

**Workshop on the financing of political parties and election
campaigns
Chisinau, 4 February 2005**

Synthesis

Introduction

On February 4th, 2005 Dr Marcin Walecki participated in a round table on the financing of political parties and election campaigns organized by the CCCEC and the Council of Europe in Chisinau. The main goal of the meetings was to discuss needs in the field of political finance legal reform and institutional capacity building for the period 2005 – 2006 as well as Council of Europe role in supporting a process of drafting a new law on funding of political parties and election campaigns.

Political Finance in Moldova

Over the last 14 years legislators in Moldova were not able to regulate comprehensively the institutions of political parties on a specific or long-term basis, in particular the question of their funding. The lack of complete regulations on political party financing had a significant influence on lowering standards in public life, and in the growth of political corruption.

The rules on party funding in Moldova are part of the Universal Electoral Code and Law on Political Parties adopted on 1991. The Code mainly deals with the financing of the Central Election Commission by the state, and has only few articles on campaign financing. The law on political parties provides additional regulations regarding sources of funding, reporting obligations and spending limits. The Moldavian legislation provides for creating special electoral accounts to finance election campaigns of political parties and candidates.

The Law on Parties and Other Public-Political Organizations provides that the funds of the parties come from: 1) Membership fees; 2) Income from publishing activities; 3) Donations from corporations and individuals; 4) Income from sales of books.

A number of financial sources are prohibited. Electoral accounts may not accept contributions from foreign states, citizens, organizations or agencies, stateless persons, charities and religious organizations or Moldavian citizens who are less than 18 year old. Anonymous donations and contributions from organizations financed by the Moldavian state budget are also banned.

Campaign spending is regulated by the Election Code and decided by the Central Election Commission which imposes spending limits. Media advertising is not restricted (within the overall spending limits). There are no forms of direct public funding for political parties but the state offers (determined by the CEC) modest interest-free loans to parties and candidates. The financed by the state budget media (both electronic and the press) provide free airtime (or space) to the candidates and parties, for the announcement of their programs and for other election related materials.

The burden of reporting is placed largely on commercial banks that have opened election accounts. It is the banks that should inform the CEC about contributions to the electoral accounts of candidates and parties within 24 hours.

In general the electoral contestants should present bi-weekly financial reports to the CEC, however in practice there is a serious problem with compliance as the regulation lacks sanctions.

According to the Election Code the Central Electoral Commission or district electoral councils shall maintain a file including all the financial data and should make the file available to the public for information purposes. In addition, the respective electoral body should compile this information on a weekly basis and issue a weekly report and a its final pre-election report two days prior to election day.

Issues and Challenges

Political finance Moldova is facing a serious gap between legal regulations and actual practice. The system is not only characterized by a relatively small number of regulations but first of all complete lack of enforcement. There is an obvious need to increase transparency of party funding in Moldova, and to create more institutional benefits for political parties in terms of direct state subsidies, allocation of free airtime, and other forms of in-kind state support.

Another important issue is the structure of sanctions, or rather its absence. There is lack of diversified and proportional sanctions for political parties candidates.

Thirdly, the system of the 'electoral fund' (and the concept of control performed by banks) is very difficult to enforce in societies where most of the financial transactions do not use electronic wire-transfer, and where cash payments are predominant. The electoral fund may be just a façade of the party and candidate financing – a lot more goes on in the form of cash transactions. Therefore, it seems that the focus in such societies should not be so much on limits of contributions and overall expenditure, but on introducing realistic public funding and restrictions of certain forms of commercial advertising in the press and the electronic media.

Finally, Moldova is lacking any serious enforcement. Neither banks, nor political entities take their obligations seriously and provide enforcement agencies or public with necessary reports. Furthermore, the article 27(21) of the law on political parties provides that the control over the sources of revenue of political parties is to be conducted by the tax inspection. This provision is in violation of the Council of Europe Recommendation "On common rules against corruption in the funding of political entities and electoral campaigns (Rec. 2003(4)), art. 14, which clearly stipulates that the monitoring in respect of the funding of political parties and electoral campaigns should be done by an independent body. This independent body in the case of Moldova might be the Central Election Commission, and certainly not the Tax Inspection.

Summary

The importance of political finance has been recognized by the Moldovan authorities. The National anti-corruption strategy, which was adopted in December 2004, includes as a priority activity for 2005, to

(...) Work on the Law on Funding of Political Parties and Electoral Campaigns, to ensure transparency and accountability of political parties and which should provide for efficient mechanisms of monitoring by mass-media and government agencies.

The work on new legislation should start immediately after the March 2005 Elections. Drafting should be done by the Moldovan working group in close cooperation with the international experts.

In order to raise awareness of proposed reform a workshop can be held in September 2005 in Strasbourg. This workshop should involve leading parliamentarians and representatives of political parties, civil society organizations involved in anti-corruption activities, CEC members, representatives of the Ministry of Justice and the CCCEC.