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Supporting freedom around the world

Political parties and election campaign financing in the EaP countries

Comparative assessment of the potential of the legal framework to fight political corruption in the EaP countries

Promo - LEX
Promovarea democrației și a drepturilor omului

ISFED

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STUDY STRUCTURE

Chapter I. Executive summary

Europe is characterized by a high role of parties in the political life; the growth of the significance and role of parties in politics and in the life of states has resulted in the awareness of the need to fund them to ensure the activity of parties, development of the party system, mobilization of masses. Political parties are critical means by which citizens participate in the government and representative democracy is being realized[1]. Also they are fundamental for a pluralist political society.[2] However, both political parties and individual candidates can be competitive only by having access to proper resources, including financial, and as it is rightly mentioned *"competitors who cannot raise equivalent funds risk losing the political race before it has even begun"*.[3] Thus, having in place sufficiently developed and well thought infrastructure of party and campaign financing is essential for building representative democracy, especially for new democracies. Perhaps it would be right to remind the words of Max Weber who famously said that *"party funding is one of the least transparent areas of party activity".*[4]

In all Eastern Partnership countries there's a visible resemblance of party and campaign finance regulations, on one hand due to the regional history, on the other hand due to the mechanisms and practices used in the Soviet Union. Additionally, political finance regulation in this area are in line with or are softly influenced by Council of Europe and OSCE/ODIHR standards. These countries are also closely monitored by the mentioned bodies in order to verify their compliance with the good practices in domain.

The internal behavior of political parties toward money is vital to tackling the internal clashes that can create many challenges in both annual party activity and electoral campaigns. A weak practice of grass-roots financial support from the party, abuse of administrative resources, vote buying, lack of political will to adjust the legal framework in order to improve the procedures and ensure a level playing field are all damaged instances of internal party finance behavior.

There have been remarkable developments in party and campaign finance regulation in Eastern Europe over the last 20 years. Starting practically from zero, most of the countries have introduced relatively comprehensive regulatory models. There seems to be a strong preference for limiting expenditures and contributions, which suggests that the belief in the regulatory power of the state is still strong, The aggregate score for all the bans and limitations covered show that they are the most regulated of the world's regions. This clearly illustrates the popularity of comprehensive political finance regulations in this region. Yet there is a serious discrepancy between normative commitments and compliance.

Although much has been achieved in terms of transparency in many of these countries, the enforcement of rules is still problematic in most cases. The introduction of models of public financing has also been widespread in these regions, although disbursement is limited in practice due to obstacles that restrict the allocation of such funding.

Of all Eastern Partnership countries, only Belarus hasn't yet introduced public funding for political parties. Additionally only Georgia has provisions linking the level of direct public funding to gender equality amongst candidates. Further, only one country (Moldova) has introduced gender quotas in order to ensure an equal representation of women in elective positions. The newly amended legislation in Moldova sets a platform for ensuring gender equality including on the candidates lists in the local and parliamentary elections, in the forming of government, in the management of the political parties and in nominating the composition of the Audiovisual Coordinating Council.

Ensuring the effectiveness of political finance frameworks, the limited capacity of the mandated institutions to investigate financing of political parties and election campaigns, the lack of a stable and

[1] Guidelines on Political party regulation.OSCE/ODIHR and Venice Commission.2011. Page 17
[2] Ibid, page 20
[3] Anthony Butler. ''Paying for politics. Party funding and political change in South Africa and global south''.Edited by Anthony Butler.Konrad Adenauer Foundation and Jakacana Media (Pty) LTD. 2010.page 1
[4] Kristina Weissenbach and Karl Rudolf-Korte. ''Paying for politics. Party funding and political change in South Africa and global south''. Edited by Anthony Butler.Konrad Adenauer Foundation and Jakacana Media (Pty) LTD. 2010.Page 138

prominent sanctioned system for non-compliance, increased caps on donations and what is more increased caps on donations coming from legal persons, also lack of provisions that would impose the mandated supervisory body to have an annual audit and finance training that could point out the potential irregularities in reporting of parties and candidates are the main challenges of the current framework of funding of political parties and campaign finance.

Chapter II. Introduction

Political parties are institutions of both civil society and political system that play an important role in organization and implementation of state authority. An important aspect of political parties functioning is the matter of their financing. Financial regulation of political parties aims at strengthening of political parties and encouraging citizens to participate in politics. Election financial regulation aims at encouraging free competition of subjects of electoral process.

There is state financing of political parties in most European countries. Undoubtedly, it is an effective tool to prevent corruption and reduce the influence of oligarchs on the election process. This is a tool to develop various ideologies as election does not turn into "the battle of wallets" but remains "the battle of ideologies". One of the problems of state financing of political parties is a constant rise in the cost of services included into the basic set of election campaign. According to experts, in Ukraine, the average income per capita should be about 7000 USD for effective implementation of state financing of political parties, which is impossible at this stage.

In the early 90th of XX century in most post-socialist European countries the legislation approved "liberal" model of electoral campaign financing, which did not provide any financing restrictions of party participation in elections. In particular, there were no limits of expenses for campaign or sources of the election funds, no limits for contributions; there were no requirements to report the origins and usage of funds during the election campaign. This model existed for a long time in Latvia, Lithuania, Estonia, Bosnia, Croatia and Poland [1]. We should mention that this model of election campaigns financing has some negative aspects. First, as there were no restrictions on the size of election funds the election campaign turned from the battle of ideologies into the battle of the money. Second, no legislative limits on expenses and contributions to the election campaign, no requirements for disclosure of sources of election funds lead on the one hand to the growing influence of corporations on party finances and therefore to the corruption of politics and politicians, and on the other hand it is impossible to identify which financial groups are behind the winning party in the election.

Experience of the parliamentary elections in Latvia in 2011, which were held without limits on campaign expenses and about 9 Euros were spent per voter by the parties, shows that the victory of a political force in elections depends on the amount of money spent on campaigning.

The main tasks of political parties financing are covered in the statements of British Committee on Standards in Public Life (CSPL) and Canadian Royal Commission on Electoral Reform and Party Financing (RCERPF), the requirements recorded in "Recommendation of the Parliamentary Assembly of the Council of Europe №1516 on financing of political parties" [3] and in "Guidelines on the Financing of Political Parties" [4] adopted by the Venice Commission on March 9-10, 2001.

An important task of the state in transparency of financing of political parties is establishment of an independent body which will check the sources of financing of political parties. Strict and timely sanctions against persons who are guilty in violations of the current legislation are also important. National Agency for Prevention of Corruption was established in Ukraine for effective control over the financing of political parties.

Chapter III. Methodology

The study is being done at the point of substantial changes of political finance in the Eastern Partnership Countries and its main scope is framing a regional comparative study of the new or old legislation from the risk of corruptibility point of view. In the same time the study intends to draw comprehensive conclusions from the findings and also seek detailed explanations or implications of the information

presented in each EaP country analysis. Amendments regarding private sources of funding, caps and thresholds, sanctions, introduction of the state funding and vesting the EMBs or other relevant institutions with the oversight duties are profound changes that took place in several countries from the region in the last years and which aim at enhanced transparency of political parties financing and – more broadly – political parties' activities.

Additionally the study aspires to analyze how the international standards and commitments with regard to political parties and election campaign funding are reflected in the relevant legal framework of each country in the region. It also aims at finding out what are the main mechanisms for funding political parties and election campaigns in the Eastern Partnership Countries and to what extent the existing national legal frameworks are implemented in each country; and which are the provisions or other financial advantages to encourage gender equality in political parties?

The study will strive to bring recommendations of further legislative changes or of actions needed for the successful implementation of the recently adopted amendments.

During the preparation of the study the following tools and sources of information were used:

- overview of the assessments of the relevant Eastern Partnership Countries legislation by international institutions, i.e. GRECO, CoE Venice Commission and OSCE/ODIHR,
- analysis of the legislative changes in correlation with international good practices in each country in the region,
- in country assessment of the legislative practicalities, of the corruptibility risk, of practical implementation of political finance legislation, through either data analysis (parties' statutes, annual financial reports, campaign finance reports, complaints and appeals) or interviews with the relevant actors,
- combined each country study-analysis from the Eastern Partnership in a joint study that maps the political finance realities, trends and challenges in the region.
- Each EaP country study-analysis will not exceed 12-15 pages.

Chapter IV. Overview of Political Finance Legislation and Compliance with International Standards

4.1. General Considerations

In **Georgia** political party financing and financing of election campaign are regulated by two main legal acts - the Organic Law on Political Unions of Citizens (LPUC) and the Organic Law Election Code of Georgia (EC). Both acts were amended a number of times during past years, but substantial changes were introduced in December 2011 for the October 2012 Parliamentary Elections (further amendments were made in May and June 2012 and in July and August 2013).

By amendments in 2011 the competence of monitoring of party/campaign financing was transferred from Central Election Commission to State Audit Office. Adopted amendments have improved legislation on transparency and monitoring of party/campaign financing. In particular, regulatory authority was established, uniform declaration forms were elaborated, limitations introduced on spending/donations/membership fees.[5] At the same time implementation of some of the amendments was widely criticized by civil society organizations as they turned out to be controversial, ambiguous and disproportionate in relation with sanctions. Work of State Audit office was assessed as selective and politically biased in favor of the ruling party.[6] In many cases State Audit Office took inconsistent and

[5] Finances of Political Parties 2012, "Transparency International-Georgia", April 2013

[6] Monitoring of October 1st 2012 Parliamentary Elections, Final Report, 2013, "International Society for Fair Elections and Democracy", p.14, available at: http://www.isfed.ge/main/330/eng/

unjustified decision creating barriers for oppositional political parties. These problems were identified also in OSCE/ODIHR Election Observation Mission report.[7]

In 2013 after the change of government new amendments were adopted in the legislation which eliminated many problems and improved legal norms regulating party/campaign financing. New regulations introduced proportionate sanctions, defined the meaning of some ambiguous and broad terms, established strict procedures for relevant authorities to conduct inquires of alleged violations; increased transparency of party/campaign funding, etc. Besides that, the management of State Audit office was changed and for elections in 2013-2014 any facts of biased decisions were not observed.

The National Agency for Prevention of Corruption (NAPC) is the central body of executive authority of Ukraine with special status, which forms and implements the national anti-corruption policy.[5]
Establishment of the National Agency is provided by the Law of Ukraine "On Prevention of Corruption" adopted on October 14, 2014. [6]
The Cabinet of Ministers of Ukraine adopted a decision to establish the National Agency for Prevention of Corruption on March 18, 2015 (Resolution №118). [7]

Armenia, since its independence and establishing third republic in 1991, started to develop its legislation on both political parties in general and electoral codes. However, during these 25 years period in spite of having necessary legislation in place, the framework of political competition of Armenia financial wise remains weak, monopolized and not enabling dynamic competition. These result in extremely low trust of political parties in the country. According to the 2015 Caucasus Barometer, political parties enjoy the lowest public trust among 17 national social-political institutions: they have just 8% of public trust.[8] It must be noted in advance that currently Armenia's legislative framework in regard to the issue is 'temporary' and somewhat blurred, which is conditioned with the adoption of alterations in the Constitution of Armenia on December 6, 2015. To be more specific there are 2 main legal acts by which the issues are regulated: Law on Political Parties and Electoral Code. In regard to the Law on Political Parties, Armenia must adopt a new Law on Political Parties, harmonized with the amendments in the Constitution, by the opening session of the future-new convocation of the National Assembly.[9] As about Electoral Code, Armenian Parliament (National Assembly) adopted new Electoral Code on May 25th, 2016 which entered into force on June 1, 2016.

Political financing in Moldova, in 2015 has met regulations providing for a level playing field for all political parties that take part in elections and funding transparency requirements which have been introduced both in campaign finance and the finance of political parties' regular activities. The Moldovan legal framework for Political Parties, elections, party financing suffered sound changes in 2015, applied to the Law on Political Parties, Electoral Code, Penal and Contravention Code, pursuant with the system of financing of political parties was changed from solely private funding to the mixed funding system in which the private funding is complemented by funds from the state budget. Consequently, the provisions that regulate allocations from the state budget were to be applicable to the eligible parties for the first time on 1 January 2016. The legislative changes brought tangible improvements to the existent legal framework, in terms of reporting, disclosure and oversight of the political parties funding. One of the big legislative change is the fact that the amended Law on Political Parties puts on parties a number of requirements related to political finance management and transparency of funding. Moldovan legislation provides the system of checks and balances for the targeted political actors which are to protect the political landscape from illegal funding, from their dependency on few donors or over-spending, which eventually drowns out the voices of ordinary citizens. The checks and balances system is ensured by introduction of limits on received donations or on the total amount of revenues a party can obtain from

[7] "Georgia: Parliamentary Elections 1 October 2012", OSCE/ODIHR Election Observation Mission, Final Report, 21 December, 2012, p.14, available at: http://www.osce.org/ka/odihr/elections/98585
[8] Caucasus Barometer 2015 Armenia. CRRC Armenia. Page 11. Available at: http://www.crrc.am/hosting/file/_static_content/barometer/2015/CRRC-Armenia_CB2015_Presentation.pdf
[9] Article 210, part 2, RA Constitution

private sources. The problem is that the limits are set on very high levels, hardly serving their purpose. Therefore, even though the mechanism of checks and balances is well designed, it needs to be strengthen by setting much lower limits on donations and generally on parties' revenues. There are no limits on spending.

Central Election Commission of Moldova obtained the mandate to supervise and control the financing of political parties, which includes the control of both financing of the regular activities of political parties and campaign financing. Additionally, all together with public funding, a number of provisions that aim at transparency and control of the political parties financing were introduced. If fulfilled by the parties, those provisions will ensure full transparency of the political financing process. Yet, the research revealed great reluctance from parties to disclose their annual financing records. At the same time, sanctions envisioned for non-compliance with disclosure obligations are very weak and may not serve as an effective deterrent. Hence, Promo-LEX recommends that the sanctions related to non-compliance with the provisions aiming at political parties' financial transparency need to be substantially8 increased.

In Belarus, there are 15 registered political parties. The state policy, including in the field of enforcement of the main human rights and freedoms does not contribute, and often even impedes the development and activity of parties that are not loyal to the regime. At the same time, the parties that are loyal to the regime do not have enough weight and authority in the society because of their low activity or of the lack of a determined political and ideological position.

Despite the absolute weakness of the party system in Belarus, it is necessary to set some clear and transparent rules that are compulsory for the participants in the political life, irrespective of their ideological membership and degree of loyalty to the current governance. Such rules will allow avoiding the involvement of parties and their members in various corruption schemes in case the parties acquire sufficient weight in the political life of the state and will start influencing the lawmaking process and the appointment of employees in the executive branch. At the same time, the rules of parties' funding must exclude the disproportionate and unaccountable provision of advantages to specific stakeholders of the political life at the expense of the state. The sources of funding and the spending of funds during political campaigns and, in particular, during elections, must be equally transparent and accountable.

4.1.2. General aspects and provisions on gender involvement in political and electoral processes.

Worldwide women and men have unequal opportunities to participate in the political sphere. The uneven level playing field is even more prominent when it comes to elections and participation of both sides as candidates and elected officials in the electoral process, with women on average reaching not more than 21 percent of the legislatures. In the midst of the fact that political finance is the utmost tool for achieving a level playing field for the unrepresented category in politics – women, the never ending debate about political finance rarely considers the impact of money on ensuring equality at the level of representation of women in eligible positions. Moreover, the rhetoric that envisages gender topics in politics is most of the time superficial. Equal participation of women and men in all aspects of political and public life, is a cornerstone principle to which all OSCE participating States have subscribed, additionally the adopted decision[10] by the member states provided OSCE/ODIHR the mandate "to assist participating States in developing effective measures to bring about the equal participation of women in democratic processes and assist in developing best practices for their implementation." [11] The current OSCE-wide rate of women's representation in parliaments stands at almost 25 per cent, an increase from 15 per cent in

[10] The December 2009 OSCE Athens Ministerial Council adopted a Decision on Women's Participation in Political and Public Life, calling on all participating States to "encourage all political actors to promote equal participation of women and men in political parties, with a view to achieving better gender-balanced representation in elected public offices at all levels of decision-making"

[11] OSCE/ODIHR, ed. Foreword. Handbook on Promoting Women's Participation in Political Parties. Warsaw: Homework, 2014. 8. Print.

2000. This increase over the last decade, however, has been due largely to significant gains in a limited number of participating States, while overall progress remains uneven across the region[12].

At the present stage development of gender regulation mechanisms in politics became the subject of international conferences, various organizations are established and international regulations are adopted. The first international event devoted to women's participation in politics was a United Nations Conference in Mexico City in 1975, where the international community paid special attention to women's representation in political decision-making structure. [8] Before that, in 1952 the UN adopted the Convention on the Political Rights of Women. [9] In 1979 the UN General Assembly adopted the Convention on the Elimination of All Forms of Discrimination against Women ratified by 150 countries. [10] Gender equality is recognized by the international community as a value, which should be achieved for justice and social development.

The European Commission applies the so-called dual approach in the policy of gender equality: implementation the "gender mainstreaming" policy and initiating special measures.
Gender mainstreaming recorded in the Beijing Platform is recognized globally strategy of gender equality policies implementation. Gender mainstreaming involves (re)organization, improvement, development and evaluation of political processes in such a way that political decision-makers used gender perspective in all policy areas and at all stages. According to the results of international comparative reports and databases EU countries are leaders in the world in terms of women involvement in national parliaments. In addition, even at the level of the EU women make up more than 30% of the European Parliament members. Almost from the beginning of the EU the idea and value of gender equality is implemented primarily at the state level. [11]

The problem of adequate representation of women in state government bodies is also noted in many documents of the Council of Europe, Venice Commission and OSCE / ODIHR. We should mention the following:

- Venice Commission. Code of Good Practice in Electoral Matters, 2002;
- PACE Recommendation 1676 on Women's participation in elections, 2004;
- Recommendation 3 of the Committee of Ministers to member states "On gender-balanced representation in political and social decision-making", 2004;
- OSCE Action Plan to support gender equality, 2004;
- Decision 07.09 Ministerial Council of the OSCE on Women's Participation in Political and Public Life, 2009;
- Report of the Venice Commission on the impact of electoral systems on women's representation in politics , 2009
- Resolution of the Council of Europe in 1706 "Increasing women's representation in politics", 2010; PACE Recommendation 1899 "Increasing women's representation in politics through the electoral system", 2010;
- Guidelines on Political Party Regulation by OSCE / ODIHR and Venice Commission, 2010;
- Venice Commission. Code of Good Practice in the field of Political Parties, 2010; [12]

Gender quotas can be included into the Constitution (for example, Afghanistan, Ecuador, Haiti, Serbia, France, etc.) or into the Law on Elections (Republic of South Africa, Belgium, Kyrgyzstan, Uzbekistan, Portugal, Panama, Korea, etc.). In particular, legislative quotas are adopted in such EU countries as Belgium, Greece, Ireland, Spain, Italy, Poland, Portugal, Slovenia and France. Voluntary party quotas are the most common type of quotas in the world. Scandinavian countries are known for voluntary party quotas, which were initiated by an active women's movement. Usually understanding the values of gender equality and women's participation at party level is important for voluntary party quotas. Voluntary party quotas are present in more than a half of the EU member states: Austria, Great Britain, Greece, Spain, Italy, Cyprus, Lithuania, Luxembourg, Malta, Netherlands, Germany, Romania, Slovakia, Slovenia, Hungary, France, Croatia, Czech Republic, and Sweden. There are such issues connected with

[12] Ibidem

quotas as the size of the quota (e.g. 20%, 30% or 40%) and a mandate to seat (at the beginning of the list or at the end). Prescribed in legislation quota does not always work if there is no mechanism for its implementation - sanctions for non-implemented quota (denial of party registration) or award (state campaign financing). In general, the experience of countries that have introduced quotas (the vast majority of countries of the world) shows that it accelerates the passage of women in politics. [13]. Women in the world on average have only 22% of seats in national parliaments

Regionally (EaP), only one country (Georgia) has provisions linking the level of direct public funding to gender equality amongst candidates. However x countries have introduced gender quotas in order to ensure an equal representation of women in elective positions: Moldova….. The newly amended legislation in Moldova sets a platform for ensuring gender equality including on the candidates lists in the local and parliamentary elections, in the forming of government, in the management of the political parties and in nominating the composition of the Audiovisual Coordinating Council….

In Moldova, from the total number of 45 political parties registered at the Ministry of Justice, only 3 parties are led by a woman (PNL, PPPAS, PPD). Women are also put on disadvantaged position when it comes to access to the campaign funds. According to the Center for Partnership Development[13], even if the number of female candidates for the 2014 parliamentary race constituted 30,5 per cent of all candidates, their revenues amounted only to 8,1 per cent of the total amount of candidates' declared revenues.

Even if on 14 of April 2016 Moldovan Parliament adopted the draft law no. 180 of 05.15.2014 that establishes the 40% gender quota for both sexes in the central and local authorities, the placement provisions that would make 40% quota be applicable to every 5 spots on the list were not introduced. This gap in the law would not change dramatically Moldovan women' status quo in the political life.

At the stage of drafting the amendments to the Law no. 294 on Political parties and campaign finance, the bill included financial incentives meant to ensure gender balance at a ratio of 20 per cent of the total computed amount of public funds, proportional to the performance at both parliamentary and general local elections. Still, those were not endorsed, missing the opportunity to use public funding to enhance the gender equality within political parties.

In Georgia, Law on Political Unions of Citizens (LPUC) envisages financial incentives for political parties who promote women participation in politics. It is established that political parties that receives funding according to the given law shall receive an additional 30% of the basic funding provided that the party list submitted by the party or electoral bloc (in an event of municipal elections – all of its party lists) maintains at least a 30% gender balance in first set of ten, the second set of ten, and each consecutive set of ten until the end of the list.[14]

This amendment was adopted in July 2013 and entered into force after final results of 2014 municipal elections. Before that it envisaged additional 10% of the basic funding provided that the party list submitted by the party or electoral bloc maintained at least a 20% gender balance in each set of ten candidates. This regulation was introduced in December 2011.

