion of its elaboration by attesting facts or circumstances inappropriate to the truth or by knowingly failing to insert some data or circumstances;
- forgery of a document with private signature if the perpetrator uses falsified documents or assigns it to another person for use, in order to have a legal consequence;
- the use of an official document or private signature, knowing that it is forged, in order to have a legal consequence;
- inappropriate declaration of truth, in order to have a legal consequence, for himself or for another, when, according to law or circumstances, the declaration made serves to produce that consequence.



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Chapter 7

REPORTING AND CONTROLLING THE FUNDING OF POLITICAL PARTIES AND ELECTORAL CAMPAIGNS

Legislation in the field of funding political parties and electoral campaigns must ensure transparency and foster public trust in political competitors. Transparency of party funding is considered of great importance because the lack of transparency around private contributions in particular and the way in which public funds are spent may adversely affect the perception of the legitimacy of the democratic process.

To increase transparency, states must adopt laws with clear provisions on party accounts reporting and donor identity publication. In addition to rules on the degree of private and public funding of political parties, the legislation on party funding must include publication and enforcement provisions that increase the accountability of political parties. Important elements of the legal framework should include rules obliging parties to publish their financial accounts and to be subject to independent control exercised by national supervisory and control bodies (*Ingrid van Biezen, Financing political parties and election campaigns - guidelines, Council of Europe, 2003*).

7.1. Reporting of the financial information of the political competitors

The regulation system for funding political parties and electoral campaigns must regulate the reporting by policy-relevant competitors of information regarding their incomes and expenses, in compliance with the recommendations for the enhancement of transparency set forth in the United Nations Convention Against Corruption (UNCAC), thus respecting the citizens' right to take informed decisions. Such regulation also permits persons responsible for the application of donor and expatriation prohibitions and the limits of monitoring whether the legislation is being complied with.

The information requested in the financial reports varies considerably depending on countries. Often, the most controversial is whether reports must reveal donor identities. In some of these countries, the identity of the donor must be





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disclosed only when it contributes more than a certain amount, in the idea of creating a balance between transparency and protection of the private life of those who make smaller donations. Also, the relevant legislation of some countries does not provide that the submitted reports are made available to the public, which is contrary to the provisions of the UNCAC provisions mentioned above. A good practice in this area would be that the reports submitted are available online, easily accessible and in a language easily understood by the general public (*IDEA. Funding of Political Parties and Election Campaigns. A Handbook on Political Finance, 2014*).

In the reporting field, the OSCE / ODIHR recommends that:

- the reports clearly differentiate between incomes and expenditures and include detailing donations in standardized categories, as defined by legislation in the field. The nature and value of all donations received by a political party should be identified in the financial reports.
- reports should include both party general finances as well as campaign finances;
- the reports should clearly identify which expenditures were used to the benefit of the party and which for those of an individual candidate. They must also be published in a timely manner;
- political parties should keep track of all direct and in-kind contributions to all political parties and candidates during the electoral period. Such records should be public and in accordance with pre-established spending limits;
- the parties should submit basic information to the supervisory and control authority before the start of the campaign. This information should include information on the party's bank account and personal information of persons charged with party funding;
- the campaign financing reports should be submitted to the supervisory and control authority within a period not exceeding 30 days after the election. Such reports should be requested not only for the party as a whole but for the individual candidates and lists of candidates;
- In an effort to support transparency, it is a good practice to make these financial reports available on the Internet in a timely manner.
- Political parties should report public reports to the supervisory and control authority at least once a year during the non-campaign period. These reports should require identification of contributions received and of all expenditure;
- all reports should be drafted on a consolidated basis to include all levels of party activity (*OSCE / ODIHR, Guidelines on Political Party Regulation, 2010, Adopted by the Venice Commission at its 84th Plenary Session, Venice, 15-16 October 2010*).

	CEHIA
	<p>Under the law on political parties and movements, all parties and political movements must open special accounts. Accounting requirements for political parties and movements are similar to those of other legal entities and are regulated by the accounting law (Law no. 563/1991 Coll.). Political parties and movements must keep accurate and comprehensible records of the financial statements and prepare an annual financial statement, which must be audited by an auditor appointed by the party's executive body / political movement.</p> <p>Parties and movements are required to submit an annual financial report by 1 April of each year, which includes:</p> <ul style="list-style-type: none"> • the financial statements, according to the Accounting Law, • auditor's report on audited financial statements without qualified opinion, • total incomes, broken down by law, to which parties and movements must attach an overview of companies or cooperatives in which the party or movement holds a certain percentage, as well as the amount of that percentage, as well as a general overview of the loans; and of other debts, indicating the amount, terms and conditions, including the due date, name, surname and date of birth; if the supplier is a legal entity, company name or name and ID number, • the salary expenses paid, indicating the number of persons and the type of work performed, of the total expenses for taxes, fees and other payments in cash, • electoral expenses broken down by type of election to which the Party and the movement participated in the respective calendar year, • an overview of donors and their gifts, indicating the amount of donation, name, surname and date of birth; donation; if the donor is a legal entity, its commercial name or name and ID number, as well as other free services offered or the value of goods acquired by succession or inheritance, • the list of members whose contribution for one calendar year exceeds CZK 50000, including surname, name, date of birth, municipality of residence and total amount of membership fee. <p>In case the annual financial report was not submitted, the authority shall invite the party or the political movement to present it no later than 15 April of the relevant year, setting a reasonable term. The annual financial report is drafted according to a standardized form, containing annexes, the model of which is determined by the authority by a decree. The annual financial report is complete if it contains all necessary information and is presented in accordance with the prescribed form with annexes. If the annual financial report is incomplete, the party or the political movement may, within a reasonable time, fill or remove the deficiencies, the deadline set by the authority may not, however, be shorter than 15 calendar days. The annual financial report is public, available for verification at the Authority or on its website and published within 7 days from the date of communication. (Law no. 424/1991, valid until 31.12.2019, on the association in political parties and political movements of the Czech Republic)</p>
	FINLAND
	<p>The accounting liability, the annual accounts and the annual report of the political party or of the association referred to in the decision on the use of the grant are governed by the dispositions of the Accounting Act. Also, these political organizations submit annually a declaration on the use of the grant, as well as information on the financing of the electoral campaign. The political party and the political association, in the decision regarding the use of the subsidy, must distinguish between expenditures used for electoral campaigns and campaign financing, separately, for each type of election, namely:</p> <ul style="list-style-type: none"> • expenditure on electoral advertising, newspapers, free distribution and magazines, radio,

television networks, outdoor advertising, purchase of magazines, brochures and other printed materials, advertising scheduling, personnel and space acquired, as well as other expenses incurred

- financing of electoral campaign, broken down into loans granted, aid for electoral campaign, by private individuals or legal entities, as well as other sources of financing

Each grant received during the campaign, as well as the donor's identity, if the subsidy amount is at least EUR 1,500, must be mentioned separately. Several donations from the same donor during the campaign are aggregated and reported as a single grant. Non-monetary aid is assessed and reported in monetary terms. The donor's name can't be disclosed without its explicit consent if the amount of support offered is less than EUR 1,500. Prior to election day, the political party and association referred to in the decision on the use of the grant may submit a prior notification to the National Audit Office which keeps track of the expenditure schedule and funding of the electoral campaign. The use of the government grant must comply with the audit requirements required by the auditor. In case the audit is provided by a company of auditors, the latter has the obligation to inform which of its auditors is mainly responsible for conducting the audit. Compared to the provisions of the audit report, the auditor of the beneficiary political party and of the political association mentions in the decision regarding the political funding the following:

- 1) if the legal provisions and the conditions of the award decision were observed in the use and reporting of the use of state aid

- 2) if the legal provisions on restrictions on granting the aid were observed

The political party submits to the State Audit Office the audit report, the annual report and the balance sheet of the political party and association, as well as the necessary accounts and information. For this purpose, the association referred to in the decision on the use of the subsidy shall provide interested parties with the relevant documents and information. Documents and information on political parties shall be submitted within three months after approval of financial statements. Documents and details regarding the political organization shall be submitted within one month after the approval of the annual accounts thereof.

Within three months from the date of approval of the political entity's financial statements, the affiliated entity or foundation of the political party shall submit to the State Audit Office its audit report, activity report, balance sheet and statement of use of the subsidy. The National Audit Office issues more detailed regulations regarding the submission of documents and information. (*Electoral Law no. 714 / 02.10.1998, amended by SDK 1082/2019, Accounting Law no. 1336 / 30.12.1997, amended by SDK 1082/2019, Evaluation Report on the transparency of party funding in Finland - Greco Eval III Rep (2007) 2E*)

Latvia

Pursuant to the Law on Financing of Political Organizations, political parties must keep accountability accounts and accounts in accordance with existing laws and regulations. Thus, the annual accounts and their annexes, as well as the general ledger are kept for a period of 10 years (after that they are sent to the state archives); inventories, bookkeeping and documents concerning the organization of accounts shall be kept for 10 years; the source documents regarding the employees' monthly salaries shall be kept for 75 years and all other source documents shall be kept for a period of 5 years.

According to the law on political parties, their statute must specify the structure of the body responsible for the economic and financial audit, as well as the procedure for election, competence, procedure for decision-making and mandate of this body. In addition, the statute must also indicate the procedure for the appointment of a certified auditor and the mandate of this auditor. Moreover, the law on financing of political organizations stipulates that in case of annual turnover exceeding 10 times the minimum monthly salary, an internal audit related to financial and economic activities must be carried out, which must be performed by a certified auditor, at least once a year (and the auditor's declaration must be attached to the annual statement of financial activities to be submitted to KNAB). The political party bears the costs of the audit. The law of political parties specifies that an audit body is elected and dismissed in a meeting of party members, unless

otherwise provided in the statute. In accordance with the reporting obligations, political parties must declare individual donations / gifts (accepted and unacceptable) and submit an election statement of income and expenses, as well as their annual report. As regards the declaration of individual donations / gifts, the law on financing of political organizations stipulates that the political party must, within 15 days after receiving a gift (donation), publish information on this gift (donation) on a separate web page, indicating the nature, value, date of reception and identity of the private individual who offered the gift (donation), information which is also published by KNAB in the financial database on its website. The information in this database is publicly available and is reported daily. Within 30 days of the Saeima, municipal council or European Parliament elections, a political party attending such elections shall submit to KNAB an election statement of income and expenses. This declaration includes all incomes and expenses incurred during the period between 120 days before the election and until election day, regardless of the moment when the payments were made or when the document attesting the performance of a transaction was issued (invoice, contract or other). The Statement explicitly includes the following expenditure on:

- ✓ advertising (TV, radio, internet, except for the party's own site, in written media and in public spaces);
- ✓ use of mail services (including e-mail) for distribution of electoral materials;
- ✓ production and distribution of advertising materials;
- ✓ planning, preparation and organization of the electoral campaign;
- ✓ salaries of the personnel involved in the electoral campaign;
- ✓ rent of movable and immovable goods for the needs of the electoral campaign;
- ✓ costs of publications produced for the electoral campaign;
- ✓ financing of charity events related to the electoral campaign, payment of benefits and donations;
- ✓ other expenses related to the electoral campaign.

Political parties must also submit a copy of their annual report, drafted in accordance with the Accounting Law, to KNAB (and the State Income Service) by 31 March of the following year. This report is comprehensive and includes the most relevant information on parties' accounts. If the party has an annual turnover exceeding 10 times the minimum monthly salary, the annual report must also include a declaration of a certified auditor. There is a standardized format for the declaration of incomes and expenses and individual donations. There are no requirements for private individuals to report to political parties or to their electoral campaign (legal entities are not allowed to donate to political parties and / or to their electoral campaign).

KNAB has access to all financial information and accounting records of political parties. For this purpose, KNAB has the right to request and receive information, documents and other materials from state and municipal bodies, companies, organizations, officials and other persons, regardless of the level of confidentiality of the requested information. Donors are required to provide information at KNAB's request on their income, savings and property.

Furthermore, if the KNAB considers it necessary, a donor must provide documents attesting the legality of the funding sources that he has provided. The Director of KNAB (or a person specifically authorized by him) may submit a request to the president of the Supreme Court (or to a judge of the Supreme Court authorized in this respect) to access the information in the bank accounts of any private individual. At the same time, the tax authorities have the right to verify the accounting documents and accounts of private individuals and legal entities, as well as other documents related to accounting and budget, and has the right to request annual reports from legal persons. The prosecutor's office has the right to request and receive documents and other information from state bodies, banks, local administrations, enterprises, institutions and organizations, including political parties. The law on financing of political organizations stipulates that the financial and economic activities of political parties are public. KNAB is entitled to receive the relevant documentation, and information provided in the annual reports of political parties, electoral incomes and statements of expenditure incurred will be published by KNAB in the Official Gazette and on the KNAB website, no

later than 10 days after their submission. At the same time, information on individual gifts (donations) is also published on the KNAB website (Law no. 114, 16.08.1995, as amended on 01.12.2017 concerning the financing of political organizations in Latvia, Evaluation Report on transparency of party financing in Latvia - Greco Eval. III Rep. (2008) 1E)



NORWAY

Registered political parties are subject to the same accounting obligations as other associations and must prepare the annual statements in accordance with the provisions of the Accounting Act. The law of political parties establishes the conditions regarding access to the reception of contributions, in the sense that anyone can contribute to the financial condition of political parties and party members, except for situations (illegal contributions): the donor is not known to the party (anonymous contributions); legal subjects are under the control of the state or of another public authority; donors are foreign nationals, meaning persons who are not Norwegian citizens or who do not fulfil the conditions for voting rights in municipal and county council elections. "Contribution" means any form of aid. Illegal contributions shall be reimbursed to the donor within four weeks of receipt. Contributions, which can't be reimbursed to the donor, must be transferred to the Treasury within the same deadline. All political parties and party members must report, within five months of the end of the financial year, any contribution that was not reimbursed to the donor or transferred to the Treasury on due date.

All parties have a duty of accountability and accounting in accordance with the law. Under this principle, they present annual reports on income and expenses between 1 January and 31 December and assets and liabilities at 31 December. The report must be submitted within five months of the end of the financial year. Parties or party members who had a total income lower than NOK 12,000 (EUR 1190), after deduction of all public support, have no accounting and reporting obligations in accordance with. They are required to provide a statement (simplified reporting) according to which the revenues for that year were below this level. Otherwise, the same rules apply as for reports.

All parties and party members are required during the electoral year to report separately the contributions of NOK 10,000 (EUR 992) received during the period between 1 January and the Friday before the election day. Reporting must take place within four weeks of receipt of the contribution. Contributions received at least four weeks before the end of the reporting period must be reported by the end of Friday, prior to Election Day. Parties have the obligation to register, accurately, accurately and so that a reconstruction, transaction or mood is possible that alters the composition and size of incomes, costs, debts or assets. Thus, the accounting system must be arranged correctly and clearly and in a manner that allows the reporting and verification of information required for reporting. The documentation, specifications and other accounting materials shall be kept for at least five years, and their storage shall maintain the ability of the material to be read.

Regarding the incomes to report, the law stipulates that the report must contain a complete record of such incomes during the period. Revenues are classified as follows:

- a. Public support: state aid, municipal / county support, other public aid;
- b. Revenue from own business: subscription revenues, lottery income, fundraising and the like, equity, business income, as well as other income;
- c. Contributions from private individuals, commercial enterprises, organizations, associations, institutions, foundations;
- d. Internal transfers from other party members.

Contribution means the monetary contribution and the value of goods, services and other similar benefits received free of charge or at a lower price. Employee benefits are not considered contributions, which do not require special qualifications or are not part of the taxpayer's tax base. Contributions other than monetary contributions are valued at the current value and can be exempted from reporting if they have a value below the quantification limits. If a taxpayer has contributed one or more contributions to the main party organization of the party, which together



constitute a value of NOK 35,000 or less (EUR 3473), the contribution amount and the identity of the taxpayer shall be stated separately. The same holds true for contributions to party members at county level, which together amount to at least NOK 23,000 (EUR 2282), as well as contributions provided to the members of the party at municipal level, which together constitute a value of at least 12,000 NOK (1190 euro). In case of political or business agreements with some taxpayers have been concluded, they shall be declared in the report, irrespective of the quantum limits, the identity of the taxpayer being mentioned. In case of sponsorship a declaration of agreement is required if the value of the benefit (s) exceeds the limits of the amount, the identity of the sponsor being required to be indicated. Contributions to organizations or entities that are directly or indirectly controlled by a party or member of a party are mentioned separately in the report if the total value exceeds the limits, the identity of the taxpayer being mentioned.

As regards the expenditure to be reported, it must be stated that the report contains a complete record of such expenses. Expenditure is classified as follows:

- a. Salaries, goods, services and financial expenses;
- b. Management activities costs, costs related to party activities, expenses for elections, marketing, other costs.

The party provides complete information on assets divided by fixed assets and current assets, in addition to short- and long-term debts, and the creditor's identity and the amount of the loan are stated separately if the nominal value of the loan agreement exceeds the limits. Reporting includes a statement that the party or party member did not realize any income, expense, debt or asset deviating from those mentioned, which must be signed by the party leader or by at least one other member of the council (*Law no. 102 / 17.06.2005, amended by Law no. 65 / 01.10.2015 (The Party Act) on certain issues related to political parties (Law on political parties), Evaluation Report on transparency of party funding in Norway - Greco Eval III Rep. (2008) 6E*)

Poland

The Accounting Law requires political parties to keep records of the appropriate accounts, establishing the liability and the asset, as well as all the contributions received both individually and in an integrated form. Donors must be identified by the name, surname, address and bank account number from which the transfer of funds was made. The accounts must also include credit agreements and non-land donations, with an economic assessment in accordance with market prices. Information on political party expenses must include purpose, amount and provider of goods / services. Expenses for electoral campaigns are paid out of the electoral fund of a political party, whose funds are subject to separate accounts to be kept by the electoral commission of the party, based on specific regulations. In contrast, the party's accounts cover expenses for electoral campaigns only in the form of transfer of funds from the Electoral Fund to the party electoral commission account.

Polish legislation establishes clear rules for drawing up and recording documents, requiring political parties to keep their books in a reliable, accurate, verifiable, legible and permanent manner, based on correct accounting evidence. The nature of income must be specified (especially membership fees, donations, inheritances, public subsidies and subsidies specified by law, interest on funds accrued on bank accounts and deposits, revenues from the treasury bond trade and state treasury bills, income from sale of real estate) and as expenses of a political party (costs related to the performance of statutory tasks, financial costs and other costs, including costs of ownership transfer to charity), which must be recorded in the books of account. It must also allow the determination of the statute of claims and debts in respect of the contracting parties, employees and the party member. The law obliges the political parties to draw up annual financial statements including a balance sheet (which shows the balances of assets and liabilities on the closing date), a profit and loss account (showing separately income and expenses, profits and losses for the previous and current fiscal years) and information additional costs; the additional information must include

data on the subsidy received from the state budget (balance of subsidy funds at the beginning of the reporting period, the amount of the subsidy received during the reporting period, the subsidy funds transferred to the Expert Fund and the Electoral Fund, expenditures from subsidies incurred for statutory purposes, subsidy funds used for repayment of bank loans and loans incurred for financing the statutory activity, other expenses collected to subsidy funds, balance of subsidy funds at the end of the reporting period) and to state budget subsidies transferred to the expert.

Political parties are obliged, first and foremost, to present an annual financial report regarding the subsidy received from the state budget and the expenses incurred, together with the opinion and report of an auditor appointed by the National Electoral Commission. The report shall cover a calendar year and shall be submitted by 31 March of the following year. The content and the mandatory annexes thereof are specified in an ordinance of the Minister of Finance, which includes an example report. At the same time, the report must include information on the amount of the subsidy received, on the political party expenses (amounts transferred to the Fund and the Electoral Fund, expenditures incurred for statutory purposes - such as remuneration, social security, material and energy consumption, services outsourcing, including media, fees, repayment of bank loans with interest, expenses incurred which are not in compliance with the statutory purpose stated), the unused amount of the subsidy and the expenses incurred by the Fund of experts (for legal, political, sociological expertise, for editorial / educational activities and for purposes not in accordance with the intent specified in the legal text).

Political parties must submit by 31 March of each year a report on the sources of funds and expenditures with the Election Fund in the previous calendar year, together with the opinion and report of an auditor appointed by the National Electoral Commission. The report must cover all incomes of political parties deriving from both public and private funding, including donations and, separately, incomes and expenses against electoral background; other expenditures for the activities of political parties do not have to be reported, especially the information on the sources of funding must include funds paid into the political accounts of the political party (coming from membership fees, donations, inheritance from private individuals, interest on funds in bank accounts depots, holding and trading of bonds and receipts of the State Treasury, sale of assets belonging to the party, bank loans - specifying the contractual clauses, the grant received), as well as membership fees and other contributions / donations not exceeding in one year, the minimum monthly salary. In addition, non-monetary values, which cover donations in kind, inheritances, ties, services provided to the party, funds originating from other sources and, finally, contributions contradicted by legal regulations that have been accepted.

The political parties are obliged to submit the personal data of the persons from whom the funds originated. All contributions (including illegal contributions) must be reported individually, indicating the nature, amount or value and identifying contributions above the legal value. Concerning the electoral commissions, made up of political parties, party coalitions for participation in elections, they are equally obliged to submit reports to the National Electoral Commission, within three months from the election date (four months in case of elections for the European Parliament).

Electoral reports must include information on incomes, including donations, expenses and financial debts of the relevant electoral committee, and they must be accompanied by the written opinion of a competent auditor, except for those in case of local elections, but the control body may ask for opinions expert reports or reports prepared by an expert auditor. (*Law of political parties no. 604/1997, amended on 21.06.2017, Evaluation Report on transparency of party financing in Poland - Greco Eval III Rep (2008) 2E*)



SERBIA

The law on political parties funding establishes specific rules for the keeping of financial records and financial statements of political parties. Additionally, the general accounting rules included in the Accounting and Auditing law also apply. Political parties must open a bank account in order to collect revenues and keep a record of expenses. Political parties must regulate financial

relations between their organizational units through internal regulatory documents. Possible debts incurred by organizational entities of a political party must be paid out of the main party's account. Political parties must keep accounting records of all incomes and expenses. The detailed regulations concerning the manner in which these records are to be retained and displayed are contained in the manual on the content of reports on contributions to political parties and their properties, issued by the Ministry of Finance. In particular, accounting records shall pursue the source, amount and structure of income and expenses in accordance with the accounting regulations. In this sense, there is no difference between political parties and other legal entities. A specific characteristic of the accounting regime imposed on political parties is the obligation to keep separate records of the private donations received (indicating each donor and each contribution according to the type - *for example* gift, free services, etc.) and of the party assets (buildings, lands, office spaces, equipment, financial assets etc). Political parties are also required to record any change related to the increase and decrease of the value of their assets, as well as changes resulting from re-evaluation of party ownership. Records held for buildings, equipment and other fixed assets should also include data on the purchase price, amortized, and the current value of each asset. In case of buildings and office space it is also required to specify the exact location. The cash records must display present information on daily turnover (inputs and outputs of funds) and the balance of funds on a certain date. The law does not provide specific norms regarding the financial records of electoral campaigns.

A political party must submit to the Director of the Anticorruption Agency three types of financial reports:

(1) Annual declaration and certificate of an authorized auditor. The content of the annual declaration is defined in the manual on the content and format of the forms for financial statements for business associations, cooperatives, other legal entities and entrepreneurs. These include a balance sheet, income statement, cash flow statement, statement of changes in equity and the statistical annex.

(2) Report on all contributions in excess of 6,000 dinars (EUR 60). It should mention the donor's name, as well as the value and type of contribution.

(3) The asset report, which includes detailed data on the type of ownership, its origin, gross value, value adjustment and net value. Political parties and independent candidates must present, within 10 days, calculated from the date of voting, to the Anti-Corruption Agency:

- Full report including origin, amount and structure of funds collected and spent for the electoral campaign. This obligation applies both to the regular and ad-hoc / anticipated elections, but not to the referendums
- Report on all contributions in excess of 6,000 dinars (60 EUR) indicating the donor's name, as well as the value and type of contribution

The Manual on the content of registrations and the compilation of reports regarding contributions to political parties and their ownership establishes the format of the campaign reports. Details of types and amounts collected and used from private sources must be specified by category, ie public funding, membership fees, contributions from legal entities and private individuals, income from promotional activities of a political party, income from political party ownership and inheritance . Political parties must keep their financial statements (annual / campaign) for at least six years after submission.

There are four different means to access political accounts:

- the financial reports shall be published in the Official Gazette of the Republic of Serbia
- The Anti-Corruption Agency has the obligation to ensure that all financial reports are open to the public and must take appropriate measures to ensure free access to information from reports for all citizens. The Agency keeps a special register of the political parties' financial statements, which is publicly available on the Agency's website (www.korupcija.gov.rs)
- according to the Law on free access to information of public importance, private individuals are entitled to obtain a copy of any document held by a body of public authority

• the annual accounts may be accessed through the Solvency Centre of the National Bank of Serbia (*Law no. 43/2011 on financing of political activity in the Republic of Serbia, as amended by Law no. 123/2014, Evaluation Report on transparency of funding of parties in the Republic of Serbia - Greco Eval. III Rep. (2010) 3E*)



Slovakia

In accordance with Law no. 431/2002 on accounting, political parties and political movements are obliged to keep accounting records of their incomes and expenses. The political parties are subject to the same accounting obligations as the companies, being obliged to keep accounting records for at least 5 years. One presidential candidate is, according to the provisions of Law no. 46/1999 on the method of electing the President of Slovakia, obliged to keep a record of all incomes and expenses, as well as of donations used in the campaign on electoral advertising.

Expenditures for electoral advertising campaigns of a presidential candidate are defined as the total amount of money and other resources having an economic value incurred by the presidential candidate for the payment of the provider, such as advertisements during electoral campaign, sponsorship programs in the mass-media, the payment of advertisements placed in public places and the payment for the preparation of advertising programs, posters, flyers and other advertising materials and objects, regardless of whether the obligation to pay falls directly on the presidential candidate or on third parties.

Under Law no. 431/2002 on accounting, accounting entities, which include political parties, but not presidential candidates, have the obligation to keep accurate and comprehensible accounting records. For non-fulfilment or breach of these obligations, the tax authorities may impose a fine of up to 3% of the total amount of the accounting amount, based on the breached / unfulfilled obligation. According to the provisions of Law no. 85/2005, political parties must present an annual report on their finances. During electoral times, political parties must communicate to the Ministry of Finance an interim and final report on the finances of the electoral campaign.

A political party must present the annual report on its finances to the National Council of the Slovak Republic by 30 April of the following accounting year. In accordance with the legal provisions, this annual report includes:

- ✓ the financial statements of the political party for the accounting period, certified by an auditor
- ✓ an overview of the political party's incomes
- ✓ separate records of free donations and services (in accordance with dispositions of Law no. 85/2005, including the date when the gift or free service was accepted, the amount, identification data of the donor or of the contracting party that provided the service free of charge)
- ✓ separate credit and loan records (including the date of receipt of the loan or loan, amount, agreed reimbursement date, full name and address of the creditor / credit provider, if the lender is an individual or company name, ID number and office address if the creditor / the credit provider is a legal entity)
- ✓ the number of party members, the total amount of membership fees received by the political party and separate entries of membership fees, including the names and addresses of the members who paid over SKK 25,000 (approximately EUR 750) in that year
- ✓ the financial statements of the company in which the party is a founder or a sole partner
- ✓ information on the financial situation of the political party for at least two prior accounting periods
- ✓ information on events of special importance that will occur after the end of the period covered by the report
- ✓ information on profit sharing or loss settlement
- ✓ information on fulfilment of tax obligations
- ✓ an overview of overdue debts



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Programul Operațional Capacitate Administrativă 2014 - 2020



The annual report must be certified by the auditor to see if it is consistent with the financial statements for the same accounting period and if the economic management of the political party complies with the legal requirements. The declaration of the auditor must be included in the annual report of the party, submitted to the National Council of the Slovak Republic. Moreover, a party must report separately on the finances of its campaign related to the National Council elections.

