

Chapter 5

Ensuring compliance with political finance regulations

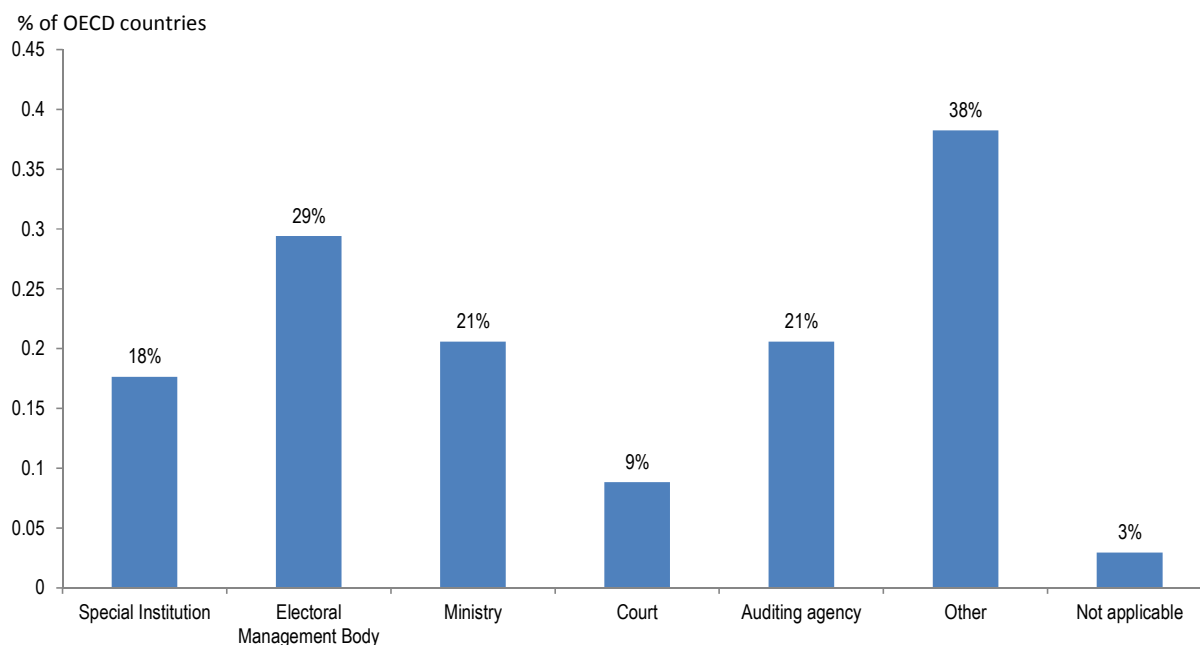
This chapter focuses on policy measures and institutional mechanisms to ensure the compliance and review of political finance regulations. While most countries have laws and regulations on party and election financing, if oversight institutions lack the independence and/or legal authority to meaningfully regulate potential violators, existing regulations cannot be fully enforced. The chapter also highlights that sound political finance regulations need sanctions, serving as deterrents for breaches and promoting compliance.

Countries should assure independent and efficient oversight over political finance

The regulatory body tasked with the supervision of political finance is a key element of any well-functioning political finance system. The first question concerning oversight is which institution holds the power to review reports on party and campaign financing, followed by the question of how independent such an institution is from political influence. The 2003 Recommendation of the Council of Europe on Common rules Against Corruption in the Funding of Political Parties and Electoral Campaigns recognised that “member states should provide for independent monitoring” of parties and campaign funding. Furthermore, “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 29% of OECD countries, the Electoral Management Body receives financial reports from political parties and/or candidates (Figure 5.1). In some member countries (18%) such as France and the United States, a dedicated supervisory body was established to monitor political financing and ensure high-level compliance with regulations. In other countries - for instance, Belgium and the Netherlands - a combination of bodies fulfil this monitoring, investigation and sanctioning functions. Moreover, parliaments (e.g. in Denmark, Germany), constitutional courts (e.g. in Turkey), and ministries (e.g. in Finland) could have responsibility for monitoring and enforcing political financing regulations. Supreme audit institutions (e.g. Iceland or Slovenia), or judiciary bodies (e.g. Portugal and Turkey) may play such a role as well.

Figure 5.1. OECD country institution(s) receiving financial reports from political parties and/or candidates



Note: Other refers to: In Belgium, to Presidents of the House of Representatives and the Senate; in the Czech Republic, to the Chamber of Deputies; in Denmark, to the Parliament; in Germany, to the President of the Bundestag; in Greece, to the Expenditure Audit Committee; in Ireland, to the Standards in Public Office Commission; in Italy, to the President of the chamber the party is running; in Luxembourg, to the Prime Minister, Minister of State and President of the Chamber of Deputies; in Norway, to the Register of Company Accounts and Statistics; in the Slovak Republic, to the National Council of the Slovak Republic; in Slovenia, to the National Assembly; in Turkey, to the Office of the Chief Public Prosecutor; and in the United Kingdom, to the local Returning Officer, often referred to as the (Acting) Returning Officer.