Though, it should be noted that the regulation is not very actively used by the parties. In 2012 parliamentary elections out of 16 election subjects only 6 envisaged gender quotas in the party lists. Only two election subjects won mandates in proportional elections and as none of them had observed minimum requirement of gender quotas in the party lists they have not received additional funding.

In Armenia, The current legislative framework provides enabling environment for gender balance. To be more specific articles 42 and 43 of the Electoral Code stipulate that both in the Central Electoral

[13] Sources: National Statistical Bureau, Women's Rights Center, Center Partnership for Development of Moldova (CPD)
[14] Law on Political Unions of Citizens, Article 30, paragraph 7[1]

Commission and Territorial Electoral Commissions each sex should have at least 2 representatives. Article 83 of the same Code stipulates that both in republican and territorial electoral lists the percentage of candidates from one of the sexes can be maximum 70% and the remaining 30% should be the opposite sex. As about the Law on Political Parties, which regulates the conduct and operation of political parties in general, it is silent on this issue. In conclusion, it must be mentioned that the issue of having proper infrastructure for money and politics is also part of Armenia's international commitments[15].

Ukraine is currently 107th in the rating with only 12% of women in the Verkhovna Rada. Countries of the former Soviet bloc have not progressed to the leaders by the number of women in parliaments. Transformation processes and fight for important economic resources did not contribute to significant involvement of women in politics. Only the situation in Belarus in different (29%) as this country is inherent in the Soviet legacy where the parliament was rather "visual" than the ruling body. According to NDI research in Ukraine, conducted in July 2015, 41% of respondents said that the best percentage of women in Verkhovna Rada would be 41-50%, 31% considered acceptable women's representation at the level of 20-40%, and 21% - at level less than 20%. In general, it was found that negative perception of women is insignificant, but the Ukrainians easily ascribe negative traits to men, who are considered more corrupt, detached from reality, related to the oligarchs, prone to strife and those that pursue their own interests in politics. In this regard, a significant part of Ukrainians (56%) support the statement that women in politics could improve the situation in authorities, according to KIIS in 2012 this statement was supported by the most women (65%) and by a significant number of men (45%). Even during the revolutionary actions and armed conflict, according to NDI data in 2014, almost half of Ukrainians (48%) believe that the number of women holding elected office is insufficient (34% believe that women's representation is sufficient). Despite quite positive public attitudes toward women in big politics before the introduction of gender quotas as one of institutional mechanisms to achieve de facto gender equality Ukrainians in January 2015 didn't show their support to the idea to capture women's seats in party lists (supported by 14% on average, 11% of men and 17 % of women) or in bodies of state authority (supported by 14% on average, 12% of men and 16% women). However, about a third of the population (among both men and women) were against the quotas and another third believed that this issue is not of interest at this time. [14]

As for implementation of voting rights by the citizens of Ukraine the law particularly introduces the so-called system of "gender orientation of political parties", which means voluntary introduced party quotas for women in charters of political parties. Thus, the law amends Article 8 of the Law "On Political Parties in Ukraine" and supplements the list of information that must contain the charter of the party with a new point - the amount of quota that determines the minimum level of women's and men's representation in the list of candidates for people's deputies of Ukraine from the party in the national constituency.

In 2015 the provision on gender quota was included into the election law of Ukraine for the first time. Even if previously such provision was included into the law on political parties, but introduction of quotas in the law on local elections could be a turning point for reforming the electoral legislation of Ukraine in general. The Law on Local Election contains provisions that representation of persons of the same gender in the electoral lists of candidates for deputies of local councils in multi-member constituencies must be at least 30 per cent of total numbers of candidates in the electoral list.

According to the results of gender monitoring of local elections in 2015, conducted by Committee of voters of Ukraine (CVU), most parties complied with the quotas in formation of candidates' lists for oblast councils and councils of Kyiv city and cities which are oblast centers. On average the level of women's representation in the lists to oblast councils throughout Ukraine was 29.6%, and to city councils - 32.1%. According to data of 22 oblast councils woman have 15% of seats there, and 18.1% of seats in city councils. The 30% threshold was passed in only one city council and in none of oblast councils. These figures are not proportionate to women's representation in electoral lists, which shows that political

[15] UN Convention against corruption-article 7, para 3; Recommendation 21 under OECD's Istanbul Anti-corruption Action Plan; Recommendation 2003 (4) of the Council of Ministers of CoE

parties are actually not ready to support women in elections. The governing bodies of political parties according to CVU are not gender balanced neither at the central nor at regional level - women head only 12.8% of the oblast branched. Only 6.1% and 5.9% of women respectively were leaders of party lists out of 214 women deputies of city councils and 252 women deputies of oblast councils elected in result of the last local elections. Local elections on October 25, 2015 were the first elections in Ukraine held with gender quotas included in electoral legislation. Although the provision on quota does not include penalties for its non-implementation, all-Ukrainian non-governmental organization "Committee of voters of Ukraine" (CVU) considers the included provision as a progress of the election legislation of Ukraine. On average, the level of women's representation in the lists for city councils of Kyiv and cities which are oblast centres across Ukraine is 32.1%. The provision on quota was observed in 310 of the 430 lists, which is the vast majority. At the same time, according to the results of monitoring of campaign in support of men and women candidates CVU concludes that the vast majority of political parties do not make proportional efforts to campaign in support of women in their lists compared to men. [15]

Even though in Belarus, there are legal provisions that ensure the equality of women and men in all areas of social life: "Women are provided with the same possibilities to receive education and professional training, labor and professional promotion, in the social-political, cultural and other fields, as well as creation of conditions for the protection of their labor and health as men", the Law on Gender Equality is still under development; in the regulatory acts on state building and political life there are no guarantees for women that would set some minimum thresholds and limits for women's representation in the state authorities – both representative and executive. The Belarus authorities declare that women in Belarus are sufficiently represented in the state authorities, which helps respect the balance of gender equality. Belarus has ratified a number of international documents in relation to gender equality and elimination of gender discrimination: the UN Convention on the Elimination of all Forms of Discrimination against Women (1979); the Declaration and Platform for Action of the Global Conference for Improving the Situation of Women (Beijing 1995); the Millennium Declaration.

In 2000, the National Council for Gender Policy was established and still operates under the Council of Ministers of the Republic of Belarus that is the permanent body on issues of state policy in the field of gender equality coordinating the gender policy implemented in the Republic of Belarus. Belarus presented reports to the CEDAW (the United Nations Committee on the Elimination of Discrimination against Women) twice. After receiving the report in 2004 and in 2010, the CEDAW recommended to the Belarus government to take systemic measures to eliminate discrimination against women and bring the legislation and practice in line with the Convention requirements, which implies providing women with a number of civil, cultural, economic, political and social rights guaranteed by the Convention on the Elimination of all Forms of Discrimination against Women .

According to the statistics, although women in Belarus have a high level of education, they receive only 76.2% of men's salaries; although women are represented in state positions to a greater extent (70.1%), the number of women in managerial positions is just a little higher than that of men (54.7% of directors and deputy directors of organizations); the most educated women are more affected by unemployment than men with the same level of education; they are much more frequently than men victims of dismissals relate to the reduction of the number of employees. There are no women in the position of heads of regions; women run two ministries out of twenty four; out of the five deputy prime ministers, only one is a woman. Thus, women in Belarus are less protected, less paid and less represented in the real governance.

The representation of women in the Parliament stays at the level of 26-31%. However, there is a view that this level is maintained because of directives. Women represented 19% among the candidates to the Parliament elections in 2012; in the history of the independent Belarus there was only one woman running for the President's office (at the 2015 presidential elections).

The level of women's representation in electoral commissions drops down with the growth of the commission's level and powers: 71.2% women were employed during the presidential elections of 2015

in the district electoral commissions (the same level in the local elections of 2014, 71.6 % in the Parliament elections in 2012), in territorial commissions – 59.1%, in the Central Electoral Commission of Belarus for elections and republic referendums - 40% women (including the president of the Commission). Women manage two of the fifteen registered political parties.

In Armenia, the current legislative framework provides enabling environment for gender balance. To be more specific articles 42 and 43 of the Electoral Code stipulate that both in the Central Electoral Commission and Territorial Electoral Commissions each sex should have at least 2 representatives. Article 83 of the same Code stipulates that both in republican and territorial electoral lists the percentage of candidates from one of the sexes can be maximum 70% and the remaining 30% should be the opposite sex. As about the Law on Political Parties, which regulates the conduct and operation of political parties in general, it is silent on this issue. In conclusion, it must be mentioned that the issue of having proper infrastructure for money and politics is also part of Armenia's international commitments[16].

In Azerbaidjan there are no provisions that would ensure gender equality on party lists and what is more no financial incentives for parties that would promote women in the political life.

4.1.3. Data about the existence of a law in each EaP country and indicate its general provisions. Assess the Political finance legislation (both political party and campaign finance) through the respective law that would map the risk of corruptibility in regards to political finance legislation.

Financing of political parties (especially their election campaigns) with costs from the state budget was introduced in 1954 in Costa Rica, 1955 - in Argentina, 1959 - Germany 1965 - Sweden, 1967 - Finland , 1970 - Norway 1971 - Netherlands 1973 - Austria, 1974 - Italy, 1987 - Denmark, 1989 - Belgium. This trend was widespread especially in the last decade. [1]

Today in most countries of the Central and Eastern Europe the sizes of election funds, sources of election funds (in most states campaign financing by foreign states, foreign legal entities and individuals, state and local authorities is directly prohibited), the amount of contributions are limited by the law (Bulgaria, Armenia, Macedonia, Poland, Russia, and Romania) . Many countries have introduced mandatory reporting for parties on the amounts of received and spent funds during the election campaign. The relevant regulations are stipulated by the legislation of Bulgaria, Bosnia and Herzegovina, Georgia, Estonia, Lithuania, Macedonia, Poland and Russia. [16]

In 2014 the authorities of Moldova legislatively prohibited financing of political parties by foreigners and foreign companies and approved that financing of political parties of Moldova will be provided exclusively from the state budget (annually funds in amount of 0.2% of budget revenues will be allocated). In addition, physical and legal entities which are citizens of Moldova will be able to transfer money in form of sponsorship to specially opened separate “electoral accounts” of parties. In case this provision of the law is violated by the party leaders, they can be subjects to large fines or even convicted to prison term up to three years. [17] However, appropriate restrictions do not guarantee real transparency of election financing, equal opportunities of the election process participants as financial monitoring bodies play a significant role in the process and they can also be corrupted.

However, the experience of such developing country as Georgia shows us that effective financial monitoring on sources of financing of political parties can be made by means of effective management.
In general, the legislation of most countries of the Eastern Partnership provides state financial support of political parties.

In Ukraine, the law on state financing of political parties came into force on July 01, 2016. According to the law adopted by the Verkhovna Rada of Ukraine, parties will be financed on the base of the number of

[16] UN Convention against corruption-article 7, para 3; Recommendation 21 under OECD’s Istanbul Anti-corruption Action Plan; Recommendation 2003 (4) of the Council of Ministers of CoE

voters who voted for them. Although it is an indispensable advantage for the development of democratic institutions, but this law has a gap as it doesn't provide financing for the "young" parties who only begin their political path.
In the Republic of Armenia, according to the law "On political parties" there is state financing of political parties, but parties should provide annual financial report before March 25 of each year and pass it to the media. [18] The similar situation is in Azerbaijan.
In contrast to such countries as Georgia, Ukraine, Moldova, Azerbaijan and Armenia, there is no legislation on state financial support of political parties in Belarus. And Article 24 of the Law of Belarus "On political parties" provides that financing of political parties from the state and regional budgets are not allowed. [19]

Belarus, the Law of the Republic of Belarus of October 5, 1994, no.3266-XII on Political Parties, the Election Code of the Republic of Belarus of February 11, 2000, no.370-3.
The Constitution determines the funding of expenses related to the elections.
The Law on Political Parties has established the procedures of party funding, the restrictions and prohibitions, as well as the liability for the violation of the provisions on parties' activity, including the violation of the funding arrangements; the last amendments were introduced in the Law in November 2011.

The Election Code has established the sources of funding for elections and election campaigns, the liability for the violation of the provisions on the receipt and spending of funds; these provisions were detailed in the law on introducing amendments to the Election Code in November 2013.
Separate provisions in the Code of the Republic of Belarus and in the Criminal Code of the Republic of Belarus are dedicated to liability for the violation of legislation on administrative delinquencies.

Overall, the political funding issues are established both in relation to the funding of parties and to the funding of the candidates' election campaign. In addition, it is necessary to develop a more detailed legislation on political funding that would set the maximum amounts of donations from individuals and corporations for the parties; the duty of the parties to publish the information on their sources of funding.

Belarus ratified the UN Convention against Corruption (adopted through resolution 58/4 of the General Assembly of October 31, 2003) through the Law of November 25, 2004.
On January 4, 2014, Belarus ratified the Convention on the Standards of Democratic Elections, Election Rights and Freedoms in the CIS Member States (October 7, 2002, Chisinau).
The Guidelines on Political Party Regulation (Adopted by the Venice Commission at the 84th session meeting, Venice, October 15-16, 2010) are important to Belarus.

Since Belarus is not a member of the Council of Europe, it is not directly linked with the requirements of the Recommendation made by the Committee of Ministers of the Council of Europe "On general rules of fighting corruption related to the funding of political parties and election campaigns".
The report on the assessment of Belarus by the Group of States against Corruption (adopted by GRECO at the 62nd plenary session, Strasbourg, December 2-6, 2013) and recommendations did not relate to political funding.

4.2. Regulatory Authority for Party and Campaign Finance

In Moldova, revision of political parties annual and campaign finance reports can be undertaken by a variety of different bodies, including a competent supervisory body or state financial body, but it is independent from political pressure and impartial. Such independence is fundamental to this body's proper functioning. Consequently, GRECO in its Third Evaluation Round recommended Moldova "mandate an independent central body, endowed with sufficient powers and resources and assisted by other authorities where necessary, so as to allow the exercise of effective supervision, the conduct of investigations and the implementation of the regulations on political funding."

According to the latest amendments of the Law on Political Parties, the CEC is vested with the authority to supervise and control the financing of political parties, which includes the control of both financing of the regular activities of political parties and campaign financing. The amendment was welcomed by GRECO, which assessed that the provision gives the CEC an overview of various aspects of political parties' financing. Furthermore, GRECO assessed that "CEC offers more statutory guarantees of independence than other bodies".

The CEC checks and analyzes the reports, having the right to request from the political parties and public or private institutions further information for verification purposes. The reports are public as they are published on the CEC website 48 hours after the receipt and acceptance, as well as on the websites of political parties, if existing.

Article 31 of the Law on Political Parties requires that parties, whose annual income or expenses exceeded one million MDL, make an internal audit at least once every three years. The audit needs to be done by an external accountant, which is in line with the GRECO recommendations. However, GRECO took note of the required periodicity of auditing, inviting the authorities "to consider imposing more regular audits". The audit should be done and submitted to the CEC together with the annual financial report. In case the party received allowances from the state budget, the audit report needs to be also presented to the Court of Accounts.

As far as control of allowances political parties receive from the state budget is concerned, the Venice Commission recommends that public funding is provided "on condition that the accounts of political parties shall be subject to control by specific public organs (for example by a Court of Audit). States shall promote a policy of financial transparency of political parties that benefit from public financing." In the Law on Political Parties, the Articles 28.5 and 30.2 provide that the control of the allowances received by the political parties from the state budget is exercised by the Court of Accounts.

The responsibilities for infringement of political party funding rules are stipulated in Articles 311-313 of the Law on Political Parties and provide that the infringements may lead to sanctions under the rules of the Contravention Code. If more than one of the infringements is committed, and a penalty imposed, in the course of a calendar year, the CEC can adopt a decision whereby the party concerned is stripped of its entitlement to public subsidies for a six-month period. It is worthwhile however to look into the severity of the sanctions envisioned for given infringements.

According to the Contravention Code:

- infringement of the rules on financial evidence and management of political parties' assets and campaign funds, including failure to submit donor identification data - a fine of 100 to 500 conventional units (2,000 to 10,000 MDL or about 90 to 454 EUR)
- assigning subsidies from the State budget to uses contrary to their intended purpose - a fine of 200 to 500 conventional units (4,000 to 10,000 MDL or about 181 to 454 EUR)
- illegal use of public resources or facilitating or consenting to their illegal use during election campaign - a fine of 150 to 400 conventional units (3,000 to 8,000 MDL or about 136 to 363 EUR).

The Criminal Code provides criminal liability for "Illegal funding of political parties and election campaigns" (Criminal Code, Article 1812) and in accordance with its stipulations:

- forgery of political parties' financial reports and/or reports on election campaign funding with a view to substituting or concealing donors' identities or concealing the amount of sums accumulated or used is punished with a fine of 200 to 500 conventional units (about 4,000 to 10,000 MDL or 181 to 454 EUR) or up to three years' imprisonment.
- obtaining donations through extortion or blackmail (whether this occurs during election campaigns or between elections) - a fine of 200 to 500 conventional units (4,000 to 10,000 MDL or about 181 to 454 EUR)

- accepting funds from a criminal organization - a fine of 500 to 1000 conventional units (10,000 to 20,000 MDL or about or about 454 to 907 EUR)
- unlawful use of administrative resources where this has caused major loss or damage - a fine of 3,000 up to 5,000 conventional units (6,000 to 10,000 MDL or about 272 to 454EUR).

According to the PACE recommendation on financing political parties "[i]n the case of a violation of the legislation, political parties should be subject to meaningful sanctions, including the partial or total loss or mandatory reimbursement of state contributions and the imposition of fines." The fines envisioned by the Moldovan legislator for administrative and criminal liability appear modest in comparison with ceilings for donations, and for party's incomes obtained from membership fees and donations as well as in comparison with the money envisioned for the state subsidies for political parties. It remains to be seen whether the envisioned fines will be a sufficient deterrent for political parties to abide the law. There is a risk that the fines are too low and parties will rather opt for paying them than for following the law.

International recommendations instruct that the disclosure reports should follow a specified format and should be produced on a consolidated basis to include all levels of party activities. First of all, the reports should clearly distinguish between income and expenditures. Further, they should "include the itemization of donations into standardized categories as defined by relevant regulations" with identified nature and value donations received by a political party. In the electoral years, reports should include both general party finance and campaign finance. The provisions of the Article 29.4 of the Law on Political Parties, requiring that that all of a party's assets, income, financial obligations and expenditure should be listed individually, follow the aforementioned recommendations and were positively assessed by GRECO during Moldova's Third Evaluation Round. The actual formats of reporting are provided in the CEC Regulation.

The UN Convention against Corruption requires Belarus, as a member state, to consider the possibility to take the necessary legislative and administrative measures, in line with the goals of the Convention and with the fundamental principles of its domestic legislation to increase the transparency in the funding of candidates for public positions and, where appropriate, the funding of political parties (item 3, Art. 7). Article 26 of the Law on Political Parties stipulates that the General Prosecutor and the subordinated prosecutors of the Republic of Belarus are in charge for overseeing the accurate and uniform compliance with laws, decrees, directives and other regulatory acts by the political parties and unions. Within the limits of their powers, the prosecutor has the right to solicit documents and information, conduct checks, apply response measures: introduce the ideas that must be executed, issue orders and official warnings; initiate administrative and criminal suits.

The compliance of the political parties' activity with the legislation is checked by the Ministry of Justice and the justice authorities of the local public authorities that have double subordination – to the Ministry of Justice and to the corresponding local public authority (art.27 of the Law). The check is performed in the form of receiving data stipulated by the law from parties and checking the activity of the parties.

The financial-economic activity of political parties is checked by the state bodies and other state organizations within the limits of their competence. These bodies may be the State Control Committee (checks the use of foreign non-repayable aid), the Ministry of Internal Affairs (fights against economic delinquencies), the Ministry for Taxes and Duties (checks the completeness and accuracy of the calculation and payment of taxes).

An international standard for the funding of political campaigns can be considered the rules set forth in article 12 of the Convention on Standards for Democratic Elections, Election Rights and Freedoms in the CIS Member States, according to which a special body (or bodies) can be created or the corresponding powers can be assigned to people in charge or to the electoral bodies to check or oversee the compliance with rules and arrangements of funding of the election campaign of candidates, political parties (coalitions). The list of violations of conditions and arrangements of donations, funding of candidates, political parties (coalitions), as well as the list of measures for preventing or combating violations related

to the funding of elections and election campaigns of the candidates, political parties (coalitions) must be stipulated by the laws, other regulatory acts.

The powers of checking body in relation to the funding of election campaigns are assigned to the electoral commissions[17] that registered the candidate. The inflow and spending of election funds is checked by the Central Commission, territorial and district electoral commissions and by the financial authorities.

The subdivision of the bank where the special election account is opened presents information on the received and spent funds on the candidate's account to the commission that registered the candidate every week. The corresponding electoral commission, within two days after receipt of the data, sends information on the total amount received in the election fund and on the total amount of spent funds for publication.