The political party must present a provisional report to the Ministry of Finance no later than 21 days prior to the election, covering the period from the day when the elections are declared up to 30 days prior to the election organization; the final report, covering the entire period from the day when the elections are declared until the day of elections, is to be submitted to the Ministry of Finance within 3 days after the election. Information to be included in both intermediate reports, as well as the final reports, are as follows:

- ✓ an overview of expenditures related to pre-election surveys and public opinion surveys
- ✓ an overview of advertising costs, periodical press advertising, dissemination of political advertisements, electoral posters and other means of information
- ✓ an overview of the expenses related to the travels of the political party members and the allowances granted to the party employees for this purpose, during the electoral campaign
- ✓ an overview of all other expenses related to the promotion of political party ruling activities and program
- ✓ an overview of the donations, free services, loans and credits received by the party during the period covered by the interim report and the final report respectively
- ✓ separate records, mentioned previously by the party, for loans, credits, donations and services provided free of charge, including relevant data in respect of names, amounts etc., to the extent that they were accepted during the period covered by the interim and final report.

The presidential candidates must report to the Ministry of Finance the amount of financial resources they received for their advertising campaign and the total amount of resources required in their advertising campaign, within 30 days of election day. These reports must include the names and addresses of each donor and the value of the free donation or service, the fee, if the donation or free service exceeds SKK 10.000 (approx. 300 €) in case of a private individual or SKK 100.000 (approx. 3.000 €) in case of a legal entities.

As regards political parties, there is no requirement for taxpayers to record / report contributions to political parties, affiliates and affiliated organizations, election candidates or electoral campaigns.

In relation to presidential candidates, periodical publishers, radio and TV stations, advertising providers in public places and other physical or legal entities that provided advertising programs, posters, flyers and other advertising materials for the benefit of a presidential candidate are obliged to inform the Ministry of Finance within 30 days of the presidential election on the amount of resources spent by the individual presidential candidate for publicity (i.e. any public announcement intended to support a candidate or made for the benefit of the candidate, which was published, disseminated or prepared). The data submitted to the Ministry of Finance must include information on the market price of the commercials, advertising materials and sponsored programs which have been published, broadcast or prepared free of charge or at a reduced price.

The auditor who certifies the financial statements to be included in the annual report of a political party has access to the party's records and has the right to request from the statutory body of the political party all necessary documents and information for conducting the audit. In addition, tax authorities have access to the books of account of political parties.

The detailed financial information - other than those contained in the annual reports submitted to the National Council and the report of the electoral campaign submitted to the Ministry of Finance - including invoices, are not publicly available.

Annual reports of political parties concerning their finances are published by the Office of the National Council on its website, in following the decision of the National Council (or of its authorized body taken before 31 July of the respective year. Data on the birth (identification) of private

individuals are not included in the published information.

The intermediate and final reports of the political parties on the finances of the electoral campaign are published on the website of the Ministry of Finance, within 7 days after its receipt and remains until the publication of the final report. Donor birthdays (identification) are not published. The final report will be published on the website of the Ministry of Finance within 30 days of receipt and will stay on site for 6 months after this moment.

The Ministry of Finance does not have the obligation to publish the information sent to it by the presidential candidates (and by the magazine publishers, radio and television stations, advertising providers in public places and other physical entities or legal entities that have prepared programs advertising, posters, leaflets and other advertising materials for the benefit of a presidential candidate). This information would fall under the scope of Law no. 211/1/2000 regarding free access to public information once deposited with the Ministry of Finance and thus will be accessible to the public.

Political parties must have financial statements for the accounting period certified by an auditor who is appointed by the Court of Accounts of Slovakia on a list of auditors by drawing lots. In addition to the certification of financial statements, the auditor should also check whether the annual report is consistent with the financial statements for the same accounting period, and whether the party's economic management complies with the law. The auditor's report must be included in the annual report sent by the political party to the National Council of the Slovak Republic. In contrast, there are no audit requirements for presidential candidates (*Law no. 85/2005 on political parties and movements in Slovakia, amended on 16.07.2019, Evaluation Report on transparency of party financing in the Slovak Republic - Greco Eval III Rep (2007) 4E*)

Slovenia

Slovenia has taken a number of measures to improve the legislation, transparency and control of political finances. Funding of political parties and funding of electoral campaigns, as well as those related to referendum, are subject to the rules of the political parties law (ZPolS) and the law on campaigns for elections and referendums (ZVRK). The two documents provide for a mixed financing model, which provides public funding, as well as private donations for political parties and electoral campaigns within certain limits. Thus, public funding for electoral campaigns consists in the partial reimbursement of campaign expenses (up to EUR 0.33 per vote obtained for a list of candidates at National Assembly elections), while political parties that received a percentage of the votes cast in elections The National Assembly are also eligible to receive public money, in accordance with the Political Parties Act. The contributions of the party members represent a small part of the incomes of a party.

Pursuant to the Political Parties Act (ZPolS), they must submit to the National Assembly, by 31 March of each year, an annual report on the party's operations in the preceding year, in which all incomes and expenses must be detailed, especially the sources of income, as set forth in the Slovenian Accounting Act. Political parties must maintain their documentation for at least 10 years after the end of the fiscal or permanent year, where applicable, in accordance with the law. The Party must specify which body / person is responsible for material and financial transactions, as well as how it is organized at national level. Thus, any income or separate funding of local and regional branches, including public funding from municipalities, as well as incomes of parties (for cultural and publishing activities) or sources of youth organizations, which must be considered political party funding as a whole and thus recorded in the party's accounts. Reporting of the party's financial operations refers to the financial activities performed through the single bank account, with several sub-accounts for the local and regional branches, youth organizations and other structures, as the case may be. The political parties (or the organizers of the electoral campaigns) are not obliged to carry out audits (internal), but a certain form of financial supervision will be exercised according to the statutes of the party, without the need to use the certified independent auditors.

The activity report for the previous year, which the parties must present, explicitly includes



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Programul Operațional Capacitate Administrativă 2014 - 2020

the names and addresses of the donors (and the value of the donation), whose donations exceeded 3 times the average monthly salary of the previous year, as well as the campaign expenses election. Moreover, all party assets and changes in assets, including a "statement of funds sources for asset growth, must be reported, if this increase exceeds 5 times the average monthly salary of the previous year."

The Ministry of Finance determines what the detailed content of the annual report of political parties, including the accounting report and the party business report, the balance sheet and the statements of income and expenses for the entire party organization. The Regulation provides standardized tables for:

- ✓ statements of income and expenses
- ✓ Contributions / donations - including contributions of members - of legal entities, physical, which exceed 3 times the average monthly salary of the previous year
- ✓ assets, sources of assets, liabilities to assets and difference in value of assets compared to the previous year
- ✓ intangible assets and tangible assets
- ✓ costs of the electoral campaign

Revenues must be broken down by source: membership fees, contributions by private individuals, legal entities, income from goods / goods, gifts, inheritances, state budget, local budget, profit from company's incomes from the party's property, extra-ordinary income and the transfer of surplus incomes. Expenditures are to be broken down into: expenses, material costs, service costs, adjustments (correction of assets), depreciation, commissions, labour costs, other costs, expenses for financing, extraordinary expenses and surplus of expenses, transferred from previous years. Prior to being submitted to the National Assembly, the report must have been submitted for review to the Court of Accounts.

Pursuant to the Law on campaigns for elections and referendums, the organizers of the campaigns for elections to the National Assembly, the European Parliament and the President and for the national referendums must submit, within 15 days after the closure of the campaign's bank account, the financial report to the National Assembly and to the Court of Accounts, including:

- ✓ the total amount of funds collected and used for the electoral campaign;
- ✓ data on donations exceeding 3 times the average monthly salary, except for donations provided to political parties, in accordance with the provisions of the Law on political parties;
- ✓ information on loans, amounting to more than 3 times the average monthly salary of the previous year, including the name of the lender;
- ✓ information on deferred payments, which exceeds 3 times the average monthly salary of the previous year, including the name of the private individual or legal entity that approved deferred payment.

The organizers of the campaign for municipal elections and municipal council or for local referendums are required to present a report within 15 days after closing of the campaign's bank account to the municipal council and the Court of Accounts regarding the total amount of funds collected and used for the campaign including data on sources of funds and activities for which these funds were used, as well as complete data on deferred contributions, loans and payments.

Regarding access to accounting records of political parties in case of control, the Court of Auditors would have full access to all financial information and to the party's accounting records, as well as to competent authorities, in the context of a criminal investigation.

The law of political parties provides that all financial and material operations of a party must be public. Concerning electoral campaigns, the organizers' financial records are accessible by the Court of Accounts, at its request, the organizer of the electoral campaign, Slovenia bank and commercial banks to which the organizer of the electoral campaign opened a campaign bank account, are obliged to present the documents mentioned by Court. The Law on campaigns for elections and referendum states that reports that the organizers of the electoral campaign must present to the National Assembly and to the Court of Accounts, to the elections of the National

Assembly and of the European Parliament, to the presidential elections and to the national referendums, to the municipal council, as well as to the Court of Accounts, for elections to the municipal council, primary elections and local referendums, become publicly available after submission to the National Assembly, the municipal council and / or the Court of Accounts. For this purpose, the reports are published on the website of the Court of Accounts and may be accessed, upon request, also through the National Assembly or the municipal council, as the case may be (*Law no. 100/2005 regarding political parties, republished by Law no. 46/2014, Evaluation Report on transparency of funding of parties in Slovenia - Greco Eval. III Rep. (2007) 1E*)



Spain

The relevant accounting obligations of the political parties with respect to their operational activities are established by the Organic Law no. 8/2007 on financing of political parties. The accounts and financial reports of political parties are subject to general accounting principles. In this context, political parties have the obligation to keep accounting records, including accurate records of revenues and expenditures. In particular, accounting records shall include the following information:

- ✓ Annual inventory of political party assets
- ✓ Income information:
 - ✓ income from membership fees
 - ✓ incomes from property belonging to political parties
 - ✓ public subsidies
 - ✓ profits from current activities of political parties
- ✓ Expenditure information:
 - ✓ personnel expenses
 - ✓ expenses incurred in the purchase of goods and services
 - ✓ financial expenses arising from loans
 - ✓ other administrative expenses
 - ✓ expenses related to party activities.
- ✓ Information on risk capital operations related to:
 - ✓ loans and credits
 - ✓ investments
 - ✓ borrowers and creditors

The political party must open separate bank accounts in order to monitor membership fees, on the one hand, and all other types of private donations, on the other hand. The relevant financial institutions must provide donors with a document certifying the date on which the donation was made, the donation amount and the donor's tax identity. For donations in kind, the political party must provide the donor with a document formally attesting that the donation was actually made and irrevocable.

Furthermore, Law no. 5/1985 regarding the general elections regime requires a separate detailed account of the incomes and expenses of the electoral campaigns. Political parties must hire a so-called "electoral manager" for the management of finances related to the campaigns. Also, a specific bank account must be open for the activities carried out in the campaign: all donations and expenses must be executed through this type of account. As regards donations made through these bank accounts, they must specify the donor's identity, including its name, address and identity card / passport data. As for the expenses incurred during the electoral campaigns, after the end of the campaign, the money deposited in these accounts may be used only in the 90 days from the relevant elections and only to pay any expenses incurred before the close of the relevant campaign. Any citizen who has reached the age of 18 years and has full legal capacity may be appointed as election administrator. Also, the party representatives may hold office as electoral directors; however, candidates are prohibited from performing such tasks. If a party is applying in several provinces, in addition to the electoral administrator, a general manager is appointed to coordinate and strengthen



the relevant campaign accounts of the relevant party.

The relevant legislation on party financing does not include any specific requirements with regard to legal records. However, the authorities indicate that political parties would in principle be related to the general commercial and tax principles in this field. As a consequence, the financial administration and related documents (including computer files) of a political party should be kept for at least six years.

Political parties that receive public funds must report separately the operational activities and those of the electoral campaigns. Separate reporting of operational and campaign finances are aimed at better facilitating their audit. However, both operational and electoral finances must be aggregated at a later stage and consolidated in the annual accounts of political parties. The financial reporting of the parliamentary groups is governed by separate rules.

As regards operational activities, the committee of a political party is responsible for preparing an annual financial report, including:

- balance sheet (including a statement of assets and liabilities)
- profit or loss
- explanatory notes, containing detailed information on the various donations received from public and private sources

As regards private donations, they must detail the donor's identity (private individual or legal entity) and the amount of contribution received. The only exception to disclosure of donor identity is allowed with respect to a single income category, i.e. income from party properties and activities, and only if the amount is less than EUR 300. In addition, the explanatory notes must be accompanied by an annex including detailed information on loans (i.e. the identity of the lender, the total amount of the loan, interest rate, reimbursement period, debt-related expenses and any relevant circumstances that may affect the original conditions agreed for the relevant loan). These documents shall be sent to the Court of Accounts by 30 June each year.

The sentence of five to seven months imprisonment shall be applied to the person who breaches the obligation provided by the fiscal law, namely to keep commercial accounting records, and:

- a) Does not fulfil the obligation mentioned in the direct assessment procedure for taxable bases
- b) Keeps different accounting records, referring to the same year, which record conceals or simulates the true situation
- c) Does not enter transactions, acts, operations or economic transactions in general in the mandatory books or scores figures other than actual figures
- d) Makes fictitious accounting records in the mandatory registers

Regarding campaign finances, the electoral directors must submit to the Court of Accounts (or to the relevant audit institution within the Autonomous Community, as the case may be), in the 100-125 days following the relevant electoral campaign, the report with details of incomes and expenses of electoral campaigns. All credit institutions that granted loans for electoral campaigns as well as service providers who invoiced for an amount in excess of EUR 6,000 must report such operations to the Court of Accounts.

The financial reports of the political parties are held by the Court of Accounts (or the relevant Audit institution in the Autonomous Community, as the case may be). The law enforcement authorities have access to the accounting records of political parties, in case of suspicion regarding the commission of criminal acts, as well as to tax authorities for the purpose of fiscal inspection. Political parties are not subject to free access to information regulations. Therefore, detailed financial information (other than those included in the annual report on party financing, published

by the Court of Auditors) is not publicly available. The Court of Accounts is not subject to a formal obligation to advertise financial reports of political parties. However, it is necessary to issue an annual report on party funding within 6 months of submission of these reports. This report contains findings and observations related to the monitoring of the implemented political finances; it also usually includes an annex with summary information on the annual accounts of political parties. The report is sent to Parliament and subsequently published in the Spanish Official Journal (BOE), as well as on the website of the Court of Auditors (*Law no. 6/2002 on political parties, republished on 31.03.2015, Evaluation Report on transparency of party financing in Spain - Greco Eval. III Rep. (2008) 3E*)



Sweden

The Transparency in Party Financing Act aims to provide public information on how parties, members of decision-making political assemblies and substitutes for such members finance their activities.

A party must report how it financed its operations. Accounts must clearly state what funds they have in the course of their activities and where these funds originate (recognition of incomes). The income statement refers to the activities and activities carried out in party organizations. If the activity is managed by several non-profit associations, each such association must submit the recognition of the income of its activity.

A party that is not a non-profit association, when the law applies, must be equated with a non-profit association. If a party that is not a non-profit-making association has a mandate in the Riksdag or in the European Parliament or receives otherwise support under the Law (1972: 625) on state aid granted to political parties, it is equated with a non-profit association at central level within a party that has such a mandate, or receives such support.

One member or substitute for one member must present the declaration of income related to his activities as candidate, member or substitute for one member.

The time period for which an income statement is prepared refers to the financial year, if the person required to present the report is liable under the Accounting Act (1999: 1078), otherwise, the income statement referring to the calendar year.

One party presents a revenue report for the financial year or the calendar year in which the party participates in the elections for the Riksdag, the county council, the municipal council or the European Parliament. A party that has a mandate in Riksdag, the county council, the municipal council or the European Parliament shall submit income statements for all tax years or calendar years that coincide, totally or partially, with the warrant.

The Party, otherwise receiving support under the Law (1972: 625) regarding the state aid granted to political parties or receives the party support according to chapter 4 Sections 29 and 30 of the municipal law (2017: 725), presents declarations of income for each financial year or calendar year during which support was granted.

Anyone who has been appointed member or alternate for a member after the election must present the income declaration for the calendar year in which the election took place and for each calendar year or part of the calendar year in which it is performing its assignment.

The parties and their organizations, their members and their substitutes for members, as well as the candidates in party elections can't receive anonymous contributions to the extent that the amount exceeds the base price value of 0.05. If no anonymous subsidy has been received, which can't be accepted, the part of the subsidy that exceeds the 0.05 base amount of the price will be refunded to the donor. If this is not considered possible, the respective difference will be paid to the Trade Chamber. Repayment or payment must be made within three months of the end of the financial year or of the calendar year in which the grant was received. Upon payment to the Chamber of Commerce, information must be provided on the non-profit association, the member, the replacement of a member or the candidate for which the grant was granted. If no reimbursement or payment is made, the grant is deemed to have been received by the association,



the member, the replacement of a member or the candidate benefiting from the subsidy.

A declaration of income must include:

- information on the amount of first aid in the Law (1972: 625) on state aid to political parties
- state support, according to the Law (2010: 473), to women's organizations of parliamentary parties
- support, in accordance with the Law (2016: 1109), granted to party groups for parliamentary works in Parliament
- support for the party according to chapter 4 Sections 29 and 30 of the municipal law (2017: 725)
- state or municipal support for a youth organization
- membership fees
- income from sales and lotteries
- income from fundraising
- subsidies from private individuals, companies, organizations, associations and other associations, as well as foundations and foundations
- other income.

A declaration of income for a member or a replacement member includes information on the amount of income referred to in section 11, paragraphs 7-9, and the income that a member or a replacement member of a member transfers only to his party is reported in the statement of income.

Revenues from a cash collection refer to cash which has been collected from several donors simultaneously, so that it is not easy to check who the donors are and how much each individual donates. The profit account must specify each cash collection, specifying the amount of the amount collected, the time and place of collection.

A contribution that was not realized in cash is reported at fair value. For the grants mentioned in section 11, first para. 9, the value of which does not exceed the base price of 0.005, the amount of the subsidies is shown in the profit account. For anonymous subsidies received whose value exceeds 0.005, but not 0.05 the base price, the number of grants, the size of each grant and the amount of subsidies will be specifically mentioned in the income account.

For subsidies the value of which exceeds 0.005 base price values, the amount of the following grants is specifically mentioned in the income account:

- subsidies from private individuals
- subsidies from non-profit associations in the party or in party organizations
- other subsidies from companies, organizations, associations and other associations, as well as foundations and foundations

For subsidies, the identity of the concessionaire, the type of subsidy that has been made and the amount of subsidy specified in the profit account must be provided if the amount of the subsidy exceeds 0.5 base price. If a donor made several contributions during the financial year or the calendar year to which the income statement relates, the contributions must be aggregated and considered a single contribution to the accountancy Law no. 90/2018 on transparency in party funding, Evaluation Report on transparency of party financing in Sweden - Greco Eval III Rep (2008) 4E

Table 7.1. Requirements for reporting of political funding in some European countries



In Romania, electoral competitors have the obligation to report the annual financial statements drawn up as a result of the audit conducted for the purpose to obtain subsidies from the state budget, within 60 days from the date of the audit. The coordinating financial mandators are required to submit, within 15 days after the election date, the detailed reports on the competitor's incomes and expenses and the amount of debts registered as a result of the campaign. By April 30th each year, political parties have the obligation to submit to the Permanent Electoral Authority (EPA), in electronic format, a detailed report of the incomes and expenses incurred in the previous year. Until 30 April of the following year, political parties have the obligation to publish in the Official Gazette of Romania, Part I:

- list of natural and legal persons who, in the previous fiscal year, made donations whose cumulated value exceeds 10 gross minimum salaries per country
- list of private individuals and legal entities that granted loans whose value exceeds 100 minimum national minimum salaries
- total amount of confidential donations
- the total amount of loans with a value of less than 100 minimum base salaries per country received.

Donations, consisting of material goods required for political activity, but not electoral propaganda material, received from international political organizations to which that political party is affiliated or from political parties or political formations in political collaboration relations shall be published in Official Gazette of Romania, Part I, until 30 April of the following year.

The Permanent Electoral Authority communicates, by successive publications in the Official Journal of Romania, Part I, the list of political parties, political alliances, electoral alliances, organizations of Romanian citizens belonging to national minorities and independent candidates who submitted detailed reports on electoral revenues and expenditures, according to how they are filed. The Permanent Electoral Authority has the obligation to publish, in the Official Journal of Romania, Part One, within 60 days of publication of the results of elections, the respective reports, as well as the amount of debts registered as a result of the election campaign.

7.2. Control practices on political funding

Political competitors and other stakeholders are essential for the long-term improvement of political funding. In order to enforce the legal provisions and recommendations of international organizations, however, a public institution with a clear mandate and sufficient independence, resources and readiness to supervise and control activities in the field of political funding is required.



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Programul Operațional Capacitate Administrativă 2014 - 2020

The Organization for Security and Cooperation within the European Office for Democratic Institutions and Human Rights and the Venice Commission argued that “effective measures must be taken in legislation and state practice to ensure independence from political pressure and commitment to impartiality” Of the supervisory and control institutions. There are still states where no institution has a legal mandate to receive financial reports or investigate breaches of policy funding regulations. Among the countries that have such designated institutions, the electoral management body is most often set up with these tasks, although ministries, audit institutions and bodies set up specifically for this purpose are also used. (IDEA. *Funding of Political Parties and Election Campaigns. A Handbook on Political Finance, 2014*)

Public institutions responsible for implementing policy funding regulations must have both the mandate and the capacity required to carry out their effective role and must act independently and with conviction. However, it must not impose strict sanctions for the smallest breaches but develop mechanisms to prevent such situations. Stakeholder engagement will enhance their understanding of the need to supervise funding, as well as to comply with legal regulations. Respecting institutions should also be good overall regulatory practice, such as transparency, consistency and accountability.

The requirements for a political finance supervision body are similar to those for institutions managing overall electoral processes. To sum up, these requirements include:


- ✓ a clear and sufficient mandate that does not overlap with that of other institutions;
- ✓ an inclusive and transparent process of management appointments ensuring independence from political pressures and public trust;
- ✓ provision of management and personnel to protect against undue influence;
- ✓ sufficient funding and control over the institution's budget; and
- ✓ adopting an attitude within the institution that it will act impartially and transparently and will cooperate with the regulated community to encourage (where possible) compliance and prevention of breaches. (IDEA. *Funding of Political Parties and Election Campaigns. A Handbook on Political Finance, 2014*)

The political challenges of financial control may mean that the desired regulations are not adequate, as they would not work or could prove counterproductive. Therefore, the level of political opening must be taken into account. For example, even if strict regulations are desired, a blurring of lines between the governmental party and the state could mean that the establishment of a theoretically independent state agency holding a strong execution mandate could lead to harassment of parties and of candidates from opposition. Alternatively, the limitation of donations and expenditures can't be of use if there is no independent institution capable of enforcing such regulations. Together, the political challenges of

financial control often lead to a lack of regulation enforcement. Such challenges in the field of controlling the funding of the current activity of political parties and of electoral campaigns can be summarized as follows:

- inappropriate legislation (ambiguous or too ambiguous legislation or rules not appropriate to context);
- lack of political will to control money in politics;
- popular acceptance of vote buying;
- lack of independence of enforcement institutions;
- biased application of policy regulations;
- lack of resources for the enforcement of regulations.

The supervisory and control body should establish in writing the manner in which it will address and fulfil its clear monitoring and enforcement responsibilities such as: criteria for initiation of controls and investigations, timeline, types of investigation techniques and presentation of the framework decision-making process. Also, it should be specified when the surveillance body will apply the sanctions available to it as per legal conditions. Publication of this type of information shall give prior notice to all stakeholders and a basis to take account of legal regulations. The supervisory and control body can play a significant role in reducing the number of non-compliance breaches, providing advice and guidance, information activities, such as issuing clear manuals and training in the shortest possible time so that the stakeholders in the elections are informed with the regulations in force (OSCE / ODIHR, *Handbook for the Observation of Campaign Finance*, 2015).

 NETHERLANDS
<p>MIKR - Ministry of Interior and Relations with the Kingdom Reporting subsidies granted Each year, the MIKR will send Parliament an overview of the subsidies granted to political parties.</p> <p>The subsidy granted to political parties shall be used only for expenses directly related to the following activities:</p> <ul style="list-style-type: none"> a. education and political training activities; b. provision of information and informative materials on political activities; c. maintaining contacts with affiliated parties outside the Netherlands and supporting them through education and professional training activities for the benefit of the basic members of the mentioned parties; d. scientific research activities in the political field conducted at a political sciences institute; e. activities to encourage and promote the participation of young people in political activities or in the political life; f. recruiting party members; g. activities involving the involvement of third parties in political party actions, which are not party members; h. recruiting, selection and assistance of personnel employed by the political party; i. activities carried out in the context of electoral campaigns.

Supervision of political parties funding

1. By a regulation adopted by MIKR rules can be established on the scope, intensity and reporting of information and documents in terms of checks.
 2. The political party shall cooperate with its auditor or audit team appointed by MIKR in order to carry out additional checks on the financial statements or the activity report.
 3. The political party shall ensure that the party's financial auditor will cooperate with the audits performed by an auditor or audit team appointed for this purpose by the MIKR.
- In case of additional audits conducted by the Dutch Court of Auditors, the financial auditor and audit team appointed by MIKR will collaborate to complete the control.

(Report on the work visit performed by the representatives of the Permanent Electoral Authority, at the Ministry of Interior and Relations with the Kingdom, at the Electoral Council, The Hague, Netherlands, between 25.03-29.03.2019, in the scope of activities related to the Project "Argus - Integrity, ethics, transparency, anticorruption in financing political parties and electoral campaigns")

HUNGARY

Surveillance and audit activity of the financing of political parties

1. The political parties shall publish, by May 31st of each year, the financial statements in the Hungarian Official Gazette, as well as on their web site.
2. Contributions exceeding HUF 500,000 in one financial year are presented separately in the financial statements, with the name of the taxpayer and the amount indicated.
3. The State Office for Audit shall audit the legality of the funding of political parties from a regularity point of view and through the conducted declarations stating whether the financing was done in accordance with the law.
4. The State Office for Audit shall audit the legality of the public funding of the political parties benefiting from subsidies every two years.
5. The method for auditing the funding of political parties can be found in the Methodological Guide of the State Office for Audit.

Transparency of financing of electoral campaign and applicable sanctions

1. All candidates, political parties and organizations that have appointed public candidates in the Hungarian Official Gazette the amount, source and utilization of the funds from the state allocated for elections within 60 days after the election of the deputies in Parliament. The political parties hold separately a register of electoral expenses.
2. The use of state and other subsidies in accordance with the Law on the operation and financial management of political parties spent on elections will be subject to audit by the Hungarian State Audit Office for both candidates who have obtained mandate in Parliament and for organizations who receive ex officio mandates. Concerning the other nominated candidates and / or organizations, the audit of funds used may be made only on request, based on a notification received from other candidates or from other organizations.
3. Notifications for the performance of the audit upon request may be submitted within 3 months after the election of the Deputies to Parliament. The request must be accompanied by a motion for a hearing.
4. In case of subsidies, a report shall be sent to the Treasury regarding the person who raised and used the treasury card, together with other information requested.
5. In case a candidate or organizations that have nominated the candidate list do not comply with the transparency obligation, they pay back to the central budget twice the amount that may be spent for the elections, within 15 days after receiving an opinion from



the State Office for the Hungarian Audit.