Source: Adapted from IDEA (n.d.), *Political Finance Database*, www.idea.int/political-finance/ (accessed on 27 October 2015).

In the absence of an independent supervisory body of political financing, the responsibilities of monitoring and supervising breaches to political financing regulations are often diluted among different institutions. This raises concerns over effective co-ordination, information sharing, and responsiveness. It has been recommended that countries consider at the minimum “proper auditing of political financing accounts by independent auditors” (Doublet, 2012). Independent audit is a growing practice in OECD countries (e.g. Norway) to promote the accountability of parties for the funds they use for their activities or to participate in elections.

In order to strengthen investigatory capacity, some countries also closely co-operate with the police. In India, a flying squad was set up under each police station to track illegal cash transactions or any distribution of liquor or other items intended to bribe voters. These squads are given a dedicated vehicle, a mobile phone, a video camera and the necessary documents required for seizure of cash or goods. To keep eye on the money used in the campaign, video surveillance teams are deployed to capture visuals of all big rallies, processions and public meetings. These video footages are used to assess the expenses of these meetings in order to deter candidates from suppressing or under-reporting expenditure (Quraishi, 2014).

Parties in OECD countries have also been promoting internal auditing (e.g. in Austria) within their structure. The challenge, however, remains in ensuring the independence of the internal auditor or certified experts *vis-à-vis* the political party (e.g. the internal auditor can be a member of the party in the Czech Republic and Germany). Common standards for internal control procedures could provide further clarity to internal auditors and party members on the acceptable practices related to political funding.

How to ensure independence of oversight bodies poses a problem

Despite the variety of institutional arrangements, the following factors are considered critical for a proper functioning of supervisory bodies: *i*) independent appointment of its members (independence from both political parties and the executive at the same time) and security of their tenure; *ii*) independent budget providing sufficient resources; and *iii*) specialised expertise of personnel and methodologies to discover illegal funding of political parties and candidates.

Concerning the appointment of members of oversight bodies, while there clearly need to be ways to ensure that they are as independent as possible of those whom they regulate, this poses problems as well (Box 5.1). According to the US model, there is an equal division between Democrat and Republican members. This could produce deadlock and in any case is less suited to countries without a dominant two-party system. If members are to be appointed according to an independent procedure rather than by division between parties, the question arises of how that independence is to be assured. In the United Kingdom, the chair of the Electoral Commission is appointed by a parliamentary committee chaired by the Speaker of the House of Commons. The Speaker by convention gives up all party affiliations and acts as a politically neutral figure. However, this is a matter of political culture and would not work in all countries. In some countries, a senior judge acts as the head of the supervisory body.

Box 5.1. Composition of the Estonian Party Funding Supervision Committee (EPFSC)

The EPFSC is comprised of representatives from each party in parliament (from 2011 to 2015 there were four; after April 2015 there are six.) Moreover, these representatives may not be members of parliament (MPs) or government ministers, and ideally not in the executive bodies of their party. Hence, the idea is that these representatives serve as autonomous individuals, not as delegates or conduits for their party's interests. In addition, the Committee includes three expert members: one appointed by the Chancellor of Justice, one by the National Electoral Committee and one by the State Auditor. The Committee is supported by an administrative advisor and a legal advisor.

While the inclusion of experts in the work of the EPFSC via other state institutions is seen as positive, it remains a question, whether the prison (i.e. the party finance system) isn't still being guarded by the inmates (i.e. the parties). Especially given that the number of party representatives grew in April 2015 to six (alongside three experts), the need to ensure that the Committee focuses on more than just party interests remains paramount.

Note: For more details, see Chapter 8 on Estonia.

Sufficient capacity and resources ensure the ability of electoral management bodies to perform their tasks

Although there is no one-size-fits-all model, establishing a single independent supervisory body to ensure effective enforcement is desirable. However, even if a supervisory body is technically independent, they may be reluctant to pursue powerful politicians and their parties. The third GRECO Evaluation Round observed that countries with monitoring entities do not always provide the necessary financial and human resources to effectively undertake its mission (e.g. Spain, Turkey). Oversight bodies are often run by public servants with a background in law; economists, auditors and statisticians are rare. Modern auditing of campaign finance reports requires confronting databases on campaign donations with records from the public budget, contracting or public work and services, loans from public banks, licenses and permits. While public interest groups have started exploring this field, oversight bodies are underequipped for this task. As a result, even where oversight is independent, where the rules are clear and sanctions are in place, the quality of oversight may remain poor due to limited capacity of the oversight body. For example, Chapter 11 (the case study chapter on Mexico) clearly highlights this challenge. In Mexico, the National Electoral Institute (INE) has to analyse approximately 37 000 campaign reports within 37 days after election day. The limited capacity of the INE remains an obstacle to effectively dealing with large volumes of oversight work. In terms of the number of staff and the mandate of the electoral management body (EMB), there is variation across countries (Table 5.1).