According to D.R. Piccio, an international expert in the field, *"Effective monitoring is among the most important features of political finance regulation; it is ultimately the crucial means by which the legislation can claim to be effectively implemented."*[18]

Recommendation 2003 (4) of the Council of Europe in article 14 provides that *"States should provide for independent monitoring in respect of the funding of political parties and electoral campaigns. The independent monitoring should include supervision over the accounts of political parties and the expenses involved in election campaigns as well as their presentation and publication."*

In addition, OECD in its "Financing Democracy: Framework for supporting better public policies and adverting policy capture" (2014) notes 3 factors for proper functioning of a supervisory body. Namely:[19]

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

The Oversight and Audit Service within the Central Electoral Commission (CEC) is in charge both for the party finance and campaign finance. Its general mandate and functions are provided in the Electoral Code, while decision no.39-N of the CEC stipulates order and manner of its operations. Although structurally it is part of the CEC but it should operate independently both from CEC and all electoral commissions and it is not responsible to them.[20]

The head of the Service is being appointed by the decision of the CEC for 7 years period and s/he can't be representative of any political party.[21] The Service is composed from 3 persons, including the head, and the 2 of which are civil servants. During the period of parliamentary elections, each faction of the National Assembly has right to appoint one auditor in the Service whose powers ends on the 5th day of the proclamation of the results of elections.[22] The Service is being finances from the resources provided to the Staff of the CEC.[23]The powers of the Service are generally twofold and are stipulated under part 6 of article 29 of the Electoral Code. In regard to campaign financing it is empowered to receive data and necessary information from those banks where the candidates and parties have opened temporary accounts for the election purposes. In regard to regular party financing it is empowered to receive information from banks, political parties, service and work providers, as well as goods contractors any

[17] Election Code, art.48-1
[18] Funding of Political Parties and Election Campaigns.A Handbook of Political Finance.IDEA 2014.Page 233
[19] Financing Democracy: Framework for supporting better public policies and adverting policy capture.OECD. 2014. Page 38
[20] Article 29, part 1, Electoral Code
[21] Article 29, part 2, Electoral Code
[22] Article 29, part 3, Electoral Code
[23] Point 12, sub-point 1, CEC Decision 39-N

necessary information which relate to paid membership fees, donations, budgetary financing, monetary means received as a result of civil contracts and other revenues and spending not forbidden by law.

The Service doesn't have powers to sanction violations in relation to campaign financing. After receiving the declarations from the parties and candidates on use of sources in the pre-election funds, it is obliged to conduct checking and adopt a conclusion within 7 days period and to pass it to the CEC.[24] If the Service found violations and mentioned them in the conclusion the CEC is required to discuss them in the sitting to which is being invited the representative of the Service.[25]

Also, the Service conducts oversight over the payments, calculation and spending from the pre-election funds of candidates, political parties and unions of political parties.[26] During the election period the Service on the interval of each 3 working days from the trade banks where the candidates and parties have opened pre-election funds, receives data and copies of documents in regard to financial entries and disbursements. After receiving that data, during 2 days it conducts checking and drafts a note and posts at the website of CEC.[27]

In Ukraine, Each country develops its own organizational forms of control and financial reporting of political parties. There are three types of state authorities providing control over the use of funds by political parties in election campaign. These are state bodies with special competence, state bodies of general financial control, election commissions, which have in some countries powers of control over all financial activities of political parties, not just one that participates in elections. In many countries election commissions have control powers over all financial activities of political parties, not only on activities related to their participation in elections.

However, in Austria the law of 1975 introduced special commission to verify the funds for campaigning at the Ministry of Interior Affairs. Commission members are appointed by the Federal Government, seven are proposed by the parties represented in the Main Committee of the National Council (this is one of the most important bodies of the lower house of parliament), three (experts in advertising) - on the common proposal of the other seven members. Chairman of the Commission is Federal Minister of the Interior Affairs. The Commission verifies and publishes reports on costs spent by political parties for election campaigning. In almost all countries there are state agencies with special competence of supervision on electoral expenses. For example, Commission for control of election expenses and reports of political parties in Belgium, National Commission for control of reports and political campaign financing in France. In some countries such bodies are established by Parliament or by its structural units (the shortcoming of such bodies is their dependence on political forces). [20]

Ukraine has no experience in control of campaign financing of political parties. This issue is relevant for countries with sustainable development and stable democracy. An example is the scandal on the secret accounts during the term of office of Helmut Kohl. Germany differs of Ukraine as Helmut Kohl was punished and left political arena. In Ukraine no high official or politician was punished for corrupt practices or violations of the law.

State control over financial flows of political parties is undoubtedly necessary positive process, but no scope or form of financial control will give results without further legislative initiatives. It is necessary to establish the legal responsibility of political parties and their leaders for revealed offences. Such responsibility in its various forms (constitutional, administrative, and in some countries even criminal) is provided in legislation which uses the institution of legal responsibility in its various forms, in formulating many sets of all elements of an offense related to all aspects of the financial activities of political parties. This practice is interesting and would be useful for implementation in Ukraine.

Legal responsibility for not only political parties but for all persons who violate the regulations of party financing is undoubtedly increases the effectiveness of efforts to combat political corruption.

[24] Article 29, part 5, Electoral Code
[25] Ibid
[26] Point 10, subpoint 1, CEC Decision 39-N
[27] Ibid, subpoint 2

Legal regulation of financial activities of political parties is implemented in many countries and shows efforts of the state to keep these activities in the strict legal framework and under regulatory control. The main goals of these regulations are to stop political corruption, which is widely linked with activities of parties, to improve political life, to support the normal functioning of a multiparty system. However, it would be naive to think that these objectives can be achieved only through legal tools. There are financial scandals directly related to the activities of political parties in many countries with established and continuously improved legal mechanisms of their regulation and control, which proves the previous statement.

In accordance with Articles 17, 18 of the Law of Ukraine "On amendments to some legislative acts of Ukraine on preventing and fighting political corruption" state control over legal and targeted use of funds allocated from the state budget to finance statutory activity of the political parties is provided by Accounting Chamber and by National Agency for preventing corruption.

In case Accounting Chamber or National Agency for the Prevention of Corruption find facts which prove that the funds allocated from the state budget to finance the charter activities of political parties were used to finance the participation in parliamentary or presidential election in Ukraine, in local elections or for purposes not related to the charter activities, Accounting Chamber or the National agency for prevention of corruption urgently appeals to the court on the revealed relevant facts.

State control over the activities of political parties is also carried out by:

- The central executive body that implements the state policy in the field of state registration (legalization) of public associations and other community groups. It control that political party follows the requirements of the Constitution and the laws of Ukraine, and the charter of the party, except cases when such control is power attributed by the law to other state authorities;
- The Central Election Commission, district election commissions, territorial election commissions in the respective local elections. They control that political parties follow the established order of the participating in the electoral process and within the powers defined by the law;
- Accounting Chamber. It control over targeted use of funds allocated from the state budget to finance the charter activities of political parties;
- National Agency for Prevention of Corruption. It provides control that established by the law restrictions for financing of political parties, campaigning in elections, campaigning in national and local referendum are observed, control over legal and targeted use of funds allocated from the state budget to finance the charter activities of the political parties, control over timely reporting by parties of property, incomes, expenses and financial obligations, reporting on the receipt and use of election funds for national and local elections, control over completeness of reporting, compliance with requirements, reliability of included information.

Political parties are required to submit the necessary documents and clarifications on the request of regulatory authorities. Decisions of supervisory authorities may be appealed in accordance with the law. [21]
In Georgia, According to Organic Law of Georgia on Political Unions of Citizens (LPUC) and Election Code (EC) of Georgia financial activities of political unions of citizens are monitored by the State Audit office (SAO). This authority was conferred on SAO by amendments in December 2011. In this respect the mandate and functions of SAO are determined by the LPUC, EC and various decrees of Auditor General.

SAO "is authorized to carry out audit, sequestrate property of natural persons, legal entity and political union of citizens (including bank accounts), compile protocols on violation and adopt appropriate resolutions".[28] The SAO shall monitor lawfulness and transparency of financial activities of a party. It is authorized to:[29]

[28] Law on State Audit Office, Article 6, paragraph 2, Organic Law on Political Unions of Citizens, Article 34^1
[29] Organic Law on Political Unions of Citizens, Article 34^1, Paragraphs 1 and 2

- Elaborate a template of financial declaration;
- Determine auditing standards for political party funding;
- Verify that a party's financial declaration and report of election campaign funds is complete, accurate and lawful;
- Conduct audit of financial activities of the party no more than once a year;
- Address the court with the request to conduct additional/ad hoc financial audit in the event of reasonable doubt regarding party's illegal financial activities;
- Ensure transparency of party funding;
- Request information on party's finances from parties, administrative agencies and commercial banks, if necessary;
- According to court ruling to request the information about the origins of property of natural or legal person donating to parties or persons with electoral goals;
- Provide consultations on party funding for interested persons;
- Act on violations of party funding regulations and apply sanctions prescribed by law;
- Apply to prosecuting agencies if signs of crime have been detected.

For carrying out these functions Financial Monitoring Service of Political Parties, a new structural unit was created in SAO. It is responsible for collecting, systemizing, analyzing and verifying of information about financial activities of political parties. It also ensures transparency of party/campaign financing. Within its competence the Financial Monitoring Service renders consultations to the interested persons regarding political party financing. It is authorized to take appropriate measures in case of violation of legislation on party/campaign financing.

Within the framework of the mandate granted by the law, the State Audit Office should cooperate with all political parties. In this respect SAO has responsibility to ensure effective exchange of information between parties and the state.

In July 2012 and later in September 2014, SAO elaborated and approved the Political Funding Monitoring Methodology[30] which is the practical guide for determining rules and procedures for carrying out monitoring, relations between SAO and other stakeholders involved in the process. It aims to ensure transparency of SAO activities and make monitoring process as predictable and accessible as possible for the public.

One of the key problems identified during the 2012 parliamentary elections in respect of the SAO was its partial and selective work. This was reported by CSOs monitoring activities of SAO and was also highlighted in the report of OSCE/ODIHR where it was stated that "by law, the SAO is independent, but the perception of its independence and impartiality was severely undermined by the political affiliations of its management"; also "SAO enjoys wide discretionary powers and in 40 cases examined by the OSCE/ODIHR EOM it applied these powers disproportionately against opposition parties and their donors".[31]

Due to this in order to ensure high degree of institutional independence of the State Audit Office and to shield it from political influence, it was recommended by three civil society organizations, International Society for Fair Elections and Democracy (ISFED), Georgian Young Lawyers Association (GYLA), Transparency International –Georgia (TI) to establish certain prohibitions on political/party activities of the Auditor General and his/her deputies, not only during their term of office but also during certain period before assuming the office at the SAO and after their official authority is terminated. It was proposed that four years before appointment to the office and three years after termination of their official authority, these individuals should be prohibited from being named as a candidate for any elected

[30] Available only in Georgian at: http://sao.ge/financial-monitoring-service-of-political-parties/political-financing-methodology

[31] "Georgia: Parliamentary Elections 1 October 2012", OSCE/ODIHR Election Observation Mission, Final Report, 21 December, 2012, p.16, available at: http://www.osce.org/ka/odihr/elections/98585

office, from being a party member or political office holder. It was considered that such prohibition would rule out any ties of the SAO officials with a political party and any political influence on their activities. It would ensure that the SAO's work is impartial. The recommendation was not taken into account by the government.

It should be noted that for 2013 presidential elections and 2014 local government elections the question of impartiality of SAO was not raised and it did not act in favor or against any political party involved in the elections.[32]

According to the international standards, state should give responsibility of oversight with regards to political party and campaign financing to independent regulatory authority. Independency, impartiality, free of political pressure is main features of the regulatory body complying with the international standards. The regulatory body should have adequate capacity (human and financial resources, expertise etc.) to monitor, investigate potential breaches, also if needed to impose sanctions. Authorities of the regulatory body should be clearly specified in the law. Varying from country to country, regulatory authority may be concentrated in one or several bodies. For the sake of the transparency and accountability, the regulatory authority is advised to publish financial information, the results of its investigations.

Generally, competencies of the regulatory body include followings:

- Providing guidance on how to comply with requirements and informing electoral stakeholders about the rules;
- Establishing reporting forms and reporting procedures;
- Receiving, auditing and publishing financial reports;
- Initiating inspections and public investigations;
- Handling and adjudicating complaints;
- Imposing sanctions;
- Publishing decisions on adjudicated complaints.

In Azerbaijan, the main regulatory authority is the Central Election Commission. The main concern regarding the CEN is its independence and isolation of political pressure. The CEC is composed of 18 representatives (6 from majority party, 6 from independent MPs, and 6 from minority parties) of the political parties elected to the Parliament which makes the institution open vulnerable to political pressure. There is risk that the members of the CEC could be biased in monitoring of financing of political parties.

The effectiveness is another concern given the limited capacity of the institution. The CEC do not posses adequate capacity to investigate financing of political parties and election campaigns. Despite the establishment of the special unit to monitor the financial election reporting following the GRECO recommendation, the CEC continues to lack proper audit and finance training that could point out the potential irregularities in reporting of parties and candidates. It can ask for further clarification and additional questions from political parties, and tends to be very strict with deadlines. However, when it comes to sanctions, powers of the CEC sanction power are not clear. The body can apply to the Ministry of Justice while seeking sanctions against political parties, but its authority is not specified in the law.

Annual reports submitted by the political parties are published on the CEC website regularly, but the election campaign reports are not posted on the website.

4.3. Revenues and Spending limits for Party and Campaign Finance

In Moldova, in general, provisions related to political parties' spending limits are much more seldom than those on party's revenues.

[32] "Monitoring of 2014 Local Self-Government Elections", Final report, 2014, p. 27 "International Society for Fair Elections and Democracy", available at: http://www.isfed.ge/main/777/eng/

According to the IDEA research, around 30 per cent of all countries limit the amounts that political parties may spend, while over 40 per cent limit candidate spending. [33] Moldova's legislation does not provide for any limits on spending for regular annual activities of political parties. Such limits are however defined for electoral campaigns.

Although the legislator did not provide any limits for the membership fees, stating only that they should observe the principle of equality art 16 of the CEC Regulation, there is a ceiling for the money a party can collect jointly via membership fees and donations and it is set at the level of 0,3% of the incomes forecasted in the national budget for the respective year. Taking into account 30 billion of MDL as the amount for a year from the state budget, as an average level of annual incomes to the Moldovan state budget, the ceiling for membership fees and donations is set at the level of some 90 million MDL per year for each party, which is certainly the best way to organize an activity, especially given into consideration that parties will be also supported with the public funding, at the level of approximately 40 million MDL.

Although the legislator did not provide any limits for the membership fees, stating only that they should observe the principle of equality (Art 16 of the CEC Regulation), there is a ceiling for the money a party can collect jointly via membership fees and donations and it is set at the level of 0.3% of the incomes scheduled in the national budget for the respective year. (Art 26.3 of the Law on Political Parties and Art 13 of the CEC Regulation). Taking 30 billion MDL as an average level of annual incomes to the Moldovan state budget, the ceiling for membership fees and donations is set at the level of some 90 million MDL per year for each party, which is certainly a high one, especially given into consideration that parties will be also supported with the public funding, at the level of approximately 40 million MDL[16].

For example in line with the newly amended Election Code, article 38 (2) d, there was established a universal formula for the money allowed to be spent in all electoral campaigns – using as a basis a coefficient set by CEC, multiplied by the number of voters from the constituency where the elections are held, the established ceiling (with the coefficient 0,5% out of the average salary per economy for the year in which elections are being held) is directly proportional with the annual average level income and the number of voters.

However, the provision that political parties, which during the elections exceeded the maximum limit of expenditures provided by the law, lose the right to receive financial allocations from the state budget, was not eventually included in the Law on Political Parties. Limit on political parties' expenditures is not a prerequisite of a good political parties' finance framework. However, as noted by the Committee of Ministers of the CoE, "political parties believe it is necessary to spend ever increasing amounts on advocating their views to the public. The rate of this expenditure is increased by competition from policy rivals."[34] Introduction of any limits – either on scale of revenues or expenditures – is effective only if it is set at the right level to curb the advantage of those with access to a lot of money. [35] The limits on individual donations as well as on the scale of party's revenues from membership fees and donations together are so high that it is unlikely they will contribute to a level playing field. In this context the lack of limit of political parties' expenditure further weakens the chances of the political parties' finance legislation to have a positive impact on political competition.

In Belarus, the principles of the lawful regulation of the political parties' activity: "To execute its key functions in the election period and between the elections, the political parties need the corresponding funding. Regulating the funding of political parties is extremely important for providing them with the necessary guarantees irrespective of the excessive influence by the donors of funds, creating equal possibilities for all the parties and ensuring the transparency of funding of the political activity. The

[33] IDEA Database: http://www.idea.int/db/fi

[34] Council of Europe Committee of Ministers Recommendation Rec (2003)4 of the Committee of Ministers to member states on common rues against corruption in the funding of political parties and electoral campaigns.

[35] Funding of Political Parties and Election Campaigns. A Handbook on Political Finance. International Institute for Democracy and Electoral Assistance (IDEA), Stockholm 2014, p. 27.

private donations to the parties are also a form of participation in the political process. That is why lawmakers must find a balance between encouraging moderate donations for the needs of political parties and the limitation of too large donations.

When developing the corresponding legislative acts, the OSCE member states can include a number of important provisions on the funding of political parties in them:

- limitation of private donations by nature and volume,
- balance between private and state funding,
- limitation of the use of budget funds,
- fair criteria of providing state financial support,
- limitation of expenses for the election campaigns,
- introduction of requirements to increase the transparency of parties' funding and accuracy of their financial reporting,
- independent mechanisms of regulating and applying sanctions for the violation of the Law".

In line with the Law on Political Parties, the political parties can own any assets required for the material aspect of the activity stipulated by their Articles of Association, except for assets that, according to the law, can only be owned by the state. The owner of the political party's property is the political party.

The sources of money and other property of the political party or union can be:

- entrance and membership fees;
- inflows from the events performed for the organization's goals;
- revenues from the use of property, publishing, distribution of print editions and publications;
- donations and gifts;
- other sources that are not forbidden by the legislation.

The members of political parties do not have the right to own property, including the funds of the political party.

The political parties or unions do not have the right to be the founders of commercial organizations and carry out business activity, except for the production and sale of social-political publications, other propaganda and agitation materials, souvenirs displaying their own symbols.

The funding of political parties with funds from the republican and/or local budgets is not allowed. The state bodies and other state organizations are not allowed to fund political parties.

The political parties, unions and legal entities created by them are not allowed to directly or indirectly receive funds or other assets from:

- foreign countries, foreign organizations, international organizations, foreign citizens and people without citizenship;
- organizations whose founders (participants, owners of the property) are foreign countries, foreign organizations, international organizations, foreign citizens and people without citizenship (prohibition introduced in November 2011);
- organizations that received foreign non-repayable aid from foreign countries, foreign organizations, international organizations, foreign citizens and people without citizenship, as well as from anonymous donors during the year that preceded the day of donation (prohibition introduced in November 2011);
- anonymous donors;
- people under 18;
- legal entities that were duly registered less than one year before the day of donation;
- religious organizations and legal entities established by religious organizations.

The participation of representatives of political parties and unions in congresses, scientific conferences and other events at the expense of the receiving party is not considered illegal receipt of funds.

The funds of the political party or union can only be deposited on bank accounts and in non-banking credit-financial organizations registered in the Republic of Belarus.

The political parties and unions are not allowed to keep funds, precious metals and other valuables in bank and non-bank credit-financial organizations located in other countries.

The political parties and unions are not allowed to receive incomes from shares and other securities (article 24 of the Law).

As mentioned earlier, the UN Convention Against Corruption imposes Belarus, as a member state, to consider the possibility of adopting the necessary legislative and administrative measures, in line with the goals of the Convention and with the key principles of its internal legislation with a view to strengthen the transparency in funding candidates for the elected public positions and, where appropriate, funding of political parties.

The Convention on the Standards of Democratic Elections, Election Rights and Freedoms in the CIS Member States sets out the following standards for the revenues and expenses of election participants: no foreign donations, including from foreign individuals and legal entities, candidates, political parties (coalitions) participating in the elections or other social associations, non-governmental organizations that are directly or indirectly linked with the candidate, political party (coalition) or are under direct influence or control and contribute to or support the achievement of the goals of the political party (coalition) are allowed. The parties ensure the openness and transparency of all cash donations to candidates, political parties (coalitions) participating in the elections to exclude donations that are prohibited by the law to candidates and political parties (coalitions) that nominated candidates (lists of candidates) for the elections.

According to the Constitution of the Republic of Belarus, the expenses for the preparation and holding of elections are covered by the state in the limits of the funds allocated for this purpose. In cases stipulated by the law, the expenses for the preparation and holding of elections can be covered with the funds of social associations, enterprises, institutions, organizations and individuals (art.70).

The Election Code (chapter 11) sets forth the standards for the funding of candidates during the elections: The possibilities of conducting the candidates' campaigns are partially ensured by the state without return in the form of providing air time at the state radio and TV stations, the possibility to publish the election program of the candidate for the position of president or MP in a periodical publication free of charge, informing the voters about the candidate by the electoral commission by publishing, on state money, information materials the content of which is determined by the corresponding electoral commission, providing premises for meetings with the voters.

The candidates for the position of President or MPs have the right to create their own election funds for the funding of expenses related to the election campaign.

The direct or indirect participation in the funding and provision of other material aid of foreign countries and organizations, foreign citizens and people without citizenship, international organizations, organizations whose founders (participants, owners of property) are foreign countries and organizations, international organizations, foreign citizens and people without citizenship in the preparation and holding of elections, referendums, recalls of MPs is prohibited.

The political parties, other organizations and citizens are not allowed to provide other material aid for the preparation and holding of elections, referendums, except for paying in money in the extra-budget fund of the Central Commission and in the candidates' election funds.

The maximum amount of all expenses covered by the election fund of the candidate for the position of President of the Republic of Belarus must not exceed 9000 basic units, of the candidate for the position of MP in the Chamber of Representatives – 1000 basic units, of the candidate for the position of MP in the regional, Minsk Council – 30 basic units, of the candidate for the position of MP in the district, municipal (cities of regional and district subordination), community, village Council – 10 basic units. One basic unit equals 21 Belarus rubles (on 15.07.2016, 1 Euro equals 2.2088 Belarus rubles.

The candidates' election funds can consist of the following funds (the standard for the amounts, restrictions and arrangements was introduced in the Code in November 2013):

1) the candidate's own funds the amount of which must not exceed the overall amount of all expenses;
2) voluntary donations of Belarus citizens. The amount of a citizen's donation must not exceed 20 basic units in case of elections of the President of Belarus, 5 basic units in case of elections of MPs in the Chamber of Representatives, 2 basic units in case of elections of members in the local Councils;
3) voluntary donations of legal entities. The amount of a legal entity's donation must not exceed 50 basic units in case of elections of the President of Belarus, 10 basic units in case of elections of MPs in the Chamber of Representatives, 5 basic units in case of elections of members in the local Councils.