6. In case when the candidate or organizations that have nominated the candidate list do not comply with the above obligation, the Hungarian State Auditing Office communicates its findings to the Treasury. The Treasury adopts a resolution on the payment obligation, against which no appeal can be made. The payment is due on the fifteenth day after the court approved the decision adopted by the Treasury or after expiration of the contestation deadline.
7. In case a candidate or organizations that have appointed the candidate list do not fulfil their obligation within the established deadline, the Treasury proposes collecting the debt by the Tax and Customs Administration of Hungary as tax. At the proposal of the Treasury, the fiscal and customs administration in Hungary will ensure collection of debts as tax.

(Report on the working visit performed by the representatives of the Permanent Electoral Authority, the National Electoral Office, the State Office for Audit and the State Treasury, Budapest, Hungary, during 06.05-10.05.2019 in the scope of activities related to the Project "Argus - Integrity, Ethics, Transparency, Anti-Corruption in Financing of Political Parties and Electoral Campaigns")



CEHIA

The Law on Association in Political Parties and Political Movements provides for the establishment of an authority as central administrative authority for the supervision of management of parties and political movements and as an independent accounting entity. The Authority consists of the president, 4 members and other employees of the state. The president of the authority manages and manages the activities, being considered to be a body that has the right to issue orders to public officers in order to exercise public office. At the same time, it approves the organizational structure of the authority, the work plan, a report on the activities for the respective calendar year. The Chairperson of the Authority is appointed for a 6-year mandate and can't be appointed for more than two consecutive terms. The eligibility conditions refer to knowledge, experience and moral qualities, to a good reputation, graduated from a university degree in a master's degree program. A person is considered of good repute if she has not been convicted and if, first, she was not convicted for an intentional or negligent crime related to the exercise of public administration.

Authority's attributions:

- oversees the leadership of political parties and movements and institutes,
- draw up and publish on its website a report on its activities for the relevant calendar year,
- publishes on its website the full annual financial reports of the parties,
- notifies the Ministry of Finance, by 31 May of the calendar year in question, whether it has been presented the annual financial report of parties and movements for the preceding year and whether it is complete,
- notifies the Ministry of Finance if the annual financial report has not been submitted or is not complete,
- communicates to the Ministry of Finance the result of the assessment of the annual financial report submitted,
- identifies offenses and enforces administrative,
- fulfils the competences provided by other norms in the field of financing electoral campaigns,
- fulfils the competences provided by other regulations,

The Authority examines the annual financial reports submitted by political parties and movements or performs its own control over their management. In exercising his oversight, he / she has the right to be acquainted with all data related to party and movement management.



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Surveillance activities are carried out by the president, by the members of the authority and his authorized employees. For the purpose of supervision and control of management of political parties and movements, the Authority uses the following reference data from the population basic register: name or name, date and place of birth, address of place of stay, nationality or, where applicable, several nationalities. (*Law no. 424/1991, valid until 31.12.2019, on the association in political parties and political movements of the Czech Republic, Evaluation Report on transparency of party financing in the Czech Republic - Greco Eval. III Rep. (2008) 2E*)



FINLAND

In Finland, the National Audit Office supervises:

- compliance with the provisions regarding the use of the subsidy
- use of aid (donation)
- preparation of related documents and information and submission to the political party of the local community of the party and of the association referred to in the decision.

In performing its role, the Agency may verify the supervised entity's accounts and use its assets and, if necessary, may instruct the supervised entity to fulfil its obligations under the legal provisions.

The National Audit Office may, by sanctioning the fine, to oblige the supervised entity to perform its duties in case the documents or information were not provided, corrected or filled in. The fine shall be applied by the Sanctions Committee, whose attributions are regulated by the law on the state audit office. Any dispute concerning the application of a sanction may be filed by appeal before the Supreme Administrative Court, as provided by the law of the administrative procedure. Otherwise, the control exercised by the State Audit Office is regulated by the Law on the State Audit Office. The National Audit Office reports annually to its Parliament its activities for monitoring compliance with the laws. The National Audit Office maintains a register of notifications regarding the financing of parties. Notwithstanding the legal provisions on the opening of government activities, any person is entitled to obtain copies of the register. The local, municipal and local authorities, as well as the bodies and institutions that govern them, must treat all political parties equally and in accordance with uniform criteria. The State Audit Office may decide the termination of the payment of the grant, and the subsidy or a part of it will be recovered in compliance with the provisions of the Law on State aid.

The Ministry of Justice shall supervise compliance with applicable laws and regulations and regulations issued under them, to the extent that such supervision is not the responsibility of the Office of State Accounts (*Electoral Law no. 714 / 02.10.1998, amended by SDK 1082/2019, Accounting Law no. 1336 / 30.12.1997, amended by SDK 1082/2019, Evaluation Report on the transparency of financing of parties in Finland - Greco Eval. III Rep., 2007, 2E*).



Latvia

Regarding the monitoring of compliance with the regulations on political finances, KNAB (Office for Prevention and Fight against Corruption) is the main entity in terms of current financial activities and electoral campaigns of parties. The Law for Combating Corruption and Combating Corruption foresees that the KNAB must fulfil a wide range of tasks in the field of party financing, which, in addition to the supervision of the application of the Law on financing of political organizations, includes investigation, enforcement, awareness-raising activities, as well as analyses of data. The works related to the financing of the parties are performed by the Division for control of funding of political organizations, which has supervisory personnel, which can't be a member of a political party or of a political association. The Anti-corruption Act stipulates that the KNAB must:

- ✓ to monitor compliance with the regulations regarding funding of political competitors;
- ✓ in the cases provided by law, to warn the persons and apply the sanctions;
- ✓ to carry out investigations and activities for the detection of those crimes set forth in the



Criminal Code, which are related to the breach of rules concerning the funding of political organizations (parties) and which, according to the law, are not within the competence of security institutions;

- ✓ within his competence, to check complaints and reports, as well as carry out investigations on proposal of the President, of the Saeima, of the Cabinet of Ministers or of the Attorney General;
- ✓ to centralize and analyse information on financial statements of political organizations (parties) / trade unions, on breaches found in submission of such declarations and on non-compliance with limits imposed by law.

Regarding the supervision of compliance with party financing rules, the Law on Financing of Political Organizations stipulates that the KNAB is to check the declarations of incomes and expenses of election. In addition, KNAB - within its sphere of competence - examines the annual reports of political parties (including the certified auditor's declaration on the financial and economic activities of the party. KNAB must inform the public about all violations of party funding, which it identified both in the electoral declaration of income and expenditure mentioned, as well as in the annual report, but also on the measures taken to prevent such breaches within six months after the deadline for the submission of electoral declarations and (for the annual reports) until 1 April of the following year. In order to fulfil his attributions, KNAB has extended competences: he is able to perform criminal investigations; to use different investigation techniques in these investigations; to obtain documents from state and municipal authorities, companies, organizations, officials and other persons, regardless of their secret regime; to enter the premises; to apply administrative sanctions.

In terms of transparency, the law on funding of political organizations establishes a variety of reporting requirements for political parties / coalitions. Thus, in the context of an electoral campaign, the parties have the obligation to provide the KNAB, within 30 days of the election, with a report on all incomes and expenses incurred between 120 days before the elections and the election day. The most relevant financial information will be included in the annual party report submitted to KNAB, which includes information on membership fees, donations (both monetary and in kind, indicating the value thereof, date of receipt and donor identity), inheritances and any other income, as well as expenses so that information made available to the public is consistent, significant and comparable to the greatest extent possible. Both the annual report and the election statement of income and expenses are published, in the official gazette and on the KNAB website, the procedure for submission of reports / declarations, having a standardized format for declarations, which will help the parties comply with the requirements of reporting, while also facilitating comparisons over the years.

Besides the annual report and electoral declaration on incomes and expenditures, political parties must also report monetary donations in kind - both the donations that they accepted and the donations that they have not accepted. This information includes information on the nature, value, date and donor's name. Thus, detailed information on donations is made available to the public in a very short timeframe, which therefore has the possibility to supervise them, together with the civil society and the media. As regards internal control, the Law on Political Parties promotes the internal supervision of party accounts, requiring them to provide in their statutes the structure of the body that will check economic and financial activities (including the procedure for the appointment of members, for decision-making, as well as for the mandate of the members). The law does not require the submission of the declaration by this audit body as part of the annual report (although such a requirement may perhaps add another level of responsibility with regard to the truthfulness of the financial information submitted). Moreover, the law stipulates that the parties, whose annual turnover exceeds 10 minimum monthly salaries, appoint a certified auditor to examine, at least annually, the economic and financial operations. The auditor's conclusions shall be attached to the annual report to be submitted to the KNAB.

The KNAB mandate also includes criminal investigation of corruption offenses, risk assessments, awareness-raising and education activities, independence of the surveillance mechanism and



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impartial application of regulations on political finances of particular importance. KNAB exercises the financial control of the parties, checking the financing of political parties on its own initiative and based on the requests received, controlling the financial and economic activities of the parties in four stages:

a. initial verification of declarations - in this stage, it is checked whether the procedure for submission of annual reports and declarations specified in the Law on financing of political organizations, namely if the parties submit the mentioned documents within the deadline specified in the law, is checked. According to the law, the parties submit KNAB the following types of documents:

- the annual report for each year, no later than 31 March, accompanied by information on associations and foundations, which is a member or founder of the party, and donations from associations and foundations, as well as organized practices, but also - in the cases provided for by law - opinion of the sworn auditor on the financial and economic activities of the Party
- declaration of electoral revenues and expenses - within 30 days after elections for Saeima, European Parliament or local administrations.

In case of deficiencies in the declarations or in the annual accounts, the CCPC indicates the errors and will request clarifications, together with the accounting records for the verification. KNAB may administratively sanction the parties if they do not comply with the financial declaration procedure. At the same time, following repeated warnings related to the submission of financial statements, KNAB may request the court to suspend the operation of the party in question, and if the party does not comply with the court decision, KNAB may propose dissolution of the party by law.

b. accounting checks

When examining declarations submitted by political organizations, the following criteria are considered:

- false and inaccurate statements;
- discrepancies between the information contained in the declarations annexed to the declaration and the information provided in the declaration;
- frequency of breaches committed;
- other criteria.

The order of batches to be checked shall be selected based on the above criteria. The financial statements and reports submitted by all parties are checked for compliance with the primary accounting documents.

c. verification of the authenticity and legality of the donation

According to the Law and the Regulation of the Cabinet no. 1055 of November 16, 2010, the parties must submit a report on donations to KNAB, within 15 days after receiving the donation. If the parties do not send information to KNAB on the private donation within 15 days after receiving the donation, it may sanction them administratively.

When accepting donations, parties should monitor, on their own, if the following legal limitations are observed:

- donation amount;
- prohibiting the acceptance of an anonymous donation;
- prohibition of accepting donations from legal persons;
- the prohibition to accept donations without transfer to the respective party's account, if the donation amount exceeds a minimum monthly salary;
- the prohibition of taking loans and granting loans or guarantees.

KNAB may detect breaches of law which the party itself can't detect, when:

- the donation was not made from the incomes obtained in the same calendar year or during the two previous calendar years;
- the donation is made by a person who is prohibited from donating;

- the party was financed by third parties.

In these cases, there is no provision for an administrative penalty for these crimes, the law stipulating reimbursement of funds to the state budget in case the party alone established legal restrictions on acceptance of donations or if KNAB found violations of accepting donations, because the funds obtained as a result of such breaches are illegal.

The main risk criteria taken into account by KNAB for verifying the legality and compliance with the requirements of each donation are as follows:

- donation amount,
- donor's income,
- private individuals - donor age,
- mismatch of the personal code with the name of the given donor,
- other criteria.

KNAB, upon receipt of the donation report, requests from the relevant registry holders (Information Centre of the Ministry of Interior, Prosecutor's Office and State Revenue Service) information on each donor. After receiving and evaluating all information requested, a decision shall be taken on the respective donor's income, followed by discussions with each of these donors. KNAB shall notify the party concerned of any breach of legal requirements, thus allowing the party to assess the acceptance of the respective donation within the period specified in the law.

d. cross checks

Upon receipt of the source documents of the lot for verification, the legality of the accounting records and the accuracy of the data in the source documents shall also be checked. KNAB checks if the donation was made by the person named in the declaration or report and if so, checks if the donation amount is the same as the one recorded by the relevant party. When checking the information contained in the financial statement, KNAB compares the expenses and revenues figures with the ones provided by the service provider. For example, the amounts of advertising expenses reported by the parties in the financial statements are compared to data provided by the service provider (advertising agency, television etc.) (Law no. 114, 16.08.1995, as amended on 01.12.2017 concerning the financing of political organizations in Latvia, Evaluation Report on transparency of party financing in Latvia - Greco Eval. III Rep. (2008) 1E).



NORWAY

The Party main organization has the obligation to audit the activities, in accordance with the provisions of the auditors' law, since the exceptions in the auditors' law do not apply. The annual audit is performed on all aspects covered by the report, including execution of accounts. The persons who verify and approve the accounts of a political party can't simultaneously be a member of the party or have been engaged by the party for more than eight years, these conditions having to be fulfilled also by the persons appointed as responsible auditors by the audit companies. The confidentiality rules of the Auditors' Theft Act do not prevent the auditor from providing information about the parties' books.

Regarding publishing conditions, a central registry that compiles the information in the party and party reports is made available to the public, including electronically. The Registry also contains information on parties that did not comply with the requirement for timed reporting. There are detailed regulations regarding accounting, definition of contributions and benefits, use of auditors, reimbursement, assessment and transfer of illegal contributions to the Treasury, reporting mode. In relation to the reporting system, it must include, in whole or in part, funding of electoral campaigns for candidates who are representatives of political parties or party members and who win representation for the elected bodies.

Transparency regarding party accounts and taxpayer agreements requires parties or party members to provide, upon request, access to the accounts used in the past year, as well as to any agreements concluded with taxpayers. The party audit committee shall assist the Management Board in controlling the parties' compliance with the law, in order to ensure the public's right to access



funding of political parties and parties and to counteract corruption.

The tasks of the Party audit committee are governed by the Party Act. The Party audit committee performs audit missions in accordance with the instructions of the Party's Legislative Council. Only the Party Right Committee has training authority over the party audit committee. Communications The Party audit committee, which does not have the authority to take individual decisions, must clearly state in each case whether it exercises control or provides guidance. The Committee shall submit a written report on significant findings for compliance with the obligations of the Parties Act and the Criminal Code. The Committee reports to the Financial Supervisory Authority any breach of the eligibility rules and the reports are approved and signed by the chairman of the party audit committee.

As a rule checks must be carried out on the basis of documents. In case of written checks, the deadline for the party's answer can't be shorter than three weeks. Electronic submission of documents may be used to the extent that it provides adequate documentation. The local control requires the approval of the party chairman or the general manager. In case of local control, the general manager, the chairman or another member of the board of directors or a member of the party are present, and the verification moment must be agreed with the party at least three weeks prior to the verification being performed. The party audit committee is appointed by the Party Legislative Council for a period of six years. The Council may decide that a member of the committee be appointed for a shorter period. The members of the Party audit committee may be members of the committee for up to 12 consecutive years. The Party audit committee shall have at least two members. The Parties shall, upon request, provide all relevant documentation with a view to fulfilling the obligations which the Council considers necessary for a particular assessment. The Party audit committee, upon request, carries out routine controls on compliance by the party or party members with reporting obligations. The control is politically neutral and it does not include the areas that affect the political independence or political freedom of the party. The Committee shall report annually on its activities. The report shall be submitted to the Ministry no later than 1 October (Law no. 102 / 17.06.2005, amended by Law no. 65 / 01.10.2015 (the Party Act) on certain issues related to political parties (Law on political parties), Evaluation Report on transparency of party financing in Norway - Greco Eval. III Rep. (2008) 6E)

Poland

As political parties and electoral committees do not have the obligation to communicate accounts and financial reports, the National Electoral Commission must publish the reports submitted to them by these entities. The financial reports of the political parties concerning the subsidy received and the expenses related to the grant, together with an opinion and report of an expert auditor, shall be published annually by the National Electoral Commission in the Polish Official Journal ("Monitor Polski") within 14 days of on submission to the committee. The same rule applies to the annual reports of political parties concerning sources of funds and expenses collected by the Electoral Fund, together with an opinion and report of an expert auditor. They are to be published in the same way, but without the opinion and report of an expert auditor, by the National Electoral Commission within four months from the election date. The electoral reports on presidential elections must be published within seven days after submission to the Commission. Publication requirements for reports of political parties and electoral commissions do not refer to the source documents attached to these reports, instead the authorities indicated that these documents are the source of public information.

The legal entities and, consequently, the political parties are subject to fiscal control. Approved fiscal inspectors may request access to files, books and all kinds of documents related to the object of inspection and to make extracts, copies, extracts, notes, documented collection of data in electronic form; In some cases, inspectors may request that such documents be handed over during the inspection. Moreover, in criminal proceedings, the Public Prosecution Service (during investigations) and the law courts (in cases pending before them) must have full access to the

accounting records of these entities. Objects that may serve as proof shall be returned upon request and subject to confiscation. The following reports of political parties and electoral commissions are subject to an assessment carried out by an expert auditor: annual reports on subsidies received and expenditures incurred, annual reports on sources of funds and on expenditures charged to the fund of those political parties that have a electoral register, as well as electoral reports of electoral commissions participating in elections to the Sejm and the Senate, at elections of the President of the Republic of Poland or at elections to the European Parliament; electoral reports of committees created in connection with local elections are not subject to mandatory control. The auditor must prepare a report and an opinion which must be submitted to the National Electoral Commission, together with the relevant report of the party or electoral committee. The auditor has access to the entire financial documentation of the political entity. The cost of the audit is covered by the Electoral Office, from the central state budget, and the auditor is appointed by the National electoral commission, among the candidates presented by the National Council of Accounts. The National Electoral Commission shall review reports submitted by political parties and electoral commissions together with the attached documents, including the auditor's report.

In case of doubts as to the accuracy of the information contained in a report, the Commission may ask the political party or commission concerned to make the corrections or to provide an explanation within a certain deadline. All criminal actions related to breach of the principles of funding of political parties and electoral campaigns are prosecuted under public accusation, and procedures in such matters are instituted ex officio. The National Electoral Commission must decide within four months of submission of a report if it accepts - with or without reservation - or rejects it. A report shall be rejected in case of breach of financing regulations provided by law, *for example*:

(1) *reports on reception and use of subsidies, when used for purposes not related to the statutory activities of the political party*

(2) *reports on sources of funding and electoral expenses, in case of breach of legal provisions*

(3) *reports of electoral commissions, in case of breach of the funding regulations of the relevant electoral campaign (for example, expenses for purposes other than electoral ones)*

In case a report is rejected, a complaint to the Supreme Court may be filed within seven days by the political party or electoral campaign in question. The Supreme Court shall examine the complaint in accordance with the provisions of the Code of Civil Procedure in a non-litigious procedure and shall take a final decision within 60 days of submission of the complaint. The National Electoral Commission, as the supreme competent institution for elections, is responsible for observing several attributions, such as: supervision of observance of electoral laws - including regulations on political funding -, supervision, maintenance and updating of the electoral register and creation of voter lists, appointing election commissions and determining and publishing election results. The Commission carries out its tasks with the help of the National Electoral Office, which is its executive body and has the duty to ensure the organizational, financial and technical conditions for the preparation and holding of elections and referendums. The Head of Bureau is the secretary of the National Electoral Commission and attends the meetings, with consultative capacity. Expenditures related to the current activity of the National Electoral Commission and of the National Electoral Office are covered from the financial resources allocated to the Commission from the state budget. Regarding the sources of financing allowed by political parties and electoral campaigns, bank loans are an important source of political funding in Poland. Legislation allows political parties to contract loans for statutory purposes, and election committees for election-related purposes. The conditions of the contracted loans must be specified both in reports of financial political parties, as well as reports of electoral commissions. However, the terms and conditions for granting loans to parties (such as the maximum amount of loans, eligible lenders, recording of loans, last time for borrowing before elections, conditions for reimbursement, etc.) are not specifically regulated.

The legislation in force obliges the political parties to submit to the National Electoral Commission annual reports on the sources of incomes and expenditures, in the previous calendar year and, in the case of the parties receiving public subsidies, to submit annual reports on the



subsidy received from the state budget and the expenses related to the subsidy. In accordance with the general accounting rules, political parties are also required to draw up an annual declaration covering all sources of income and all expenses incurred, however this annual statement is not sufficient to disclose the obligations or supervision of the Commission National Electoral Commission or any other monitoring body.

In accordance with the applicable rules, no reference is made to legal entities directly or indirectly involved in the activity of a political party, since contributions to political parties and electoral commissions can only be made by private individuals and electoral campaigns may be carried out only by electoral committees. The Polish system seeks to exclude any financial relationship between political parties and other entities, and breaches of these rules are punished according to dispositions of criminal law. Taking into account the fact that the system of financing of political parties relies to a large extent on public funding, it includes very strict rules on private funding (which prohibits, inter alia, contributions from legal entities). Political parties are not legally obliged to publish the accounts, instead, Polish legislation obliges the National Electoral Commission to publish various financial reports of political parties and of electoral campaigns respectively. There is no single document allowing the public to obtain an overview of the financial situation of a political party and its electoral committee. The current publication regime is quite confusing and does not guarantee easy access to information on party funding, all the more so since the National Election Commission does not have to publish different reports on the web page. Statements on donations are made annually in the financial reports of political parties and, after elections, in electoral reports of election commissions, from which they are to be submitted to the National Electoral Commission. While the process appears to be open and subject to control by the Commission, in order to ensure a good level of transparency, the mandatory declaration of donations should be regular, *for example* once a quarter, so that it could constitute a measure to prevent acts occurring in connection with a breach of rules in the field of funding political parties. Monitoring of the funding of political parties and electoral campaigns was entrusted to the National Electoral Commission - assisted by the National Electoral Office - which is a permanent institution responsible for general election administration in Poland.

In the field of political funding, the main tasks of the Commission consist in publishing the financial reports submitted by the parties and the electoral commissions, as well as in the control exercised over compliance with the applicable funding regulations. The committee, composed of judges, may be considered an independent monitoring body with qualified staff. However, for the representatives of the Commission and of civil society, the financial and human resources affected by the control of the political funding are insufficient. Despite the legislative reforms that conferred new responsibilities on the Commission in this field, additional financial resources were not provided to the team responsible for controlling the political funding, which consisted of eight controllers, being considered by the representatives of the Commission themselves as insignificant for a large country, such as Poland, taking into account the number of parties, the number of electoral commissions and election events, which must be monitored. Verification of financial reports of political parties and electoral committees by the National Electoral Commission is achieved to a large extent based on accounting procedures. Auditing is transferred to private accountancy firms, which creates a level of control that can meet accounting rules, but not political ones, since auditors do not have the skills required to investigate possible breaches in donations and expenses. It should be added that this control body may, in case of suspicion regarding the accuracy of the financial reports, request political parties and committees to provide additional explanations, but it is not competent to carry out any investigations. In addition, good cooperation between authorities responsible for implementing legislation on political funding (i.e. monitoring body, law enforcement authorities) is of particular importance. The National Electoral Commission and law enforcement authorities are obliged to inform each other about suspicions of committing crimes and respectively on criminal procedures performed in the field of political funding (*Law of political parties no. 604/1997, amended on 21.06.2017, Evaluation Report on transparency of party financing in Poland - Greco Eval III Rep*



(2008) 2E)



SERBIA

The law enforcement authorities have access to the accounting records of the political parties, in case of suspicion regarding an act provided by the criminal law, as well as to the fiscal authorities for the purpose of fiscal inspection. The accounting records of a political party are subject to the annual audit. In this respect, political parties must regulate in their statutes the internal audit of financial operations and the right of party members to be informed on party incomes and expenses. The Manual on common criteria for organization, standards and methodological instructions for the internal audit of the public sector, as well as the Accounting and Auditing Act are applicable in this respect. In particular, the professional title of authorized internal auditor may be obtained by a person with a university degree, three years of professional experience in the external audit field of the financial statements or internal audit or five years of experience in accounting, who passed an examination for acquiring this professional title and without having a prior criminal record.

The political parties will appoint a person responsible for the financial operations, presenting the reports, record contacts with the Anticorruption Agency. The political parties must inform the Anticorruption Agency about the appointment of the responsible official mentioned within three days after its appointment. The responsible officer shall sign all financial reports and must keep accurate records in party accounts. The Anticorruption Agency may request at any time that the responsible person present reports for examination.

The Anti-Corruption Agency was established by the Law on Anti-corruption Agency, as an autonomous and independent public body, which reports to the National Assembly. The management bodies of the Anticorruption Agency shall include the Management Board and the Director. The Agency Council has nine members, who are elected by the National Assembly after appointment by the Administrative Assembly of the National Assembly. The Director of the Agency and his deputy shall be selected through a public contest announced by the Board; the term of office is five years. The members of the board of directors and the director of the agency may not be members of a political party.

The Anticorruption Agency consists of two departments for preventive and operative activities, respectively. The Anticorruption Agency works with 60 employees. Regarding the performance of monitoring the financing of parties / campaigns, a separate division is set up within the operative department. This division consists of four employees with university degrees in economy (and work experience of 5 years) or finance (and 3 years work experience). In addition to its monitoring role, the Anti-Corruption Agency has to keep and publish, through its website, a register of financial reports of political parties, as well as to elaborate the appropriate templates for the information that will be collected in the financial reports. The Anti-Corruption Agency has inspection competences in order to verify the data contained in the relevant campaign reports within 90 days after submission thereof. In addition, the agency has investigations / inquiries, that is the power to cooperate with other government agencies in the verification procedure (all government agencies and organizations are required to cooperate with the Agency under the provisions of the Law on anti-corruption agency), especially the institution of state audit, police authorities, prosecution services, the Office for Prevention of Money Laundering, etc.

Control of financial operations of political parties in Serbia is also carried out by the State Audit Institution. The state audit institution is an autonomous and independent public body that reports to the National Assembly. The audits carried out by the State Audit Institution include examination of revenues and expenses in accordance with the budgetary system regulations and regulations on public incomes and expenditures, financial statements, transactions, accounts, analysis and other records and information of audited entities, regularity of the commercial operations of entities audited and the proper use of public funds in full or in part, as well as the system of internal controls, internal audits, accounting and financial procedures of audited entities; acts and actions of audited entities that have or may have financial effects on the collections and expenses of



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beneficiaries of public funds, state property, loan and guarantee collaterals and the proper use of funds at the disposal of audited entities; regularity of operation of management bodies and of other persons responsible for planning, execution and supervision of commercial operations of beneficiaries of public funds. The state audit institution has full access to all documents, including confidential ones, of the audited entity.

The Anti-Corruption Agency and the State Audit Institution must present the annual reports to the National Assembly highlighting the issues encountered during the performance of the monitoring of the political finances; must also include proposals for improvement. (*Law no. 43/2011 on financing of political activity in the Republic of Serbia, as amended by Law no. 123/2014, Evaluation Report on transparency of party funding in Republic of Serbia - Greco Eval. III Rep. (2010) 3E*)



Slovakia

Regarding the annual report on the periodical finances of the political party, the National Council (or its accredited body) shall carry out a formal control with regard to all necessary information. Although the National Council also checks that the information contained in the annual report is accurate and complete and if there are no other breaches of law identified in the annual reports, in practice it is based on the auditors' report. In case of irregularities are identified in the report, the National Council (or its authorized body) shall request the party to remedy such irregularities by no later than 30 June of the calendar year. After notification by the National Council (or its authorized body), the Ministry of Finance should suspend the payments of the state contributions until it was notified by the National Council that the deficiencies have been corrected.