Table 5.1. The institutional capacity of electoral management bodies in selected OECD countries

	Electoral management body	Staff numbers	Mandate and powers	Budget
Canada	Elections Canada www.elections.ca/	500 staff ¹ Up to 235 000 temporary employees to administer elections or referenda	Provide guidance to political parties and candidates Review Investigate suspected violations Issue caution letters, engage in public compliance agreement Commissioner may disqualify candidates or levy fines up to CAD 100 000 Refer criminal matters to public prosecutors	CAD 120million (2014 ²)
Chile	SERVEL (Electoral Service) www.servel.cl/	276 staff 80 professional 196 technical and administrative	Administrative review of financial statements for compliance with laws and regulations No fine or sanction powers	USD 12.727 million (2014) USD 4.678 million for elections (2014)
Estonia	Estonian Party Funding Supervision Committee www.erjk.ee/	2 staff Administrative manager Legal advisor To support the 9 Committee members	Review party and candidate financial disclosures Investigate suspected violations or complaints Demand additional evidence from parties or third parties Impose civil fines up to EUR 15 000 Refer criminal matters to prosecutors	
France ³	Commission Nationale des Comptes de Campagne et des Financements Politiques (CNCCFP) www.cnccfp.fr/	33 staff Utilises temporary employees to review campaign accounts or undertake investigations	Review financial reports- and approve, reject or revise them Rejection of accounts can result in non-reimbursement of expenses Refer suspected criminal violations to the public prosecutor	EUR 6.7 million (2015 case study)
Korea	National Election Commission of Korea (NEC) www.nec.go.kr	330 staff at headquarters 620 staff 17 metropolitan or provincial commissions 1 820 staff in district commissions	Review party financial reports Issue regulations, conduct investigations into suspected violations of the Public Official Election Act or Political Funds Act Issue administrative fines or correction orders ⁴	USD 329 million (2014)
United Kingdom	Electoral Commission www.electoralcommission.org.uk/	127 staff ⁵ 14 executives 103 managers/ senior advisers / advisers /officers 10 assistants	Provide guidelines and advice to parties, candidates and the public Review party and candidate financial disclosures Investigate suspected violations and complaints Conduct interviews Issue civil fines or compliance or stop notices ⁶	GBP 20.965 million (2014-15) ⁷
United States	Federal Election Commission www.fec.gov/	350 staff ⁸ Attorneys IT professionals Auditors, administrators	Issue regulations Review party and candidate financial disclosures, and conduct audits of disclosure reports Investigate suspected violations or complaints Compel witness testimony or documents Impose civil fines Refer criminal matters to federal prosecutors	USD 66 million (FY 2011)

Source:

1. Elections Canada (n.d. a), “The Role and Structure of Elections Canada”, www.elections.ca/content.aspx?section=abo&dir=role&document=index&lang=e (accessed on 27 October 2015).
2. Elections Canada (n.d. b), “2013–14 Departmental Performance Report”, www.elections.ca/content.aspx?section=res&dir=rep/est/dpr2014&document=financial&lang=e (accessed on 27 October 2015).
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8. GRECO (2011), “Third Evaluation Round: Evaluation Report on the United States of America: Transparency of Party Funding”, Council of Europe, www.coe.int/t/dghl/monitoring/greco/evaluations/round3/GrecoEval3%282011%29_USA_Two_EN.pdf.

Clear mandate and sufficient power should be given to the electoral management bodies

Institutions responsible for enforcing political finance regulations should also have a clear mandate and power, not just the capacity, but the legal power to conduct investigations, refer cases for prosecution, and impose sanctions. Development of such powers is critical for the effective enforcement of a transparent and equitable campaign-finance regime. Well-staffed and well-funded supervisory bodies that lack the independence and/or legal authority to meaningfully regulate potential violators limit the extent to which existing regulation can be enforced.

For example, the UK Electoral Commission's enforcement policy guideline sets out the principles that underlie the supervisory, investigatory and sanctioning aspects of the Commission's regulatory role. It provides details on the sanctions that apply to different offences and contraventions of political finance regulations, the way in which financial penalties are calculated, the circumstances in which voluntary enforcement undertakings may be accepted, and other information relating to the Commission's regulatory activity (Box 5.2).

Box 5.2. Supervisory, investigatory and sanctioning aspects of the electoral management body's regulatory role in the United Kingdom and Korea

United Kingdom

The enforcement policy guideline of the UK Electoral Commission sets out a number of detailed provisions of the Commission's responsibility to ensure compliance with the political finance regulations. Some examples include:

5.1 As part of its statutory role monitoring compliance, the Commission may need to obtain information from, and visit premises used by, those it regulates. Where possible, this is done on a voluntary basis, and the Commission will give advance notice. However, the law provides the Commission with powers to ensure that information can be obtained where it is necessary.

6.1 The Commission may carry out investigations where it has reasonable grounds to suspect that a person has committed an offence under the Political Parties, Elections and Referendums Act 2000 (PPERA) or contravened any restriction or other requirement of PERA. The Commission will only use its investigatory powers where it is reasonable and proportionate to do so.