Donations for the candidates' election funds cannot be made by:

- foreign countries and organizations;
- foreign citizens and people without citizenship;
- international organizations;
- organizations whose founders (participants, owners of the property) are foreign countries, foreign organizations, international organizations, foreign citizens and people without citizenship;
- organizations that received foreign non-repayable aid from foreign countries, foreign organizations, international organizations, foreign citizens and people without citizenship, as well as from anonymous donors during the year that preceded the day of the donation;
- legal entities that were duly registered within less than one year before the day of donation;
- charity and religious organizations;
- anonymous donors.

When a donation is made on a special election account of the candidate, the citizens indicate in the payment document the following information about them: last name, first name, father's name, date of birth and place of birth, serial number of the Belarus citizen's passport. Voluntary donations of legal entities are made cashless by transferring funds to a special election account in which case the following information about the legal entity is indicated in the payment order: the payer's accounting number, name, bank details and legal address. This enables checking the sources of funding.

Theoretically revenues of political parties are being generated from donations, state funding, membership fees, loans, sale or merchandize of party related materials. It is widely accepted that the main source of political parties normally are donations. In this regard it must be mentioned that at international level there is no legal instrument which would provide the definition of donation. However, within the framework of CoE there is a definition of donation which is contained in Recommendation (2003) 4 (Common Rules against corruption in the field of political parties and electoral campaigns). Article 2 of this Recommendation provides that "Donation means any deliberate act to bestow advantage, economic or otherwise, on a political party", where the key word is 'advantage', assuming donations are not taking only material/monetary form. The Law on Political Parties of Armenia puts emphasize on asset feature of donations, although the Law doesn't contain direct definition of the donation itself. In particular, article 25, para.1 of the law stipulates that "Political parties have right to receive donations in the form of property, including financial means, from natural and legal persons…". What constitutes the term 'property' is provided in RA Civil Code, article 132 of which opens its scope. The features of the property, within the meaning of the mentioned article 132, are money, commercial papers and securities

and property rights. The term "property" is defined in the RA Civil Code. According to article 132, the features of property are money, commercial paper and securities, and property rights.

Nevertheless paragraph 2 of article 25 of the Law on Political Parties also encompasses services and works performed for the party. The services and works provided to a political party shall not exceed within one year period 1.000.000.000 AMD which equals to 1,896,920 EUR. It can be argued that Armenian legislation leaves in-kind contributions and everything else which don't correspond to the term "property" and services/works out of regulation. Another problem pertaining to this is that legislation doesn't provide effective and feasible mechanisms to monetize services and works provided to the party. Thus, the second problem in this regard is lack of effective mechanisms to monetize the provided works and services.

On the issue of membership fees, Armenian legislation takes liberal approach and leaves it totally to the discretion of political parties. It is up to the political parties to set membership fees and decide how much the fee shall be. Leaving the issue completely unregulated creates corruption risks and risks for circumventing contribution limits. In the "Guidelines of Political Party Regulation" of OSCE/ODIHR and Venice Commission, in regard to membership fees are being made several observations :

1) It shouldn't be so high to restrict membership;
2) Legislation should ensure that the fees are not used to circumvent contribution limits;
3) Any membership fee should be of a reasonable amount.

Another avenue of income of political parties is sale of merchandize/party related materials. In comparison with such countries as Singapore and Japan, Armenian reality is quite different in this regard: it is not quite common for Armenian political parties to be engaged in sale of merchandize or party related materials. Magnus Ohman, a recognized international senior expert of IDEA in regard to commercial activities of political parties notes: "Given the lack of funding available to many political parties, the unwillingness of many private interests to support them and the limited public resources available, it may be advisable to consider allowing political parties to engage in limited commercial activities related to their normal activities, such as printing and publishing. Certain limitations should be in place: (1) commercial activities by political parties should not be considered for public contracts, (2) the share of total income that a party can derive from such activities should be limited, and (3) transactions connected to any commercial activity should be included in the party's financial reporting requirements."

Armenian legislation doesn't regulate this type of revenue quite clearly. From the one hand the Law on Political Parties doesn't provide clear ban on this. On the other hand article 3 of the Law, while providing definition of a political party clearly stipulates that it is: a) Societal amalgamation; b) it is based on individual membership; c) the activities of which are aimed at participating in the political life of society and the State. The key term here is "Societal amalgamation" and Civil Code's article 122 provides the definition of which. According to it "Societal amalgamations are voluntary amalgamations of citizens who have joined in the manner provided by a statute on the basis of communality of their interests to satisfy spiritual or other non-material needs."

Thus, in clearly strict plain meaning interpretation terms political party in Armenia can't collect revenues from any sort of activities, as because political party is a social amalgamation members of which joined to satisfy their spiritual or other non-material needs. Following this logic one should state that Armenian legislation forbids or at least doesn't allow political parties to raise revenue from any sort of commercial activities.

Another source of revenue for political parties is loans. The issue of loans in Armenia is identical to the issue of commercial activities, in the sense that both are not clearly regulated. In case of loans again there is no clear ban on it but the very notion of political parties under Armenian jurisprudence doesn't allow to consider that political parties are entitled to take loans. It must be mentioned that in some countries for political parties to take loans is a widely accepted practice. In Greece for example political parties had

been borrowing from banks since the end of the 1990s and in 2007 the bank loans accounted for 63% of PASOK and 42% of NeaDemocratia, which were the 2 main political parties in Greece.

Another source of revenue is state funding. In Armenia, according to part 2 of article 27 of the Law on Political Parties for the state funding are qualifying only those political parties (alliance of political parties) which during the last national elections to the parliament had received at least 3% of the total sum of the total number of votes cast in favor of electoral lists of all parties that have participated in the voting and the number of inaccuracies.

Recommendation 1516 (2001) stipulates 3 bans in regard to private donations : 1) a ban on donations from state enterprises, enterprises under state control or firms which provide goods or services to the public administration sector; 2) a ban on donations from companies domiciliated in offshore centers; 3) a ban on donations by religious institutions. It must be mentioned that the first 2 types of bans are being repeated also in Recom
mendation 2003 (4). For the sake of comprehensiveness it must be mentioned that the same Recommendation contains one more ban which is missing from the previous recommendation-ban from foreign donors. Besides, the same Recommendation contains very unique provision about private funding from the legal entities and according to this provision shareholders or any other individual member of the legal entity be informed of donations.

To sum up, there are 4 bans of donations:

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

There are also different bans applicable in different countries. Among the most interesting ones are for example bans in Mongolia where stateless and under-age individuals, religious organizations and entities that are less than one year old, bankrupt or in debt are prohibited from donating or in the Philippines, donations are banned from those financial institutions, educational institutions that receive state support, officials and employees in the civil service and members of the armed forces or in Japan, where companies that have incurred deficit in the last three years are not allowed to contribute to political parties.

From the list of bans (4 bans) mentioned above, Armenia contradicts only with the ban on donations which provides goods or services to the public sector. Actually, the legislation just doesn't foresee such ban. In Armenia, there are 8 categories from whom/which donations are prohibited. Those categories are:

1) Charities and religious organizations, including from such entities in which have participation charities and religious organizations;
2) State and municipal budgets and (or) extra budgetary means, unless it is state funding of political parties as prescribed by the Law on Political Parties;
3) State or municipal non trade organizations, as well as trade organizations founded with the participation of the state and municipal bodies;
4) Legal persons registered up to six months prior to the date of making the donation;
5) Foreign states, foreign citizens and legal persons, as well from those legal persons in whose charter capital (shareholders' equity, nominal capital) 30% or more belongs to foreigner (physical or legal person);
6) International organizations and international non-governmental movements;
7) Stateless persons
8) Anonymous persons.
9) In regard to limitations (caps), there are no international standards on it. However, the very idea of a political party is to serve to the society and its constituents which assume that the links with them should be strong, including financial wise. In this regard Resolution 1546

(2007) point 8 states that "The Assembly is convinced that political parties should recognize their duty to enhance the reputation of the political system. They should take urgent steps to: 8.1. reconnect with individual citizens and focus on their aspirations and concerns; 8.2. improve their accountability to their electorate; 8.4. develop their openness and that of the decision-making bodies on which they serve." Besides, Recommendation (2003) 4, article (b) (ii) foresees that states should consider the possibility of introducing rules limiting the value of donations to political parties.

The caps on donations vary across the globe. For example in Taiwan the cap on donations is conditioned with the individual's annual income (it shouldn't exceed 20% of individual's annual income) and enterprise's annual revenue (it shouldn't exceed 10% of annual revenue of the enterprise). In Europe, for example in Iceland it is just 20 euros, while in Spain it is 100.000 euros while in New Zealand, UK and Australia there are no limits at all .

In Armenia according to article 25 (part 7) of the Law on Political Parties during one year period a political party can't receive more than 10000000000 AMD (which equals to around 1,896,920 EUR). Besides, the Law also prescribes limits for each category of donor (natural person, not for trade organization, trade company).

Box 1. Categories of donors and caps on donations

Category	Caps on donations, AMD	Caps on donations, EUR
Non trade organizations	1 000 000	1 896
Trade companies	1 000 000	1 896
Natural person	1 000 000	1 896

In addition, the immovable property which is being donated can't exceed 200.000 times of the minimum wage (200.000.000 AMD around 379.385 EUR). In regard to spending limits, there is only one requirement in the Law on Political Parties, which is that the property of the Party can't be donated.

Political parties participating in the parliamentary elections and in the elections to the Council of Aldermen of Yerevan City, open their pre-election funds in the Central Bank of Armenia, while candidates and political parties participating in other elections open pre-election funds in one of the trade banks of Armenia which has branches in all of the regions of Armenia. It must be noted that the pre-election funds can't be subject to confiscation for matters not related to the campaign. The pre-election funds of a political party (union of political parties) is being formed from the following sources: a) means of the political party (or member party of the union of political parties); b) personal means of a candidate present in the electoral list of political party (union of political parties) participating in the elections; c) voluntary payments of persons who has voting rights. I

During parliamentary elections the maximum amount of money which can be donated to a political party from different categories is provided in the box bellow:

Box 2. Categories of donors and maximum amount of donations allowed to donate during the parliamentary elections

Category	Caps on donations, AMD	Caps on donations, EUR
Non trade organizations	100 000 000	189 692
Trade companies	5 000 000	9 484
Natural person	500 000	948

For renting halls, spaces (except for campaign offices), producing campaign posters and other materials the parties shall use sources from the pre-election funds. According to article 92 of the Electoral Code,

the maximum amount of allowed spending from the pre-election funds for such purposes is stipulated under the Electoral Code. During the parliamentary elections parties are allowed to spend maximum 500000000 AMD (948462 EUR) and during the second tour 200000000 AMD or 379385 EUR. In conclusion it must be noted that anonymous donations are banned in Armenia-both during campaign period and out of it.

Political parties financing
LPUC determines that the property of the party can comprise of:

- membership fees;
- donations;
- state allocated funds, as prescribed by law;
- funds accumulated by printing and distributing party symbols, organizing lectures, exhibitions and similar public events, funds received by publishing or other activities in line with aims of the party statute. Annual income received via above mentioned sources shall not exceed double amount of minimal base funding.

Parties can receive following donations:

- financial contributions transferred to party's account by a citizen of Georgia;
- financial contributions transferred to party's account by legal entity which is registered in Georgia and whose partners and final beneficiaries are only Georgian citizens;
- any material or immaterial value (including a credit on concessionary terms) and service (except for a voluntary work performed by a volunteer) received by a party free of charge or at a discounted price/on concessionary terms.

Donations from legal persons were prohibited in 2011. This prohibition was annulled based on the recommendations of ISFED, GYLA and TI in 2013. Funding of politics by commercial enterprises is always associated with certain risks of corruption. Key aim of a commercial entity is to gain financial income. Therefore, there is always a risk that making of political donations by businesses will bring the two closer together, giving the company concerned certain illegal advantage. Therefore, donations by legal entities must be subject to clear and unabigous regulations that will make it possible to avoid any risks of corruption.

As it was recommended by the three organizations instead of complete prohibition of party financing by legal entities, law should contain special regulations to make it impossible to circumvent maximum limit of donations by setting up several different legal entities by the same individual; receiving of funding from a legal entity possibly with a foreign citizen or a foreign state, a company registered in offshore-zone as shareholder, etc.

Accordingly, though legal entities were re-granted right to make donations in 2013 there were established some limitations. According to the law it is prohibited to accept donations from:

- physical and legal entities of foreign countries, international organizations and movements, except when lectures, workshops and other public arrangements are held;
- a state agency, state organization, legal entity of public law, enterprises with state shares, except when otherwise prescribed by this Law;
- a non-profit legal entity and a religious organizations except when lectures, workshops and other public arrangements are held;
- stateless persons;
- anonymous donors.

There was established maximum amount of donations allowed to physical and legal persons. In particular, total amount of a donation received by a party from a single citizen shall not exceed GEL 60

000 per year and total amount of donation received by party from a legal person shall not exceed GEL 120 000 per year. Also annual amount of membership fee shall not exceed GEL 1 200 per member. A citizen or a legal entity may donate in favor of several political parties per year; however, total amount of donations shall not exceed the limits. Furthermore, the total sum of donations by one beneficiary through different legal entities shall not exceed the donation limit prescribed to a legal entity.

Serious risks of corruption in case of donation by legal entities are related with government procurements. In order to avoid illegal agreements between a political party and businesses – "donations in return for winning a tender" or "winning a tender in return for making donations" it was also recommended by ISFED, TI and GYLA to prohibit donations from the companies that won procurement tenders during the election year and the year before and also to prohibit those companies which donated in favor of a political party from participating in state procurement as bidders during the election year and the year after.

In accordance with this recommendation it was prescribed by the law that a legal entity of Georgia which received more than 15% of its annual income from simplified government procurement carried out in its favor or in favor of an enterprise established with its participation shall be prohibited from donating.

A donor shall indicate his/her name, address, and personal identification number. Finances contributed without indication of this information is considered anonymous and should be immediately transferred into the state budget of Georgia by the official person responsible for financial activities of the political union. This requirement does not apply to donations received as a result of public events. The amount of contributions received from public events shall not exceed GEL 30 000 per year.

The party membership fees, as well as monetary donations from the citizens shall be received through non-cash payment. Donations shall be made only from a personal account of a donor or a membership fee payer in a commercial bank licensed in Georgia. Making donations via other person shall result in transfer of the donation to the state budget, whereas the offender will be held liable under the Georgian legislation.

Parties receive also funding from the state budget. Funds from the state budget are distributed among political parties which are registered at Central Election Commission of Georgia and have participated in elections independently or as part of electoral bloc only in case if the party or relevant electoral bloc has received 3% or more of the votes (the percentage is calculated based on the votes received in the elections conducted though proportional system throughout the country) during the last parliamentary or municipal elections.

4.3.2. Campaign financing

Campaign financing is regulated by Election Code of Georgia (EC). It is stated that the campaign shall be financed from:

- the funds of a political union - if the party independently participates in the election/referendum;
- the funds of the first party in the list of an election bloc - if political unions come together as one election subject.

According to EC campaign costs shall mean the sum of funds designated for the election campaign of an election subject, as well as all types of goods and services obtained free of charge (reflected in market prices), except for a free airtime cost received in accordance with the law. For campaign purposes utilization of finances by the election subject other than that of the relevant fund is prohibited.

EC also envisages single-use financing of the campaign expenses of political parties from the budget. In particular, an election subject that has overcome 5% threshold in the parliamentary elections held under proportional system and 10% threshold in the first round of the presidential elections will receive not

more than GEL 1.000.000 for single-use from the state budget to cover election campaign costs in both rounds of the elections. An election subject that has overcome 3% threshold in the general elections of the Local Self-Government Representative Bodies - Sakrebulo (The number of these votes are calculated in accordance with votes cast in the elections held under proportional system around the country) will receive not more than GEL 500.000 for single-use to cover election campaign costs in both rounds of the Sakrebulo/Mayor/Gamgebeli elections. Funding will be received based on the information submitted about the election campaign expenditures. Relevant funds should be deposited to the account of the election subject based on the summary protocol of elections no later than on the 15 days following the summarization of the results.

Spending limits

LPUC establishes certain limit on party expenditures. Total amount of annual expenditures of a party may not exceed 0.1% of the state GDP for the previous year, including expenditures by a party or by another individual in favor of a party/election subject, which has been determined by the State Audit Office of Georgia and which a party involved has been notified of. Parties are also allowed to distribute, during celebration events, low-cost items as gifts with a maximum total cost of 5000 GEL per year.

Rules of the financing of political parties and election campaigns should be based on the principles recommended by the Parliamentary Assembly of the Council of Europe:

- reasonable balance between state and private financing;
- fair criteria for distribution of state aid to parties;
- strict rules concerning private donations;
- established limits for party expenditures related to the election campaign;
- full transparency of reports;
- an independent audit body and adequate penalties for violators of the rules. [13]

In Ukraine, the Law "On amendments to some legislative acts of Ukraine on preventing and fighting political corruption" introduces two limits on the size of contributions: for individuals and legal entities. The maximum limit for citizens is 400 minimum wages, for legal entities - 800 minimum wages.

Financing of parties from state budget is targeted - only to achieve the statutory objectives. The funds can't be used for campaigning needs. The funds must be spent within a year and all unused money is returned to the state.

Also, the Law of Ukraine "On amendments to some legislative acts of Ukraine on preventing and fighting political corruption" provides the option to lose the right to state funding in case if contributions of a party are received from prohibited sources, violations related to the size of such contributions, violation the order of reporting.

Parties will also receive reimbursement for campaigning, but only if they overcome the threshold in national constituency in regular or early parliamentary elections. [21]

Campaign financing

In the United Kingdom limits of allowed campaign expenses eliminated the need to involve corporations that would made contributions for elections. However, politicians are trying to increase their profits. Corporations pay politicians for their advice and consultations. Many members of the House of Commons have direct private incomes (as opposed to incomes to their party organizations) from corporations. In 1994 the prime minister established the Nolan Committee (headed by Chief Justice) to investigate the problem.

Corporations and labour unions in the United States are not allowed to make direct political contributions, unlike the UK. This prohibition resulted that special organizations associated with some

corporations or labour unions were established. They do not collect money directly from corporations or labour unions but from their members. They are called “political action committees” (PAC).

The United States went even further in regulation of personal funds of legislators. Legislators are required to disclose the value of their private property; in addition there are restrictions on all their earnings other than official salaries. Even these stringent laws were inadequate. One of the few forms of earnings allowed to congressmen was royalties for books. The Speaker of the House of Representatives was forced to resign after it was revealed that he received a significant amount of money in the form of royalties, which was actually a hidden contribution.

Many citizens in Germany believe that active participation in the activities of any party or active support of one of them is a personal matter that should not be funded by taxpayers. In their view parties and citizens who actively support parties should find the funds required for election campaigns by their own. On the other hand, the patrons that make donations to these organizations have very little tax relief. As parties in Germany unlike charitable or sport organizations are not considered to be organizations of public benefit. This leads to the fact that parties increasingly try to find other illegal ways of financing. For example, membership fees in the Christian Democrats are equal to annual share of compensation costs related to the election campaign. In small parties, such as “greens”, the amount of reimbursed expenses exceeds their income from membership fees more than twice. [20]

In 1988 election campaigns of George Bush and Michael Dukakis exceeded twice the limit for elections allowed by the law. This happened because American law permits anyone to conduct so-called “independent” campaign “for” or “against” any candidate, if these independent expenditures are made without consultation or cooperation with a candidate or his campaigns.

Russian presidential election campaign in 1996 was estimated by experts at 10-15 billions USD, which exceeded the official expenses of 140 millions in about 100 times.

According to analysts the use of administrative resources during election campaigns is a hidden source of financing. Thus, during the election of Kuchma in 1999 with a minimum official cost of 12 million dollars, actually 4.5 - 5.2 billion dollars were spent.

Analysis of expenditures structure clear shows the use of administrative resources by politicians. If Kuchma in 1999 have not spent a penny from personal election fund for meetings with voters and other mass events, the other candidates had expenses for mass events. Thus, N.Vitrenko spent 4984.00, O.Moroz - 2400.00, and O.Tkachenko - 109183.07 UAH.[13]

According to the Law of Ukraine “On Elections of People's Deputies of Ukraine” election funds are established to finance the election campaigns of parties and candidates. Thus, a subject of election process must spend the costs of the election fund only for this purpose. The total amount of such costs is limited only by the maximum size of the election fund of a party or a candidate.[22] The limit of election funds is defined in different way in different electoral laws. Candidates for President of Ukraine have limit of the election fund of 50 000 minimum wages, and, if a candidate is included into the ballot for re-vote the limit can be increased by 15 000 minimum wages. [23] According to the Law “On elections of People's deputies of Ukraine”, the size of the election fund of the party candidates from which are registered in the national constituency cannot exceed ninety thousand minimum wages. The size of the election fund of a candidate in a constituency may not exceed four thousand minimum wages. [22] The size of revenue to the election funds is not limited in local elections. [24]

However, it is important that these restrictions apply only to the period of election campaign (which begins in 50 days before Election Day and ends the day before Election Day). Since the beginning of the election process (in 90 days before Election Day) and before the date of the beginning of the election campaign, election campaign is prohibited. Accordingly, in this period expenses for campaigning are prohibited. Instead parties and candidates are free to advertise themselves before the beginning of the

election process (such advertising is not considered as pre-election). Therefore, there are no restrictions on expenses at this period.

The Venice Commission guidelines stipulate that public financing of the political parties must be aimed at each party represented in Parliament. In order, however, to ensure the equality of opportunities for the different political forces, public financing could also be extended to political bodies representing a significant section of the electoral body and presenting candidates for election. The level of financing could be fixed by legislator on a periodic basis, according to objective criteria. State should guarantee the equal political opportunities for political parties and weaken the dependence on private contributions via supporting them directly or indirectly.