The Ministry of Finance supervises the observance of the political party's obligations to provide an interim and final report on the finances of its electoral campaign. Carries out a formal control of the data contained in both the interim report, as well as the final report, but does not refer to this information and does not examine the accounting records of the political party. The Ministry of Finance also controls whether the public funding of a party has been provided in accordance with the relevant conditions. Law no. 85/2005 provides that this financial control must be carried out by the financial control administration of the fulfilment of the conditions for the provision of state budget contributions and their exact use.

The financial control administration, which is organized in several branches (regional), is an independent body with special statute according to the Constitution and Law no. 440/2000 regarding the Financial control administration. The financial control administration may audit the political parties with regard to ex-officio state funds, if they receive signals that there are irregularities in the manner in which state contributions were spent, or when the Ministry of Finance is required to carry out such audit.

The Supreme Audit Office may verify whether the Ministry of Finance has provided public funding in accordance with the law, but has limited competence in the use of these public funds by political parties.

The Ministry of Finance checks - on the basis of information submitted by presidential candidates and magazine publishers, radio and television stations etc. - if the presidential candidates did not exceed the limit of the expenses provided by the law for the advertising campaigns.

The legislation in force requires political parties to report their funding - especially funding for the current activity - in compliance with the legal requirements on detail. Parties must provide (both in their annual reports and interim reports) details of donations, services provided free of charge, loans and credits: such reports must include details of the nature and value of the donation, service or loan and the identity of the donor, service provider or to the creditor.

The legislation does not deal with the financing activity of independent candidates in elections. Although all candidates must be included on a party list, they may conduct a campaign for a parliamentary seat separated from the party on whose list they appear. Donations may be handed over directly to an independent candidate or to a parliamentary member without being reported. At



the same time, the law does not distinguish between the organization of the central party and local and regional branches, which implies that all incomes and expenses of these parties' subsidiaries must appear in the central party's accounts and must be included in the annual reports of the party. This was confirmed by the Slovak authorities, who declared that because political parties are legal entities, they are obliged to include all incomes and expenses of local regional branches in the central accounts.

In the Slovak system, political parties are not obliged to provide financial information regarding entities that are directly or indirectly connected with them or otherwise suitably controlled, if they have a legal person separated from the political party. For example, entities set up by persons involved in activities of political parties, involvement of youth political organizations in presidential election campaigns and use of billboards in campaigns to support a particular candidate or party whose origin could not be identified as belonging to a political party .

Another situation governed by the Slovak legislation is that both party annual reports and electoral campaign finance reports are published on the website of the National Council (for annual reports) and the Ministry of Finance (for the campaign reports) which, in principle, should facilitate genuine supervision by civil society, the media and the general public. However, the reports published on the National Council website are very difficult to find because they are classified by number rather than by name criterion. Based on the analysis of the Slovak state legislation, it appears that the method of supervision of the financing activity of political parties and electoral campaigns is poorly regulated.

In terms of internal controls, each political party decides on how their finances are to be monitored. In addition, there is a legal requirement for parties to approve their financial statements, this operation being performed by an auditor, who is appointed, by drawing lots, by the Court of Accounts of Slovakia. The external control of the political party funding activity is carried out by several entities. The Committee on Finance, Budget and Currency of the National Council is the main entity charged with such supervisory responsibilities. However, the supervision exercised by this body is rather formalistic: it is based on the auditors' statements, but it does not have access to the initial full audit report and only checks if donations reported by political parties in the annual reports are from apparent sources prohibited (*for example*, state bodies or foreign entities). In addition, the Ministry of Finance is empowered to supervise the observance of political organizations with the obligation to provide an interim and final report on the finances of the electoral campaign. The Ministry of Finance also has the responsibility to monitor whether state finances are used by political parties in accordance with the law. Moreover, the use of state contributions by political parties can also be supervised by the Financial Control Administration, an independent body and, to a limited extent, by the Supreme Audit Office.

The supervision exercised over the financing activity of the political parties and of the electoral campaign is fragmented, diffuse and formalistic. Neither the Finance Committee, the Budget and Currency of the National Council nor the Ministry of Finance have an overview of the private and public funding of political parties, as well as of the electoral campaigns and the expertise required to exercise an adequate form of supervision. The supervision exercised is based largely on the assessment of the auditors, whose main responsibility is towards the party's executive body and not by the Committee on Finance, Budget and Currency. Mass media and civil society - such as Transparency International, the Fair Play Alliance and Civic Eye - play a key role in providing some form of external supervision, although this supervision is significantly impeded by the absence of any mechanism by which the irregularities found may be tracked.

The financial control administration may audit political parties on the use of state contributions on their own initiative if they receive indications that there are irregularities in the manner in which these contributions were used or if the Ministry of Finance requests this. Fair Alliance - represents a non-governmental organization actively involved in increasing the transparency of political representation and public administration - which created, among other things, a database accessible to the public on public money flows to private entities, providing additional information on decisions



that can be favourable to certain political donors (*Law no. 85/2005 on political parties and movements in Slovakia, amended on 16.07.2019, Evaluation Report on transparency of party financing in the Slovak Republic - Greco Eval. III Rep. (2007) 4E*)



Slovenia

The main institution involved in monitoring compliance with regulations on political finances is the Court of Accounts, both for the current financial activities of the parties, as well as for the electoral campaigns. In Slovenia, the Court of Auditors is the supreme audit institution for the supervision of state budget, state budget and all public expenditures, it is an autonomous and independent authority.

The law provides for several incompatibilities and includes provisions on prevention of conflicts of interest, establishing that the position of state auditor, member or secretary of the Court of Accounts is incompatible with a function of a political party. The Court of Accounts is responsible for the activity in front of the National Assembly, to which it sends a report at least once a year. The budget of the Court of Accounts shall be established by the National Assembly, based on proposal of the Court of Accounts.

The Court of Auditors shall check whether:

- ✓ the parties received donations from prohibited sources
- ✓ received and declared the donations
- ✓ political parties used one account per organizer of the electoral campaign
- ✓ there are situations in which state companies finance campaigns of political parties
- ✓ foreign loans are obtained, etc.

The Court of Accounts reviews the annual reports that political parties must present to the National Assembly, limiting, firstly, to a verification as to whether the annual report is in compliance with the legal requirements, without extending control or cross-reference to the content of the financial statements, or checking the party's records. By law, the Court of Accounts may carry out regularity and / or performance audits of political parties receiving state funding (and sometimes from local budgets). Regular audits aim to obtain adequate and sufficient data to enable the Court of Accounts to express an opinion on compliance with activities with regulations and guidelines which any user of public funds is obliged to observe in the conduct of its activities.

Regarding party annual reports, the Court of Accounts assesses:

- ✓ if the report was submitted in due time;
- ✓ if the report was drafted in compliance with the Regulation of the Ministry of Finance, regarding the content and form of the annual report and the abridged annual report;
- ✓ whether the financial statements define each funding source;
- ✓ if the report shows surplus of incomes;
- ✓ if the reports include information on legal entities, physical ones whose contribution exceeds 3 times the average monthly salary of the previous year;
- ✓ if the individual contributions did not exceed 10 times the average monthly salary of the previous year;
- ✓ whether the report includes information on the Party's assets and changes to such assets;
- ✓ if the balance sheet was drawn up based on the Accounting Act and the accounting standard in Slovenia;
- ✓ if all expenses of the electoral campaign were presented - in cases where the political party organized the campaign.

The Court of Auditors shall submit its report to the political party concerned, who must present it with its annual report to the National Assembly. If the annual report does not comply with the legal requirements, the President of the National Assembly may request the party to correct the report. If the party fails to submit the report, submits an incomplete report or does not publish the abridged version of the annual report, the public funding of the party may be suspended until it complies with the legal requirements. If, during the verification of annual reports of political



parties, the Court of Auditors has a well-founded suspicion regarding the commission of a crime, it may propose the commencement of criminal proceedings or may submit a request for criminal prosecution, as the case may be. In addition, the Court of Auditors may carry out control upon notification to a private individual or legal entity.

Another body that may be involved in supervision of compliance with the regulations of the Law of political parties is the Ministry of Finance. The Ministry of Finance supervises the enforcement of the provisions of the law on public funding of political parties, on party funding sources, conditions on donations / contributions, the party's annual report and the prohibition to be financed by public entities. Annual reports of political parties, including the control protocol of the Court of Accounts, are submitted to the (president) of the National Assembly, its role in monitoring compliance with regulations on party finances being nonetheless limited.

The Law on electoral campaigns and referendums gives the Court of Accounts the right to carry out an audit of campaign organizers regarding elections of the National Assembly, European Parliament, presidential elections, as well as the organizers of campaigns for consulting citizens, who are entitled to partial reimbursement of expenses of the electoral campaign, in due time 6 months after the closure of the campaign's bank account (i.e. no more than 10 months after election day / referendum). The Court of Accounts may also audit the organizers of municipal election campaigns and mayors. Thus, the Court of Accounts examines the total amount of funds obtained and used for the electoral campaign, regardless of whether the organizer of the election campaign constituted and used them in accordance with the legislation and regardless of whether the information reported to the Court of Accounts is accurate. Information from sources such as press reports, associations and banks can be used to carry out the audit by the Court of Accounts. No controller is permanently appointed to carry out verification of electoral campaigns. The Court of Accounts may also perform other investigations necessary for the performance of control activities, being allowed access to documents held by third parties. The Court of Auditors' audit reports are published on the website of the Court of Auditors and are also published in the Bulletin of the National Assembly. The organizers of the election campaign for the mayoralties and the municipal council or for the local referendums are required to submit the report to the municipal council. The transparency regulations on annual reports focus on providing sufficient information to understand the source of party funding sources and how they were spent by political parties. This particularly applies to campaign expenses, as political parties and other organizers of the electoral campaign must provide the amounts for each reporting category. *(Law no. 100/2005 regarding political parties, republished by Law no. 46/2014, Evaluation Report on transparency of funding of parties in Slovenia - Greco Eval. III Rep. (2007) 1E)*



Spain

Political parties have the obligation to carry out their own internal controls. An internal control report must be submitted to the Court of Auditors, together with the relevant party political reports. The oversight of the Spanish institutions is not only formal but also material. In this regard, the responsible supervisory bodies are entrusted with certain investigative powers to request all documents necessary to verify whether the funding received from political parties (from public or private sources) complies with the legislation in force. Electoral committees are responsible for monitoring compliance of relevant political parties with the relevant rules on financing of electoral campaigns starting with the day when the appropriate elections start and until the 100 th day of election. However, in practice, electoral commissions have not carried out any control over party finances so far.

Under Law no. 8/2007 on the financing of political parties, donations received from associations and foundations related to political parties represented in Parliament comply with the same supervision requirements as are imposed on political parties. In principle, in case of an irregularity / deficiency in a financial report, the Court of Accounts contacts the political party in order to clarify

/ remedy the situation. If, however, if the irregularity detected suggests a possible case of corruption, the Court of Auditors shall immediately notify the relevant authorities, as appropriate. The Audit Office performs investigations ex officio as well as following a citizens' complaint. Political parties must keep records of the appropriate accounts and keep them in compliance with the general accounting principles; the monetary donations will be credited to certain bank accounts opened by political parties in this respect. In addition, political parties have to carry out their financial operations in connection with electoral campaigns through a separate bank account and appoint a manager to manage the finances related to the campaign. Income and expenses records should be kept in detail in order to show and explain the transactions of political parties - at all times - with a reasonable accuracy. In particular, political parties must identify in their accounts the source and quantum of single donations; the only contribution which political parties have the right to receive without disclosing the identity of the third party buying goods or providing services are the advantages obtained from the properties and activities of the party (e.g. sale of propaganda material) not exceeding EUR 300. Political parties must present to the Court of Auditors structured information on the operational activities and on the electoral campaigns (final award of public subsidies for electoral expenses is subject to submission of the corresponding report); however, both the operational and electoral finances will be subsequently consolidated into the annual accounts of the political parties. Political parties have no obligation to disclose their accounts (or a summary thereof). However, the Court of Auditors shall include, in its annual reports, aggregate figures on incomes and expenses of political parties; this information is generally published a few years after the actual financial reporting of political parties takes place.

Concerning the internal control, Law no. 8/2007 specifically provides for a system of internal supervision of party accounts in order to guarantee an adequate audit of the economic and financial activities of the relevant political parties. The Act further stipulates that the result of such control must be documented in a report of the internal auditor which will be annexed to the relevant financial reports sent by the political parties to the Court of Accounts.

The Court of Accounts has overall authority to monitor political funding. This responsibility is shared among the various audit institutions of the autonomous communities regarding the expenses incurred in the electoral campaigns at the local level. The Court of Accounts plays a key role in improving the legal framework on party funding, not only by identifying legislative shortcomings, risk areas, but also by recommending solutions to increase the transparency and accountability of the system. As regards its monitoring / supervision role, the Court of Auditors may, in case of suspicion regarding the accuracy of financial statements, request political organizations to provide additional explanations; In addition, any person / entity that has entered into an agreement with a political party is legally obliged to cooperate with the Court of Accounts, as the case may be.

An important force in the Spanish system is the level of institutional cooperation between authorities responsible for implementing legislation on political funding. Any citizen may submit a complaint to the Court of Accounts if there is reason to believe that irregularities occurred with regard to party funding. (Law no. 6/2002 on political parties, republished on 31.03.2015, Evaluation Report on transparency of party financing in Spain - Greco Eval. III Rep. (2008) 3E)



Sweden

In Sweden, the person required to submit the income declaration is required to appoint an auditor in accordance with his Statute or Audit Law (1999: 1079), the income account is reviewed by the auditor. An audit relates to whether the income statement has been prepared in accordance with Sections 3 to 22. The audit must be as detailed and comprehensive as possible. The auditor presents a written opinion on the audit, which must be attached to the income statement. An income declaration shall be submitted to the Chamber of Commerce and must be submitted to the College no later than 1 July, the year following the fiscal year or the calendar year for which the report is to be reported. If a person is appointed member or substitute for a member after 1 April of the year following the electoral year, he must submit, instead, the income declaration for the



calendar year in which the election took place within three months after the election .

A non-profit association at central level within a party that has a mandate in the Riksdag or in the European Parliament or receives otherwise support in accordance with the Law (1972: 625) on state aid to political parties must always submit an income account. The same applies to a central-level not-for-profit association within the party organization. Other non-profit-making associations in the party and their organizations must not submit any income statement if the amount to be reported is less than 0.5 base price value. The same applies to members and deputies. Deductions for membership fees may be made only if the tax has been decided by the non-profit association in the proper order according to the statutes of the association and amounts to a basic price of 0.01 per member and year. A declaration of revenue shall be signed by the authorized representative of the person responsible for accounting. A member or a replacement member must sign the income declaration. In case an income declaration is drawn up electronically, it shall be signed with an electronic signature.

The Chamber of Commerce makes the income statements available to its public on its website. However, this does not apply to information on a donor's identity, if the donor is an individual. The College of Chambers shall also make available on its website information on payments made to the Authority in connection with anonymous subsidies that can't be received. It must be specified what amount was paid and what non-profit association, member, substitute of a member or candidate made the payment. The Chamber of Commerce supervises compliance with this law and the regulations that have been notified in connection with the law. It may decide the ordinances required for supervision also for their party parties and organizations as well as members, substitute members and electoral candidates for parties fulfilling their obligations under this law. The decision on the court order may be combined with a sentence.

If a notification of any individual or other circumstance becomes a special cause, the Chamber of Commerce shall investigate whether:

- ✓ someone who is required by law to present an income account has not done so
- ✓ a revenue report is incorrect
- ✓ someone received an anonymous contribution

The Chamber of the College examines the issues related to the toll charge and the special fee in accordance with the law.

(Law no. 90/2018 on transparency in party financing, Evaluation Report on the transparency of party financing in Sweden - Greco Eval. III Rep. (2008) 4E)

Table 7.2. Regulation of control activities of political funding in some European countries

In Romania, control is defined by the legislation as the action for determining the accuracy of the material operations that are performed in anticipation of their execution, simultaneously or shortly after they take place.

According to art. 42 para. 1 and 2 of Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns, republished, as subsequently amended and supplemented, the institutions that may carry out the control activity are the Permanent Electoral Authority (EPA) and the Court of Accounts. The control of the financing activity aims to know the manner in which the political and financial means are administered by the political parties, how to achieve and spend the public and private funds, according to the law. The control on the financing activity represents a means to prevent illicit acts, to identify the deficiencies and to establish the measures required for the restoration of legality. The preventive financial control of the financing activity of political parties and electoral campaigns is an activity



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whereby the operations on public and private funds used by the parties are checked in terms of compliance with legality and regularity. The control on the financing of the activity of political parties and electoral campaigns aims to check the current activity of political parties, electoral campaigns and of the referendum. The control is performed under the authority of the General Manager of the Department for controlling the funding of political parties and electoral campaigns, which organizes the control activities of political parties and proposes to the Permanent Electoral Authority (PEA) president to apply the sanctions provided by law. Permanent Electoral Authority, by Controlling department of political parties and election campaigns, is entitled to control compliance with legal provisions concerning incomes and expenses of political parties, of political or electoral alliances, of independent candidates, as well as the legality of funding electoral campaigns. The controlling department of political parties and electoral campaigns can request documents and information that may be related only to activities that involve income generation and expenditure execution.

The Court of Accounts has control attributions regarding the subsidies from the state budget, checking the legality of the validation of the amounts for the purpose of reimbursement to the electoral competitors. The control exercised by the Court of Accounts is a subsequent control that analyses the efficiency and effectiveness of the use of the amounts to be reimbursed to the electoral competitors.

The following measures are taken in order to carry out the control carried out by PEA:

- approval of control mission schedule;
- issuance of the employment order;
- notification of control to electoral competitors;
- the team presentation meeting and the control objectives.

The main control objectives on financing the activity of political parties and electoral campaigns are as follows:

- checking the identification documents of the controlled entity;
- checking the information in the tax register;
- verification of the organization of accounting according to the accounting regulations in force;
- checking the organization of records of contributions, donations and loans;
- verification of records in accounting of incomes from other sources according to legal provisions including income from bank interests
- verification of the organization of the expenses incurred;
- verification of the method of taking data during election campaigns into the accounting records of the party;



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- verification of the consistency between the income reports published in the Official Gazette of Romania - Part I, data obtained from the accounting records of the controlled entity and of those declared at PEA;
- verification of compliance with the implementation of the recommendations mentioned in the control report drafted during the control carried out previously at the controlled political formation;
- verification of transmission, including compliance with legal deadlines for reporting of situations and reports provided by law, as applicable;
- verification of the situations and reports sent and recorded to PEA with the data resulting from the accounting records of the controlled entity;
- verification of the resumption of contributions to candidates, if applicable;
- any other verifications necessary to establish the legality of financing the current activity of the political parties.

The results of the annual control on compliance with the legal provisions related to the incomes and expenses of political parties shall be published in the Romanian Official Gazette, Part I, and on the PEA website, within 45 days after execution. The report on the control carried out at the notification by any person presenting evidence of non-observance of legal provisions concerning the funding of political parties and electoral campaigns shall be published in the Romanian Official Gazette, Part I, and on the PEA website, until of 30 April of the following year. PEA may control compliance with legal provisions concerning funding of political parties and electoral campaigns and when there are suspicions of breach of legal provisions regarding the funding of political parties and electoral campaigns, upon notification to any interested parties or ex officio. In case when during control performed by PEA on compliance with legal provisions regarding funding of political parties and electoral campaigns suspicions arise regarding commission of criminal actions, PEA shall immediately notify the criminal investigation bodies.



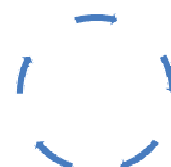
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Chapter 8

RISKS OF THE PROCESS OF FINANCING PARTIES AND ELECTORAL CAMPAIGNS. PENALTIES

The phenomenon of corruption in the financing of political parties and electoral campaigns may generate major imbalances at a macroeconomic level, given that political parties integrate all citizens and their individual or group interests in the decision-making elite of the state. In this context, it is obvious that one of the most serious vulnerabilities of the state is represented by the way in which the legislative framework is developed. Although the provisions regulating the funding of political parties and electoral campaigns from public sources and / or from private sources are considered late by some international bodies that promote the values of democracy and which strive to control corruption, it can be noticed successive amendments and additions to the legislative norms, in the attempt of the states to create robust structures, with power to decide on the application of sanctions and to create a general state of deterrence in the commission of offenses or criminal actions.



8.1. Risks of corruption in the financing of political parties and electoral campaigns

Risks of corruption in the political sphere can be multidimensional, they may have prolonged effects and may affect several categories of relations, such as relations between state authorities and citizens, relations between top decision-makers and different groups with common interests; or relations between representatives of the business environment. Considered overall, the risks of corruption manifested in each field of activity represent, in turn, a "risk", but an important one, according to which the image and power of the country are appreciated internationally.

The phenomenon of corruption can be manifested in a variety of actions or inactions, each of which can be appreciated and treated as a country risk. Political corruption may encourage actions of bribery and bribery, various forms of blackmail, unfair competition in the business environment, unfair treatment of citizens and may contribute to the development of hostile attitudes of state institutions.



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Certainly, political corruption will generate the risk of developing activities specific to the underground economy (non-taxed activities, misappropriation and money laundering), which will affect the strength and credibility of the state, both at national and international level.

By **risk of corruption** is understood the probability of materialization of a corruption threat targeting an employee, a professional body or a field of activity, determined by the specific attributions and likely to have an impact on the fulfilment of the objectives / activities of a public authority or institution or of a structures within them. *[Standard methodology for assessment of corruption risks within central public authorities and institutions of 02.08.2018, Chapter 1, Art. 2, letter k)]*

As an area of high sensitivity, the likelihood of corruption risks occurring at the level of the entire process of funding of political parties and electoral campaigns is very high. It must be taken into account that between the phenomenon of corruption developed in the area of financing of political activities and the phenomenon of organized crime there may be a strong causal link.

Money is a necessary element of any political process. Against this background, corruption from political funding represents a risk for democratic and economic systems. Politically exposed persons, given their access to state resources and decision-making power, are prone to corruption activities. Combating and preventing corruption requires protection through a strong system of regulations and integrity mechanisms, but also through knowing the risks of corruption to which the process of funding of the political competitors is subjected.

In this context, the importance of correct knowledge and decoding of corruption risks regarding the entire funding system of political parties and electoral campaigns is of high importance.

Corruption risks regarding the process of financing political parties and electoral campaigns:

- ✓ contributions in the form of financial or in kind donations, as well as loans contracted in electoral campaigns to support certain competitors may be made conditional upon obtaining certain services, such as modification of regulatory documents, obtaining contracts, mediation of business relations, obtaining of some material advantages, etc .;
- ✓ attracting decision-makers from companies to finance parties, without affiliations with political doctrine, but only with the possibility of obtaining further benefits;
- ✓ lack of transparency as to the origin of the amounts contributed by the funders to the activity of financing political organizations, in order to protect their personal interests;

- ✓ influence of politicians over private individuals or legal entities by manipulation of information provided on economic activities carried out by public institutions;
- ✓ the possibility to conceal illicit contributions by financial support of organizations to which politicians or third parties controlled by them have interests;
- ✓ abuse of state resources, by reimbursement of subsidies for which there is no justification for spending the amounts for the intended purpose;
- ✓ interests of persons with significant funds may influence discretionary political system;
- ✓ the value of each competitor's resources influences visibility in electoral campaigns, becoming a problem for the development of democracy;
- ✓ large companies may influence politicians with decision-making power in political parties, offering under various forms, amounts of money to be recovered from public procurement contracts, affecting the democratic governance process;
- ✓ illicit financing of political party activity by persons wishing for political immunity;
- ✓ limiting the emergence of progressive ideas and new political personalities due to a political infrastructure that should help them to get to know them by the general public;
- ✓ the low presence of women and young people in political life and in the decision-making process due to the conception that they can't attract credibility from private funders;
- ✓ use of public funds for the purpose of influencing voting by corruption of voters;
- ✓ passivity, regarding the denunciation of corrupt behaviour and situations and indirect support of an environment conducive to corruption;
- ✓ acceptance of commission of corruption actions in order to avoid marginalization or exclusion from the group or to obtain a certain statute in the criminal group;
- ✓ lack of transparency regarding the activity performed especially at decision-making level;
- ✓ the sub-ordination of the creditor of a competitor or of a political organization, in order to reduce the amounts borrowed;
- ✓ partial transparency with regard to regulations, decisions and orders may lead to the fact that the error occurred due to lack of accessibility, offering the possibility for the interested persons to change the reality;
- ✓ partial, inefficient controls that do not prevent and do not fight against corruption, but they can hide them;
- ✓ promotion to positions of management and control of individuals without taking into account integrity and accountability criteria;
- ✓ the resistance to individual action is reduced in certain areas, being inversely proportional to the level of education, as well as that of poverty;

- ✓ the precarious level of ability to think critically, to formulate ethical judgments and to work effectively in a team, acting to satisfy their own interest;
- ✓ replacement of a main offense sanction with another lesser sanction by the person authorized to find and / or apply the sanction for offense (e.g. replacement of the sanction of the offense punishment with the warning).

As regards the risk of attracting decision-makers from companies, in order to finance the parties, without having affinities with the political doctrine, but only with the possibility of obtaining further benefits, there were a long time series of controversies, including at the level of the big economies.

OECD research and publications highlight that the risks associated with corruption can in practice have serious negative influences on democratic principles. A study on the situation in the United States highlights that there is a strong causal link between the political connections of large corporations and the level of public procurement contracts. In other words, the success of large companies in concluding public procurement contracts is highly dependent on their political connections.

In this context, a question of significant significance is raised to raise awareness of the risks of corruption generated by the funding of political parties and electoral campaigns: *When companies give money to candidates for public offices, what return can they expect from their investment?* Other more recent studies on the situation in Brazil highlight that firms specializing in public works projects may expect a substantial increase in contracts, an increase that can be at least 14 times higher than the value of their financial contributions in support of certain electoral competitors, in case they win the elections for which they are in office. (OECD, *Financing Democracy Funding of Political Parties and Election Campaigns and the Risk of Policy Capture*, 2016, p. 23 with subpoena to the authors Eitan Goldman, Jörg Rocholl, Jongil So - *Political Connections and the Allocation of Procurement Contracts*, December 2010 and by the authors Taylor Boas, Daniel Hidalgo, Neal Richardson - *The Spoils of Victory: Campaign Donations and Government Contracts in Brazil*, 2013).

Even though the studies presented by the OECD refer to researches carried out a few years ago, situations that existed may represent clear proof of the existence of risks of corruption in the field of electoral funding, as well as of imbalances occurring in other fields of activity in terms of competition unfair.

However, in the field of financing of political activities, careful consideration and highlighting the importance of the legislative framework and of the manner in which the legislation is applied is necessary. It should be pointed out that the risks of corruption may vary depending on the jurisdiction of each state, meaning that a financing practice considered illegal in a state may be allowed in the territory of another state.



Also, the level of tolerance to a certain risk may be different from state to state. For example, the absence of supporting documents during the control process for funding electoral campaigns can be considered an action with a significant impact on social values, therefore it can also attract criminal liability of those responsible, while in other states the legislation is more permissive and includes this action in the category of risks with low impact on the company, thus attracting only offense liability. In order to control the risks of corruption in the field of financing of political parties and electoral campaigns, states must act in two essential directions:

- to develop the preventive role of the supervisory and control institutions, by carrying out concrete actions to prevent a lack of transparency regarding the funding sources of political parties and electoral campaigns, the means of financing and the amounts obtained both to support the current activity of the political parties, as well as for the conduct of electoral campaigns;
- to build a solid and unambiguous legislative system allowing for the enforcement of enforceable criminal offenses and penalties, deterring individuals or interest groups that financially support political organizations from reasons other than those strictly related to political ideology.