6.2 Investigatory activity may be instigated for a number of reasons, for example where a statutory report is not submitted, or where a submitted report indicates a potential breach of the law. Other circumstances which may lead to an investigation include where an allegation is made to the Commission that the law has been broken or where the Commission becomes aware of a potential problem through another route, such as a press report.

9.1 Following the conclusion of any investigation, the Commission will review the evidence it has obtained to determine if a breach has occurred. The standard of proof which the Commission is required to utilise will vary depending on which provision of the Political Parties, Elections and Referendums Act 2000 (PPERA) is being considered. Certain provisions of PERA entitle the Commission to apply to a court to seek forfeiture of an amount equivalent to a donation or a restoration order in respect of a loan. Where the Commission instigates court proceedings using these provisions, the standard of proof applicable to civil proceedings, namely the balance of probabilities, applies.

9.2 For all other breaches where the Commission itself will be responsible for determining if a breach has occurred, it must be satisfied beyond reasonable doubt that a regulated organisation or individual has breached the law. If this evidential test is met, the Commission will proceed with the sanctioning process

Box 5.2. Supervisory, investigatory and sanctioning aspects of the electoral management body’s regulatory role in the United Kingdom and Korea (*continued*)

10.1 Sections 11 to 14 of this guidance explain the procedures that the Commission will follow when seeking to use the civil sanctions available to it. These sanctions are: fixed monetary penalties, discretionary requirements (variable monetary penalties, compliance notices and restoration notices), and stop notices.

Discretionary requirements can be used either on their own or in combination. A fixed monetary penalty cannot be used in combination with a discretionary requirement.

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Korea

The National Election Commission (NEC) of Korea oversees and controls activities that cause damage to fairness in election as well as takes preventive actions against election law violations to ensure an equal opportunity for political parties and candidates and to hold elections in a fair way while the election processes are complied with.

Its Election Surveillance Unit consists of election malpractice monitoring groups, volunteers and personnel who report election law violations, and arranges the joint Election Surveillance Units in each metropolitan area or city to ensure the smooth election process. In addition, the NEC operates the Cyber Election Units to monitor and control the online activities that violate the election laws.

The NEC has several authorities regarding the investigation of illegal campaign spending:

- To request the submission of relevant documents. This is the authority to request for information that is necessary for the investigation of election crime.
- To request financial institutions to submit details of financial transactions. The NEC can request information on bank accounts, copy of the bankbook, name/date of birth/contact information of the individual that holds the account involved in transactions, the organisation that first issued the cheques and information of the person that requested their issuance.
- To demand to accompany or summon where necessary for questioning and investigation related to election irregularities.
- To collect and store evidence used at the scene of crime.
- To request that the communication network provides for the viewing or submission of information necessary to identify the user in order to investigate crimes using information networks or phones.

The NEC issues a suspension, warning, or correction order against election law violations and imposes a fine on the violators. If they disobey orders or do not stop their behaviour, the NEC brings a formal charge or requests an investigation against the violators.

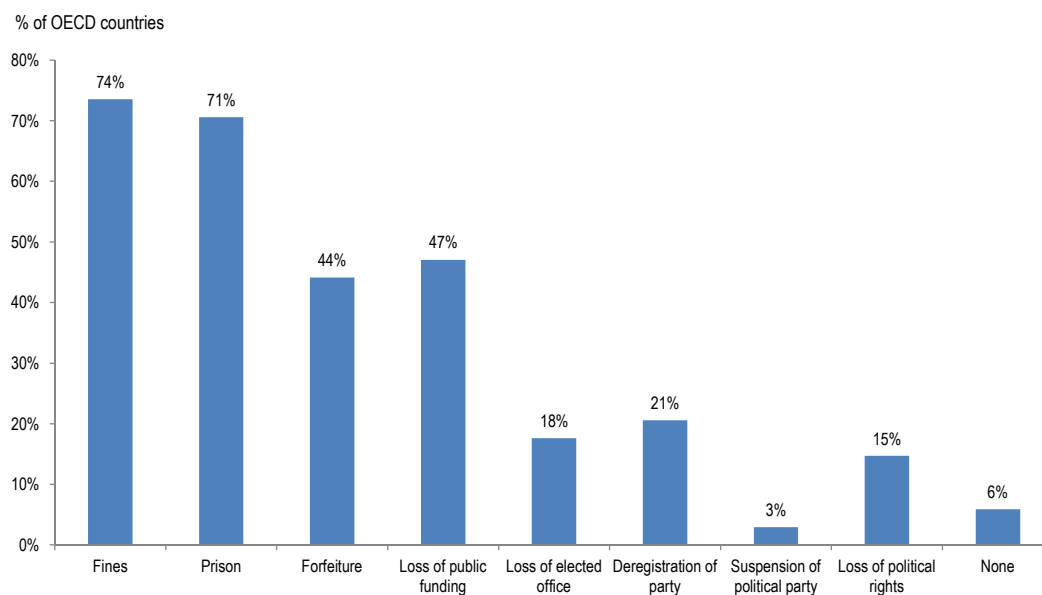
Source: Electoral Commission (2011), “Enforcement policy, December 2010”; Republic of Korea National Election Commission (n.d.), “Duties and responsibilities”, www.nec.go.kr/engvote_2013/01_aboutnec/01_03.jsp (accessed on 27 October 2015).