National legislation of Azerbaijan does not promote equal opportunities to political parties, and does not help to small parties to enter competition.

Azerbaijan law stipulates annually financing of political parties from the state budget. Calculation of the funding is as following:

- 40 % of the funds shall be equally divided among the political parties represented in the Parliament;
- 50 % shall be divided proportionally to the number of elected deputies;
- 10 % of the funds should be divided proportionally to the number of earned votes, among the political parties that nominated candidates who earned at least 3 % of the valid votes in the last elections of the Parliament, but which are not represented in the Parliament.

If the political parties refuse to accept the funds allocated from the state budget, those funds shall be returned to the state budget. According to Venice Commissions guidelines, ban on foreign donations should not apply to nationals living abroad. By international standards public funding must be reasonable and non-discriminatory. However taking into account the lack of real election to the parliament, no representation of opposition parties in the Parliament, despite the fact that the law corresponds to the requirements of the Venice Commissions, in the reality this law fails to guarantee the non-discrimination.

Azerbaijani law also prohibits donations from following persons:

- state bodies and other state entities, except from budget allocation;
- municipal authorities and their subordinate entities;
- foreign states and foreign legal entities;
- foreigners, and persons without citizenship;
- underage persons;
- individuals who fail to indicate their last names, first names, patronymic, series and numbers of Identity Card or those of a substituting document;
- military units, public associations and foundations, religious entities, legal entities.

The amendments to the law in introduced maximum amount of contribution per person in one year capping it at 10 000 manat per person to one or several political parties. Prohibition of contributions by the legal entities and restrictions over the individual contributions make the financial situation of political parties which do not receive funding from the state budget very difficult.

Political parties could also have following revenues:

- membership dues;
- proceeds from the property;
- proceeds from the arrangements, circulation of press outlets and articles, and other similar lucrative activity;
- proceeds in the form of donations;
- resources received in the form of payment of the expenditures for the election campaign;
- payments of the lower organizations;
- funds allocated from the state budget;

- funds earned from debts and loans;
- property obtained through succession or inheritance;
- other proceeds.

The following shall be regarded as expenses of political party :

- funds spent for the current activities;
- expenditures incurred for maintenance and informational support of political parties;
- payments to the lower organizations;
- loan interest;
- individual expenditures;
- other expenditures.

The political parties may not own land, industrial enterprises, production unions or cooperatives, and may not engaged in business or commercial activity. Political parties may use the premises and other property in accordance with the contracts on debt or lease concluded with other persons.

Campaign Financing

Revenues for campaign finance mean any monetary or in-kind contributions to candidates, political parties for electoral purposes. International standards for the revenues consider public, private and third-party financing. This contribution could be provided directly (monetary) and/or indirectly (in-kind, services, property etc.). Public financing means contribution provided by state in the form of direct funding allocated from budget or indirect support such as free air time, venues, subsidized transportation for campaign activities or forms of tax relief etc. Public financing provide greater opportunity for different parties without regard to their financial capacity. The State should participate in campaign expenses through funding equal to a certain percentage of the above ceiling or proportional to the number of votes obtained.[36]

Private contribution is another source of financing the election campaign. It is also a way of political participation by citizens (contributors) in electoral process and the way of expression of their will. It is an important source of funding for independent candidates in many countries, especially in those which has no or very limited public financing of election campaign.

International standards include quantitative and qualitative limitations on revenues for campaign financing in order to provide equal opportunities for candidates and to prevent corruption. Such limitations range from restrictions on anonymous contributions, foreign funding to ceiling for contributions from single individual and legal entity. However, such limitations designed to prevent the cases of corruption should not be barrier for freedom of association and political participation. Any limitation and regulation should be clearly and precisely stipulated in the national legislation and rules should be established for dealing with contributions from illegal or unidentifiable sources. For example, returning a donation, transferring it to the state budget or allocation it to a humanitarian organization. Limitation could also cover the expenditures related to campaign financing.

Overall, Azerbaijani legislation on campaign financing is in line with international standards with some exceptions. In a departure from the international standard, Azerbaijan abolished public financing for election campaign in 2010 prior to the parliamentary elections. The decision, which was adopted without consulting the Venice Commission, ODIHR, or civil society, has created obstacles for political participation in the light of very poorly resourced opposition parties.

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The legislation allows for indirect public support through allocation of free airtime on public television, reimbursement of transport expenses related to campaign, reimbursement of salary of candidate, immunity from criminal liability for registered candidates during the campaign period.

However, such support comes with often difficult conditions. For example, in order to qualify for the free airtime on public TV, a political party or a bloc of parties should register at least 60 candidates (out of 125 seats). No political party or bloc, with the exception of the ruling YAP party, has been able to register 60 candidates since 2005. In reality, independent candidates are not entitled to free air time. Registered candidate has access to the public television and radio companies broadcasted in less than half of the territory of Azerbaijan. Legislation classified public televisions and radio companies in their size and give different access to them. Considering that Azerbaijan is a small country , and there is not a public television and radio company in the regional level, or less than 50 % of Azerbaijan, access for registered candidates, or political parties and blocs with less than 60 registered candidates have no access to free airtime.

The CEC is required to reimburse transport expenses occurred within the area of the constituency of registered candidate with exception of taxi. Also state bodies and municipalities should provide free suitable venues (buildings, rooms) to registered candidates and political parties for meetings with voters. The owner may not refuse to allocate the same venue (building, room) with the same conditions to another candidate, political party, bloc of political parties. Candidates are entitled to unpaid vacation from their employees and should be allocated an official average salary by the election bodies during the period of elections.

Once a candidate has been registered, he/she may not be convicted of a crime, detained, or be subject to administrative penalties as determined by a court procedure, without the permission of the prosecutor general. Candidate can be arrested only if caught in act of crime.

Azerbaijani legislation mainly corresponds to the international standards of the *private contribution*. Legislation imposes qualitative and quantitative restrictions. There is maximum limit for the election fund for every candidate in the amount of 500 000 manat (currency of Azerbaijan), without consideration of inflation. Donations by every individual cannot exceed 3,000 manat and by legal entities 50 000 manat. Candidates and political parties may finance campaign with own resources in 500 000 manat. In any case all contribution could not exceed this amount. Political parties and blocs of political parties that have nominated or registered candidates in more than 60 single-mandate could create a unified election fund. The Election Code prohibits donations from following sources:

- foreign countries and foreign legal entities, foreign citizens, stateless persons;
- citizens under the age of 18;
- legal entities registered in Azerbaijan, of which more than 30% of the charter (property) capital belongs to foreign countries and foreign legal entities, foreign citizens, stateless persons;
- international organizations and international social movements;
- state bodies and municipalities, state and municipal organizations and offices;
- legal entities, of which more than 30% of the charter capital belongs to the state or a municipality on the day of the official publication of the decision to hold elections;
- military units;
- charitable organizations, religious associations, institutions and organizations;
- anonymous donors: a donor is considered to be anonymous if it does not provide any oft he following information - first name, surname, patronymic; batch and serial number and date of issue, of identification for the legal entities for a legal entity; identification number of taxpayer; name; date of registration; bank account; or amount of shares owned by state or municipalities in their charter capital and amount of foreign shares in their charter.

Anonymous donations must be transferred to the state budget by candidates within 10 days of receipt of such donations. If donations are transferred to the election funds by citizens or legal entities who do not have right to do so, or if the donation amount exceeds the limit mentioned in the law, the entire amount or the part of it which exceeds the limit should be returned to the donator within 10 days of receipt, deducting the transfer expenses and indicating the reasons for return.

In addition to direct monetary donation, there are restrictions with regards to in-kind donations. Legislation prohibits legal entities from providing free of charge or below market price services to candidates. However, the legislation does not regulate the in-kind contributions by the individuals. It allows individuals to provide services to candidates, political parties or bloc of political parties free of charge or at the discounted prices without involving the third parties.

Despite of the international standards about loans to finance electoral campaign, legal framework of the national legislation does not include any regulations of loans. Candidates and political parties in Azerbaijan cannot take loans from banks to finance their election campaign.

Regulations on expenditures

Monetary campaign for individual contributions can be made by through post offices and bank/credit organizations, for legal entities only via bank transfers to the election fund. The requirement of bank transfers is meant to increase transparency and provide opportunity for regulator to monitor the election funds contributions and expenditures.

If candidates, political parties or blocs did not spend all election fund, than they should return the remaining amount to contributors proportionally, or transfer the funds to the state or municipal budget. Law regulates paid political advertising. All public and private televisions and radio companies should provide equal opportunity to all political candidates, and political parties. Calculation of the paid time should divide in total number of the registered candidates and also provide in same prices to all candidates.

Legislation also sets out the limits of the election fund expenditure. Election funds should be spent only for their intended purposes. They can be used only for the following purposes:

- To finance organizational-technical actions for the collection of signatures in support of the nomination of candidates or approval of referendum campaign group members, as well as to pay the relevant persons for collecting voters' signatures;
- To pay pre-election campaigning expenses and information and consulting services;
- To cover other expenses for work performed directly by legal entities and individuals during the pre-election campaign.

4.4 Party and Campaign Finance Reporting Requirements

International recommendations instruct that the disclosure reports should follow a specified format and should be produced on a consolidated basis to include all levels of party activities.[37] First of all, the reports should clearly distinguish between income and expenditures. Further, they should "include the itemization of donations into standardized categories as defined by relevant regulations" with identified nature and value donations received by a political party.[38] In the electoral years, reports should include both general party finance and campaign finance.[39] The provisions of the Article 29.4 of the Law on Political Parties, requiring that that all of a party's assets, income, financial obligations and expenditure should be listed individually, follow the aforementioned recommendations and were positively assessed

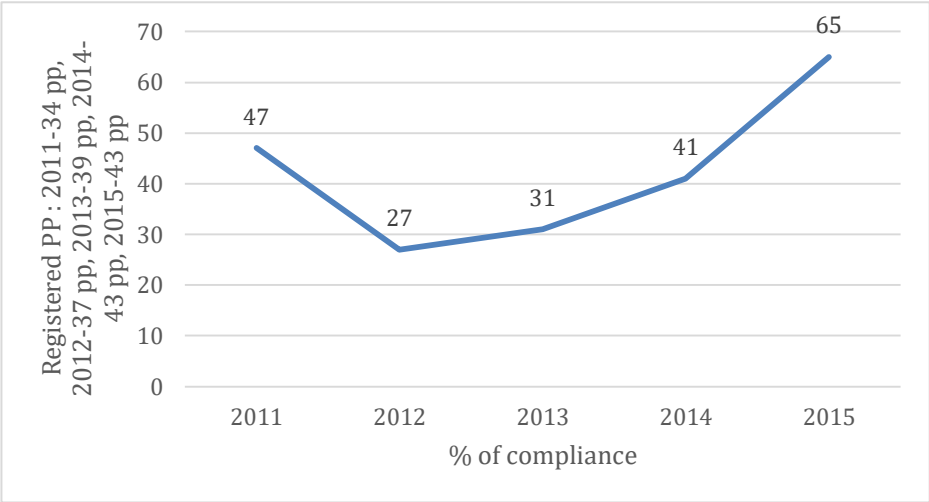
[37] OSCE/ODIHR and Venice Commission Guidelines on Political Party Regulation Adopted by the Venice Commission at its 84th Plenary Session Venice, 15–16 October 2010, paragraph 202.
[38] Ibidem, paragraph 203.
[39] Ibidem, paragraph 204.

by GRECO during Moldova's Third Evaluation Round.[40] The actual formats of reporting are provided in the CEC Regulation on Financing Political Parties.

In Moldova, According to the Law on Political Parties (Article 29) political parties should submit financial management reports every six months of the reporting period as well as an annual report by March of the following year to the CEC and – if they obtained the state budget allowances – to the Court of Accounts.

The change of the institution to which the reports are to be submitted - from the Ministry of Justice to the CEC – belongs to the latest amendments to the Law on Political Parties. Till April 2015, it was the Ministry of Justice that had the mandate to receive financial reports from political parties.[57] At the time of drafting this study, Central Election Commission has already received the first yet any financial management report from political parties.

(see Chart 1: Political parties compliance with submitting annual financial reports, 2011-2015).



According to the Electoral Code, article 38 (1) Political parties and electoral blocs and independent candidates in parliamentary elections, have the obligation to present to the Central Election Commission within 3 days of opening the special account "Electoral Fund" and then once every two weeks a report on means money earned and expenditure incurred in the campaign, both electronically and as hard copy, signed by responsible persons. The report is approved by the Central Election Commission and include the following information:

a) identification of natural or legal person who donated funds;
b) a list of all donations, including the nature and amount of each donation in money, goods, objects, works or services;
c) the total amount of donations and number of donors;
d) list of donations reimbursed as a result of overruns established in Art. 38 para. (1) d);
e) identification of the individual or entity to whom the funds were paid from the account "Electoral Fund" and the purpose of the expenditure concerned;
f) debt amounts, numbers of financial documents and other information conclusive evidence;
g) accounting information of legal persons founded or otherwise controlled by the political party for the relevant period.

[40] "GRECO takes note of the proposed amendments to the LPP, which expressly determine the minimum content of political parties' annual financial reports to be submitted to the supervisory authorities (the CEC and, in some cases, the Court of Audit) and published. In particular, the draft legislation requires that all of a party's assets, income, financial obligations and expenditure should be listed individually. GRECO considers that the proposed amendments go in the direction recommended." See: GRECO Compliance Report on the Republic of Moldova, Third Evaluation Round, Greco RC-III (2013) 2E, 22 March 2013.

CEC is responsible for publishing the reports on their website within 48 hours of receipt, respecting the law on protection of personal data.

Article 7(3) of the UN Convention against Corruption requires Belarus to make efforts to achieve higher transparency of the political parties' funding. The disclosure of information on the funding of the political activity is the main method of achieving such transparency. It is necessary to ask the political parties to present the corresponding financial reporting to the line authorities at least once per year. These reports must reveal the donations made by donors and contain explanations for all the expenses. The transparency principle implies the timely publication of the parties' financial reports[41].

The Election Code of the Republic of Belarus stipulates the duty of the political parties to register with the tax authorities and submit the tax reports in the set terms.

According to the Law on Political Parties, there is no requirement for the political parties to submit financial reports to the Ministry of Justice as the control body.

The inspection authorities have the right to check the legality of the receipt and use of funds within the limits of their competence.

The Convention on the Standards of Democratic Elections, Election Rights and Freedoms in the CIS Member States sets out the following standards for the reporting on election campaign funding: the candidates, political parties (coalitions) participating in the elections must submit to the electoral bodies and/or other authorities indicated in the Law, information and reports on the receipt of all the donations in their election funds, on the donors of such funds and of all their expenses from these funds for the funding of their election campaign with the periodicity established by the law. The electoral authorities ensure the publication of the above mentioned information and reports in the media and telecommunications indicated in the laws.

The Election Code requires the individual nominated as candidate for the position of President of Belarus to submit the financial report to the Central Commission (only the contenders for candidates for the position of President have the right to open an account before being registered as candidates, at the nomination stage) no later than in five days after the end of the term for nominating the candidates for the position of President of Belarus. The candidates are required to submit financial reports to the commission that registered them with the following periodicity: the first financial report – no earlier than 15 days and no later than 10 days before the day of elections; the final financial report (report on the amount and all sources of creation of their election fund and on all the borne expenses) – no later than 5 days after the day of elections. The primary financial documents confirming the receipt, return and spending of money from the election fund, certificates on the remaining funds and/or on the closure of the candidate's special election account are attached to the final report. This provision also applies to individuals in relation to whom the decisions on the registration of their candidates have been cancelled and to individuals who withdrew from the elections before the day of elections.

The funding of parties is linked with the funding of the candidate supported by or nominated by the party for the elections. Despite the fact that the Election Code requires that the expenses for the campaign are covered only through the election fund, the funding of the initiative group for nominating the MP before their registration as a candidate has not been regulated yet: the law allows collecting signatures to support the nomination at pickets, but does not stipulate conditions and restrictions on the use of information materials there – billboards, banners, etc., and bans only the distribution of any print materials.

[41] Guidelines on Political Party Regulation (Adopted by the Venice Commission at the 84th session meeting, Venice, October 15-16, 2010).

Recommendation 1516 (2001) in regard to transparency and reporting states "Financing of political parties must be fully transparent, which requires political parties, in particular: i. to keep strict accounts of all income and expenditure, which must be submitted, at least once a year, to an independent auditing authority and be made public; ii. to declare the identity of donors who give financial support exceeding a certain limit." Most importantly, the Code of Good Practices in the field of Political Parties of Venice Commission, specifically notes: "Party funding must comply with the principles of accountability and transparency." In addition the Guidelines and Report on Financing of Political Parties of Venice Commission (March, 2001) states: "The transparency of private financing of each party should be guaranteed. In achieving this aim, each party should make public each year the annual accounts of the previous year, which should incorporate a list of all donations other than membership fees. All donations exceeding an amount fixed by the legislator must be recorded and made public."

The newly altered Constitution of Armenia contains According to paragraph 3 of article 46 of newly altered Constitution of Armenia "Political parties publish annual reports on their financial sources and spending, as well on property".

The transparency and reporting requirements in regard to donations are regulated under article 28 of the Law on Political parties. Political parties are obliged to publish annual report on received and spent means on annual basis (before March 25): the report should be published in mass media and RA's public notification official website. It should contain data on: sources and size of means entered into the account of party; how that means were spent; data on the assets of the political party by mentioning its price . If the source of a donation exceeds 100.000 AMD (around 190 EUR) then that one donation must be mentioned in the report. Those political parties assets of which exceeds 10000000 AMD (around 18.969 EUR) shall publish their reports only together with a conclusion of audit as well those political parties which receive public funding.

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

In this regard, it must be mentioned that OECD within the framework of the 3rd round monitoring of Istanbul Anti-corruption Action Plan, adopted "Monitoring Report on Armenia" (2014) made a recommendation on this issue which states: "Ensure that political parties disclose their financial data, including bank loans and contracts with foundations, associations and other bodies related to them."

As about campaign reporting, after 5 days of the deadline for registration electoral lists, parties shall lodge with CEC declaration on assets and revenue of the party. In addition, after the deadline for registration of electoral lists, the banks where were opened accounts (pre-election funds) on the interval of 3 working days, submit to the Oversight and Audit Service data on the financial entries and spending from the pre-election funds. In addition, political parties after the start of campaign period on 10th, 20th days and 3 days before summing up the results shall submit to the Oversight and Audit Service declaration on the entries to the pre-election fund and spent moneys from it and also shall attach the signed contracts for the purchase of goods and services as well documents certifying the payments. In the declaration are being mentioned the following data: 1) timeline and size of entries to the pre-election fund; 2) spent means for the purchases of services and goods, dates and data of documents certifying the spent means; 3) remaining amount of money in the pre-election fund. Declarations are being posted at the website of the CEC. If the services and goods are purchased long before elections or lower than the market price, then in the declaration the goods and services must be mentioned their actual (market) prices.

In Georgia, on December 2011, fundamental changes have been made in the Election Code (EC) and the Organic Law on the Political Unions of Citizens (LPUC) regarding the funding and financial reporting requirements of political parties and candidates. According to the amendments, general accounts and

election campaign funds of political parties outside and during the election period are both more clearly separated, and the reporting requirements better integrated.

As already mentioned the State Audit Office is responsible for monitoring lawfulness and transparency of financial activities of political parties which is carried out by Financial Monitoring Service of political Parties created in SAO.

4.4.1. Political Parties Financing

According to Georgian legislation, financial reporting requirements apply to the parties, candidates and to individuals with declared electoral goals who are using corresponding financial and other material resources to achieve these goals. The purpose of the requirement is to ensure transparency of income and expenditures related to political and electoral purposes.

According to the law, each party shall submit a financial declaration for the previous year together with an auditor's (auditing firm's) report to the SAO every year before February 1.

The party shall have its financial audit on an annual basis with the exception of parties whose annual overturn is less than GEL 10 000. A party whose annual overturn is less than GEL 10 000 shall have the right to file its financial declaration without an auditor's report. For conducting a financial audit, a party may apply to any independent auditor that meets the standards established by the SAO.

A party shall send copies of its financial declaration and the auditor's (auditing firm's) report to a local tax agency in accordance with party's legal address. The declaration shall indicate yearly income (the amount of membership fees and donations, identity of persons paying membership fees, finances allocated by the state as well as finances received from publications or other party activities) and expenditures of the party (spent on elections, financing of various activities, remuneration, official trips and other expenditures), as well as a property report (owned buildings, quantity and type of means of transportation, their total value, the amount of money available on its bank accounts). Income and expenses related to elections shall be shown separately in financial declaration of a party.

The law obligates parties to maintain their financial declarations and all documents related thereto during 6 years, and fulfill responsibilities established by the Georgian tax legislation with respect to storage of maintaining and keeping tax documents. For these purposes, SAO has elaborated a template of annual financial declaration of parties and established audit standards. In this respect, on May 5, 2016 General Auditor issued a Decree #2915/21 which contains detailed guidelines for financial reporting including all financial and audit forms.

SAO shall provide information on party's financial declaration to all interested persons, as well as publish declaration on relevant web-page within 5 working days after its receipt.

Reporting of donations and membership fees

Information about donations made, as well as membership fees paid, shall be submitted to the SAO by a party within the period of 5 business days. If accepting a donation or paying a membership fee violates the law, a party shall return the amount to the donor/payer of a membership fee within the period of 5 days after the amount has been deposited on its account. In an event of a party's failure to do so, the amount shall be transferred to the state budget. If a party was not aware and could not have been aware of the illegal nature of a donation, the obligation to return the amount shall arise immediately after demanded by the SAO.

In case of necessity based on the court decision the SAO is authorized to request the information about the origins of property of natural or legal person donating to parties or persons with electoral goals. The court takes the decision within 48 hours after receiving request from SAO. The request shall be well-

grounded and shall include reason and purpose, as well as the period and size of the information. If the request is satisfied, the court's decision shall include the reason and purpose for request, period and size of the information, as well as validity period of the decision.