The entire system of sanctions for failure to comply with legal norms must be related to the cultural specificity of each state, to its history, as well as to the economic and social context.

8.2. Penalties applicable to acts of corruption

Transparency in funding of political parties and electoral campaigns does not prevent conflicts of interest and corruption in politics. Rules that prohibit the involvement in politics of institutions that defend purely commercial or private corporate interests are required.

In addition, it is essential that there is an effective system of control of these rules in order to reinforce control and sanctions in order to create a deterrent effect that leads to compliance with democratic norms.

Therefore, sanctions are a basic element of regulations governing the funding of political parties and electoral campaigns, with deterrence for breach of laws and indirect promotion of compliance with regulations (*OECD, Financing Democracy. Funding of Political Parties and Election Campaigns and Risk of Policy Capture, 2016*).

The sanction is a coercive measure applied as a consequence of non-compliance with legal provisions. Adoption of unclear regulations may contribute to producing acts of corruption, whether or not this intention was intended.

There should be a variety of sanctions for the settlement of the breach of laws. In this respect, the sanctions must be in conjunction with the legal dispositions providing for the breach of the law and comply with the proportionality principle. Such sanctions should include:

- administrative fines, the value of which should be determined depending on the nature of the breach - including whether the breach is recurrent;
- partial or total loss of public funding and other forms of public support for a determined period (measure applied by numerous states);
- loss of eligibility for state support for a determined period;
- partial or total loss of reimbursement of campaign expenses;
- confiscation of previously transferred financial support;
- loss of eligibility to run for a determined period;
- in cases involving significant breaches, the application of criminal sanctions against the party responsible for the violation of law;
- annulment of the election of the candidate for office, but only in compliance with the decision of a court, in compliance with the legal process and only in case the legal breach would have had an impact on the electoral result;
- loss of registered party status.

The legal system of any state includes, besides criminal, financial, civil and administrative sanctions. The sanction is defined as a retaliation against a person who does not observe the conduct established by law, forcing the perpetrator to bear materialized consequences in the obligation to do, not to do anything, to pay an amount, to bear the limitation of exercise of certain rights.

Although administrative authorities are those which apply administrative sanctions, there is no generally applicable definition thereof, but European theories provide different elements that outline, in summary form, the specific difference from other types of sanctions.

In Germany, although punitive measures of a punitive nature were considered administrative sanctions, the natural evolution of their analysis led to the acceptance, in this category, of the measures related to the execution of the obligations or the restoration of the conditions of legality, such as the withdrawal, suspension or non-granting of an advantage or facilities allowed by law, are part of the administrative sanctions category.

In Swedish legislation, any measure taken as a result of establishing any objection to the rules of administrative law is considered administrative sanction.

In Spain administrative penalties are considered only those that are similar to criminal sanctions, but they are applied by the public authorities, since only they apply sanctions, while, for criminal actions, the courts of law apply penalties.

The Portuguese doctrine defines the administrative sanction as a measure imposed to punish a person who disregards the administrative norms.

The French Criminal Code contains provisions regarding penalties applicable to acts of offense, as well as dispositions related to the reparatory sanction, meaning the person convicted to compensate the victim for the damage caused, following instructions given by the law court.

The European Court of Human Rights (ECtHR), by means of the judgments delivered, determined that repressive administrative sanctions-intimidation can be assimilated to criminal penalties, due to the punitive nature, based on art. 6 para. (1) of the European Convention of Human Rights.

At the level of the European Union, the administrative measures concern the withdrawal of advantages or the recovery of unduly paid amounts, even in the absence of culpability, in case of intent, the answer of the competent bodies must be tougher.

In *Engel and Others v. The Netherlands* (1976), the Court held that the separation of a Member's internal legislation from illicit acts of a criminal or administrative nature is not a criterion for determining the applicability of dispositions of art. 6 para. (1) of the Convention, stating that if the states could criticize crimes of their choice as disciplinary or administrative offenses, then it would result in the circumvention under art. 6, which would lead to results contrary to the convention. Criteria regarding the notion of "criminal matters" have been established: provisions in domestic law; the nature of the illegal deed or conduct; purpose and severity of the sanction. The latter criterion is most important, it being "criminal matter" when the purpose of the sanction is repressive-intimidating or punitive, not reparatory or preventive. In most cases, the Court found that the essential element in determining whether art. 6 par. 1 is applicable in his / her criminal line the preventive and sanctioning character of the sentence enforced or applicable to the petitioner.

The reasoning of the Court is grounded around the purpose of sanction applied or enforceable. Thus, even when the amount of the fine-administrative sanction is small, art. 6 shall be applied in criminal terms, as long as the fine is a coercive means of the petitioner, as well as a measure for prevention of commission of new facts.

An analysis of the legislations of several states regarding the funding of political parties and electoral campaigns shows that there are some factors that lead to the non-execution of sanctions in this field, and as an example, the following stand out:

- ambiguous laws - terms such as "donation", "campaign spending", "campaign period" and "reporting" are often undefined or undefined;
- not to specify the sanctions, to impose inadequate sanctions or to allow the replacement of more severe sanctions with lighter ones, as well as the possibility to reduce the amount of the fine applied below the minimum prescribed by the special law - the laws state that some actions may be crimes, but they do not specify any



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sanction for them. Also, if sanctions do not comply with the proportionality principle, some control bodies are reluctant to enforce them;

- ✦ lack of administrative capacity and lack of a regulator - often resources provided to bodies responsible for administration of political finances do not have adequate regulation for new legislative amendments and complex subsidies;


Any system of funding of political parties should clearly define breaches of reporting requirements, such as:

- ✦ concealing financial activity by using separate accounts;
- ✦ failure to comply with reporting conditions;
- ✦ submission of false or incomplete reports;
- ✦ late submission of reports;
- ✦ failure to comply with appropriate documentation.

They should also identify (and impose) effective, proportionate sanctions that are likely to discourage illicit acts.

Although there is a wide range of sanctions currently in use worldwide, the dissolution of a political party should be used with utmost restraint, given the key role that political parties play in any democracy.

At the same time, it is observed from the comparative analysis of international law that the application of a financial sanction prevents and combats more effectively this phenomenon of breach of the rules on public funding than the application of a severe criminal sanction.

	<h2>Netherlands</h2>
<p>MIKR - Ministry of Interior and Relations with the Kingdom</p> <p>Penalties that may be imposed as a consequence of the supervision of the funding of political parties</p> <ol style="list-style-type: none"> 1. The MIKR will appoint the persons who will be responsible for supervising the compliance of legal entities with the legal provisions and will publish in the Official Journal the information obtained. 2. The MIKR may decide to impose an administrative fine for failure to submit documents or omissions related to the legal provisions. 3. The fines will be imposed on political parties, auxiliary institutions, associations, etc. or candidates. 4. Fines for failure to submit documents or omissions that breach one or more of the legal provisions shall not exceed EUR 25,000, but by additional rules the amount of the fines may be adjusted. The amount of the fine shall be transferred to the state budget by the persons targeted. 5. MIKR is authorized to offset a fine applied to the ancillary institution with the subsidy that the relevant party receives for the benefit of the aforementioned subsidiary institution. 	

6. If a political party under Section 137 €, (d), €, (f) or (g) of the Dutch Criminal Code was required to pay a fine, eligibility for the grant will be annulled by law, for one a period commencing on the date on which the conviction was finalized. This period shall be:
 - a) one year, in the case of fines of less than EUR 1,125;
 - b) two years in case of a fine of EUR 1,125 or more but less than EUR 2,250;
 - c) three years in case of a fine of EUR 2,250 or more but less than EUR 3,375;
 - d) four years in case of a fine of EUR 3,375 or more.
7. In case a political party was convicted for a terrorist crime, as per section 83 of the Dutch Criminal Code, eligibility for the grant will be annulled by law for a period of four years, which will start on the conviction date has become final.

(Report on the work visit performed by the representatives of the Permanent Electoral Authority, at the Ministry of Interior and Relations with the Kingdom, at the Electoral Council, The Hague, Netherlands, between 25.03-29.03.2019, in the scope of activities related to the Project "Argus - Integrity, ethics, transparency, anticorruption in financing political parties and electoral campaigns")



Hungary

1. If, following the audit, the State Office for Auditors finds that the party did not comply with the law, and irregularities were found, the situation is reinstated based on an Action Plan. In case of a more serious breach of law or in case the party does not implement the actions set out in the Plan of measures, the State Office for Audit transfers the file to other state institutions.
2. If the illegal funding situation is found, the law provides for the application of the double sanction, as follows:
 - a) the party is obliged to pay the amount of illegal financing to the central budget within 15 days at the request of the State Office for Audit;
 - b) at the request of the State Audit Office, the State Treasury shall reduce the subsidy granted to the party with the amount of illegal funding.

(Report on the working visit performed by the representatives of the Permanent Electoral Authority, the National Electoral Office, the State Office for Audit and the State Treasury, Budapest, Hungary, during 06.05-10.05.2019 in the scope of activities related to the Project "Argus - Integrity, Ethics, Transparency, Anti-Corruption in Financing of Political Parties and Electoral Campaigns")



Serbia

In Serbia, if a political party is punished for an offense, it will lose the right to award public funds in the next calendar year (Article 18, paragraph 2 LFPP); this decision shall be taken by the Director of the Anticorruption Agency. In addition, fines between 200,000 and 1,000,000 dinars (2,000 - 10,000 Euro) shall apply if the political party, the sender or a registered electoral list or an independent candidate collects funds contrary to the norms contained in Articles 5, 6, 7 and 11 in LFPP, as well as if they do not comply with the records and reporting obligations. Responsible officials may be fined between 10,000 and 50,000 dinars (100-500 Euros) for the actions mentioned above (article 19, paragraph 2 LFPP). Political parties that do not comply with spending limits during electoral campaigns must be amended with a sum that is double that of those spent at the elections

in question (art. 20, para. 1, LFPP); acts of responsible officials may be subject to fines between 10,000 and 50,000 dinars (100-500 Euros) in such cases (article 20, paragraph 2 LFPP).

The sanctions are enforced against the political party that breached the rules, as well as against the responsible person of the respective political party. Following the adoption of the Law on financing of political parties, on 1 January 2004, reports on the commission of certain crimes were filed with the competent courts against 268 political parties for breach of Article 16 of LFPP, that is, failure to present the respective financial statements. The sanctions provided in articles 18, 19 and 20 of the LFPP are financial as well as criminal. A political party violating the law loses its right to public funding the following year. Moreover, fines are applied from 200,000 to 1,000,000 dinars (2,000 to 10,000 Euros) for various breaches of LFPP.

The former supervisory mechanisms, the Electoral Commission and the Finance Committee of Parliament admitted that indeed they found discrepancies in the financial reports submitted by the political parties at the time (for example, discord between incomes and expenses, unregistered donations, etc.). Despite the irregularities identified, never one sanction was applied. Effective enforcement of sanctions is essential in order to strengthen citizens' confidence and maintain the integrity of the political process. In addition to the fact that no sanctions have been applied so far, the sanctions in LFPP do not sufficiently meet the criteria of Article 16 of Recommendation Rec (2003) 4 on common rules against corruption in funding political parties and electoral campaigns.

In particular, there is no list of breaches penalized by loss of public funding. Also, in LFPP nothing is said about the actual procedure for initiation and application of the aforementioned sanction. Moreover, the fines applicable to the official responsible for a party's accounts are too low (between 10,000 and 50,000 dinars, i.e. 100 to 500 Euro) and therefore have a discouraging effect.

There is no sanction implying deprivation of liberty or ineligibility; experience in other countries has shown that such sanctions can be a powerful tool, including from a preventive point of view. Finally, donors are not penalized for breach of the law. The penalties for crimes are applied by the criminal courts, at the request of the Anticorruption Agency or of the State Audit Institution. Pursuant to art. 76 in criminal law, criminal prosecution of these crimes can't take place if one year has passed since the day when the offense was committed (relative limitation). Sometimes information on funding irregularities does not come out until the next election, which will generally take place four years later. Therefore, breach of legislation may remain unpunished due to expiration of the limitation period. Another factor that may prevent the effective enforcement of sanctions is immunity rules. The President of the Republic, the members of the Government and the Members of Parliament shall enjoy inviolability based on which no criminal proceedings against them may be initiated without the prior approval of the Parliament. Recourse to immunity for this type of breach was considered, under the current sanctioning regime of LFPP, to be a "political suicide".

Spain

Political parties are subject to offense liability in accordance with the relevant requirements of Organic Law no. 8/2007 on financing of political parties and Organic Law no. 5/1985 regarding the general elections regime. In particular, article 17 of the Organic Law no. 8/2007 on the financing of political parties provides for two types of distinct breaches and applicable sanctions:

- in case of a breach of the limits and restrictions of donations, a fine equal to twice the contribution received illegally may be applied
- failure to present or submit a financial report with incorrect / incomplete data may lead to

the non-submission of public funds. The Court of Accounts is responsible for the application of the above mentioned minor offense sanctions. Appeals against decisions of the Court of Accounts may be challenged before the Supreme Court.

In addition, criminal liability of party representatives (e.g. general manager, general representative, electoral administrator) may be applied in connection with the commission of accounting crimes sanctioned based on article 310 of the Criminal Code. Furthermore, the Organic Law no. 5/1985 regarding the general elections regime provides that the breach of the obligations to maintain the correct accounts and to use public funds for the purposes set forth in the electoral law shall be sanctioned with imprisonment from 6 months to 3 years and a fine between 180 and 1,800 Euro. If the funds were used for personal enrichment, the imprisonment penalty can be increased, thus consisting in imprisonment from 3 to 8 years (articles 149 and 150, Organic Law no. 5/1985 regarding the general election regime). This kind of criminal sanction is applied by the courts; the procedures comply with the relevant rules of the Criminal Procedure Code (art. 151, Ordinance no. 5/1985 regarding the general election regime).

The Court of Accounts indicates that in the past there have been breaches of legislation on political funding, which mainly referred to cases of non-compliance with expenditure limits, lack of transparency of private financing sources, inconsistencies of accounting records, etc. The Court of Accounts applied a total of 70 sanctions for breaches; for example, in connection with the 2007 elections, recommended the detention of public funds in 35 cases, the total amount being of 627.000 Euro. In accordance with Article 17 of the Organic Law no. 8/2007, the Court of Accounts may impose financial penalties in the case of unlawful contributions.

Firstly, the sanctions are applied to the beneficiary of the contribution, that is, to the political party, and not to the donor / other entities over which the law imposes obligations and whose breaches can thus remain unpunished.

Secondly, the sanctions are exclusively financial; there are no criminal sanctions applicable to the beneficiary of the contribution, even if receiving an illegal donation may have a criminal element. However, criminal sanctions are possible based on Organic Law no. 5/1985 regarding the breach of the funding of political parties during electoral campaigns. In particular, the general directors of political parties (or persons authorized to manage party accounts) may be punished by imprisonment (from 6 months to 3 years) and by fine (from 180 to 1,800 Euros) for breach of obligations to properly maintain accounts and to use public funds for the purposes set forth in the electoral law; worsening sanctions are applied if funds were used for personal enrichment.



France

Following analysis of the enforcement of legislation in the field of political funding, it appeared that sanctions should apply to political parties found guilty of breach of relevant regulations. These sanctions should always be objective, applicable, effective and proportionate to the specific objective being pursued. The use of sanctions engaging the political parties' responsibilities for their actions should not be confused with interdiction and dissolution, sanctions based on the fact that a party uses violence or threatens the civil peace and democratic constitutional order of the country. Prohibition and dissolution occur in extreme circumstances and are not based on political parties' accountability for breaches of the law, but are required following the requirements of a democratic society.

If a party regularly violates the legal provisions and makes no effort to correct its conduct, the loss of its legal status may be appropriate.

Loss of legal status may be significant when giving rise to public financial support for the benefit of parties. Sanctions for non-compliance with legal provisions should be varied, in relation to breach of, and compliance with, the proportionality principle.

Infringement	Sanction	Person sanctioned
Party accounts not prepared / certified by the auditors / filed on time at CNCCFP (Section 11-7, paragraph 2, Law 88-227)	- Loss of public funding under Law 88-227 for the following year - Loss of supervision exemption by the Court of Accounts	Party or political group
Donations of identified persons received without passing through the financial agent or the fundraising association (Section 11-8, Law 88-227)	- Loss of public funding under Law 88-227 for the following year - Loss of supervision exemption by the Court of Accounts	Party or political group
Donations by unidentified persons or in excess of the limit of 7.500 Euro for donations from the same private individual (section 11-4, Law 88-227 and Art. R.39-1 of Decree no. 90-606)	- 3.750 Euro fine and / or 1 year imprisonment	Donor and / or Beneficiary
Donations by legal persons, in any form whatsoever, except for the permitted cases (Section 11-4, Law 88-227)	- 3.750 Euro fine and / or 1 year imprisonment	Donor and / or Beneficiary
The association or fund taker fails to issue receipts or non-compliance documents regarding the conditions of use of receipts (Section 11-4, Law 88-227)	- 3.750 Euro fine and / or 1 year imprisonment	Donor and / or Beneficiary
Donation in cash higher than 150 Euro (Section 11-4, Law 88-227)	- 3.750 Euro fine and / or 1 year imprisonment	Donor and / or Beneficiary
Contributions or material support received from a foreign state or a legal entity set up in accordance with foreign law (Section 11-4, Law 88-227)	- 3.750 Euro fine and / or 1 year imprisonment	Donor and / or Beneficiary
Non-compliance with documents elaboration by persons requesting donations (Section 11-4, Law 88-227)	- 3.750 Euro fine and / or 1 year imprisonment	Beneficiary
Failure to comply with documents drawn up by persons requesting donations (Decree 90-606 with reference to the section above)	- fine for grade 4 offenses (750 Euro as per article 131-13 of the Criminal Code)	Financial agent or grant association administrator
Non-compliance with the conditions of approval or non opening of a sole account for collection of donations (Section 11-6)	- Withdrawal of approval	Fundraising associations manager

These penalties should include:

- administrative fines, the value of which should take into account the nature of the breach, including whether the breach is a repeated misconduct;
- partial or total loss of public funding and other forms of public support that may be imposed as a temporary measure for a determined period;
- suspension of the state support for the future or for a certain period of time;

- the total or partial loss of reimbursement of campaign expenses;
- the seizure by the State Treasury of financial support already transferred or accepted by a party;
- suspension for submission of candidates to elections for a determined period;
- criminal sanctions for significant breaches of party members who are responsible for the violation;
- annulment of the election of a candidate in power, but only by a lawfully constituted court observing the rights of defence and only if the breach influenced the electoral result;
- loss of legal status.

If it is proven that the local branches of a party acted in the name of the national management, the sanctions may be applied to the party as a whole. Sanctions should always be compatible with the proportionality principle. Prior to the adoption of any sanction, the regulatory authority should carefully consider the purpose of the sanction in order to avoid any potentially deleterious effect on political pluralism or protected rights. When sanctions are applied, the public must be informed of the acts that led to the violation of law and of the sanction imposed on the political party. When sanctions are applied, the relevant party must have a fair trial, by an impartial tribunal. While regulators may impose sanctions, the party should be able to request that the final decision on sanctions be taken by the judicial authority in accordance with the judicial principles. The right to an effective remedy and a fair trial must be ensured by an impartial tribunal.



Czech Republic

The law of parties and political movements provides three different sanctions for breach of its provisions:

- fines;
- temporary suspension of public funding;
- suspension of party or movement activities (which may ultimately lead to the dissolution of the party or movement).

First, in accordance with section 19 a of that law, if a political party or movement has accepted a donation contrary to the requirements of the law (i.e. a donation from an unlawful source) and the party or movement concerned has not returned this donation (with interest) to the donor (or to the state budget, if it can not be repaid to the donor) until 1 April of the following year, the tax authorities may impose a fine twice higher than the value of the illegal donation.

Secondly, the Ministry of Finance may suspend public funding. Public funding is also suspended in cases where a legal action was directed against the political party or movement to suspend its activities or to dissolve it.

Third, the government can bring legal actions to suspend a political party's political or political movements (which eventually may lead to its dissolution), in case a political party / movement did not rectify financial reporting previous to the Lower Room. If the Government does not act within 30 days after receiving the proposal of the Lower Chamber, the President of the Republic may submit a motion to the Supreme Administrative Court. After the Supreme Administrative Court decides on the suspension, the political party / political movement has one year to remedy the situation, which may lead to the suspension of its activities. If he does not take any measures, the Government (or eventually the President of the Republic) may submit a motion to the Supreme Administrative Court for dissolution of the party.

According to Section 13, paragraph 1b of the Law on Political Parties and Movements, a party may be dissolved if it does not submit its financial report to the Chamber of Deputies within the time limit set by law (in accordance with section 18, para. 1 and 2 of the Law on parties and political movements). The Czech authorities indicate that sanctions set forth in the law on political parties and movements can only be imposed on parties and political movements and therefore the obligations contained therein can't be avoided due to immunity regulations. Regarding criminal

sanctions, in accordance with article 27 of the Constitution, members of the Lower Chamber and Senate enjoy immunity and they can't be prosecuted without the consent of the Chamber they belong to. Election candidates shall not enjoy immunity, unless they are already Members of Parliament. Section 19 of the Law on Political Parties and Movements provides for the limitation period for the application of fines by the tax authorities, as mentioned in point 43 (acceptance of a donation contrary to the requirements of the Law on Political Parties and Movements, when the party or movement in this case did not return this donation to the donor or did not transfer it to the state budget), it is one year after the tax authorities learned about this conduct (statute of limitation) and three years from the moment in which the illicit conduct occurred (absolute statute of limitation). Similarly, section 37 of the Accountancy Act provides for a limitation period of one year and an absolute limitation period of three years for breach of accounting regulations.

Poland

Both the Law on political parties and the Election Statute contain a large number of provisions providing for administrative and criminal sanctions and measures for violation of political funding regulations by political parties and electoral committees. These sanctions are not mutually exclusive. While administrative sanctions are imposed on political parties or electoral commissions, the criminal liability for breach of regulations in force in the field of political funding is limited to private individuals. Most criminal sanctions apply to any person, to the extent that it does not refer to certain party / commission obligations outside a political party or an electoral committee. A political party failing to submit its annual financial report regarding the subsidy received and the expenses related to the subsidy within the legal deadline, the report of which is rejected by the National Electoral Commission or whose complaint against the Commission's decision is rejected by the Supreme Court, loses the right to vote. receive a grant the following year. In case a political party fails to submit its annual report on sources of funds and expenses to the Electoral Fund within the period stipulated by law, the National Electoral Commission must propose a motion for the cancellation of the party from the registry at the District Court of Warsaw, who takes a decision after examination of the case, only for failure to comply with or failure to report. In case such report is rejected by the National Electoral Commission or if the party's complaint against the Commission's decision is rejected by the Supreme Court, the party in question loses the right to receive subsidies in the next three years, in which it would be entitled to receive them. In addition, material benefits accepted by a political party that violates the specific funding regulations mentioned in the law are subject to confiscation (in accordance with the relevant provisions of the Code of Civil Procedure) by the State Treasury, if the donations were not returned to the donor within 30 days; the decision on confiscation is taken by the District Court in Warsaw, on the proposal of the National Electoral Commission. In case of an electoral committee of a political party, of a party coalition or of voters, who does not submit their electoral report on incomes, expenses and financial debts within the legal deadline, the party (s) (or voters committee) concerned shall be refused the right to receive subsidies. If an electoral report or a complaint to the Supreme Court was rejected, the subsidy granted to the political party, as well as the subsidy paid to the party committee or the elections are reduced by the amount of three times the funds obtained or spent in breach of the regulations.

Regarding the political parties' obligation to submit financial reports to the National Electoral Commission, statistics covering the period 2001-2005 show that the majority of parties complied with this requirement within the stipulated deadline and that most of the reports were accepted by the Commission. However, with regard to reports on sources of funds and expenditures with the Electoral Fund, several political parties did not present at all such a report (for example, 12 out of 88 parties in 2005) or the submission was out of date (for example, seven political parties in 2005) and the Commission accepted a number of scrutiny reports (e.g. 12 in 2005) and rejected others (e.g. 16 in 2005); In addition, complaints with the Supreme Court were largely rejected (e.g. all 10

complaints lodged in 2005. Regarding the obligation to report the subsidy received and the subsidy related expenses, during 2001-2005, all political parties eligible for a grant complied with this requirement and no report was rejected by the Commission; however, several reports were accepted only with reservations (e.g. in two out of six cases, in 2005).

The Law on political parties as well as the Election Statute provide a wide range of administrative and criminal sanctions and measures for violation of political funding regulations by political parties and electoral commissions. Administrative penalties, such as loss of the right to receive public funding or removal from the registry, are imposed on political parties or electoral commissions. Criminal sanctions apply to private individuals and range from a fine to a restriction of liberty or imprisonment of up to two years. As a result of legal amendments aiming at avoiding disproportionate sanctions, the National Electoral Commission may accept a financial report with reservations and may request the relevant party or committee to rectify or to provide additional explanations.

Latvia

Political parties are subject to administrative liability if they fail to observe the obligations set forth in the law on financing of political organizations and criminal liability for crimes committed in the context of funding of electoral campaign or of parties.

In terms of administrative accountability, the Corruption Prevention and Combating Bureau (KNAB) may impose administrative fines on a political party from LVL 250 to LVD 10,000 (approximately from EUR 350 to EUR 14,200) for the following breaches of the Law on Political Parties Financing:

- ✓ failure to submit in due time the annual report and the declaration of election incomes and expenditures;
- ✓ failure to include all information required by law in the abovementioned declarations and notifications;
- ✓ provision of false information in the aforesaid statements and notification;
- ✓ financing political parties from unaffiliated sources (e.g. by accepting donations from legal entities);
- ✓ acceptance of membership fees, donations made by an individual member exceeding 100 times the minimum monthly salary in a year;
- ✓ acceptance of donations made by a donor exceeding 100 minimum monthly salaries in a given year;
- ✓ failure to comply with the rules for the publication of donations received (including those that were not accepted by the party);
- ✓ acceptance of a loan;
- ✓ granting any type of loan or guarantee;
- ✓ financing a party by anonymous donations;
- ✓ exceeding the campaign expense threshold;
- ✓ failure to comply with accounting records in accordance with accounting regulations.

These administrative sanctions may be imposed by KNAB representatives against political parties. Moreover, according to the law on financing political parties, the KNAB Director may order a political party to return to the donor financial assets acquired illegally within a 30-day period, if the donation:

- does not originate from the donor's income in the last 3 years, as per sections 8 and 9 of the Law on personal income tax, or if his membership or "registration fee" does not derive from them;
- originates from an incompatible donor (e.g. a foreign citizen);
- is a donation or loan of another person or person who has been disqualified from being a candidate for election to the Saeima, the European Parliament or the local council.

The KNAB Director may order against a political party confiscation of assets acquired in breach of the law in the following legal cases:

- financing from unaffiliated sources;
- receiving donations / membership fees / "accession taxes" from a donor or individual member exceeding 100 minimum monthly salaries in a calendar year;
 - non-compliance with the amount of a donation exceeding LVL 100 directly to the political party's bank account;
 - receiving donations through an intermediary or in the form of a loan;
 - granting loans or guarantees of any kind;
 - acceptance of an anonymous donation;
 - exceeding the spending limit for campaigns
 - the political organization did not specify the source of the donation.