Chile is also undergoing a major political finance reform to expand the institutional capacity of the Electoral Service (SERVEL) and strengthen its mandate. The structure of the SERVEL was comprised of 276 permanent staff in 2013, which increased at election time by temporary staff that perform specific functions only during this period. Of the permanent staff, 80 (approximately 29 % of the total employees) are professionals, while the remaining 71% are technical, administrative and support staff. However, Chapter 7 (the case study on Chile) highlights that SERVEL’s current capabilities are limited since it is not a body with effective control capability. The Bill on Democracy Strengthening and Transparency, which is currently under consideration by the Chilean Congress, aims to provide the SERVEL with the power to levy sanctions before, during and after the elections, particularly in relation to campaign finance. The goal is to strengthen the supervisory organ and effectively hand over power and capabilities to control and monitor compliance, thus ensuring that the rules are applied to all political actors (for more details, see Chapter 7).

Dissuasive and enforceable sanctions can deter breaches and promote compliance

Sanctions are the “teeth” of regulations on financing political parties and election campaigns, serving as deterrents for breaches and indirectly promoting compliance. In OECD countries, sanctions range from financial, to criminal and political. Parties may have to pay fines (74%), have their illegal donations or funds confiscated (44%), or lose public subsidies (47%) when breaching the laws (Figure 5.2). More severe sanctions include criminal charges, such as imprisonment (71%), loss of elected office (18%), forfeiting the right to run for election, or even deregistration (21%) or suspension (3%) from a political party.

Figure 5.2. Sanctions for political finance infractions in OECD countries

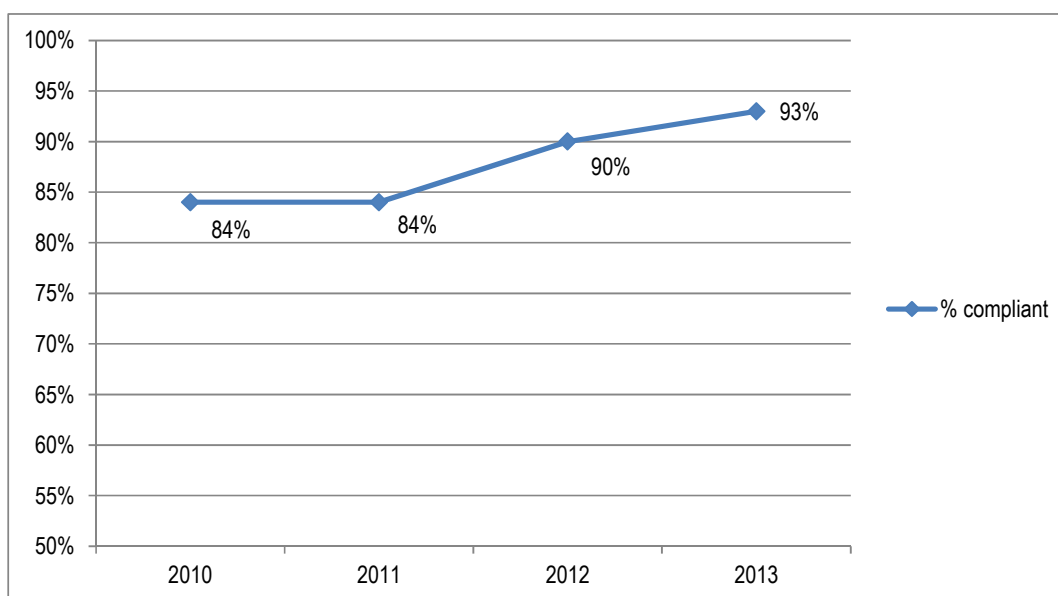


Source: Adapted from IDEA (n.d.), *Political Finance Database*, www.idea.int/political-finance/ (accessed on 27 October 2015).

In Hungary, for example, late financial reports are fined, unauthorised donations are confiscated and public funding is reduced by the sum of unauthorised contributions. In New Zealand, non-submission of reports can lead to fines. If anonymous donations exceed NZD 1 500 (USD 1 000), the exceeding amount must be paid to the electoral management body. Persons convicted of corrupt practices lose their right to vote for three years, and face imprisonment not exceeding two years. In cases of corrupt or illegal campaign practices, the election of a candidate can be voided. In Korea, voters are also subject to sanctions in case of vote buying. The fine is equal to 50 times the value of money or any materials provided by a candidate, his/her family or a third party on behalf of a candidate. Those reporting any electoral crimes are also rewarded up to USD 500 000 by the National Election Commission of Korea. In Japan, in certain cases, a candidate can be prosecuted for illegal fundraising by members of his or her staff as well. In Switzerland there are no sanctions for political finance infractions at the national level. However, sanctions are available at the sub-national (cantonal) level in Switzerland.