In Ukraine,
We should refer to the experience of Western European countries in issue of financial reporting of political parties as they use state financing of political parties for a long time.

In accordance with the principle of transparency and openness the financial reports of political parties should be published in the official press (for example, in Austria in Official annex to Vienna newspaper, in Angola - in Official Journal) and be available to every citizen and mass media. Thus, FEC of the US provides anyone with reporting information made as microfilm on request (no reason of request must be specified), the information is entered into a database and computer materials are available for all who are interested in them.[13]

There is a fairly well-established system of state control over the financing of election campaigns in France. This system is headed by the National Commission for reports on campaign and political financing. Political parties are required to submit financial reports to the National Commission. If this is not done within the specified period, the party can be deprived of public subsidies. Financial control at regional level is provided by the National Commission representatives appointed in different departments. Their tasks are monitoring the financial reports and submitting reports which do not meet the requirements to the relevant courts.

The German experience shows special system of financing of political parties from state funds. There is a fee collected from all citizens eligible to vote. The fee is charged not only in elections to Bundestag but also in elections to landstags and to European organizations. However, the law requires political parties to report on the origin of their financial resources. These reports are published, which allows the public to control the sources of party financing.

There is also a system of state financing of political parties with its features in Belgium. The condition of state support for the party is at least one its representative present in Parliament or Senate and annual financial statements to the Committee of parliamentary control. The form of state support is also general untargeted financing. Financing of parliamentary activities of political party is not provided. Financial statements of parties are to be published in the media. Donations from corporations and labour unions are prohibited. [25]

In Ukraine the Law "On Political Parties in Ukraine" provides that political party is obliged to submit the report of the political party on property, incomes, expenses and financial obligations for the quarter to the National Agency for prevention of corruption quarterly, not later than the fortieth day after the end of the reporting quarter in paper form (signed by the head of a political party and certified with a seal of political party) and an electronic version of report, and publish a report on its official website (if available) within the same terms. First and last names and place of residence of the individual are subjects to mandatory disclosure in the report of party on property, incomes, expenses and financial obligations. Other information about an individual assigned to restricted information and is not subject to disclosure.

The form of the report of political party on property, incomes, expenses and financial obligations was approved by the National Agency for the Prevention of Corruption considering the requirements of this Law. [26]

All the laws on elections provide mandatory submission of financial statements on the receipt and use of election funds to the Central Election Commission (in national elections) or to the territorial election commissions (in local elections) by managers of election funds. Thus, according to the Law "On Elections of People's Deputies of Ukraine" a manager of current account of the election fund of the party shall

submit financial report on the use of the respective current account of the election fund to manager of accumulative account of the election fund not later than the seventh day after the election. The manager of the accumulative account of the election fund of the party shall submit a financial report on receipt and use of election fund of the party to the CEC not later than the fifteenth day after the elections.[22] Similar provisions are stipulated in the Law On elections of President of Ukraine : in accordance with Article 42 of this Law a manager of current account of the election fund shall submit financial report on the use of campaign funds to manager of accumulative account of the election fund not later than the seventh day after the election. The manager of the accumulative account of the election fund shall submit a financial report on receipt and use of campaign funds to the CEC no later than the fifteenth day after Election Day (or the day of repeat voting). [23]

Forms of reports on the receipt and use of election funds are approved by the CEC within the established by relevant laws terms before the election day of the respective elections. Relevant reports include: 1) a report on election fund formation (which includes 2 sections: incomes of accumulative account of election fund and transfers of funds from accumulative account); 2) consolidated report on cash flow of current account of the funds and their use, 3) report on transfer of unused costs to the election fund. Each form of report includes a detailed breakdown which includes each transaction from accounts of the election fund. The report is submitted with explanatory note.

Unfortunately there was no system of effective sanctions for non-submission of financial reports in Ukraine until October 2015. This became apparent during the local elections in October 2015. Only after these elections the Law of Ukraine "On Amendments to certain legislative acts of Ukraine on preventing and fighting political corruption" was amended and provides administrative responsibility for violation of terms for submission of the financial report on receipt and use of campaign funds - a fine of 300-400 non-taxable minimum wages. Also the criminal responsibility for conscious submitting of false information in the report was established - a fine of 100-300 non-taxable minimum incomes. [21]

Part 6 of Article 72 of the Law of Ukraine "On Local Elections" stipulates that a manager of the current account of election fund of a candidate for mayor shall submit interim report to the territorial election commission not later than in five days before the Election Day. This report includes information for the period from the opening of a current account of the election fund to the tenth day before the Election Day.

Candidates participating in the second round must also provide interim financial reports. Such reports must be submitted no later than in five days before the re-vote and must include information for the period from the day following the day of official publication of the territorial election commission decision on the repeat voting to the seventh day before the day of repeat voting. [24]

According to the Committee of Voters of Ukraine in Ternopil only 4 of 6 candidates who have submitted interim financial statements did it timely. 2 more candidates have submitted interim reports after deadlines. Thus, a report of one of the candidates dated October 20 and DEC received it only October 23. In Kherson only 7 candidates submitted interim financial reports out of 11 candidates who opened accounts. All 7 candidates did it within the period prescribed by the law. In Rivne only 4 candidates submitted interim financial reports out of 6 candidates who opened accounts, they did it timely. In Cherkasy only 6 candidates submitted interim financial reports out of 16 candidates who opened their election accounts. In Mukachevo, according to CVU, a candidate who opened the account didn't submit an interim financial report. In general interim financial statements were submitted by 23 of 40 candidates.

Final reports were submitted by only 21 out of 40 candidates. [27]

The financing procedures of political parties should be governed by the principles of transparency and accountability. State should ensure transparency of the process and therefore legislation should regulate reporting and disclosure of financing political parties during elections and between elections times to appropriate institution. Information on financial accounts, levels of income, identity of donors and

expenditure should be provided to independent body for investigation. The Venice Commission's guidelines recommends publishing financial reports of political parties at least once a year. According to the Commission, states should empower relevant authorities to control and if need be to sanctions political parties which fall short of regulatory requirements.

In Azerbaijan, the Central Election Commission (CEC) is the supervisory body when it comes to financial reporting of political parties. Azerbaijan's legislation requires political parties to submit their annual financial reports (statements) to the CEC no later than April 1 of the preceding year. Within one day, the CEC should publish these reports. The body also has the authority to ask additional information and documents.

Political parties should carry out reporting using the special forms which include questions about membership fees, donations, loans, revenues from real estate and etc. On the paper, Azerbaijan's legislation complies with the international standards, however, when it comes to implementation, there are not enough mechanisms and capacity to regulate and to investigate he reports properly. More detailed information about the practical difficulties of implementing proper investigation will be provided in the next chapter.

Investigation body should be also independent and impartial. However, the fact that the CEC is composed of political party representatives raise concerns about impartiality of this institution. Even if this institution is impartial in reality, the publicly perceived independence is very important as well.

Reporting requirements on campaign financing

Reporting is also important for accountability, transparency and public confidence in the integrity of an electoral process. International standards require political parties and candidates to maintain records and report on all direct and in-kind contributions, as well as all campaign expenditures during a campaign period.

Good practice recommends to report the date, source, amount and type of financing. International standards requires three times of reporting during the election period:

- Initial report produced before campaign includes party and candidate's bank information;
- Interim report produced during the campaign period to provide an opportunity for oversight bodies to address any potential problems encountered before election day;
- Final report produced after the election and certification of results to provide a complete and comprehensive account of all campaign financing.

The date of the final report should be precisely specified in the law. It is good practice for authorities to introduce a standard template and guidance for reporting by providing proofs. One person should be responsible for all accounting.

Information relating to donors should balance between public disclosure and protection of personal data. To enhance transparency, some states require all donations to go through a dedicated campaign finance bank account. Reports should be made publicly available without unnecessary delay, and be easy to understand including in-kind contributions, loans etc.

The CEC is supervisory body regulating the reporting of campaign financing. Registered candidates, political parties, blocs of political parties are obliged to register the collection and expenditure of their election funds. A separate bank account should be opened in the bank determined by the CEC. The election participants should use this dedicated bank account for all operations (contributions and expenditures) related to election campaign. The Election Code stipulates three times of reporting during the election period:

- the first financial report should be submitted to the relevant election commission durign the registration process along with the required documents for registration. This report should contain information for the period of two days prior to the date indicated in the report;
- the second financial report should be submitted to the relevant election commission between 10 to 20 days prior to the Election Day and should contain information for the period of seven days prior to the date of reporting;
- the third and final financial report should be submitted at latest 10 days after final results of elections (referendum) are officially published. The initial financial documents on the collection and expenditure of election funds should be attached to the final financial report.

Copies of the financial reports of the candidates and political parties should be open to public within 5 days of the reporting.

In addition to candidates and political parties, the relevant banks also report to the CEC on the election funds of candidates and parties no less than once a week, or no less than once every three banking days if there are only 10 days remaining until the Election Day. The CEC provides information to media about financing of the candidates and political parties at least once every two weeks. Those information must be open to the public. Sources of all donations larger than certain threshold are open to public in compliance with the international standards.
Also the relevant executive authorities should submit information about legal entities tht donated to election funds. Furthermore, records of the cost and volume of print-space and airtime allocated to candidates and parties should be also provided to the election commission by the TV and radio companies.

4.5. Sanctions for Party and Campaign Finance Violations

According to the international standards sanctions should be applied to political parties who don't comply with the relevant laws and should be effective, objective, enforceable and proportionate. The law also needs to be clear about who is responsible for breaches, what sanctions are available to the supervisory body, and clear deadlines and procedures for how they are to be applied. Proportionate sanctions imply that the gravity of the violation must be taken into consideration.

There should be variety of sanctions for non-compliance: administrative fines, partial or total loss of public funding or other forms of public support, ineligibility for presenting candidates in elections for a some period of time, criminal sanctions (imposed against to the party members who are responsible), annulment of a candidates' election to office (only by court of law) , loss of registration status for the party.

Recommendation 1516 (2001) 8 (e) of Council of Europe in regards to sanctions mentions that ''In the case of a violation of the legislation, political parties should be subject to meaningful sanctions, including the partial or total loss or mandatory reimbursement of state contributions and the imposition of fines. When individual responsibility is established, sanctions should include the annulment of the elected mandate or a period of ineligibility.'' Besides, Guidelines on Political Party Regulation of Venice Commission and OSCE/ODIHR stipulates that ''Irregularities in financial reporting, non-compliance with financial-reporting regulations or improper use of public funds should result in the loss of all or part of such funds for the party. Other available sanctions may include the imposition of administrative fines on the party.''

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

According to Recommendation 2003 (4) of the CoE all sanctions shall be effective, proportionate and dissuasive. The joint Guidelines of Venice Commission and OSCE/ODIHR provide list of possible sanctions. In regard to political parties the list includes the following sanctions :

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

The responsibilities for infringement of Moldovan political party funding rules are stipulated in Articles 31^1-31^3 of the Law on Political Parties and provide that the infringements may lead to sanctions under the rules of the Contravention Code. If more than one of the infringements is committed, and a penalty imposed, in the course of a calendar year, the CEC can adopt a decision whereby the party concerned is stripped of its entitlement to public subsidies for a six-month period. It is worthwhile however to look into the severity of the sanctions envisioned for given infringements.

According to the Contravention Code:

- infringement of the rules on financial evidence and management of political parties' assets and campaign funds, including failure to submit donor identification data - a fine of 100 to 500 conventional units (2,000 to 10,000 MDL or about 90 to 454 EUR)
- assigning subsidies from the State budget to uses contrary to their intended purpose - a fine of 200 to 500 conventional units (4,000 to 10,000 MDL or about 181 to 454 EUR)
- illegal use of public resources or facilitating or consenting to their illegal use during election campaign - a fine of 150 to 400 conventional units (3,000 to 8,000 MDL or about 136 to 363 EUR).

The Criminal Code provides criminal liability for "Illegal funding of political parties and election campaigns" (Criminal Code, Article 181^2) and in accordance with its stipulations:

- forgery of political parties' financial reports and/or reports on election campaign funding with a view to substituting or concealing donors' identities or concealing the amount of sums accumulated or used is punished with a fine of 200 to 500 conventional units (about 4,000 to 10,000 MDL or 181 to 454 EUR) or up to three years' imprisonment.
- obtaining donations through extortion or blackmail (whether this occurs during election campaigns or between elections) - a fine of 200 to 500 conventional units (4,000 to 10,000 MDL or about 181 to 454 EUR)
- accepting funds from a criminal organization - a fine of 500 to 1000 conventional units (10,000 to 20,000 MDL or about or about 454 to 907 EUR)
- unlawful use of administrative resources where this has caused major loss or damage - a fine of 3,000 up to 5,000 conventional units (6,000 to 10,000 MDL or about 272 to 454EUR).

According to the PACE recommendation on financing political parties "[i]n the case of a violation of the legislation, political parties should be subject to meaningful sanctions, including the partial or total loss

or mandatory reimbursement of state contributions and the imposition of fines." [42] The fines envisioned by the Moldovan legislator for administrative and criminal liability appear modest in comparison with ceilings for donations, and for party's incomes obtained from membership fees and donations as well as in comparison with the money envisioned for the state subsidies for political parties. It remains to be seen whether the envisioned fines will be a sufficient deterrent for political parties to abide the law. There is a risk that the fines are too low and parties will rather opt for paying them than for following the law.

International recommendations instruct that the disclosure reports should follow a specified format and should be produced on a consolidated basis to include all levels of party activities.[43] First of all, the reports should clearly distinguish between income and expenditures. Further, they should "include the itemization of donations into standardized categories as defined by relevant regulations" with identified nature and value donations received by a political party.[44] In the electoral years, reports should include both general party finance and campaign finance.[45] The provisions of the Article 29.4 of the Law on Political Parties, requiring that that all of a party's assets, income, financial obligations and expenditure should be listed individually, follow the aforementioned recommendations and were positively assessed by GRECO during Moldova's Third Evaluation Round.[46] The actual formats of reporting are provided in the CEC Regulation.

In conclusion, sanctions envisioned for non-compliance with disclosure obligations are very weak and may not serve as an effective deterrent. Hence, Promo-LEX recommends that the sanctions related to non-compliance with the provisions aiming at political parties' financial transparency need to be substantially increased.

As regulated in the Guidelines on Political Party Regulation, all sanctions must be proportionate to the committed delinquencies. In terms of the financial sphere, it is necessary to take into consideration the amount, the existence of attempts to hide the delinquency, as well as the repeated nature of such delinquency. The sanctions for parties are possible in the form of administrative fines, losses or suspension of the rights, facilities or budget funding; a possible sanction is the loss of the state registration by the party.

According to the Law on Political Parties, the measures of liability for the violation of legislation and Articles of Association, including related to the funding arrangements, in relation to the political party are:

- written warning;
- suspension of the political party's activity;
- liquidation of the political party (article 29 of the Law).

The activity of the political party can be suspended for one to six months through decision of the Supreme Court of the Republic of Belarus upon request of the Ministry of Justice if the Ministry of Justice issued written warning for the political party and the latter did not eliminate the violations that served as grounds for issuing the written warning or did not inform the registration authority about the elimination of such violations presenting the confirmation documents within the set deadline.

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42 PACE, Recommendation 1516 (2001)1, Financing of political parties, 8e.

43 OSCE/ODIHR and Venice Commission Guidelines on Political Party Regulation Adopted by the Venice Commission at its 84th Plenary Session Venice, 15–16 October 2010, paragraph 202.

44 Ibidem, paragraph 203.

45 Ibidem, paragraph 204.

46 "GRECO takes note of the proposed amendments to the LPP, which expressly determine the minimum content of political parties' annual financial reports to be submitted to the supervisory authorities (the CEC and, in some cases, the Court of Audit) and published. In particular, the draft legislation requires that all of a party's assets, income, financial obligations and expenditure should be listed individually. GRECO considers that the proposed amendments go in the direction recommended." See: GRECO Compliance Report on the Republic of Moldova, Third Evaluation Round, Greco RC-III (2013) 2E, 22 March 2013.

It is not allowed to suspend the activity of the political party from the day of official publication of the decision on the designation of elections until the day of official publication of the election results.
In case the activity of the political party is suspended, it is not allowed to carry out any activity, except for the activity aimed at removing the violations that caused the suspension of activity; it is prohibited to use the accounts in banks, non-banking credit-financial organizations, except for payments under civil law and labor agreements, payments to the republican and/or local budgets, including state specific budget funds, state extra-budget funds, as well as payments related to the compensation of the damage caused by the actions of the political party.

The political party is liquidated through decision of the Supreme Court of the Republic of Belarus, in particular, in case of violation by the political party of the legislation during one year after the issue of the written warning; failure to remove the violations that caused the suspension of the political party's activity.

The political party can be liquidated through decision of the Supreme Court of the Republic of Belarus for receiving foreign non-repayable aid by the political party, its organizational structure. The request to liquidate the political party is filed with the Supreme Court of the Republic of Belarus by the Ministry of Justice or by the General Prosecutor's Office of the Republic of Belarus.

The funds and other assets received by political parties, unions and legal entities created by them from sources that are prohibited by the Law on Political Parties must be transmitted in state possession. In case of refusal to transmit such funds and assets, they are confiscated by the state through court decision upon request of the state authorities that carry out the state control over the purposeful use of foreign non-repayable aid (by the State Control Committee).

Thus, the request of the interested person to bring the party to various forms of liability may be addressed to the authorities that are authorized to apply sanctions (Ministry of Justice), file a claim with the court to confiscate the funds or assets (State Control Committee) or initiate the liquidation of the party (to the Ministry of Justice or the General Prosecutor's Office of the Republic of Belarus).

The violation of the legislation on foreign non-repayable aid (art.23.24 of the Code on Administrative Delinquencies) in the form of receipt, storage and shift of foreign non-repayable aid for the funding of political parties, unions (associations) of political parties is sanctioned with a fine imposed on the individual at fault in the amount of fifty-two hundred basic units with confiscation of such aid, and on the legal entity at fault in the amount of up to one hundred percent of the cost of the foreign non-repayable aid with confiscation of such aid.

The receipt of foreign non-repayable aid with the violation of the legislation (art. 369[2] of the Criminal Code) – receipt, storage and shift of foreign non-repayable aid for the funding of political parties, unions (associations) of political parties during one year after the infliction of the administrative sanction for the same violations is sanctioned with a fine or arrest or limitation of the freedom for up to three years or imprisonment for up to two years. The crimes are investigated by the Investigation Committee of the Republic of Belarus.

In Belarus, the Convention on the Standards of Democratic Elections, Election Rights and Freedoms in the CIS Member States sets out the following standards for revenues and expenses for the participation in elections: the legislation must stipulate that the list of violations of the conditions and arrangements for making donations, funding the activity of candidates and political parties (coalitions), as well the list of measures to prevent or eliminate violations of the funding of elections and of the election campaign of candidates and political parties (coalitions) must be stipulated by the laws and other regulatory acts.

According to the Election Code, in case the individual nominated by the candidate or the candidate, their trusted person violates the legislation on elections, they are warned by the corresponding territorial, district or Central Electoral Commission.

The central, regional, territorial electoral Commission has the right to cancel the decision to register the candidate for the position of president or MP without prior warning, in particular, in case of repeated violation of the legislation, if a warning was issued earlier; in case when the spending exceeds by over 20% the maximum amount of expenses from the election fund or when this amount was used in addition to the money from the election fund; in case of use of funds or other material aid provided by foreign countries and organizations, foreign citizens and people without citizenship, international organizations for the purpose of elections. The use of such funds by the individual nominated by the candidate shall result in the refusal to register the candidate.

The violation of the legislation on foreign non-repayable aid (art. 23.24 of the Code on Administrative Delinquencies) in the form of receipt, storage and shift of foreign non-repayable aid for the funding of preparation or conduct of elections, referendums, recall of MPs, preparation or distribution of propaganda materials, holding of seminars or other forms of political and propaganda work among the population shall cause the infliction of a fine of fifty to two hundred basic units with the confiscation of such aid and up to one hundred percent of the cost of the foreign non-repayable aid with confiscation of such aid for a legal entity.

The receipt of foreign non-repayable aid with the violation of the legislation (art. 369[2] of the Criminal Code) – receipt, storage and shift of foreign non-repayable aid for the funding of preparation or conduct of elections, referendums, recall of MPs, preparation or distribution of propaganda materials, holding of seminars or other forms of political and propaganda work among the population during one year after the infliction of the administrative sanction for the same violations is sanctioned with a fine or arrest or restriction of the freedom for up to three years or imprisonment for up to two years.

In Armenia, under the Armenian legislation the applicable sanctions in regard to party financing are stipulated under RA Administrative Code of Delinquencies. Actions/activities which are punishable in administrative manner are:

1) Failing to publish annual report or failing to lodge it with the Oversight-Audit Service of CEC (article 189.13)
2) Refusing to provide documents in order to check the authenticity of the submitted reports (article 189.14)
3) Processing donations exceeding 100.000 AMD (around 189 EUR) not in non-cash manner (article 189.15)
4) Not channeling to state budget or returning to donors those donations which exceeds the stipulated limits or those donations which are banned (article 189.16)

For the first act (failing to publish annual report or failing to lodge it with the Service) the sanction is fine against officials of a political party in the amount of 40.000-50.000 AMD (76 to 95 EUR). If the same act is being repeated within one month period the new fine will be in the amount of 400.000 – 500.000 AMD (759-949 EUR).

For the second act (refusing to provide documents) the sanction is fine against officials of a political party in the amount of 80.000-100.000 AMD (152 to 189 EUR).If the same act is being repeated within one month period the new fine will be in the amount of 150.000-200.000 AMD (285-379 EUR).