In case a political party fails repeatedly to present its annual report or election declaration of income and expenses, the KNAB Director will issue a written warning to the political party management board (within two weeks after the date limit for submission of annual report / declaration on electoral revenues and expenditures). If, despite the warning, the political party still does not present the aforementioned report and / or declaration within the deadline set by the KNAB or if it does not comply with the above-mentioned order of the KNAB director to surrender the assets acquired illegally either to the state or to the donor, the KNAB director is to request the court to suspend the activities of the relevant political party. If the court decides suspension of political party activities, but the party continues to carry out its activities, the KNAB director will request the court to dissolve the party.

Decisions taken by KNAB officials, which impose administrative sanctions, may be appealed to the KNAB Director. Decisions taken by the KNAB Director may be challenged in court.

The Criminal Law provides for certain penal sanctions in the context of parties financing, up to 3 years or between 2-4 years of imprisonment, namely preventive arrest, community service or fine not more than 20, 80 or 40 - 60 minimum monthly salaries, for breach of accounting regulations or forgery of documents.

If during such criminal proceedings against a private individual it becomes clear that the crime in question was committed in the interest of a legal entity (in this case, the political party) and whether the private individual had the right to represent or exercise control within the legal entity or to take decisions on its behalf, sanctions may be imposed against the legal entity (political party). Thus, legal entities (political parties) may be criminally liable for the commission of these crimes, but only under legal conditions and always in criminal proceedings initiated against an individual.

The dispositions of the Code of Administrative Offenses of Latvia provide that sanctions for breaches of the Law on Financing of Political Parties must be enforced within 4 months at the most since the day when the legal provisions were breached, but not later than 1 year after the act was committed. The Latvian authorities state that, for other administrative breaches, the limitation period is much shorter: 4 months from the day when the breach was committed and / or 4 months from the day when it was discovered. As for the sanction of confiscation of goods acquired in breach of the law, there is no limitation period.

The Law on Financing of Political Parties provides administrative fines between LVL 250 and LVL 10,000 (approximately EUR 350 to EUR 14,000). These fines can even be applied by the KNAB.

Unlike administrative fines for breach of regulations on political finances that are applied to political parties, certain criminal sanctions can also be applied to private individuals (and to political parties, but only if the crime was committed in the interest of the legal entity and always in the criminal trial against a private individuals). However, these criminal sanctions can only be imposed for a limited set of crimes: financing of a political party with the help of an intermediary, accounting crimes and falsification of documents.



Sweden

Political parties, like any other legal entity, are obliged to observe, inter alia, the regulations

of the Accounting Law. In Swedish legislation there are no specific sanctions related only to political funding. Moreover, Swedish law and practice do not provide immunities for private individuals (elected or candidates in elections) or entities (political parties or related entities), which would allow them to avoid procedures or sanctions for breach of laws and regulations in this field. The limitation period is usually established depending on the sanction that can be applied for the crime in question. Thus, a limitation period of 5 years is provided for accounting crimes, except in case of a serious crime, in which case the limitation period is of 10 years. As regards the refusal to award public funding to political parties that did not submit the audited accounts required, there are no special sanctions in the Swedish system in order to ensure the transparency of the political funding. In addition, the common law does not set any mandatory rules and does not include sanctions in case the political parties in question do not comply with the agreed principles. To the extent that Sweden sets a robust and detailed framework in order to provide a more transparent political funding system in the future, any such rules must be supplemented by effective, proportionate and dissuasive sanctions.



Belgium

The Law on the financing of political parties and electoral campaigns provides sanctions for non-observance of legal dispositions, applying both to parties, to independent candidates, as well as to donors. In some cases, for example, in case of political parties or third parties using prohibited means for elections (such as the use of posters or sale of objects during election period) there are no applicable sanctions. Candidates' failure to comply with the limits of electoral advertising for elections to federal chambers shall be sanctioned with the penalties specified in the Election Code (up to eight days imprisonment and / or fine from 275 Euro to 2750 Euro), in respect to private individuals. The same sanctions apply in case when no expenditure and / or funding source are declared within the specified deadlines and for certain types of electoral advertising in the three months prior to the election. If a party exceeds the campaign expenditure thresholds, the sanction is the loss of the federal funding right for 1-4 months.

Moreover, a candidate, elected member or any person acting on behalf of a political party that accepts a donation in breach of the law on source, registration, identification and financial recording of donations may be subject to the following sanctions:

- a) for the private individual: a fine from 26 to 100 000 Euro;
- b) for the political party: loss of the federal subsidy twice as high as the amount obtained illegally.

Failing to present a donation list with donor identity or presenting it beyond the deadline is punishable:

- a. for political parties and their components - by loss of federal funding from 1 to 4 months;
- b. for the elected members - with a fine from 26 to 100,000 Euros.

Candidates who do not already hold elective office and do not provide donors donor donation list within 45 days of elections shall be subject to sanctions set forth in the Election Code. Also, donors who make a donation to a political party and who breach the provisions of the source law, registration, financial identification of donations shall be sanctioned with a fine between 26 and 100,000 Euros. In recent years, the Federal Control Commission has ordered administrative sanctions on unlawful financial reports of political parties and their components, such as the sanction of non-granting of federal subsidies. Many observers of Belgian policy believe that the current system of sanctions is not always sufficiently deterrent or proportionate. In particular, the deprivation of state financial support, which is limited to four months, may be a very easy penalty for a serious breach, especially if the party may continue to receive other forms of direct or indirect public funding. At the other extreme, the penalties are considered to be severe enough for certain candidates, especially those participating in local elections, who can now lose their office, whereas this sanction can not be applied to federal elected representatives.





Germany

Under German law, failure to provide a declaration of accounts within the time limit or submission of a declaration of inaccurate accounts may result in financial consequences and sanctions and, in certain circumstances, criminal penalties as the case may be.

In case when a political party eligible for public funding does not submit its declaration of accounts within the established deadline, it loses the right to a periodical share of public funds. In case the political party fails to submit its account statement until 31 December of the following year, it will lose its right to public funding.

German law regulates various breaches and corresponding applicable sanctions. Some sanctions, of an administrative nature, are applicable to political parties - as legal entities, others, which can be applied only to private individuals, are of a criminal nature.

If donations and contributions were declared contrary to the law and consequently the amount of public funds to be allocated to the political party in question was set incorrectly, such public funds must be reimbursed if their payment is not justified.

If, during the review of the statement of account, the German Bundestag President discovers incorrect data in the extract, the political party is required to pay twice the amount incorrectly declared. If incorrectly communicated data refers to party real estate, the liability is 10% of the value of the assets that are not included or communicated inaccurately. If the political party recognizes any incorrect information in an excerpt of accounts already sent, it can avoid legal consequences if the following conditions are met:

- a) the inaccuracy in the statement of account must be notified in writing immediately after he / she was found to be the chairman of the German Bundestag;
- b) there should be no concrete information suggesting that such incorrect data was known to the public, that they became aware of the chairman of the German Bundestag or became aware of any other formal proceedings;
- c) the political party is obliged to fully correct the relevant actions and figures.

If a political party did not communicate information on donations and contributions of elected representatives, the sanction for breach of this obligation is a fine in amount of over 10,000 Euro per calendar year, by name and address of the taxpayer / donor and the total value of the contribution / donation received, the party he / she has to pay twice the amount of money not received. In the case of a donation that can't be accepted, the political party is obliged to remit this donation to the president of the German Bundestag. If the political party does not comply with this obligation, it will be obliged to pay three times the amount obtained illegally; donations already taken over will be deducted from the amount payable. The President of the German Bundestag applies sanctions in respect of incorrect data contained in an extract of accounts, failure to publish the amount of donations received and breach of legal prohibitions on acceptance of donations. The notification of sanctions to be applied, which is issued by the President of the Bundestag upon completion of an administrative procedure specifically initiated by him in each case, shall be classified as an administrative document and subject to full supervision by the administrative courts. A political party wishing to challenge a sanction should initiate an action against the application of the sanction directly before an administrative court.

The German criminal law includes provisions on criminal liability and criminal sanctions applicable to the political party that reaches criminal actions:

1. donations of public corporations, parties and parliamentary groups and parliamentary groups of municipal councils;
2. donations from political foundations, corporate entities, persons and inheritances associations which, based on the statutes or other provisions regulating the set up of such entities and the actual activities carried out by such entities, are destined exclusively and directly for non-profit purposes , charitable or ecclesiastical;



3. donations from professional organizations, which were provided to the latter subject to such funds being sent to a political party;
4. donations from enterprises that are wholly or partially owned by the public or managed or operated by public agencies if the direct participation of the state amounts to more than 25%;
5. donations exceeding EUR 1,000 which are made by an unidentified donor or which are obviously sent as donation by third parties who are not appointed;
6. donations that are obviously made in anticipation or in exchange of a specific economic or political advantage;
7. donations requested by a third party against a fee to be paid by the political party and amounting to more than 25% of the amount of the requested donation.

With regard to the application of a term of imprisonment of up to three years or a fine may be imposed on anyone for carrying out intentional acts aiming at concealing the origin of funds or assets of a political party or to avoid the publication of incomes:

- a) causes inaccuracies in party data or submits an inaccurate account statement to the President of the Bundestag;
- b) as a beneficiary, divides a donation in partial amounts;
- c) does not remit a donation to the competent persons of the party.

The same sanctions apply to auditors in case of a fake audit report on accounts of political parties. In principle, criminal prosecution can only be instituted with the authorization of the President of the German Bundestag. The German authorities stressed that the political resolution adopted by the President of the Bundestag and the "Applicable principles of immunity" adopted by the Bundestag Immunities Committee and included in the Rules of Procedure are clear proof that immunity provisions must be considered essentially as a formality rooted in tradition and not intended to act as an obstacle to criminal prosecution.



Norway

The law of political parties provides that the only sanction applicable is the withholding of state subsidies to the party. The Party Acceptance Committee may decide to retain government subsidies to the Party either on the recommendation of the Ministry of Administration and Reform of the Government or on its own initiative when the party or party unit has not complied with the rules for reporting incomes in accordance with the dispositions of the Political Parties Act; or when there are suspicions regarding the existence of the party or of the party unit.

The Committee, based on the Law on political parties, may also apply ex officio to annul a decision to withhold the government grant if the grounds for its revocation are no longer applicable. An annual number of 24 government grants can be retained. In addition, the Ministry may temporarily suspend the granting of government grants in individual cases pending the decision of the Political Parties Law Committee.

The Norwegian authorities indicate that amid relatively high public funding granted to political parties (i.e. approximately 40 million Euros for an electorate of approximately 3.5 million voters) and the relatively modest level of private donations and other sources of income for political parties at county and municipal level, the withholding of subsidies is considered an effective, proportionate and dissuasive sanction in the meaning of the provisions contained in Recommendation Rec (2003) 4 of the Committee of Ministers of the Council of Europe on common rules against corruption from the funding of political parties and electoral campaigns. Moreover, criminal sanctions can be applied both to legal persons (registered political parties), and to private individuals in case of accounting crimes, fraud or corruption committed in the context of financing political parties. The electorate may apply political sanctions (i.e. when a party adopted dubious financial practices, it may lose votes at the next election if the electorate were aware of such practices). In cases where the party or party unit failed to comply with the income statement or when there are doubts about the existence of the party or of the party unit, the Committee may decide to retain the entire government subsidy originally granted to the party or the relevant party unit (Committee can't



decide to partially withhold the government grant). Therefore, the Law on political parties does not offer the possibility to apply easier sanctions for minor breaches of the law, especially with regard to improper income reporting. Criminal sanctions are also applicable to accounting crimes, fraud or corruption committed in the context of funding political parties. The Norwegian authorities add that it would be possible for the electorate to adopt "political sanctions" without voting a party with illegal financial practices, which is based on the presumption that these practices are indeed brought to light. Effective enforcement of sanctions is essential in order to strengthen citizens' confidence and maintain the integrity of the political process.

Table 8.1. Penalties for political funding in some European countries

In Romania, the general normative framework for the sanction is given by *Government Ordinance no. 2/2001 on the legal regime of offenses*, republished, as subsequently amended and supplemented.

The offense is committed by guilt, established and sanctioned by law, ordinance, by Government decision or, as the case may be, by decision of the local council of the commune, city, municipality or of the Bucharest Municipality sector, of the county council or of the General Council of the Municipality Bucharest.

The normative acts establishing offenses shall include a description of the acts constituting offenses and the sanction to be applied for each of them. In case of sanction with fine, the minimum and maximum limit shall be established, as well as the complementary sanctions that may be given against sanctions for offenses.

Appropriately *Of Law no. 334/2006*, republished, as subsequently amended and supplemented; *HG no. 10/2016*, for the approval of the Methodological Norms for the enforcement of Law no. 334/2006 on the financing of the activity of political parties and electoral campaigns, the main sanction, applicable to persons who can commit offenses, is the fine for offense.

According to the constitutional principle, according to which no punishment can be established or enforced only under the conditions and under the law, it results that the only principal sanction that can be enforced for the acts provided by *Law no. 334/2006* and *HG no. 10/2016* is only the penalty for the fine. Together with the sanction of offenses of the fine, the complementary sanction for seizure of goods destined, used or resulting from contraventions may also be applied. The sanction established must be proportionate to the degree of social danger of the deed.

For one and the same offense, only one primary offense can be applied and one or more complementary sanctions. The offense of the deed is excluded in case of legitimate defence, condition of necessity, physical or moral constraint, forcible case, irresponsibility, intoxication, fact error, as well as infirmity, if related to the committed act, cases set forth in the Criminal Code, which supplement legal framework for the offense.



Law no. 334/2006 sets exceptions to the general rules set forth in OG no. 2/2001 on the legal regime of contraventions.

Thus, the legislator established in art. 52 para. 4 that, in the field of financing political parties, sanctions may be applied, as the case may be, to the political party, to the political alliance, to the organization of the citizens belonging to national minorities, to the independent candidate, to the financial agent and / or to the donor, as well as to other persons.

According to article 54, the offenses are found by the representatives of the Permanent Electoral Authority, and the sanction is enforced by a decision of this, which can be challenged before the competent court.

The offense report shall include:

- ✓ date and place where it is concluded;
- ✓ surname, name, quality and institution of which the investigating agent is a party;
- ✓ personal data in the ID document, including the personal number, occupation and work code of the offender;
- ✓ description of the offense act indicating the date, time and place where it was committed, as well as an indication of all circumstances that may serve in assessing the seriousness of the crime and in assessing the possible damage caused;
- ✓ indication of the normative document establishing and sanctioning the offense and other relevant elements.

Lack of mentioning of the name, surname and quality of the determining agent, name and surname of offender, and in case of legal entity, absence of name and headquarters, of the deed and of the date of execution thereof or of the signing agent's notice shall invalidate the protocol, which shall be established ex officio.

At the moment of the conclusion of the protocol / control report, the investigating agent must inform the offender, if present, of the right to object to the content of the fact-finding report. Objections must be recorded separately in the protocol under "Other mentions", under the sanction of the nullity of the protocol, in order to avoid the fact that the investigating agents do not allow the offenders to express their opinion.

The deadlines set as per hour begin to run from midnight on the following day, and the term ending on a public holiday will be extended until the end of the first working day following. The communication of the protocol / control report and of the Payment Decision is made by mail, with acknowledgment of receipt, or by displaying at the domicile or at the premises of the offender.

The enforcement of the sanctions, set forth in art. 52 para. 1-3, shall be subject to prescription within 3 years from the date when the actions were executed.

The continuous offense is characterized by the natural extension of the action or of inaction after consumption, until intervention of a counter-force. In case of this type of offense, the limitation period, set forth in art. 52 para. 5, flows from the date of cessation of the act, that is to say, on the date of the intervention of force against it.

Based on the decision of the Permanent Electoral Authority, the offender pays to the state budget the amounts of money and / or the counter value in money of the goods and services which have been the subject of the offense, as well as the donations accepted by a political party in the process of dissolution or by a political party that acts based on the amended statute, although the amendments have not been communicated to the Bucharest Tribunal, as per legal provisions, or the court rejected the request for a change in the statute.

In article 55, the legislator establishes that the provisions of art. 52 and 54 shall be supplemented by the provisions of Government Ordinance no. 2/2001 on the legal regime of offenses, republished, as subsequently amended and supplemented.

Within 30 days from the date of the final judgment court decision on the offense report or, as the case may be, from the expiration of the deadline for challenging the offense finding report, as set forth in Article 56, the amounts equivalent of unpaid fines may be deducted from the monthly instalments to be paid as public funding, with the application of the forced execution procedure by attachment accordingly.

Restriction of certain rights or freedoms may be ordered only if necessary, the measure having to be proportionate to the situation which determined it, to be applied in a non-discriminatory way and without prejudice to the existence of right or freedom.

If a certain action meets both the elements of an offense rule, as well as those of a criminal norm, the act shall be considered only an offense, and the perpetrator shall be sanctioned exclusively from a criminal standpoint.

Offenses are anti-social facts that are less serious than crimes. However, from the perspective of the state of danger created by the offense and offense, the differences can only be of quantitative nature, from an objective or subjective point of view, there being no qualitative difference in terms of content of perpetrator's guilt.

In jurisprudence and Romanian doctrine, it was established that competent authorities take into account, when establishing the type and level of measures or sanctions applied, certain criteria for their individualization, as well as some relevant circumstances such as:

- frequency, severity and duration of the breach;
- the degree of responsibility of the person involved (physical or legal);

- the extent to which the declared private individual or legal entity cooperates with the competent authority;
- previous breaches committed by the identified private individual or legal entity;
- compliance degree with recommendations;
- the benefit obtained as a result of the breach by the declared private individual or legal entity, to the extent that it can be determined.

According to *Law no. 334/2006*, The Permanent Electoral Authority has the obligation to publish information on the number and type of measures or sanctions for offenses applied for breach of the provisions of that law.

In the case-law of the Constitutional Court it was noted that sanctions for offenses are sanctions of law applied within the limits prescribed by law, in a timely manner and proportionately, to the person who is guilty of the act, sanctions which apply to the legal subject who violates the legal norm of the law in offenses by a conduct contrary to it.

The application of sanctions for offenses, as well as the actual sanctioning of the legal subject for non-contemplation of the rules of offense law, is done according to principles, like sanctions of criminal law, namely:

- ✓ principle of lawful sanctions for offenses;
- ✓ the principle of establishing sanctions for offenses compatible with the moral-juridical conception of the company;
- ✓ the principle of individualization (customization and proportionality) of offenses;
- ✓ personality sanctions principle;
- ✓ principle of uniqueness of application of sanctions for offenses (ne bis in idem).

The principle of proportionality, attests that all principal or additional sanctions applied to a particular offender in a particular situation must be based on the seriousness of the act. This principle is close to the principle of opportunity, which must be complied with in all cases where competent findings officers notify perpetrated acts of offense, and, applying to principal or complementary sanctions, must ensure that their enforcement is also perceived repressive and preventive character of sanctions for offenses.

The individualization of the sanction to be applied to the offender is a legal process by means of which it must be ensured compliance with the principles of individuality and personality of the sanction applied, principles specific to the criminal field, to which the offender matter is assimilated, according to the constant jurisprudence of ECtHR, as well as of the Romanian courts.

In this regard, dispositions in art. 21 para. 3 of OG no. 2/2001 provide criteria for individualization of sanctions for offenses applied, criteria that must be taken into

consideration by the authority when applying the sanction, respectively the sanction is applied within the limit set by the normative act and must be proportionate to the degree of social danger of the deed, keeping -to take into account the circumstances in which the action was committed, the manner and means of committing it, the purpose pursued, the tracking followed, as well as the personal circumstances of the offender and the other data recorded in the report.

In fact, in the field of political funding, the application of the sanction takes place in two stages, thus in a first stage, the determining agent must determine the framing of the deed, and subsequently the Authority to individually individualize the quantum of the main sanction for the fine, taking into account the criteria listed in *OG no. 2/2001*, as well as in *Law 334/2006*.

In this respect, the Authority must apply a fine between the limits set forth in *Law 334/2006*. Moreover, also in the context of criteria for individualization of sanction, the investigating agent must take into account the circumstances in which the act was committed, as well as the eventual purpose of commission thereof, and the perpetrator of the offender is important, which may result from the evidence administered in this case.

The law confers exclusively on the agent the individualization of the amount of the sanction between the legal limits, not the choice of the type of sanction applicable between those set forth in the general normative document.

Under Romanian law, the fine is the primary criminal penalty as well as administrative sanction. The European Court of Human Rights considered that, in the case of the pecuniary penalty, the privatization is done by decreasing the patrimony of the infringer by the amount of the fine imposed.

In *Ziliberberg v. Republic of Moldova* (2005), the Court emphasized that, in this case, the fine as an administrative sanction is not a compensation for the cover of an injury, and the preventive and preventive function of the sanction is specific to the criminal field.

Sanctions are always required to ensure effective enforcement and punishment of those who violate them. They should vary from financial measures, such as absence or reduction of public funding, to more serious measures, offenses and penalties, such as deletion of the electoral roll of the party from the ballot paper.

The sanctions should be enforceable, dissuasive and proportionate to the nature of the breach of the legal rule.

For example, they could range from a warning to a fine in a small amount (for non-observance of the deadline for reporting the reports) to the non-granting of public funding or the application of higher fines (for refusing to communicate the reports following several notifications). This is in fact the recommendation of all international bodies involved in the fight for prevention and fight against corruption

in the field of financing political parties and electoral campaigns. The sanctions should not only cover breaches of regulations governing the funding of political parties, but also electoral competitors that do not comply with legal measures aimed at ensuring gender equality.

It is important to state that without proper enforcement, sanctions do not have the capacity to achieve any positive change. This undermines the entire financial regulation policy system.

The fine is the sanction that applies most often in this field. Almost 80% of the states that provide sanctions in the legislation on the funding of political parties include a type of fine.

Worldwide, more than half of all countries also provide imprisonment in order to sanction some breaches of rules regarding public funding of political parties. The sanction of non-granting of public funding is applied in almost 33% of the states that provide it. The complementary sanction for seizure of incomes belonging to political parties is applied only in 23.3% of the states, and no more than 21% of countries use some sanctions related to dissolution.

The enforcement of sanctions in the field of financing of political parties and of electoral campaigns is essential for breach of any regulations on funding. Also, an ideal mechanism for enforcing sanctions should include, in addition to the control body, a complete system involving all judicial bodies, dealing with investigation of acts concerning the funding of political parties, criminal investigation, trial, application and enforcement of sanctions.

Execution of sanctions requires a strong authority endowed with sufficient legal powers to supervise, verify, investigate and, if necessary, initiate legal proceedings.

An effective enforcement regime is one that enjoys legitimacy in front of political parties, independent candidates, the media and, especially, the electorate.

The implementation of a law on political funding is particularly important, as a regulatory scheme is as effective as the consequences of its breach.

A form of sanctioning the non-compliance with the dispositions regarding the use of the subsidy is also the temporary suspension of its transfer to the party or alliance's accounts, until the legal requirements are fulfilled, for the following facts:

No. Crt.	Legal provision	Filling the action into the legal text
Temporary suspension of the grant subsidy for the following facts:		
1.	The political parties and their territorial organizations, including those established at the level of the sectors of the municipality of Bucharest, have the obligation to organize their own accounting, according to the accounting regulations	Art. 3 para. 8 related to art. 24 para. 1 of Law no. 334/2006
2.	The political parties have the obligation to publish in the Romanian Official Journal, Part I, until 30 April of the following year, the total amount of the incomes from the subscriptions obtained in the previous fiscal year, as well as the list of the party members who paid in the fiscal year preceding the contributions whose total value exceeds 10 minimum national minimum salaries.	Art. 5 para. 4 referring to art. 24 para. 1 of Law no. 334/2006
3.	The political parties have the obligation to publish in the Romanian Official Gazette, Part I, the list of the private individuals and legal entities that made in the previous fiscal year donations whose cumulated value exceeds 10 gross minimum base salaries in the country, the list of natural and legal persons having granted loans which exceed 100 gross national base salaries, as well as the total amount of confidential donations, namely the total amount of loans with a value of less than 100 minimum base salaries per country, until 30 April of the following year. (2) The list set forth in para. (1) shall contain the following items: a) for private individuals: surname and name of donor or lender, citizenship, value, type of donation or loan and date of the donation or loan. In the case of the loan, the term of the refund will also be mentioned; b) for legal entities: name, head-offices, nationality, unique registration code, value, type of donation or loan and date when the donation or the loan was made. In case of the loan, the term of the refund will also be mentioned.	Art. 13 para. 1 referring to art. 24 para. 1 of Law no. 334/2006
4.	Donations provided under art. 15 para. (2) shall be published in the Official Gazette of Romania, Part I, until 30 April of the following year.	Art. 15 para. 3 related to art. 24 para. 1 of Law no. 334/2006
5.	(1) The political parties may not carry out activities specific to the companies regulated by Law no. 31/1990, republished, as subsequently amended and supplemented. Exceptions are the following activities from which political parties can obtain incomes: a) publishing, producing and disseminating publications or other own propaganda materials and political culture; b) sale of tickets, participation fees or the like in cultural, sporting actions, as well as in political, economic or social meetings and seminars; c) sale of printed materials bearing the symbols of the political party; d) services offered to the party members for organizing the events set forth in lett. b); e) renting of premises in own patrimony, without prejudice to the public morality, order or image of the political party; f) disposal of lands and buildings from patrimony, but only after at least 10 years after registration with patrimony, except for political parties in dissolution. The 10-year period does not apply to inherited real estate; g) the disposal of movable assets from patrimony, unless they are activities of	Art. 16 para. 1 referring to art. 24 para. 1 of Law no. 334/2006

No. Crt.	Legal provision	Filling the action into the legal text
	production, trade or provision of services; h) sub-leasing of premises received according to the provisions of art. 26 para. (1) - (3), for the organization of the parliamentary offices, without the value of the monthly rent stipulated in the sub-lease agreement to exceed the monthly rent value stipulated in the lease agreement with the local authorities. The maintenance expenses related to the sub-leased space shall be borne by the parliamentary office, as per the concluded agreement; i) issue of political party cards / ID cards.	
6.	The political parties have the obligation to publish in the Official Journal of Romania, Part I, the total amount of the amounts covered by para. (1), until 30 April of the following year.	Art. 17 para. 4 referring to art. 24 para. 1 of Law no. 334/2006
7.	(1) Income from subsidies from the state budget may have the following destinations: a) material expenses for the maintenance and operation of the premises; b) personnel expenses; c) expenditures for press and propaganda; d) expenditure related to the organization of political activities; e) travel expenses in the country and abroad; f) telecommunication expenses; g) expenses with delegations from abroad; h) expenses with the contributions due to international political organizations to which the political party is affiliated; i) investments in movable and immovable assets, required for the activity of respective parties; j) protocol expenses; k) office expenses; l) expenses with bank commissions; m) office rents and utilities expenses; n) maintenance and repair expenses for motor cars; o) expenses with insurance premiums; p) transportation expenses; q) expenses on fuels and fuels; r) expenses related to the production and dissemination of advertising spots; s) expenditure on political consultancy; t) expenditure on legal advice; u) expenditures with national and local opinion polls; v) fees with fees of lawyers, bailiffs and experts; w) stamp duty expenses; x) expenses with the taxes of the trademarks registered; y) penalties expenses. (2) The use of income from subsidies from the state budget is forbidden for any destination other than those set forth in para. (1).	Art. 25 para. 1 and para. 2 related to art. 24 para. 1 of Law no. 334/2006
8.	(1) In order to verify the legality of the collections and payments made by political parties and independent candidates during the electoral campaign, the Permanent Electoral Authority may request the additional declarations and documents considered necessary. (2) The political parties and the independent candidates shall be required to submit within 15 days to the representatives of the Permanent Electoral Authority the documents requested, according to para. (4) The organizations of citizens belonging to national minorities participating in elections shall be subject to control by the Permanent Electoral Authority only with respect to the electoral period and only related to such actions. with it.	Art. 50 para. 1 referring to art. 24 para. 1 of Law no. 334/2006
9.	The political parties have the obligation to provide in electronic format the data provided in art. 51 para. (1).	Art. 51 para. 2 related to art. 24 para. 1 of Law no. 334/2006

Table 8.2. Temporary suspension of the subsidy



Proiect cofinanțat din Fondul Social European prin
 Programul Operațional Capacitate Administrativă 2014 - 2020

The term granted to political parties for the remedy of the irregularities found may not be longer than 15 days. The decision for temporary suspension of the granting of the monthly instalments from the state budget may be challenged within 15 days after communication, to the competent administrative court, which must decide within 15 days after notification. The court decision is final.