Sanctions clearly have deterrent effects and promote higher compliance. In the United Kingdom, since the UK Electoral Commission was given its civil sanction powers, compliance rates have increased by 9%. Figure 5.3 provides examples of compliance rates in the United Kingdom since 2010, in respect of delivery of yearly statements of accounts and quarterly returns of reportable donations by political parties.

Figure 5.3. Compliance rates in the United Kingdom, 2010-13



Source: UK Electoral Commission

GRECO's Third Evaluation Round showed that countries need to ensure the right balance in penalising infringements to political finance regulations and define sanctions that are proportionate and dissuasive (Table 5.2). In some countries, sanctions are not sufficiently dissuasive, which results in low levels of compliance with the regulations in place. For instance in France, violations of private donation rules, including donations from a banned source or exceeding the maximum legal limit of EUR 7 500, are sanctioned with a maximum fine of EUR 3 750 euro and a one-year prison sentence. The maximum amount of fines for unlawful funding is EUR 3 750 euro may not deter

acceptance of a sizeable illegal donation. In Norway, cessation of public funding is the only sanction available, but this can only be applied for the most serious breaches.

Table 5.2. **Variation of sanctions across selected OECD countries**

	Administrative sanctions	Body responsible for administrative sanctions	Criminal sanctions	Number of investigations (last available year)	Number of prosecutions or sanctions
Hungary ¹	Violation of financing rules by political party: Fined sum of illegal/improper contribution, and reduction of state subsidy by the same amount.	State Audit Office (some offenses) Public prosecutor	Possible for crimes such as fraud, embezzlement, etc.		5 – violations of financial management / accounting rules (2009)
Italy ²	Improper reporting (p. 18) Suspension of public funding or reimbursement Exceeding election spending Suspension of reimbursement Failure to submit statement of election expenses: Fines from EUR 51,645 to EUR 516 457 Failure to disclose funding sources: Fines from EUR 5 147 to EUR 51 645 Breach of spending limits: Fines from .5–3 times the amount in excess of limit.	President of the Chamber of Deputies - For elections to Chamber of Deputies President of the Senate - For Senate elections	Illegal political funding (p. 18) 6 months to 4 years prison Fines of 3 times the value of the donation	Irregular reporting: 91 instances by political parties (1997–2009) Failure to file declaration statements: N/A Illegal political funding: 6 Failure to submit financial reports (public funding): 7 (1996-2011)	Irregular reporting: 6 sanctioned, remainder had already received reimbursement and could not be sanctioned (1997-2009) Failure to file declaration statements: 4 prosecutions, 3 still pending (2009) Illegal political funding: 1 prosecution, 5 still pending (2009) Failure to submit financial reports (public funding): 1 sanctioned – remainder were remedied (1996-2011)
Norway ³	Failure to comply with any rules of Political Parties Act: Withholding of part or all public funding <i>Note:</i> Ministry of Government Administration can also suspend governments grants in individual cases.	Political Parties Act Committee	Accounting offenses, false Reports: Fines or imprisonment up to 2 years Serious or repeated violations of the Political Parties Act: Imprisonment up to 2 years	124	Withheld grants in 112 cases (2008)

Table 5.2. Variation of sanctions across selected OECD countries (*continued*)

	Administrative sanctions	Body responsible for administrative sanctions	Criminal sanctions	Number of investigations (last available year)	Number of prosecutions or sanctions
Poland ⁴	Failures to submit report or rejected report: Withholding of party's public funds for following year (or up to 3 years if appealed and rejected).	National Electoral Committee (appealable to Supreme Court)	Violation of funding, expenditure or reporting rules under Political Parties Act: Most violations: Fines up to EUR 29 000 Some violations: Fines up to EUR 29 000 and up to 2 years imprisonment (depending on violation)	13 (2007)	6 (2007)
Portugal ⁵	Violation of rules of financing parties: Fines of EUR 426 to EUR 170 400 Violations of duty to communicate and co-operate with Entity for Accounts and Public Financing (EAPF): Fines of EUR 853 to EUR 13 632.	Constitutional Court Entity for Accounts and Public Financing	Raising or allocation of prohibited funds: Imprisonment 1-3 years, and confiscation of proceeds Exceeding spending limits of accepting prohibited funds: Imprisonment 1-3 years, and confiscation of proceeds		54 decisions (1996-2009), with 12 cases being assessed fines
Spain ⁶	Exceeding limits on donations or accepting from illegal source: Fine of 2 times illegal contribution Non-submission of financial report: Withholding of public funds	Court of Audit Appealable to Supreme Court	Violation of requirement to keep accurate accounts and/or proper use of public funds: Fines from EUR 180 to EUR 1 800, and imprisonment from 6 months to 3 years Use of public funds for personal enrichment: Imprisonment from 3 to 8 years		70 sanctions of violations 35 findings which resulted in withholding of public funds (2007)
United Kingdom ⁷	Civil / administrative sanctions available – vary by offense	Electoral Commission	Criminal sanctions available, vary by offense False statements, failure to provide information on accounts or donors, file returns, etc.		29 prosecutions, resulted in 23 convictions (2000-08)