For the third act (processing donations exceeding the 189 EUR not in cash manner) the sanctions will be aimed against: officials of a donor legal entity; donor physical person; officials of a political party. Against the officials of a donor legal entity the fine would be in the amount of 200.000-250.000 AMD (379-474 EUR), against donor physical person the fine would be in the amount of 100.000-150.000 AMD (189-285 EUR), against the officials of a political party, the fine would be in the amount of 250.000-300.000 AMD (474-569 EUR). And the fines are going up if the same acts are being repeated within one month period after being fined.

For the fourth act (not channeling to state budget or returning to the donors donations) the sanctions will be aimed against officials of a political party in the amount of 100.000-150.000 AMD (189-285 EUR) and it will be raised if the act will be repeated within one month period after being fined.

The sanctions for the first 3 types of fines are being exercised by the Central Electoral Commission, according to the article 223.2 of the RA Administrative Code of Delinquencies. For the fourth type of fine, according to article 2231 of the RA Administrative Code of Delinquencies, administrative examinations are being conducted by the RA Ministry of Justice.

In regard to fines it must be mentioned that they cannot be viewed as proportional and can't be effective, because they don't put parties in a position which would make violating the requirements not-beneficial. For example, if the party receives more donation than it is allowed, the fine is set 285 EUR maximum. If the donation was e.g. 100.000 EUR then such kind of approach certainly doesn't provide any incentive to political parties to refrain from violating the law.

As about campaign financing, the Administrative Delinquencies Code stipulates responsibility only in an article (40.3) which relates to not opening pre-election funds or not providing declaration on the use of fund's resources. The act results in fine in the range of 100.000 AMD-200.000 AMD (189-379 EUR). The sanction can be exercised by the CEC.

In addition there are 2 more sanctions present in article 27 of the Electoral Code. If the Oversight and Audit Service finds that the purchased goods or services were not indicated in their market price then it adopts conclusion and passes over to the CEC. CEC initiates administrative proceedings and if finds that the conclusion is correct then the sanction is 3 times of the amount of money which was miscalculated. Besides, if the party overspends the same procedure and the same sanction (3 times of the overspent money) applies here too.

Liabilities for violation of party/campaign financing rules are envisaged by the LPUC. The SAO is authorized to impose sanctions stipulated by law for violation of party/campaign financing rules and procedures.

It should be noted that one of the serious problems for 2012 parliamentary elections was inadequately high fines for violation of party/campaign financing regulations. The law envisaged imposing of fines five times the impugned amount for administrative violation. In some cases imposed sanctions reached colossal amounts. In its final monitoring report for the 2012 parliamentary elections of Georgia, the OSCE/ODIHR notes "the sanctions must bear a relationship to the violation and respect the principle of proportionality to avoid creating the potential for selective and non-uniform application".[47]

Due to the problems revealed during the elections ISFED, GYLA and TI elaborated recommendation to reduce sanctions for violation of party financing rules in order to ensure principle of proportionality between the violation and imposed sanction.[48] It was proposed that the fines imposed as a liability should be two times the amount concerned, instead of five. The recommendation was taken into account by the Parliament of Georgia and the LPUC was amended accordingly.

[47] "Georgia: Parliamentary Elections 1 October 2012", OSCE/ODIHR Election Observation Mission, Final Report, 21 December, 2012, p.15, available at: http://www.osce.org/ka/odihr/elections/98585

[48] Recommendations on Vote Buying, financing of Citizens Political Unions and Election Subjects, "International Society for Fair Elections and Democracy", Georgian Young Lawyers Association, "Transparency International- Georgia", May 2013, available at: http://www.isfed.ge/main/1083/eng/

4.5.1. Sanctions for Campaign Financing Violations

According to general rule set out in the LPUC if a party fails to submit its financial declaration to the SAO in due time, the latter shall warn the party in written form and request remedying the flaw within 5 days. If a party fails to file its financial declaration with the SAO within 5 days, it will lose the right to receive budgetary funding throughout the following year.[49]

If the election subject, receiving required number of votes stipulated by election law, does not submit the statement on the election campaign fund within a fixed timeframe, or if a violation of requirements by law is confirmed, it shall be notified in a written form by the SAO and requested to correct such an error and submit detailed information on the relevant violation in a written form. If the SAO deems that the violation carries substantial character and could have affected the election results, it shall be authorized to submit a recommendation to the relevant election commission so that the commission can apply to the court and request to sum up election results without considering votes received by the election subject.[50]

4.5.2. Sanctions for Party and Campaign Finance Violations

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4.5.3. Sanctions for Campaign Financing Violations

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[49] Organic Law on Political Unions of Citizens, Article 34
[50] Election Code of Georgia, Article 57, Paragraph 6
[51] "Georgia: Parliamentary Elections 1 October 2012", OSCE/ODIHR Election Observation Mission, Final Report, 21 December, 2012, p.15, available at: http://www.osce.org/ka/odihr/elections/98585
[52] Recommendations on Vote Buying, financing of Citizens Political Unions and Election Subjects, "International Society for Fair Elections and Democracy", Georgian Young Lawyers Association, "Transparency International- Georgia", May 2013, available at: http://www.isfed.ge/main/1083/eng/
[53] Organic Law on Political Unions of Citizens, Article 34

to submit a recommendation to the relevant election commission so that the commission can apply to the court and request to sum up election results without considering votes received by the election subject.[54]

In Georgia, detailed sanctions for violations of party/campaign financing rules are defined by article 34^2 of LPUC:

- Receipt or concealment of donation/membership fee prohibited under the Georgian legislation by a party or an individual with declared electoral goals who are using corresponding financial and other material resources to achieve these goals shall result in transfer of the donations/membership fees to the state budget and imposition of a fine 2 times the amount of the donation/membership fee;
- Making donation/paying fees prohibited under the Georgian legislation by a natural or legal person, their union or any other type of organizational unit in favor of a party or a person with declared electoral goals - shall result in imposition of a fine on donor/payer of membership fee concerned 2 times the amount of the donation made/membership fee paid;
- Accepting and/or concealing information regarding donation/membership fee prohibited under the Georgian legislation or hiding information about donation/membership fee by a person in favor of a party or a person with declared electoral goals shall result in imposition of a fine two times the amount of donation made/membership fee paid;
- Failure of a party or a person with declared electoral goals to fulfill the requirements and obligations prescribed by the LPUC shall result in imposition of fine in the amount of GEL 5 000;
- Failure to provide information requested by the SAO shall result in imposition of fine in the amount of GEL 1 000 in case of natural person and GEL 2 000 in case of legal person;
- Vote Buying as well as receipt of an unlawful present, income or service by a natural person for electoral purpose, provided the value of property (service) or agreement is less than GEL 100 shall result in imposition of fine ten times the value of the property (service) or the agreement on a party, its representative, legal person, and imposition of a fine two times the amount on a natural person;
- Violation of the expenditure limits established by the law shall result in imposition of fine two times the amount of expanses made by exceeding the maximum amount;
- Violations enumerated above committed repeatedly or if committed by one and the same person through different natural or legal persons - shall result in imposition of fine twice the amount of fine established under the applicable paragraph of article 34^2 of LPUC.[55]

A person may be subject to liability during 6 years after committing the violation.

Procedures for imposing sanctions

In case of a violation an authorized official of the SAO shall draw up a protocol of administrative offence which shall be immediately referred to a district (city) court for examination. Court shall examine the protocol of administrative offence and shall deliver its ruling within 15 days after submission of documents. Court's ruling may be appealed once in court of appeals within 10 days. The court of appeals shall deliver its ruling within 15 days. The decision shall be final and may not be appealed. During pre-election period court shall examine the protocol of administrative offence and shall deliver its ruling within 5 days after submission of documents. Court's ruling may be appealed once in court of appeals within 72 hours. The decision shall be final and may not be appealed. The court of appeals shall deliver its ruling and the case files no later than 12 pm of the day after the decision has been taken.[56]

[54] Election Code of Georgia, Article 57, Paragraph 6
[55] Organic Law on Political Unions of Citizens, Article 34^2, Paragraphs 1-10
[56] Ibid. Paragraphs 11, 13, 14

If there are any circumstances that may hinder enforcement of punishment envisaged by the law for violation committed, in addition to drawing up a protocol of administrative violation the SAO shall also be authorized to seize the property of a party and/or person (including bank account) in proportion to the sanction envisaged for the offence. The seizure shall be immediately effective and submitted to the court together with the protocol of administrative offence for validation. In this case Court shall examine the protocol of seizure and shall deliver its ruling within 48 hours after submission of documents. Court's ruling may be appealed once in court of appeals within 48 hours. Appeal does not stop seizure. The court of appeals shall deliver its ruling within 48 hours. The decision shall be final and may not be appealed. The court of appeals shall deliver its ruling and the case files no later than 12 pm of the day after the decision has been taken.[57]

In Ukraine, political parties are legally responsible in various forms of responsibility for committing these violations. There is constitutional legal responsibility for some of them in a number of countries. Thus, a party can be dismissed for obtaining funds from foreign sources in Angola, Guinea, Senegal, and Tunisia. This sanction is applied in some countries for violation of the provisions on financial statements.
The most widely used form of legal responsibility of political parties is the administrative responsibility as most financial offenses are considered as administrative. The following types of administrative penalties as fines, confiscation of illegally obtained assets, financial deprivation of privileges and benefits etc are set for committing of such offenses. Thus, non-submission of financial report (in some countries even non-approval of a report by the competent state body) entails depriving the party of state subsidies (Austria, Angola, Brazil, Guinea).

The confiscation of illegally obtained assets and fines are usually used for such offenses as receiving funds from illegal sources or violation of the established size of donations. In some countries political parties have criminal liability for committing financial offenses (Ghana, Ethiopia). The procedure for prosecution of political parties, individuals and legal entities for financial offenses is different in different countries. Some categories of such cases are considered by the courts. Moreover, in many cases this consideration is initiated by state agencies that implement the control over financial activities of political parties (Belgium, the USA, and France). At the same time the decisions on financial administrative violations that entail various kinds of property sanctions in many cases are adopted by the control authorities. Thus, in Austria the decision to terminate payments of state subsidies in case if political party didn't submit annual financial report timely is made by Federal Chancellor. The US Federal Election Commission empowered to impose fines in amount from 5 thousand to 10 thousand USD.

Responsibility for violation of provisions on financing of parties participating in the elections is set in a number of legal acts, such as electoral laws, the Criminal Code of Ukraine, the Code of Ukraine on Administrative Offences.

Election laws establish responsibility for violation of provisions on financing of parties participating in elections by the subjects of the election process (candidates for MP, candidates for President of Ukraine, parties, local organizations of political parties, candidates for deputies of local councils, candidates for village, town, city mayors and heads) and by the media.

According to the Law of Ukraine "On Elections of People's Deputies of Ukraine" the Central Election Commission make a warning to individual candidates or party, depending on the subject of the offense, for any violation of the law, including the use other than electoral funds and budgetary funds for campaigning, campaigning in other than the established by the law terms, indirect vote-buying etc. . Cancellation of registration of political parties for violation of provisions on campaign financing is not provided at the moment by the Law "On Elections of People's Deputies of Ukraine". [22]

Article 56 of the Law "On elections of President of Ukraine" does not provide the cancellation of registration candidate for President of Ukraine for violations related to illegal campaign financing. The

[57] Ibid. Paragraphs 12 and 15

only sanction that can be applied to the candidate for President in case of violation of the established order of campaign financing is a warning. [23]

In addition to election laws sanctions for violation of the established procedure for financing parties participating in the elections are also established in the Code of Ukraine on Administrative Offences. In particular, under Article 212^{15} of the Code, violation of procedure for giving or receiving contributions in support of political parties, violation of procedure for giving or receiving state financing of charter activities of political parties, violation of procedure for giving or receiving financial (material) support for campaigning in elections or in national or local referendum are fined in amount from seventy to one hundred untaxed minimum wages for citizens and from one hundred to one hundred and thirty untaxed minimum wages for officials with seizure of the contribution to support a political party given or received with violation of the law. Individuals in age of 16 years old or older on the day of the offense can be brought to administrative responsibility for mentioned above violations. [28]

There is also responsibility established by the Criminal Code of Ukraine for violation of the procedure for financing of candidate or party campaign. According to Article 159 of the Criminal Code of Ukraine providing financial (material) support on a large scale for a candidate, political party or bloc campaign with violation of the law by transferring money or material goods for free or at unreasonably low rates, production or distribution of campaign materials which are not paid from the election fund or paid from the election fund at unreasonably low rates, payments for development and distribution of these materials are fined from one hundred to three hundred untaxed minimum wages or punished with correctional labour for up to two years, or with restraint for the same period with deprivation of right to hold certain positions or engage in certain activities for up to three years.

Part 2 of Article 159 states that intended contribution to support a political party by a person who does not have such right or on behalf of a legal entity which does not have that right, intended contribution to a political party made by an individual or on behalf of a legal entity on a large scale, intended provision of financial (material) support for campaigning in elections, national or local referendum by individual or by legal entity on a large scale or by a person who does not have that right or on behalf of a legal entity which doesn't have that rights, as well as intended getting donations for the party from a person who doesn't have the right to make such contribution, or a large scale contribution, intended receipt of financial (material) support for campaigning in a large amount in elections, in national or local referendum, intentional receiving of such financial (material) support from a person who doesn’t have the right to provide such financial (material) support is punished with a fine of one hundred to three hundred untaxed minimum wages or with correctional labour for up to two years, or with restraint for the same term with deprivation of right to hold certain positions or engage in certain activities for up to three years.

Part 3 of Article 159. Actions described in parts one or two of this article committed repeatedly shall be punishable with a fine of three hundred to five hundred untaxed minimum wages, or with correctional labour for up to two years, or with restraint for the same term with deprivation of right to hold certain positions or engage in certain activities for up to three years.

Part 4 of Article. Actions described in part two of this article committed by prior conspiracy, by an organized group or combined with demand of contribution or financial (material) support for campaigning in elections, national or local referendum, shall be punishable with restraint for the term up to three years or with imprisonment for the same term with deprivation of right to hold certain positions or engage in certain activities for up to three years.

A footnote to this article indicates that a large amount is the amount of money, value of the property, privileges, services, loans, benefits, intangible assets, any other profits of immaterial or non-cash nature, which exceeds the statutory maximum size of contribution to support a political party or the maximum amount of financial (material) support of campaigning in elections or referendum two or more times. [29]

In Azerbaijan, sanctions for political parties and elections are reflected in the Code of Administrative Offences and are mainly financial penalties - fines. For minor mistakes in the reporting, the CEC may allow five days to correct the mistake. Candidates, political parties and blocs are fined if for breaching the requirements of contributions and reporting in various amounts depending on the violation of the regulation. If the breach is repeated second time in a year, the fine is doubled.

Violation of campaign financing may be regulated and sanctioned by various state bodies. Registration of a candidate, referendum campaign group should be cancelled in the cases mentioned below if there is a court verdict in force on the criminal case or there is a court decision in force on the administrative offence:

- if a candidate nominated for a relevant constituency uses other funds for financing his/her election campaign which exceed more than 5% of the maximum expenses from election fund defined by this Code;
- if a political party, bloc of political parties, or referendum campaign group uses other funds for financing their election (referendum) campaign which exceed more than 5% of the maximum of expenses from election funds defined by the Election Code;
- if a candidate, political party, bloc of political parties, or referendum campaign groups do not submit their initial financial report;
- if a registered candidate, political party or bloc of political parties with registered candidates use illegal donations transferred to their funds.

Also, for the violation of the financing the Code of Administrative Offenses consider financial penalties for candidates and political parties of various amounts. The CEC can launch an investigation upon information received from various sources (auditors, civil society groups, state bodies, media and etc.).
However, in the reality, due to very limited capacity, mechanisms and willingness of the CEC, it is very difficult to observe and investigate these issues. The reports provided by parties and candidates are not transparent or comprehensive.
Azerbaijani legislation fails to precisely and clearly define sanctions. While sanctions correspond to the proportionality principle, they are not effective or enforceable.

Chapter V. Practical implementation of Political Finance Legislation

5.1. Realities of Parties and Campaign Finance

Describing the reality of ensuring a level playing field in each EaP country – describing the de facto situation on reporting the revenues and expenditures taking as a study base – the last 3 years that would mandatorily include an electoral campaign and 3 years of non-electoral party activity. The Revenues analysis should obligatory include data about the public and private funding and the caps on donations – compliance or non-compliance, violations such as - exceeding spending limits, illicit use of administrative resources, vote-buying, poor reporting – i.e. failing to submit accurate financial reports, not submitting financial reports at all, receiving funds from prohibited sources, not revealing the identity and sources of big donors' money, exceeding spending limits. Describe the sanctions applied for each of the violations spotted and assess the changes that the applied sanctions brought over the last three years.

In Moldova, the mandate to supervise and control the financing of political parties in Moldova, which includes the control of both financing of the regular activities of political parties and campaign financing passed from a myriad of institutions responsible for enforcement and control such as Ministry of Justice, the Central Election Commission, Ministry of Finance, Tax Inspectorate under the Ministry of Finance, Court of Accounts and the Prosecutor's Office to only an electoral management body – Central Election Commission of Moldova and to the Court of Accounts.

In order to analyze the quality of disclosure reports prepared by political parties Promo-LEX requested the Ministry of Justice for the parties' annual financial statements for the years 2013 and 2014. What came as surprise was a low number of the financial reports. Of the 39 political parties registered, only 10 submitted their financial reports in 2013, and only 18 submitted out of the 43 political parties registered in 2014. The ratio of those who submitted annual reports in 2012 was even lower, on the other hand in 2015 the ration of compliance increased to 65% so that for the financial year 2015, 28 political parties submitted annual reports, even if the majority of them had errors of completion, admitted lack of information and errors in the presented data.

According to art. 25 of the Law on Political Parties, membership fees, donations, subsides from the state budget and other incomes are envisioned by law as the sources of political parties' funding. This chapter examines the sources of parties funding, dividing them into self-financing i.e. generated within a party's structure and external – donations and public funding. The chapter examines whether:

- the new legislation allows for appropriate funding of political parties, which enables them to fulfill their core functions;
- the public funding will not make the parties overly dependent on the state money;
- the current legal provisions guarantee parties independence from undue influence created by donors, and finally
- whether the new legislation gives parties the opportunity to compete in accordance with the principle of equal opportunity.

It is generally believed that state funding may achieve a greater equality between parties and limit undue influence on them as the need for private funding would be reduced.[58] Parliamentary Assembly of the Council of Europe (PACE) strongly advocates for the public funding.[59] Countries that decide to support political parties in their regular activities regard them as officially recognized bodies, since they contribute to the state's ongoing democratic functioning, and it is therefore reasonable that the state should help to support their existence.[60] Such a perception of the role of a political party can be found in the respective law, which defines political parties as the democratic institutions of the state of law that promote democratic values and political pluralism, contribute to the formation of public opinion (Art. 1.2 of the Law no 294). [61] Moreover, the Article 5.1 of the respective law states clearly that state supports the development of political parties "[w]ith the aim of stimulating the efficient exercise of government activities and, in order to efficiently establish, via this exercise, the principle of public wellness".

One of the key principles of financing political parties is that the level of state support should not make parties completely reliant on state funding, for it could lead to weakening of links between parties and their electorate. What's more, funding political parties through private contributions is also a form of political participation. Thus, legislation should attempt to achieve a balance between encouraging moderate contributions and limiting unduly large contributions.[62] Law on Political Parties stipulates that financing for political parties and their structures is established both from private sources and from the state budget' (Art 5.1). Thus Moldovan parties will still be reaching out to the electorate and nourish the civic engagement in the political process.

The Republic of Belarus has a majority system of MPs election, therefore the role of political parties in election campaigns is insignificant. They have the right to nominate their representatives in the electoral

58 CoE Venice Commission, Guidelines and Report on the Financing of Political Parties, *op.cit.* and IDEA A Handbook on Political Finance. International Institute for Democracy and Electoral Assistance, Stockholm 2014, pp. 22-26.

59 PACE, Recommendation 1516 (2001)1, Financing of political parties, 8 a.ii.

60 CoE Venice Commission, Guidelines and Report on the Financing of Political Parties, *op.cit.*

61 According to the OSCE/ODIHR and the Venice Commission a political party is "a free association of persons, one of the aims of which is to participate in the management of public affairs, including through the presentation of candidates to free and democratic elections". OSCE/ODIHR and Venice Commission Guidelines on Political Party Regulation Adopted by the Venice Commission at its 84th Plenary Session Venice, 15–16 October 2010, Paragraph 9.

62 OSCE/ODIHR and Venice Commission Guidelines on Political Party Regulation Adopted by the Venice Commission at its 84th Plenary Session Venice, 15–16 October 2010, Paragraph 159.

commissions, as well as candidates for the MP position. The responsibility for the funding of their election campaign rests with the candidates for the MP position.

During the 2012 Parliament election campaign, there was state funding of candidates' expenses for the campaign. After registration, the candidates had the right to produce print production (posters, flyers, inscriptions, declarations, pictures) on state funds in the amount of 50 basic units (about 460 Euros in 2012). According to the Central Electoral Commission of Belarus, 273 of 293 candidates used these funds. Most of the opposition candidates who intended to withdraw from the elections within a boycott campaign, refused to use the funds allocated from the state budget for the campaign.

The 2012 Parliament election campaign was the first to take into consideration the amendments and complements introduced in the Election Code in 2010. They gave the candidates for the MP position the possibility to create election funds for additional funding of their campaign amounting to 1000 basic units (about 9000 Euros) at the most. The candidates were allowed to contribute to the election fund with up to 20 basic units (about 180 Euros), any other citizen – with up to 5 basic units (about 45 Euros) and legal entities – with up to 10 basic units (about 90 Euros).

However the candidates did not use this possibility very actively. According to the Central Electoral Commission, only 85 candidates out of 364 registered candidates for the MP position opened separate bank accounts for their election campaigns and only 67 of the candidates used these funds. According to the Election Code, the candidate's registration can be cancelled in case of overspending of funds for the campaign without warning, but there were no such cases during the 2012 Parliament elections.