In practice, an authority that controls political finances can identify possible breaches of law through three mechanisms:

- 1) monitoring - potential breaches are revealed through an analysis of financial reports or an audit
- 2) complaint - a person, a political party or a civil society organization may file a complaint alleging legal breaches and explain the basis of allegations
- 3) recommendation - possible breaches discovered by other control bodies should be sent to the main political financial control authority.

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
A. Offense sanction: fine from Lei 10,000 to Lei 25,000		
1.	The amount of the contributions paid in one year by a party member can't exceed 48 minimum national minimum salaries. The minimum gross base salary for the country taken as a reference is the one existing on 1 January of the respective year.	Art. 5 para. 3 related to art. 52 para. 1 of Law no. 334/2006
2.	The political parties have the obligation to publish in the Romanian Official Journal, Part I, until 30 April of the following year, the total amount of the incomes from the subscriptions obtained in the previous fiscal year, as well as the list of the party members who paid in the fiscal year preceding the contributions whose total value exceeds 10 minimum national minimum salaries.	Art. 5 para. 4 referring to art. 52 para. 1 of Law no. 334/2006
3.	The list of party members who paid in the previous fiscal year contributions whose total value exceeds 10 minimum national gross salaries (set forth in art. 5 para. (4)) must include the following elements: surname and name of the party member, citizenship, the amount and date on which the contribution was paid.	Art. 5 para. 5 related to art. 52 para. 1 of Law no. 334/2006
4.	(1) The donations received by a political party in a tax year may not exceed 0.025% of the incomes stipulated in the state budget for the respective year. (2) The donations received from an individual in one year may be up to 200 minimum national minimum salaries, at the value existing on 1 January of the respective year. (3) Donations received from a legal entity in a year may be up to 500 minimum national minimum salaries at the value existing on 1 January of that year. (4) The total amount of donations made by legal entities controlled directly or indirectly by another person or by a group of private individuals or legal entities may not exceed the limits set forth in para.	Art. 6 in relation to art. 52 para. 1 of Law no. 334/2006

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
	<p>(2) and (3).</p> <p>(5) The market value of the movable and immovable assets donated to the party, as well as of the services rendered to it free of charge, shall be included in the value of the donations, within the limit set forth in paragraph (1), (2) and (3).</p> <p>(6) Assessment of goods and services set forth in para. (5) shall be performed by authorized surveyors according to the Government Ordinance no. 24/2011 on some measures in the field of property valuation, approved with amendments by Law no. 99/2013, as amended and supplemented.</p> <p>(7) Legal entities that, on the date of donation, have debited debts older than 60 days to the state budget, the social security budget or to the local budgets, make donations to political parties, except when they have to recover amounts higher than the debt own.</p> <p>(8) In making the donation, the political party has the obligation to request the donor legal entity to submit a declaration on its own responsibility regarding compliance with the condition set forth in para. (7).</p> <p>(9) It is forbidden to accept in any form, directly or indirectly, by political parties, donations of material goods or money amounts or provision of free services made for the obvious purpose of obtaining an economic advantage or in breach of dispositions in para. (8).</p>	
5	<p>(1) The amounts of money covered by the loans received by a political party in a tax year may not exceed 0.025% of the incomes stipulated in the state budget for the respective year.</p> <p>(2) The amounts of money covered by loans received by a political party from one private individual in a year may be up to 200 minimum country-wide minimum salaries at the value existing on 1 January of that year.</p> <p>(3) The amounts of money covered by loans received by a political party from a legal entity in one year may be up to 500 minimum national minimum salaries, at the value existing on 1 January of the respective year.</p> <p>(4) The total value of the amounts of money that are the object of loans granted to political parties by legal entities that are controlled directly or indirectly by another person or by a group of private individuals or legal entities may not exceed the limits provided in paragraph (1) - (3).</p> <p>(5) The provisions of art. 6 para. (7) - (9), as well as of art. 14 para. (1) - (3) shall apply correspondingly.</p>	Art. 7 related to art. 52 para. 1 of Law no. 334/2006 republished, as subsequently amended and supplemented
6	Donations related to real estates destined to headquarters of political parties are exempted from the conditions set forth in art. 6 para. (2), (3), (4) and (5).	Art. 8 para. 1 referring to art. 52 para. 1 of Law no. 334/2006
7.	The cash donations with the task to purchase buildings destined to seat of the political party are exempted from the conditions set forth in art. 6 para. (2), (3), (4) and (5).	Art. 8 para. 2 related to art. 52 para. 1 of Law

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
		no. 334/2006
8.	Price cuts exceeding 20% of the value of the goods or services provided to political parties and independent candidates shall be considered donations and shall be recorded separately in the party's accounting system or independent candidate, as per regulations issued by the Ministry of Public Finance.	Art. 10 related to art. 52 para. 1 of Law no. 334/2006
9.	(1) Upon receipt of the donation, verification and registration of donor identity are mandatory, regardless of its public or confidential nature. (2) At the donor's written request, his identity remains confidential, in case the donation is in excess of the annual amount of 10 minimum base salaries in the country. (3) The total amount received by a political party as confidential donations may not exceed the equivalent of 0.006% of the incomes stipulated in the state budget for the respective year.	Art. 11 related to art. 52 para. 1 of Law no. 334/2006
10.	(1) All donations, including confidential ones, shall be duly recorded and highlighted in the accounting documents, indicating the date on which they were made and other information identifying funding sources and donors. (2) Supplies of goods and services rendered free of charge shall be reflected in the book value at the market value at the time of the donation. (3) Donations are not considered activities performed on a voluntary basis as per legal conditions.	Art. 12 related to art. 52 para. 1 of Law no. 334/2006
11	(1) The political parties have the obligation to publish in the Romanian Official Gazette, Part I, the list of the private individuals and legal entities that made in the previous fiscal year donations whose cumulated value exceeds 10 gross minimum base salaries in the country, the list of natural and legal persons having granted loans which exceed 100 gross national base salaries, as well as the total amount of confidential donations, namely the total amount of loans with a value of less than 100 minimum base salaries per country, until 30 April of the following year. (2) The list set forth in para. (1) shall contain the following elements: a) for private individuals: surname and name of donor or lender, citizenship, amount, type of donation or loan and date when the donation or the loan was made. In the case of the loan, the term of the refund will also be mentioned; b) for legal entities: name, head-offices, nationality, unique registration code, value, type of donation or loan and date when the donation or the loan was made. In case of the loan, the term of the refund will also be mentioned.	Art. 13 related to art. 52 para. 1 of Law no. 334/2006
12	The political parties can't accept donations or services rendered free of charge from an authority or public institution, from an autonomous registry, from a national company, company governed by Law no. 31/1990, republished, as subsequently amended and supplemented, or credit institution with integral capital or majority of state.	Art. 14 para. 2 related to art. 52 para. 1 of Law no. 334/2006

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
13	It is forbidden to accept donations from a trade union or religious cult, regardless of their nature.	Art. 14 para. 3 related to art. 52 para. 1 of Law no. 334/2006
14	Acceptance of donations from other states or organizations abroad as well as from private individuals who do not have Romanian citizenship or legal persons of a non-Romanian nationality is prohibited, except for those received from citizens of EU Member States who have their domicile in Romania and they hold the position of the political party to whom the donation was granted.	Art. 15 para. 1 referring to art. 52 para. 1 of Law no. 334/2006
15	The donations provided in para. (2) shall be published in the Official Gazette of Romania, Part I, until 30 April of the following year. <i>(par. 2 - An exception from the provisions of para. (1) donations consisting of material goods required for political activity, but which are not electoral propaganda material, received from international political organizations where that political party is affiliated or from political parties or political formations in political collaboration relations. Propaganda materials may also be used to be used only during the electoral campaign for the election of Romanian representatives to the European Parliament)</i>	Art. 15 para. 3 related to art. 52 para. 1 of Law no. 334/2006
16	The political parties may not carry out activities specific to the companies regulated by Law no. 31/1990, republished, as subsequently amended and supplemented. Exceptions are the following activities from which political parties can obtain incomes: a) publishing, making and disseminating publications or other own propaganda material and political culture; b) sale of tickets, participation fees or the like in cultural, sporting actions, as well as in political, economic or social meetings and seminars; c) the sale of printed materials bearing the symbols of the political party; d) the services offered to the party members for organizing the events set forth in lett. b); e) rental of spaces in own patrimony for conferences or social-cultural actions and for the organization of parliamentary offices; f) the alienation of lands and buildings from patrimony, but only after at least 10 years after registration with patrimony, except for political parties currently under way. The 10-year period does not apply to inherited real estate; g) the disposal of moveable assets in patrimony, unless they represent production, trade or services; h) sub-leasing of premises received according to the provisions of art. 26 para. (1) - (3), i) issue of political party cards / ID cards. (Art. 26 para. 1, 2, 3: (1) The central and local public administration authorities may provide spaces for central and local headquarters of political parties, as well as the adjacent lands, at their motivated request.	Art. 16 para. 1 referring to art. 52 para. 1 of Law no. 334/2006

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
	<p>(2) Political parties may receive as many as one office per administrative-territorial unit.</p> <p>(3) The renting by local authorities of spaces destined to seats of political parties follows the legal regime provided for renting the premises destined to housing.)</p> <p>for the organization of the parliamentary offices, without the monthly rent amount stipulated in the sub-lease agreement to exceed the amount of the monthly rent stipulated in the lease agreement concluded with the local authorities. The maintenance expenses related to the sub-leased space fall under the responsibility of the parliamentary office, as per the agreement concluded)</p>	
17	<p>By April 30th each year, political parties have the obligation to publish in the Official Journal of Romania, Part I, the total amount of incomes obtained in the preceding fiscal year from the activities set forth in para. (1) and from sources set forth in para. (2) broken down by type of activity and source.</p> <p>(para 2 - Political parties may obtain income from bank interest)</p>	Art. 16 para. 3 related to art. 52 para. 1 of Law no. 334/2006
18.	Funding of the electoral campaign is prohibited, directly or indirectly, by private individuals who do not hold Romanian citizenship or by legal persons of a non-Romanian state, except for the financing by citizens of EU Member States who are resident in Romania; and hold the capacity of member of the political party whose electoral campaign contributes financially.	Art. 32 para. 1 referring to art. 52 para. 1 of Law no. 334/2006
19.	It is prohibited to fund in any way the electoral campaign of a party, of an alliance of such parties or of an independent candidate by a public authority, public institution, autonomous regie, national company, company governed by Law no. 31/1990, republished, as subsequently amended and supplemented, or credit institution, to which the majority of shareholders are the state or administrative-territorial units, or by companies governed by Law no. 31/1990, republished, as subsequently amended and supplemented, performing activities financed by public funds. The prohibition applies to the companies governed by Law no. 31/1990, republished, as subsequently amended and supplemented, which, 12 months before the start of the electoral campaign, carried out activities financed by public funds.	Art. 33 para. 1 referring to art. 52 para. 1 of Law no. 334/2006
20.	It is prohibited to finance in any way the electoral campaign of a party, of an alliance of such parties or of an independent candidate by trade unions, religious cults, associations or foundations of a non-Romanian nationality.	Art. 33 para. 2 related to art. 52 para. 1 of Law no. 334/2006
21.	Only the following types of electoral propaganda material may be used in the electoral campaign:	Art. 36 para. 2 related to art. 52

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
	<p>a) electoral posters with a maximum width of 500 mm one side and 350 mm the other side; electoral posters by which an election meeting is convened shall be 400 mm one side and 250 mm the other side and shall be placed in the special display areas;</p> <p>b) audio or video electoral propaganda material, disseminated by the audio-visual media;</p> <p>c) advertising in print media;</p> <p>d) online election propaganda materials;</p> <p>e) brochures, leaflets and other printed matter.</p>	para. 1 of Law no. 334/2006
22.	<p>The political parties and alliances, as well as the independent candidates must print the following data on all electoral propaganda material:</p> <p>a) the name of the independent candidate, the name of the political party or of the political alliance that commissioned them, as the case may be;</p> <p>b) the name of the economic operator who performed them;</p> <p>c) the unique ID code provided in art. 34 para. (13);</p> <p>d) the draft where applicable.</p> <p><i>(art. 34 para. 13 - On the date of the official registration, the financial agent receives from the Permanent Electoral Authority a unique ID code of the political party or of the independent candidate to be printed on all electoral propaganda material belonging to the political party or to the independent candidate on representing him.)</i></p>	Art. 36 para. 3 related to art. 52 para. 1 of Law no. 334/2006
23.	Expenditures related to the performance of electoral propaganda material are borne exclusively by the beneficiaries - independent candidates, political parties or political alliances.	Art. 36 para. 4 referring to art. 52 para. 1 of Law no. 334/2006
24.	The parties and political alliances, as well as the independent candidates, must declare to the Permanent Electoral Authority, by financial agent, the number of materials and materials used in propaganda produced and used, broken down into categories, within 15 days from the date of the election or of the referendum.	Art. 36 para. 6 in relation to art. 52 para. 1 of Law no. 334/2006
25.	<p>Within 15 days after election date, political parties, political alliances and independent candidates shall submit to the Permanent Electoral Authority a declaration on compliance with the ceilings set forth in art. 37.</p> <p><i>(art. 37 - The maximum limits for expenditures that may be incurred during the electoral campaign or for a referendum in a national electoral district or in a county / Bucharest / foreign electoral district, as the case may be, must fall within the maximum limits of contributions for the electoral campaign or for referendum, set forth in art. 28-31 for the respective electoral constituency.)</i></p>	Art. 39 para. 1 referring to art. 52 para. 1 of Law no. 334/2006
26.	<p>The political parties have the obligation to inform the Permanent Electoral Authority about any modification of the data set out in paragraph (1), within 45 days from the occurrence thereof.</p> <p><i>(para. 1 - Permanent Electoral Authority keeps a fiscal register of</i></p>	Art. 60 para. 3 related to art. 52 para. 1 of Law no. 334/2006

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
	<p><i>political parties in which the following will be passed:</i></p> <p><i>a) surname and name, personal numeric codes, addresses and contact data of persons responsible for administration of political party funds, at national and county level;</i></p> <p><i>b) addresses of headquarters, territorial organizations and of internal structures of political parties set forth in art. 4 para. (4) of Law no. 14/2003, republished;</i></p> <p><i>c) surname and name, personal numeric codes, addresses and contact data of persons entitled to represent political parties at central and county level;</i></p> <p><i>d) data related to the financial activity of political parties;</i></p> <p><i>e) sanctions applied.)</i></p>	
B. Offense sanction: fine from Lei 15,000 to Lei 50,000		
1.	The political parties may conclude money loans only by authentic notary documents, under the sanction of absolute nullity, accompanied by documents of delivery, in the agreement stipulating the method and the deadline for their restitution.	Art. 3 para. 2 related to art. 52 para. 2 of Law no. 334/2006
2.	<p>Loans with a value in excess of 100 gross national minimum salaries are subject to the advertising conditions set forth in art. 13 (art. 13:</p> <p><i>(1) The political parties have the obligation to publish in the Romanian Official Gazette, Part I, the list of the private individuals and legal entities that made in the previous fiscal year donations whose cumulative value exceeds 10 gross minimum country salaries, the list of private individuals and legal entities which granted loans whose value exceeds 100 minimum country minimum salaries, as well as the total amount of confidential donations, namely the total amount of loans with a value of less than 100 minimum base salaries per country received, until the date of 30 April of the following year.</i></p> <p><i>(2) The list set forth in paragraph (1) shall contain the following elements:</i></p> <p><i>a) for private individuals: surname and name of donor or lender, citizenship, value, type of donation or loan and date when the donation or the loan was made. In the case of the loan, the term of the refund will also be mentioned;</i></p> <p><i>b) for legal entities: name, head-offices, nationality, unique registration code, value, type of donation or loan and date when the donation or the loan was made. In the case of the loan, the term of the refund will also be mentioned.)</i></p>	Art. 3 para. 6 in relation to art. 52 para. 2 of Law no. 334/2006
3.	The granting of loans by political parties, political or electoral alliances and independent candidates to private individuals or legal entities is prohibited.	Art. 3 para. 7 related to art. 52 para. 2 of Law no. 334/2006
4.	The political parties and their territorial organizations, including those set up at the level of the sectors of the municipality of Bucharest, have the	Art. 3 para. 8 related to art. 52

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
	obligation to organize their own book keeping, according to the applicable accounting regulations.	para. 2 of Law no. 334/2006
5	The collections and payments of political parties and their territorial organizations are carried out through bank accounts, in RON and in foreign currency, opened with banks headquartered in Romania and cash in accordance with the law.	Art. 3 para. 9 related to art. 52 para. 2 of Law no. 334/2006
6	<p>Incomes from the activities set forth in para. (1) letter c) they are exempt from taxes and fees.</p> <p>(para. 1 - The sources of financing of a political party's activity are:</p> <p>c) income from own activities, as per art. 16:</p> <p>(1) The political parties may not carry out activities specific to the companies regulated by Law no. 31/1990, republished, as subsequently amended and supplemented. Exceptions are the following activities from which political parties can obtain incomes:</p> <p>a) publishing, making and disseminating publications or other own propaganda material and political culture;</p> <p>b) sale of tickets, participation fees or the like in cultural, sporting actions, as well as in political, economic or social meetings and seminars;</p> <p>c) the sale of printed materials bearing the symbols of the political party;</p> <p>d) the services offered to the party members for organizing the events set forth in lett. b);</p> <p>e) Renting premises in own patrimony, without prejudice to the public morality, order or image of the political party;</p> <p>f) the alienation of lands and buildings from patrimony, but only after at least 10 years after registration with patrimony, except for political parties currently under way. The 10-year period does not apply to inherited real estate;</p> <p>g) the disposal of moveable assets in patrimony, unless they represent production, trade or services;</p> <p>h) sub-leasing of premises received according to the provisions of art. 26 para. (1) - (3), for the organization of the parliamentary offices, without the value of the monthly rent stipulated in the sub-lease agreement to exceed the monthly rent value stipulated in the lease agreement with the local authorities. The maintenance expenses related to the sub-leased space shall be borne by the parliamentary office, as per the concluded agreement;</p> <p>i) issue of political party cards / ID cards.</p> <p>(2) Political parties may obtain income from bank interest.</p> <p>(3) Until 30 April of each year, political parties have the obligation to publish in the Official Journal of Romania, Part I, the total amounts of income obtained in the previous fiscal year from the activities set forth in para. (1) and from sources set forth in para. (2), broken down by type of activity and source.</p>	Art. 3 para. 10 related to art. 52 para. 2 of Law no. 334/2006
7.	It is forbidden to use incomes from subsidies from the state budget for any destination other than those set forth in para. (1).	Art. 25 para. 2 related to art. 52

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
	<p>(paragraph 1: Revenues from subsidies from the state budget may have the following destinations:</p> <ul style="list-style-type: none"> a) material expenses for the maintenance and operation of premises; b) personnel expenses; c) expenditures for press and propaganda; d) expenditures related to organization of political activities; e) travel expenses in the country and abroad; f) telecommunication expenses; g) expenses with delegations from abroad; h) expenses with the contributions due to the international political organizations to which it is i) affiliated political party; j) investments in movable and immovable assets, required for the activity of respective parties; k) protocol expenses; l) office expenses; m) expenses with bank fees; n) expenditure on premises rents and utilities; o) maintenance and vehicle maintenance expenses; p) expenses on insurance premiums; q) transportation expenses; r) fuel and fuel expenses.) 	para. 2 of Law no. 334/2006
8.	<p>(1) Until the latest at the start of the electoral campaign, the political party, the political alliance and the independent candidates, through a financial agent, open a bank account at the level of each county, a bank account at the level of each sector of Bucharest municipality or at the level of the municipality of Bucharest, after case report, as well as a bank account at central level.</p> <p>(2) In elections for the Chamber of Deputies and the Senate, organizations of Romanian citizens belonging to national minorities, who propose candidates only at national level, open a bank account at central level.</p> <p>(3) The contributions for the electoral campaign shall be submitted or transferred to the accounts provided in para. (1) only by the candidates or by the financial agent, upon their empowerment.</p> <p>(4) The funds obtained by the political party outside the electoral campaign which have been transferred to the campaign banking accounts opened at central level must be declared to the Permanent Electoral Authority by the coordinating financial representative, within 5 days from the date of the transfer.</p> <p>(5) The financial contribution provided by art. 17 para. (1) may not be transferred to bank accounts for election campaign.</p> <p>(6) The maximum limits for contributions for the electoral campaign that may be submitted by the candidates or the financial agent are as follows:</p> <ul style="list-style-type: none"> a) 60 gross national minimum salaries per country for each candidate for deputy or senator function; b) a minimum gross salary per country for each candidate list at the 	Art. 28 related to art. 52 para. 2 of Law no. 334/2006

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
	<p>commune's local council;</p> <p>c) 3 minimum gross base gross salaries per country for each list of candidates to the local city council;</p> <p>d) 5 minimum base salaries for each candidate list at the local council of the municipality;</p> <p>e) 30 minimum gross salaries per country for each candidate list at the local council of the county seat municipality;</p> <p>f) 50 minimum gross salaries per country for each list of candidates at the sector council of Bucharest Municipality;</p> <p>g) 500 gross national minimum salaries per country for each list of candidates to the General Council of Bucharest Municipality;</p> <p>h) 100 minimum gross salaries per country for each list of candidates to the county council;</p> <p>i) 5 minimum base salaries for each candidate for mayoral office of the commune;</p> <p>j) 7 minimum national base salaries for each candidate for mayor of the city;</p> <p>k) 10 minimum gross base salaries per country for each candidate for mayor office of the municipality;</p> <p>l) 50 minimum gross salaries per country for each candidate for mayor of the county seat;</p> <p>m) 100 gross national minimum salaries per country for each candidate for mayoralty in Bucharest;</p> <p>n) 150 minimum national minimum salaries per country for each candidate for mayor office in Bucharest;</p> <p>o) 750 gross national minimum salaries per country for each candidate for European parliamentary office;</p> <p>p) 20,000 gross national minimum salaries for the candidate for president of Romania.</p> <p>(7) In case of local elections, the contributions provided in para. (6), as well as the amounts transferred from central level according to art. 30 para. (4) accumulates at the level of the county electoral district and may be reallocated for expenses in the local electoral districts, respectively in the county districts by decision of political parties, of parties or of citizens' organizations belonging to national minorities at county level.</p> <p>(8) The contributions for the electoral campaign which may be submitted by the candidates or the financial agent may come only from donations received from candidates from private individuals, from their own incomes or from loans from private individuals or contracted with credit institutions.</p> <p>(9) Within 48 hours after the submission of an amount to one of the accounts provided in para. (1), the candidate has the obligation to hand over to the county financial representative a statement indicating the source of the contribution.</p> <p>(10) Contributions for the electoral campaign must be declared to the Permanent Electoral Authority by the financial agent.</p>	

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
	<p>(11) Contributions for the electoral campaign may be used only after the date of their declaration to the Permanent Electoral Authority.</p> <p>(12) The contributions for the electoral campaign may be submitted to the accounts provided in para. (1) only until the conclusion of the electoral campaign.</p> <p>(13) Contributions for the electoral campaign which do not comply with the provisions of this article shall be confiscated and shall be paid to the state budget.</p>	
9.	<p>Receiving other electoral propaganda material than those set forth in art. 15 para. (2) by political parties, political alliances, electoral alliances and independent candidates is prohibited.</p> <p>(art. 15 para. 2: (2) An exception from the provisions of para. (1) donations consisting of material goods required for political activity, but which are not electoral propaganda material, received from international political organizations where that political party is affiliated or from political parties or political formations in political collaboration relations. Propaganda materials may also be used which are used only during the election campaign for the election of Romanian representatives in the European Parliament.</p> <p>Art. 15 par. 1: (1) Acceptance of donations from other states or organizations abroad as well as from private individuals who do not have Romanian citizenship or legal persons of a non-Romanian nationality is prohibited, with the exception of those received from citizens of Member States of the European Union who are resident in Romania and hold the status of member of the political party to whom the donation was granted).</p>	Art. 29 related to art. 52 para. 2 of Law no. 334/2006
10.	<p>(1) At central level, in addition to the contributions for the electoral campaign set forth in art. 28, the political party may submit sums representing contributions for its electoral campaign in an account opened at central level, through the coordinating financial agent.</p> <p>(2) The maximum limits for contributions for the electoral campaign that may be submitted by the political party to the account set forth in para. (1) are as follows:</p> <ul style="list-style-type: none"> a) 10 minimum national base salaries per candidate for deputy or senator position; b) 50 minimum gross salaries per country for each list of candidates at the county council and the General Council of Bucharest Municipality. <p>(3) Contributions for the electoral campaign which may be submitted by the political party may come only from transfers of funds from outside the electoral campaign.</p> <p>(4) The political party, through the coordinating financial agent, may transfer money from the account opened at central level to the accounts opened at county level, in the municipality of Bucharest or at the level of its sectors, in compliance with the limits set forth in art. 28 and in this article.</p>	Art. 30 related to art. 52 para. 2 of Law no. 334/2006

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
	<p>(5) The provisions of art. 28 shall apply correspondingly to the contributions for the electoral campaign, which may be submitted by the political party.</p> <p>(6) By derogation from the provisions of para. (1), in case of the electoral campaign for the Chamber of Deputies and the Senate, money may also be deposited by the candidates for the position of deputy and senator in the electoral district of Romanians with domicile or residence abroad.</p>	
11	The maximum limits for expenditures that may be incurred during the electoral campaign or for a referendum in a national electoral district or in a county / Bucharest / foreign electoral district, as the case may be, must fall within the maximum limits of contributions for the electoral campaign; or for the referendum, set forth in art. 28-31 for the respective constituency.	Art. 37 related to art. 52 para. 2 of Law no. 334/2006
12	<p>(1) Expenditures related to the electoral campaign may be made only through the accounts provided in art. 28 and 30.</p> <p>(2) Contributions for the electoral campaign can only have the following destinations:</p> <ul style="list-style-type: none"> a) expenditures for the production and dissemination of radio and television propaganda material on radio, television and print media in an amount not exceeding 40% of the total expenses that may be incurred during the electoral campaign; b) expenses for the production and dissemination of electoral propaganda materials online, in an amount not exceeding 30% of the total expenses that may be incurred during the election campaign; c) expenses for sociological research, in the amount not exceeding 30% of the total expenses that may be incurred during the electoral campaign; d) expense for electoral posters, in the amount not exceeding 20% of the total expenses that can be made during the electoral campaign; e) expenses for printed leaflets, flyers and other printed propaganda materials, in amount not exceeding 50% of the total expenses that may be incurred during the electoral campaign; f) expenses for the renting of premises and equipment and protocol expenses destined to organize events on political, economic, cultural or social themes, for transport and accommodation, for legal assistance and other types of consultancy, as well as for the payment of the financial representatives services, in amount maximum 30% of the total expenses that can be made during the electoral campaign; g) expenses for banking commissions. <p>(3) The provisions of para. (1) and (2) shall apply correspondingly to the referendum campaign.</p> <p>(4) The amounts of money received from the candidates nominated by a political party are considered donations and the provisions of this law are applied accordingly.</p> <p>(5) The provisions of this law shall not apply to the deposits constituted for the submission of candidatures for the position of deputy or senator, as set forth in art. 29 para. (5) - (7) of Law no. 35/2008 for the election of</p>	Art. 38 related to art. 52 para. 2 of Law no. 334/2006