Source:

1. All information from GRECO (2010a), “Third Evaluation Round: Evaluation Report on Hungary: Transparency of Party Funding”, Council of Europe.
2. All information from GRECO (2012), “Third Evaluation Round: Evaluation Report on Italy: Transparency of Party Funding”, Council of Europe.
3. All information from GRECO (2009a), “Third Evaluation Round: Evaluation Report on Norway: Transparency of Party Funding”, Council of Europe.
4. All information from GRECO (2008a), “Third Evaluation Round: Evaluation Report on Poland: Transparency of Party Funding”, Council of Europe.
5. All information from GRECO (2010b), “Third Evaluation Round: Evaluation Report on Portugal: Transparency of Party Funding”, Council of Europe.
6. All information from GRECO (2009b), “Third Evaluation Round: Evaluation Report on Spain: Transparency of Party Funding”, Council of Europe.
7. All information from GRECO (2008b), “Third Evaluation Round: Evaluation Report on United Kingdom: Transparency of Party Funding”, Council of Europe.

GRECO also found that the sanctions in place are limited in scope (generally only focusing on electoral campaign funding) and that the sanctions are not consistently applied. If sanctions are not applied, the entire regulation of political financing is undermined. Table 5.2 also highlights wide variation in the number of investigations and prosecutions across countries.

Education and training for political parties as a tool to promote compliance

In order to ensure compliance, providing support to political parties to help them comply with regulations is also crucial. This is an angle that is often neglected, but very much in need from the point of view of political parties. This could, for example, take the form of some sort of parallel support agency or unit within the monitoring agency focused on supporting compliance. It could also take the form of a space for dialogue between parties and monitoring agencies, which would facilitate adherence to the rules and allow for better understanding of where problems lie and how they could be better addressed. For example, the website of the UK Electoral Commission provides detailed guidance for political parties to help them comply with the rules as well as a number of updates to related regulations. The guidance covers issues such as how to register a party or maintain a party's details, report donations and loans, report campaign spending, and submit a party's accounts.

Similarly, the Election Commission of India noticed that sometimes political parties and their candidate violated the law because of ignorance. The Commission set up its own training institute in 2011, India International Institute of Democracy and Election Management (IIIDEM), which is tasked with organising a training workshop for party leaders from all the poll-going states and to raise awareness about the new mechanism of political finance regulations. The rationale was to focus on prevention instead of punishment or punitive action (Box 5.3).

Box 5.3. **India International Institute of Democracy and Election Management (IIIDEM)**

The Election Commission of India set up the India International Institute of Democracy and Election Management in 2011 in order to provide training on electoral practices to meet domestic and international requirements.

The IIIDEM has four components:

1. Training and capacity development wing

It seeks to prepare and groom a new generation of well-trained and committed electoral managers by updating their knowledge, skills and professional competency for building a positive electoral culture in the country. It also supports a bilateral and multilateral capacity development programme through direct understanding or in co-operation with international agencies.

2. Voter education and civic participation wing

It is to build a chorus of positive voices and views in favour of democracy, promote and sustain it through election literacy, facilitation programmes and enlightened voter participation.

Box 5.3. India International Institute of Democracy and Election Management (IIIDEM) (continued)

3. Research, innovation and documentation wing

This wing works as a resource unit and think tank for the ECO by seeking to explore, study, and build an authoritative knowledge and information pool, providing research and policy support to ECI's programmes, operations and activities.

4. International projects and technical collaboration wing

This unit is to promote inter institutional and international collaboration and provide technical support to electoral management bodies on request.

Source: Election Commission of India (n.d.), “India International Institute of Democracy and Election Management: Towards Efficient Elections and Enlightened Participation”, brochure, http://eci.nic.in/eci_main1/current/IIIDEM_brochure.pdf (accessed on 27 October 2015).

Appraising the system: Identifying evolving risks of policy capture and involving stakeholders

Countries could review the functioning of their rules and guidelines related to the funding of political parties and electoral campaigns on a periodic basis and make necessary adjustments to them in light of experience.

As well as appraising the system on a regular basis, inclusive policy making enhances public confidence in the system. To this end, stakeholder engagement in the design and delivery of policy and services regarding party and election financing can help decision makers better understand the needs of political actors, leverage a wider pool of information and resources, improve compliance, contain costs and reduce the risk of conflict and delays downstream.

Informed decisions based on greater stakeholder engagement are likely to: *i)* raise the quality of political finance policies and regulations; *ii)* demonstrate a commitment of public officials to accountability and transparency; *iii)* raise the chances for successful implementation and voluntary compliance; and *iv)* reinforce the legitimacy of the decision-making process and its final results in financing democracy.

Consultation is one of the most frequently used stakeholder engagement tools, but processes differ widely across countries with respect to the timing, availability of guidelines and the degree of openness of the process. For example, Northern Ireland Office (NIO) of the UK published draft legislation which would increase the transparency of donations and loans to Northern Ireland political parties in January 2014. The NIO conducted an online consultation for 12 weeks to seek views on the draft legislation from stakeholders. The proposed changes will enable the UK Electoral Commission to provide information to the public about the scale and sources of funding to Northern Ireland parties for the first time.