After the 2012 elections, the election legislation was amended and the allocation of state funds for the campaign was cancelled. The authorities justified these amendments by the fact that some opposition candidates called for boycotting the elections in their print materials using the state funds. The result of the lack of state funding of expenses for the production of campaign materials and of the existence of various bureaucratic obstacles for establishing election funds was the fact that the election campaign for the President's elections of 2015 was barely visible for the voters.

During the presidential election campaign of 2015, all the 4 candidates fully used the money from their election funds and the Central Electoral Commission did not have any claims to their financial reporting.

In terms of the enforcement of the legislation on the funding of election campaigns, it is necessary to mention the actual inequality for the candidates in terms of the possibilities to collect signatures supporting them, to hold the campaign and in other aspects despite the fact that the election legislation is underpinned by the principle of equal conditions. The observers, as well as the participants in election campaigns recorded multiple cases when the administrative resources were used to support the current president or the pro-regime candidates for the MP position.

For example, the representatives of executive committees, managers of state institutions, organizations and companies actively conducted a campaign to support the pro-regime candidates during the 2012 Parliament elections. In many places, they created favorable conditions for meetings of the pro-regime candidates with the voters and virtually everywhere they used the administrative resources for this purpose. Besides, the candidates nominated by labor groups were advantaged by the organizational support of state company employees, including state institutions like hospitals. This is how several campaign events were held in schools under the pretext of parents' meetings where the election campaign of pro-regime candidates was presented to the parents. In addition, there were obstacles from the authorities in relation to the representatives of opposition candidates' teams to conduct campaign events, some publications refused to print campaign materials of the candidates from opposition political parties. The state media published materials that showed the activity of the opposition from a negative perspective[63].

[63] http://elections2012.spring96.org/en/news/59911

In the 2015 elections, the pro-regime social organizations funded from the budget (Federation of Trade Unions of Belarus, the Belarus Republican Youth Union, the Social Organization "Belaya Rusi") actively conducted social-political events in the context of the current president's election program, which was associated by the voters with a campaign supporting him. These events were not funded from the candidate's election fund, which was a violation of the campaign arrangements[64]. However, no warnings were issued to the current president.

One of the problems in the election legislation that must be highlighted is the absence of the possibility to carry out social checks of the sources of money that comes in the election fund. The legality of the creation of the fund and of the spending is checked only by the financial bodies and by the Central Electoral Commission.

Since the introduction of provisions that allow creating election funds for the funding of election campaigns in the election legislation, there have been no cases of bringing anybody to account for the violation of financial accountability, excess of limits of the election fund.

As for the period between elections, there are no cases of applying sanctions to the parties in Belarus for violating the funding arrangements despite the permanent claim circulated by the state media that the opposition political parties are funded from abroad. At the same time, there are cases of targeted use of measures of pressure against the members of opposition political parties in the form of soliciting fiscal declarations on incomes and expenses for long periods of time from them and inflicting pecuniary sanctions on them in case the expenses are higher than the official incomes.

In addition, there is selective support of the political parties when targeted facilities are allocated. For instance, out of 15 political parties, the facility for rent payment (use of the coefficient 0.1) is applicable to the pro-regime Republican Labor and Fairness Party and the Communist Party of Belarus.

For the period of 2012-2016 in Armenia took place one parliamentary elections and presidential elections. Parliamentary elections took place in 2012 and in that time was in force another Electoral Code, the regulations of which in regard to campaign financing were largely identical to the regulations currently in force under. No complaints were submitted in regard to violation of campaign financing, according to the CEC.[65] OSCE/ODIHR in regard to these elections noted that *"The Oversight and Audit Service did not have a proactive approach or an effective mechanism to examine the accuracy of the submitted reports, which lessened the value of parties', bloc's and candidates' reporting. Only a few campaign finance violations were identified by the CEC"*.[66]

A few campaign finance violations are conditioned with the fact that traditionally in Armenia there were and there are 4 main type of electoral violations: vote buying, electoral fraud, use of administrative resources and media biases during the campaign. Campaign finance never had a detrimental effect on the outcome of elections in Armenia. Therefore, during the last parliamentary elections the CEC hasn't received any complaints about campaign finances. While about vote buying, use of administrative resources and media biases there were numerous complaints and reports. In regard to administrative resources the OSCE/ODIHR noted: *"Cases of misuse of administrative resources were observed. Although the Electoral Code and the Law on Public Education prohibit mixing of campaigning and official duties by employees in the education sector, OSCE/ODIHR LTOs observed numerous cases where RPA actively involved teachers and pupils in campaign events, including in schools and/or during school hours. The RPA campaign was conducted at the local level with the active participation of school directors and teachers. In one instance, the rector of a private university, during school hours, encouraged attendants to vote for RPA*

[64] http://spring96.org/files/misc/presidential_election_2015_final_report_en.pdf
[65] Report on the organization and conduct of parliamentary elections of May 6, 2012, violations of Electoral Code and legislative changes. CEC of RA. Page 16, available at: http://res.elections.am/images/doc/release01.08.12.pdf
[66] REPUBLIC OF ARMENIA PARLIAMENTARY ELECTIONS 6 May 2012 OSCE/ODIHR Election Observation Mission Final Report. Page 15, http://www.osce.org/odihr/elections/91643?download=true

candidates. The misuse of administrative resources, including human resources of education-sector employees, violated the Electoral Code and contributed to an unequal playing field for political contestants, contravening paragraph 7.7 of the OSCE 1990 Copenhagen Document."[67] Besides, there were observed also many instances of media biases and vote buying: in regard to vote buying, it was even noted in 2nd priority recommendation.[68]

In regard to party financing screening of the website of the CEC hasn't revealed any sanctions applied to any political party during the last 3 years. The study of the annual reports of those political parties which has at least one representative in the National Assembly has revealed that only 10 political parties reported about receiving monetary donations for the period of 2012-2016. In the box bellow are summarized the donations.

Box 3: Monetary Donations received by political parties which have at least 1 representative in the National Assembly (2012-2015)

Political Party	2012	2013	2014	2015	Total	In EUR
Rule of Law	10953000	10351000	5610200	6485000	33399200	63355
Republican	1650000	0	0	0	1650000	3129
People's Party of Armenia	1625000	481000	1295000	608000	4009000	7604
National Unity	326000	1518000	1180000	1088000	4112000	7800
Heritage	8490000	2142000	0	0	10632000	20168
Constitutional Law Union	5100000	2145000	0	1600000	8845000	16778
Christian-Democratic Union of Armenia	4320000	2991000	3185000	4810000	15306000	29034
Armenian National Congress	500000	6000000	1710000	1060000	9270000	17584
Freedom	0	6300000	0	0	6300000	11950
Civic Contract	0	0	0	40000	40000	76
					93563200	177478

The results are interesting as because the ruling political party (Republican) which in terms of having/owning property and financial sustainability is the absolute champion is doing much worst in terms of receiving monetary donations than even opposition parties. It is interesting also to note that the ARF Dashnakcutyun which is in coalition with the Republicans and is considered as one of the richest political parties in Armenia with strong ties with the Armenian diaspora, hasn't reported about financial donations. However, they are champions in membership fees: for example in just 2015 they collected 48.900.000 AMD which equals to 92.759 EUR. The same is the situation with the Republicans. The possible reason for this maybe the fact that in case of membership fees it is not mandatory to disclose identities of the members, while in case of donations, if it is more than 100.000 AMD the identities of donors must be disclosed.

[67] Ibid, page 14
[68] Ibid, page 27

In Georgia, as it was noted above for 2012 parliamentary elections the SAO was criticized for being selective and inconsistent in application of relevant legal norms. While studying financial activities of political subjects and their supporters, the SAO instituted unsubstantiated legal prosecution against individuals and imposed high, disproportionate sanctions. The proceedings fell short of standards of transparency, objectivity and comprehensive examination of evidence and primarily were directed against new opposition political group - Georgian Dream (GD) and its supporters.[69]

State agencies and the SAO in particular, selectively reacted to actions undertaken by the ruling and opposition parties, suggesting their loyalty to the United National Movement (UNM was at that time ruling party) and excessive strictness towards opposition parties.[70] According to SAO annual report, for 2012 parliamentary elections legal sanctions have been used against 15 legal persons and 91 natural persons. Illegal donation carried out by them amounted to 26 429 GEL in total. The sanctions used against legal persons amounted to 22 928 GEL and against natural persons – 120 892 GEL.[71]

91 natural persons who were fined by courts for illegal donations: United National Movement - 9 persons; Georgian Dream (main opposition contestant) – 68 persons; Free Georgia – 5 persons; For Renewed Georgia - 6 persons; Fund Qomagi – 1 person; Democratic Movement – United Georgia – 2 persons.

According to the OSCHE/ODIHR Mission, in 40 cases examined by the EOM, the SAO applied its powers disproportionately against opposition parties and their donors. The SAO summoned more than 200 individuals as witnesses in cases of possible breaches of law and questioned over 100 individuals and legal entities that donated to the GD; of these, 68 were eventually fined by courts. In contrast, only 10 UNM donors were investigated and 8 were fined, although the overall amount of donations to the UNM was some 6.5 times higher than that for the GD. In general, sanctions were imposed on the donors rather than on parties. The SAO exercised wide discretion in determining which donors to investigate and how to make inquiries. At times, the investigations were conducted without respect for due process and in an overall intimidating manner that may have deterred other potential donors.[72]

Also in many cases questioning of citizens involved abuse of dignity, exerting moral and psychological pressure, disregarding their procedural rights and limiting journalistic activities. After the members of the "It Affects You Too" campaign harshly criticized the work of the SAO and called on the Financial Monitoring Service to abide by law in its activities, the situation was relatively improved to a certain extent and followed applicable legal standards.[73]

Several legal entities, deemed by the SAO and the court as associated with the GD and its leader (Bidzina Ivanishvili), provided in-kind services to the GD, such as leasing premises, transportation and printing. These services were assessed as not being at market prices and were therefore considered illegal donations, which totalled GEL 2,847,908. This amount was added to the income of the GD bloc. Moreover, Mr. Ivanishvili and the GD candidate Mr. Kaladze were fined as "persons with electoral goals" for illegal donations to the GD totaling GEL 22,575,367. This amount was also added to the income and expenditure of GD bloc. The amount included GEL 12.6 million which were allegedly used for purchasing satellite dishes by Global Contact Consulting Ltd intended for country-wide distribution as a means to extend the penetration of opposition channels broadcast on satellite networks. The donors were fined despite the authorities seizing all dishes. It also included amounts withdrawn by Mr. Ivanishvili and Mr. Kaladze from their private bank accounts, on a number of occasions from November 2011 until July 2012, upon the assumption that these amounts were donated to the GD bloc. The SAO also included the income of the civil movement Georgian Dream as of November 2011, in the GD bloc income. It appears that in all the mentioned cases the status of a "person with electoral goal" was applied retroactively, as of November

[69] "Monitoring of October 1st 2012 Parliamentary Elections", Final Report, 2013, "International Society for Fair Elections and Democracy", p.15, available at: http://www.isfed.ge/main/330/eng/
[70] Ibid.
[71] State Audit Office, Annual Report 2012; page 65
[72] OSCE/ODIHR report cited above, pp. 15-16
[73] Statement of "It Affects You Too" is available at: http://esshengekheba.ge/?lang=1&menuid=9&id=198

2011, although the concept was only introduced in December. Furthermore, the SAO never applied the concept "persons with electoral goals" by means of a formal decision, as required by law.[74] Overall SAO did not manage to establish reliable practice and was accused of selective approach, first of all with regard to its practice of imposing sanctions.

During presidential election 2013 SAO draw up 14 protocols of administrative offences. The court found 11 administrative offences out of 14 cases and fined 11 political parties for failing to notify the SAO about cash withdrawals from the bank account (2 cases) and for failure to submit declarations, concealing donations or expenditures, and the failure to inform the SAO about purchasing political advertisement. According to court decisions total amount of fines amounted to 97 600 GEL. The largest amount of fine was imposed on political party "Democratic Movement – United Georgia".[75]

During local self-government elections 2014 the SAO issued 191 protocols for administrative offences out of which 5 protocols were drawn up against political unions; 2 against donor legal entities; 180 against independent candidates and 4 against natural persons. The protocols were sent to the court for further examination. The total amount of fines imposed by the court amounted to 95 100 GEL.[76] Unlike 2012 parliamentary elections, in 2013 and 2014 the work of SAO was assessed positively and it did not contain any signs of different treatment of election subjects.[77]

In Ukraine and Azerbaidjan there are no implementation data.

5.2. Loopholes, challenges and risks

Moldova's legislation has revealed that several shortcomings still exist and are vulnerable to mismanagement by powerful special interests. The allocation of public funding and the rules for private funding continue to require special attention to ensure a level playing field for all democratic actors. At the same time, private donations, membership fees and third-party funding can be used to circumvent existing regulations such as spending limits. Many countries struggle to define and regulate third-party campaigning in independent committees and interest groups. At the moment, only a few countries, such as Canada, Ireland, the Slovak Republic, the United Kingdom and the United States have regulations for third-party campaigning.

The financial information disclosed lacks data related to the donors' place of work and is not organized in an intelligible and user-friendly way to facilitate effective public scrutiny. Civil society organizations and the media can only be effective watchdogs if substantive political finance information is publicly available for their analysis. Many countries have increasingly adopted online technologies to enable comprehensive proactive disclosure; however, only a few countries such as Estonia have so far managed to ensure that all reports are submitted and published in a standardized, machine-readable format and are thus comparable, clear and accessible for public scrutiny.

In Belarus, lack of state funding for the preparation of print campaign materials, the existence of the requirement on the possibility to open an election fund in the Parliament elections only after registration of the candidates for MP position (i.e. one month before the day of elections) result in the fact that the election campaigns are barely visible to the voters. This questions the voters' possibility to make a conscious decision and contradicts the commitments undertaken by the Republic of Belarus in par. 7.7 and 7.6 of the OSCE Copenhagen Document of 1990.

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[74] OSCE/ODIHR report cited above, pp. 16-17
[75] State Audit Office, 2013 presidential election report; p. 3
http://sao.ge/files/finansuri%20monitoringi/2013_saprezidento_archevnebi/2013_saprezidento_angarishi.pdf
[76] State Audit Office, 2014 local self-government election report. pp 4-5;
http://sao.ge/files/finansuri%20monitoringi/2014_archevnebi/2014-clis-archevnebis-angarishi.pdf.pdf
[77] "Assessment of Pre-election Environment by Nongovernmental Organizations: Local Elections 2014", June 14, 2014, available at: http://www.isfed.ge/main/710/eng/

Overall, the funding of political parties and their financial accountability are not public, which makes the social checks of the inflows of funds to the political parties' accounts, their spending and accountability impossible.

The absence of sanctions applied to political parties for the violation of the funding arrangements can only be explained by the lack of political will to worsen the situation of political parties that is bad already. Despite the president's statements that the opposition political parties are funded from abroad, no sanctions have been applied to them lately.

In the last 3 years, no significant amendments were made to the legislation on political parties. The last significant changes were made in November 2011 as a response to the massive protest that was held immediately after the presidential elections of 2010. Thus, the Law of November 8, 2011 no. 309-3 stipulates significant toughening of the arrangements for providing foreign non-repayable aid, at the same time with the introduction of additional restrictions on the receipt of funding by political parties. In addition, the liability for violating the arrangements of receiving foreign non-repayable aid has been considerably toughened.

In terms of funding the political activity, the Law no. 309-3 introduced restrictions on the receipt by parties of donations from the legal entities-residents of the Republic of Belarus that have foreign investments, as well as from organizations that received foreign non-repayable aid from foreign countries, foreign organizations, international organizations, foreign citizens and people without citizenship, as well as from anonymous donors during the year that preceded the day of the donation, if the foreign non-repayable aid received by such organizations was not returned by them to the foreign countries, foreign organizations, international organizations, foreign citizens and people without citizenship that provided such aid or, in case of impossibility to return the aid, it was not transferred (transmitted) to the state before the day of making the donation to the political party.

In Armenia, financing of political parties and campaign financing hasn't been the main problems for guaranteeing proper elections in Armenia. The main problems in regard to elections traditionally have been vote buying, abuse of administrative resources and media biases. However, it must be observed that private sector always had fears in financing both opposition political parties and campaigns of them. Thus, the main challenge in Armenia is to create an enabling framework for private sector and regular citizens to finance political parties especially opposition political parties and their campaigns.

On institutional level the Oversight and Audit Service proved its not high effectiveness and it is being proved by lack of any sort of sanctions against any political party during the last years by the CEC. This fact is attributable to 3 reasons: lack of independence of the Service, lack of proper resources and lack of necessary powers. Service is structurally part of the CEC, it is being finances from the budget of the CEC and it has no powers on its own to sanction the violators.

It must be also observed that legislation fails to provide incentives for both private sector and regular citizens to finance political parties and campaigns. At the same time there are no bans on donations from entities which win public tenders. Besides, for mitigating risks of abuse of state resources there are no bans in regard to public servants to donate.

In Georgia, in 2013 there were adopted amendments to the relevant legislation which addressed many shortcomings in respect of party/campaign financing. Compared to 2011-2012 the regulations and practice of party/campaign financing has been improved. Regardless of this there are still some problems that should be resolved. At this stage one of the serious problems that hinder the work of SAO in carrying out monitoring of lawfulness of party/campaign financing is the lack of effective and timely access to relevant information held by other public offices. This problem is caused by lack of political will to cooperation with SAO and personal attitudes of certain public officials rather than by legislation.

As regards the legal deficiencies there are certain discrepancies between the LPUC and EC. In the Second Compliance Report on Georgia, Adopted by GRECO, it is noted that violation of rules on party/campaign financing are prescribed only by the LPUC and the EC and that this has created a more uniform and consistent sanctioning regime. But at the same time GRECO notes that certain identical infringements may be subject to different sanctions. For example, under Article 85 of EC, failure to submit a report on campaign funds by a political party is punishable by a fine ranging between GEL 1 500 and 3 000 GEL, depending on whether or not a party is the recipient of state funding; under Article 34 of LPUC failure by a party to submit the annual financial report to the SAO, of which the report on campaign funds is a constituent part, leads to the withdrawal of state funding; the same infringement is also potentially liable under Article 34[2] LPUC to a fine equal to GEL 5 000.[78]

It is also indicated in the Report of GRECO that sanctions cannot be imposed on all election subjects. For example, Article 85 of EC establishes liability only for political party for failing to submit a report on campaign funds, a liability of other election subjects (Election blocs, independent candidates) for the same violation is not established by EC.

There are also double regulations prescribed by EC and LPUC. According to article 57 (2) of EC, election subject is under a duty to publish information, based on the established forms, indicating the donation sources, amount and date of receipt, once in 3 weeks following the registration. However, the law does not define what it means to "publish information" and how and where this information shall be published. On the other hand, LPUC states that parties shall submit to the SAO detailed information about donations within 5 business days after the receipt. These regulations are contradictory and confusing for political parties as well as other election subjects.

Another problem is the lack of sufficient human resources for carrying out financial monitoring especially during election period. This was indicated by representatives of SAO and also in the Second Compliance Report on Georgia of GRECO.[79]

[78] Second Compliance Report on Georgia; "Transparency of Party Funding" Adopted by GRECO at its 68th Plenary Meeting (Strasbourg, 15-19 June 2015) Paragraph 68
https://www.coe.int/t/dghl/monitoring/greco/evaluations/round3/2nd%20RC3/Greco%20RC3(2015)4_Georgia_2ndRC_EN.pdf
[79] Ibid, Paragraph 62

Chapter VI. List of Recommendations

1. The legislator should consider amending the Law on Political Parties in line with the GRECO recommendations – imposing the requirement on annual auditing for political parties, whose annual income or expenses exceeded one million MDL.

2. Close attention should be paid to the scale of occurrence of infringement of political party funding rules. In case the occurrence is more than sporadic, the legislator should – in line with international recommendations – take into consideration introducing more severe sanction for non-compliance.

3. The legislator should consider to restructure the manner of formation and operation of oversight and Audit Service in order to guarantee its institutional independence.

4. The legislator should amend the political finance legislation and alter sanctions in force in order to make them meaningful and effective and to serve as preventive measures against political finance and campaign finance violations.

5. The legislator should provide tangible incentives and guarantees for private sector subjects and citizens to finance political parties and campaigns.

6. There should be introduced bans on donations from those businesses entities which won public tenders. The legislators should impose bans on donations from public servants.

8. The laws on political finance should be amended with provisions that would stipulate the possibility of budget funding of parties under equal conditions as a means of preventing corruption, supporting the important role of political parties in the life of society and reducing the excessive dependency of parties on private donors;

9. The legislator should introduce caps on donations from individuals and corporations for the parties that would correspond to the average salaries per economy from the respective countries;

10. The legislator should introduce mandatory provisions for parties to publish information about the sources of the donations;

11. At the legislative level, it is necessary to reintroduce the state funding of expenses for producing print campaign materials during the election campaigns;

12. Political parties and candidates should be required to report on the origin and purpose of all their campaign finance transactions in order to facilitate transparency and the detection of potential misuse of administrative resources. Any permissible use of administrative resources for parties or candidates should be treated as a campaign finance contribution and be reported accordingly.

13.The legislator should amend the law on political finance with provisions that would promote neutrality and impartiality in the electoral process; promote equality of treatment between different candidates and parties in relation to administrative resources; level the playing field between all stakeholders, including incumbent candidates; and - safeguard against the potential misuse of administrative resources for partisan purposes.

14. Relevant public officials should express political will to cooperate with SAO in order to reveal any facts of violation of party/campaign financing rules in a timely manner;

15. Public offices shall provide to SAO relevant information requested in accordance with legislation in time so that the latter will be able to carry out effective monitoring of party/campaign financing and identify any violations of the law;

16. Election Code and Law on Political Unions of Citizens shall be reviewed in order to clarify norms on party/campaign financing and eliminate any discrepancies17. Campaign reporting rules for electoral subjects (political parties, initiative groups and election blocs) established under the decree #2915/21 of General Auditor shall be regulated by Law on Political Unions of Citizens.