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
	the Chamber of Deputies and of the Senate and for the amendment and completion of Law no. 67/2004 for the election of the local public administration authorities, of the Local public administration Law no. 215/2001 and Law no. 393/2004 on the Statute of local elected representatives, as subsequently amended and supplemented.	
13	The natural and legal persons set forth in para. (1) have the obligation to make available to the representatives of the Permanent Electoral Authority the documents and information requested. <i>(para. 1 - In order to verify the legality of political parties' income and expenses, the Permanent Electoral Authority may request documents and information from private individuals and legal entities that provided services, free of charge or at the expense of the political parties, as well as from any public institution.)</i>	Art. 43 para. 2 related to art. 52 para. 2 of Law no. 334/2006
14	The political parties have the obligation to allow the control bodies of the Permanent Electoral Authority access to their offices.	Art. 43 para. 3 related to art. 52 para. 2 of Law no. 334/2006
15	Political parties and persons set forth in para. (1) have the obligation to submit to the Permanent Electoral Authority all the documents and information requested within 15 days from the date of the request.	Art. 43 para. 4 referring to art. 52 para. 2 of Law no. 334/2006
16	(1) The annual financial statements drawn up by the political parties receiving subsidies from the state budget shall be subject to the statutory audit, which shall be performed by the statutory auditors, authorized natural or legal persons, as per legal conditions. (2) Within 60 days after the audit date, the political parties set forth in para. (1) shall send a copy of the audit report to the Permanent Electoral Authority.	Art. 45 related to art. 52 para. 2 of Law no. 334/2006
17	Within 15 days from the election day, the coordinating financial agents must submit to the Permanent electoral authority detailed reports on electoral revenues and expenditures of political parties, political alliances, electoral alliances, Romanian citizens' organizations belonging to national minorities and independent candidates, as well as the amount of debts registered as a result of the campaign, together with the declarations set forth in art. 28 para. (9). <i>(art. 28 para. 9: Within 48 hours after the submission of an amount to one of the accounts provided in para. (1), the candidate has the obligation to hand over to the county financial representative a statement indicating the source of the contribution.)</i>	Art. 47 para. 1 referring to art. 52 para. 2 of Law no. 334/2006
18.	The Permanent Electoral Authority ensures that the list of political parties, political alliances, electoral alliances, organizations of Romanian citizens belonging to national minorities and independent candidates who have submitted detailed reports on electoral revenues and expenses, as they are filed, through successive publications in the Official Gazette of Romania, Part I.	Art. 47 para. 2 related to art. 52 para. 2 of Law no. 334/2006

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
19.	Candidates declared elected can't validate their mandates if the detailed report on electoral revenues and expenses for each political party or independent candidate was not filed as per legal conditions.	Art. 47 para. 5 related to art. 52 para. 2 of Law no. 334/2006
20.	Annually, until 30 April, political parties have the obligation to submit to the Permanent electoral authority a detailed report on the incomes and expenses incurred in the previous year.	Art. 49 para. 1 referring to art. 52 para. 2 of Law no. 334/2006
21.	<p>The reports provided in paragraph (1) shall also include details of incomes and expenses of internal structures of political parties set forth in art. 4 para. (4) of the Political Parties Act no. 14/2003, republished, of income and expenses of persons directly or indirectly connected with the political party, as well as of the association forms provided at art. 17 of this law.</p> <p><i>(art. 4 in Law no. 14/2003 of political parties, republished)</i></p> <p><i>(4) Within territorial organizations, political parties may organize structures that will deal with issues specific to a certain social or professional category.</i></p> <p><i>Art. 17 in Law no. 334/2006 on financing of activity of political parties and electoral campaigns, republished</i></p> <p><i>(1) If a party is associated, by law, with a non-political formation, the financial contribution of the latter to the respective association form may not exceed, in one fiscal year, the value of 500 gross national minimum salaries, at the date of 1 January of that year.</i></p> <p><i>(2) The total financial contribution in forms of association with non-political parties may not have, in one year, a value higher than the equivalent of 0.006% of the incomes provided to the state budget for the respective year.</i></p> <p><i>(3) The amounts received in breach of the provisions of para. (1) and (2) shall be seized and contributed to the state budget.</i></p> <p><i>(4) The political parties have the obligation to publish in the Official Journal of Romania, Part I, the total amount of the amounts covered by para. (1) until 30 April of the following year.)</i></p>	Art. 49 para. 2 related to art. 52 para. 2 of Law no. 334/2006
22.	The political parties have the obligation to submit to the Permanent electoral authority the annual financial statements within 15 days after registration with the competent fiscal body.	Art. 49 para. 3 related to art. 52 para. 2 of Law no. 334/2006
23.	The accounting of political parties shall be organized and managed, at national and county level, according to the provisions of Accounting Law no. 82/1991, republished, as subsequently amended and supplemented.	Art. 49 para. 5 related to art. 52 para. 2 of Law no. 334/2006
24.	<p>Political parties and independent candidates must submit within 15 days to the representatives of the Permanent Electoral Authority the documents requested, as per para. (1).</p> <p><i>(para. 1 - In order to verify the legality of the collections and payments made by political parties and independent candidates during the</i></p>	Art. 50 para. 2 related to art. 52 para. 2 of Law no. 334/2006

Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation		
No. Crt.	Legal provision	The framing of the offense in the legal text
	<i>electoral campaign, the Permanent Electoral Authority may request the additional declarations and documents considered necessary.)</i>	
C. Offense: fine from Lei 100,000 to Lei 200,000		
1.	<p>The political party has the obligation to perform the task set forth in para. (2) within the terms and conditions stipulated in the donation agreement.</p> <p><i>(para. 2 - Donations in cash with the task to purchase buildings destined to headquarters of the political party are exempted from the conditions set forth in art. 6 para. (2), (3), (4) and (5).</i></p> <p>Art. 6 par. 2: <i>The donations received from an individual in one year may be up to 200 minimum national minimum salaries, at the value existing on 1 January of the respective year.</i></p> <p>Art. 6 par. 3: <i>Donations received from a legal entity in a year may be up to 500 minimum national minimum salaries at the value existing on 1 January of that year.</i></p> <p>Art. 6 par. 4: <i>The total amount of donations made by legal entities controlled directly or indirectly by another person or by a group of private individuals or legal entities may not exceed the limits set forth in para. (2) and (3).</i></p> <p>Art. 6 par. 5: <i>The market value of the movable and immovable assets donated to the party, as well as of the services rendered to it free of charge, shall be included in the value of the donations, within the limit set forth in paragraph (1), (2) and (3).</i></p>	Art. 8 para. 3 related to art. 52 para. 3 of Law no. 334/2006 republished, as subsequently amended and supplemented
D. Offense: fine from Lei 10,000 to Lei 50,000		
1.	the use by political parties of other sources of income than those provided by Law no. 334/2006, republished	Art. 2 para. 1 lit. a of Decision no. 10/2016
2.	the breach by political parties of the obligation to keep a minimum of 3 years of declarations of legal entities that act as donor or lender	Art. 2 para. 1 lit. b of Decision no. 10/2016
3.	violation by political parties, political alliances and citizens' organizations belonging to national minorities of the obligation to return to the candidates the sums of money not paid out or reimbursed by the Permanent Electoral Authority	Art. 2 para. 1 lit. c of Decision no. 10/2016
Possible active subject of offense		political party, political alliance, citizens' organizations belonging to national minorities, independent candidate, party member, treasurer, financial representative
Possible passive subject of offense		the state, the Permanent Electoral Authority

Table 8.3. Contraventions in the field of financing of political parties and electoral campaigns set forth in the Romanian legislation

Criminal sanctions set forth in the Romanian Criminal Code for acts related to the financing of political parties

The criminal nature of a concrete deed is the effect of gathering the features provided by the law through which that act is characterized as crime and within which it will be found, the essential legal features set forth in art. 15 para. 1 Criminal Code: *the act provided by the criminal law, committed with guilt, unjustified and imputable to the person who committed it.*

The offense attracts criminal responsibility through criminal sanctions, and establishing criminal liability without attracting the penalty would result in the failing criminal liability.



Figure 8.1. Criminal law institutions

Criminal liability is a form of legal liability represented by the coercive criminal legal report, born as a result of the commission of the crime, between the state, on the one hand, and the active subject of the crime, on the other hand, a complex report whose content consists of the right of the state, as a company representative, to hold the perpetrator liable, to enforce the sanction stipulated for the crime committed and to compel him to enforce it, as well as the obligation of the perpetrator to answer for his actions and to be subject to the sanction applied, in order to restore the rule of law and the authority of law. Thus, any legal norm encompasses in its content the consequence of disregarding mood, meaning the sanction to which the person who disregarded the legal provision is subjected.

The regulation of sanctions is important for the entire rule of law, being an essential aspect of the legality principle. The criminal sanction is the consequence of determining the criminal responsibility of the perpetrator, representing the "threat" with certain privatizations and unavoidable suffering in case of breach of criminal norms.

At the same time, the Romanian Criminal Code sanctions both the consumed actions and the enforcement of the intention to execute the deed set forth in the criminal law. According to provisions of the criminal law, the attempt is punishable only for crimes where it is expressly specified, and the minimum and maximum penalties for the crimes consumed are reduced by half; thus, the attempt is punished, for example, at *fake offenses*.

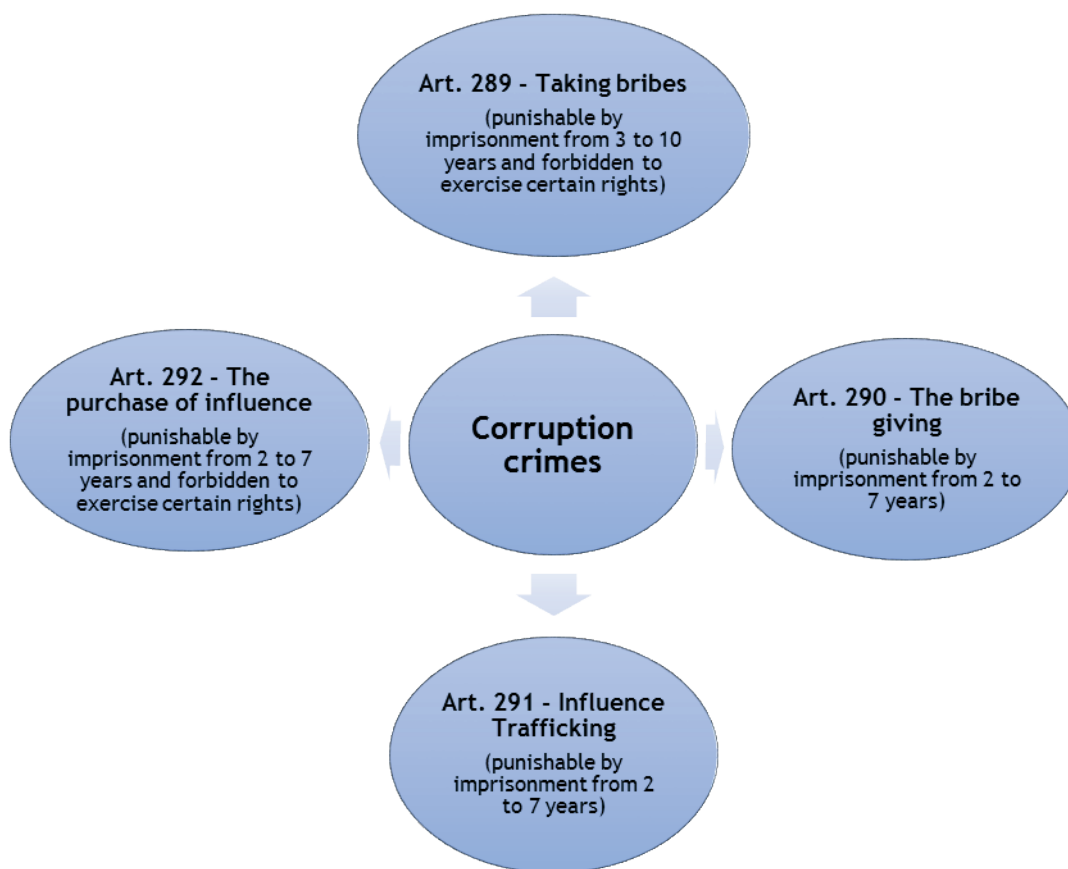


Figure 8.2. Corruption crimes

Corruption represents a threat to democracy, rule of law and human rights, undermines the principles of good administration, equity and justice, distorts competition, hinders economic development and endangers the stability of democratic institutions and the moral foundations of society (Criminal Convention of 27 January 1999 on corruption, Council of Europe, OJ no. 65 of 30 January 2002). Corruption acts presuppose the obtaining of patrimonial benefits by the corrupt one, but also by the corrupt one, or even by somebody else, but it is not always necessary to quantify patrimonial benefits, because there may be other benefits nature: administrative, political, power etc.

As it results from the texts of the Criminal Convention of the Council of Europe on corruption, a distinction is made between active corruption and passive corruption, the obligation of the member states being to ensure punishment of both forms.

Active corruption, as per art. 2 of the Convention, assimilates intentional committing of an act provided by criminal law whereby a person proposes, offers or



gives, directly or indirectly, any undue advantage to a public agent, for himself or for another, in order to fulfil or refrain from performing an act that takes place in the exercise of his functions. In this category of corruption are included the acts of bribery giving and buying of influence.

From art. 3 of the Convention, the definition of passive corruption, consisting in the commission of a public agent intentionally, of an act whereby he directly requests or receives, directly or indirectly, any undue advantage, for himself or for another person, or accepts the offer or the promise with the purpose of fulfilling or not performing an act that comes into his / her exercise of his / her functions. In this category of passive corruption are included acts of bribery and influence traffic.

Taking of bribes - the action of the public agent who, directly or indirectly, for himself or for another, claims or receives money or other benefits that are unfit or accepts the promise of such benefits, in connection with the performance, failure, acceleration or delay of the fulfilment of an act entered into his duties or in connection with performance of an act contrary to these duties, shall be punished by imprisonment from 3 to 10 years and the exercise of the right to hold a public office or to exercise the profession or activity in the execution of which committed the act.

Bribe giving - promise, offering or giving of money or other benefits, shall be punished by imprisonment from 2 to 7 years. Acts shall not constitute an offense when the bribe was compelled by any means by the bribe.

Influence trafficking - claiming, accepting or accepting the promise of money or other benefits, directly or indirectly, for oneself or for other person, committed by a person who has influence or gives the impression that he has influence over a public agent and who promises that will determine him to fulfil, not to perform, to delay or to delay the performance of an act that falls under his duties or to perform an act contrary to these duties, shall be punished by imprisonment from 2 to 7 years.

Buying of influence - the promise, offering or giving of money or other benefits, for himself or for others, directly or indirectly, to a person who has influence or who believes that he has influence over a public agent, in order to determine him to fulfil, not to perform, to delay or to delay the performance of an act that falls under his duties or to perform an act contrary to these duties, shall be punished by imprisonment from 2 to 7 years and a ban on the exercise of certain rights.

The general legal object of corruption offenses (bribery, bribery, influence trade, purchase of influence) is the social relations related to the prestige of some institutions, honesty and probity of public agents or other persons, who carry out their activity in these institutions. Such relationships require the prohibition of obtaining undue amounts or benefits in connection with the job duties.



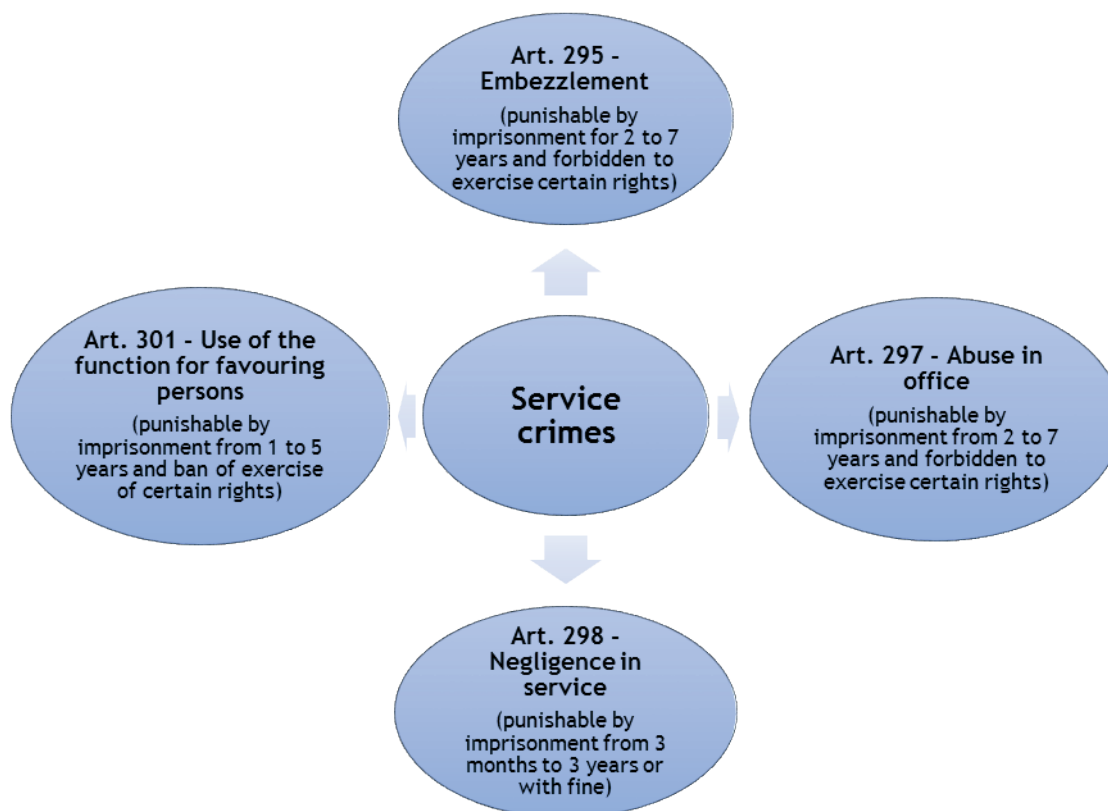


Figure 8.3. Service crimes

Misappropriation - acquisition, use or trafficking by a public agent, in his or her interest or for another, of money, values or other assets managed or managed by them shall be punished by imprisonment from 2 to 7 years and the exercise of the right to freedom of holds a public office.

Abuse in office - the act of a public agent who, in the exercise of his job duties, fails to execute an act or fails him in a manner that causes damage or damage to the rights or legitimate interests of a private individual or of a legal entity is punishable with imprisonment from 2 to 7 years and banning the exercise of the right to hold a public office.

Neglect in the Service - breach of an official by default by a public officer of an official duty, failure to do so or faulty performance, if this causes damage or damage to the rights or legitimate interests of a private individual or of a person legal entity, shall be punished by imprisonment from 3 months to 3 years or with fine.

Use of the position for favouring persons - action of public agent who, in the exercise of his job duties, performed an act that obtained an asset for herself, for her husband, for a relative or for a relative up to II degree, is punishable by imprisonment from one to 5 years and banning the exercise of the right to hold a public office for a period of 3 years.

The essential characteristic of the group of offenses is the social value defended, namely the good functioning of public bodies or institutions, as well as the protection of the legal interests of private individuals. Public bodies or institutions as well as private individuals are equally interested in ensuring that officials carry out their duties on a regular and effective basis in order to ensure that officials' performance is assured against the trend of obtaining illicit gains. The activity of public bodies or institutions is defended by the criminal law against abuse and negligence of officials committed either in internal relations, that is to say immediate damage of units where they are employed, or in external relations, that is to say, in the immediate damage of private individuals. For the existence of such crimes, it is required that the public agent or the official performs the offense in the exercise of his job duties, namely when performing activities related to his job duties.

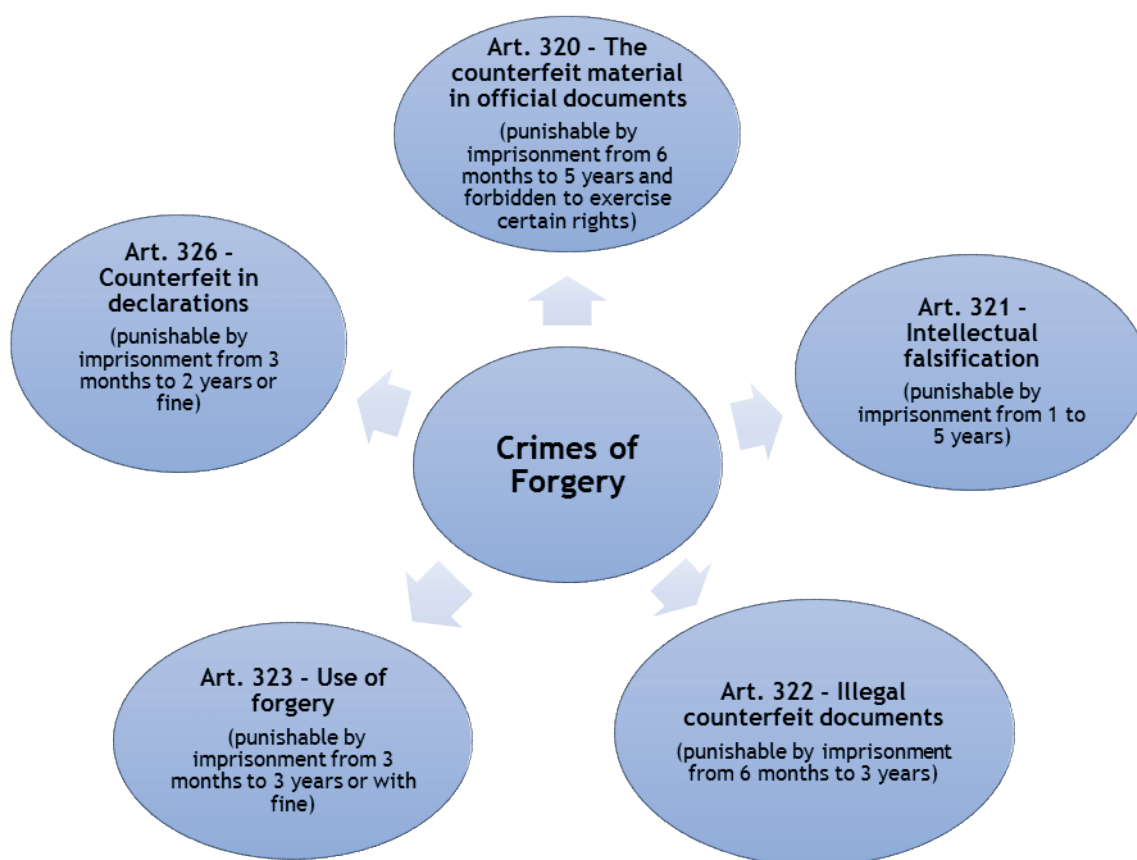


Figure 8.4. Crimes of Forgery

The counterfeiting of official documents - forgery of an official document, by counterfeiting of writing or underwriting or by alteration thereof in any way, liable to produce legal consequences, shall be punished by imprisonment from 6 months to 3 years. The counterfeit committed by a public officer in the exercise of his job duties

shall be punished by imprisonment from one to 5 years and the exercise of certain rights.

Intellectual falsification - forgery of an official document on the occasion of its elaboration by a public agent in the exercise of his job duties, by attesting facts or circumstances inappropriate to the truth or by knowingly failing to insert certain data or circumstances, shall be punished by imprisonment of imprisonment or imprisonment. from one to 5 years.

Fake in documents under private signature - forgery of a document with private signature in any of the ways set forth herein, if the perpetrator uses falsified documents or assigns them to another person for use, in order to have a legal consequence, shall be punished by imprisonment from 6 months at 3 years or a fine.

Use of forgery - the use of an official document or private signature, knowing that it is false, in order to have a legal consequence, shall be punished by imprisonment from 3 months to 3 years or with fine, when the document is officially, and by imprisonment from 3 months to 2 years or to fine, when the document is under private signature.

False in statements - inappropriate declaration of truth, made to one of the persons provided in art. 175 or an establishment in which it carries out its activity in order to have a legal consequence, for itself or for another, when, according to the law or the circumstances, the declaration made serves to produce that consequence, it shall be punished by imprisonment from 3 months to 2 years or fine.

In case of forgery, the degradation of truth, although performed through an illegal activity of the perpetrator of the deed set forth in the criminal law, the result of this activity, namely the deceiving of the public confidence, is obtained through the product of the perpetrator's action / inaction, and not through the actual activity

The legal object is those social relations whose normal formation, development and development would not be possible without a real defence of one of the most important values that must govern society, in concrete terms, public confidence, of great importance referring to the inter-human relations and the normal evolution of some social and economic activities.



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CONCLUSIONS

General object of *Good Practice Handbook* which is represented by the increase of transparency, ethics and integrity in the financing activity of electoral competitors, as a justification of the diversified and still practicable practice in the field, presupposes the adoption of a favourable perspective for determining the character of a national strategy, both in understanding the principles, as well as in understanding the need for practical application thereof.

This necessitates political parties to carry out integral electoral campaigns and to adopt the position corresponding to the internal needs, but also to comply with the recommendations of the international bodies related to financing of electoral competitors.

The handbook offers the possibility to look in perspective the role and purpose of financing of political parties and electoral campaigns and to show how interpretations can be made, both by exceeding the limitations of expenses of electoral competitors and by interdictions imposed by law theoretical and practical view, resulting in obtaining some essential advantages over the consistency between the legal dispositions and the practical activity.

The parties must know and understand the limited degree of access to financing sources, the rights and obligations of legal representatives, financial agents, defining, with each stage of electoral activities, the risks of the financing process, by reference to the satisfaction of the immediate and necessarily needed needs, but also to the existing legislative framework.

By organizing and operating autonomously, as per legal conditions, the political parties are determined to comply with the legal norms indicated, since their set up and operation outside the law are prohibited, and the incorporation and registration documents in these cases are null in law.

The analysis of financial information in its elementary form is related to law enforcement control practices, which are of necessity, since it ensures the concrete exercise of balance monitoring, which must exist between law and practice, between the theoretical doctrine and the social and economic realities found in a constant change.

By analysing electoral practices, their inferences necessarily require the elimination of blurriness of their own tendencies, which are intended to be autonomous.

Thus, a manifestation of responsible and mutual activities in compliance with the law for complying with the activities of the parties is ensured, with the



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recommendations of the European Commission, GRECO, IDEA, Venice Commission, on general rules against corruption in financing political parties.

Thus, the Permanent Electoral Authority (EPA) has access to identifying ways of financing political parties, based on criteria for allocation of funds, for application of the regulatory framework in the activity of organizing and holding elections and of referenda, creating the optimal framework for ensuring ethics and transparency in this field.

The reduction of the corruption phenomenon is based, inter alia, on transparency and accountability, on the integrity of the electoral system, as well as on the adoption of optimal financing solutions for political parties.

Free access to detailed information regarding the funding of electoral competitors is an effective tool in the fight against illicit acts in this field, determining a prompt and proactive analysis of published data and giving citizens the possibility to supervise their financing activity.

The prevention policy generates positive results if a context conducive to improving the quality of public sector activities is created.

A high efficiency and effectiveness of the control over the activity of financing political parties, as well as transparency of incomes and expenditures achieved by the electoral competitors, a competitiveness based on real projects, without manipulation, allow the citizens to be governed according to their beliefs, found in disseminated political ideas.

Combating and preventing acts of corruption through fair trials, application of dissuasive sanctions, media coverage of detailed statistics on offenses and criminal actions committed in the field of financing political parties contributes to the observance of the principles underlying a democratic state, .

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