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Annex I.1

Bodies responsible for receiving and examining financial reports submitted by parties and candidates in OECD countries

	Receiving body	Examining/investigating body
Australia	<i>EMB</i> Australian Electoral Commission	Australian Electoral Commission
Austria	<i>Auditing agency</i> Austrian Court of Audit	Austrian Court of Audit
Belgium	<i>Ministry and others</i> Ministry of Finance and Presidents of Senate and House of Representatives	Control Commissions
Canada	<i>EMB</i> Chief Electoral Officer (Elections Canada)	Commissioner of Canada Elections (Office of the Director of Public Prosecutions)
Chile	<i>EMB</i> Servicio Electoral (SERVEL)	SERVEL
Czech Republic	<i>Others</i> Chamber of Deputies	Supervisory Committee within the Chamber of Deputies
Denmark	<i>Ministry and others</i> Ministry for Interior and Social Welfare Parliament	None General Audit Office has authority to account for public money, but does not review party accounts in practice
Estonia	<i>Other/independent oversight body</i> Estonian Party Funding Supervision Committee	Estonian Party Funding Supervision Committee
Finland	<i>Ministry and auditing agency</i> Ministry of Justice National Audit Office	Ministry of Justice for regular political party reporting National Audit Office for Campaign Reports
France	<i>Special institution</i> National Commission for Campaign Accounts and Political Funding (CNCCFP)	National Commission for Campaign Accounts and Political Funding Irregularities reported to public prosecutor, police or tax authorities
Germany	<i>Other</i> President of the <i>Bundestag</i>	President of the <i>Bundestag</i>
Greece	<i>Ministry, special institution and other</i> Ministry of the Interior Expenditure Audit Committee Control Committee for the Financial Accounts of Parties and Parliament Members	Control Committee for party accounts and members of parliament. Special Investigative Service of Ministry of Economy and Finance, local committees, chartered auditors
Hungary	<i>Auditing agency</i> State Audit Office of Hungary	State Audit Office
Iceland	<i>Audit agency</i> National Audit Office	National Audit Office
Ireland	<i>Other</i> Standards in Public Office Commission	Standards in Public Office Commission
Israel	<i>Audit agency</i> State Comptroller	State Comptroller
Italy	<i>Special institution and other</i> <i>Corte di Conti</i> (Court of Audit)	Commission for Transparency and Control of Political Parties' and Political Movements' accounts
Japan	<i>EMB and ministry</i> Ministry of Internal Affairs and Communications, Central Election Management Council, Local Election Management Council	Ministry for Internal Affairs and Communications or Prefectural Commission check inaccuracies
Korea	<i>EMB</i> National Election Commission of Korea	National Election Commission of Korea

	Receiving body	Examining/investigating body
Luxembourg	<i>Court and others</i> Courts of Accounts President, Prime Minister, Minister of State and President of Chamber of Deputies	Court of Auditors
Mexico	<i>EMB</i> Federal Electoral Institute (IFE)	Special Unit of the IFE
Netherlands	<i>Ministry</i> Ministry of Interior and Kingdom Relations	Ministry of the Interior
New Zealand	<i>EMB</i> Electoral Commission	Electoral Commission reports suspected offenses to New Zealand police
Norway	<i>Other</i> Statistics Norway	Political Parties Act Committee and Party Auditing Committee
Poland	<i>EMB</i> State Electoral Commission	State Electoral Commission
Portugal	<i>EMB and court</i> Constitutional Court EMB for Referenda	Political Financing Supervisory Body (EMB) Constitutional Court
Slovak Republic	<i>Ministry and other</i> Annual and campaign reports to National Council of the Slovak Republic Presidential candidate reports to Ministry of Finance	National Council and Ministry of Finance make formal checks of party reports, Ministry of Finance reviews presidential candidate reports
Slovenia	<i>Audit agency and other</i> Agency for Public Legal Records and Related Services (AJPES) supervises submission of reports Supervision of Funding with Court of Audit	Inspectorate for Internal Affairs supervises minor offenses Ljubljana Local Court has jurisdiction on criminal offenses
Spain	<i>Audit agency</i> Spanish Court of Audit	Court of Audit
Sweden	<i>Special institution or ministry</i> <i>Kammarkollegiet</i> (Legal, Financial and Administrative Services Agency of the Ministry of Finance)	<i>Kammarkollegiet:</i> Legal, Financial and Administrative Services Agency
Switzerland	None	N/A
Turkey	<i>Court and other</i> Constitutional Court Office of the Chief Public Prosecutor	Constitutional Court
United Kingdom	<i>Special institution</i> Electoral Commission	Electoral Commission has main responsibility, police and courts can also investigate
United States	<i>EMB</i> Federal Election Commission	Federal Election Commission

Note: The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: Adapted from IDEA (n.d.), *Political Finance Database*, www.idea.int/political-finance/ (accessed on 27 October 2015).



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