Money in Politics

A study of Party Financing Practices in 22 countries

Edited By
Shari Bryan & Denise Baer

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National Democratic Institute for International Affairs

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The National Democratic Institute for International Affairs (NDI) is a non-profit organization working to strengthen and expand democracy worldwide. Calling on a global network of volunteer experts, NDI provides practical assistance to civic and political leaders advancing democratic values, practices, and institutions. NDI works with democrats in every region of the world to build political and civic organization, safeguard elections, and promote citizen participation, openness, and accountability in government

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Preface & Acknowledgements

Corruption related to political party financing poses a grave threat to democratic development worldwide. Covert party funding streams, influence peddling, and leveraging state resources for party purposes all compromise the single greatest asset of democracy: the faith and support of ordinary citizens in the political process.

With multiparty systems less than a decade old, low levels of economic development, and traditional political constituencies based on tribal, ethnic, and regional interests rather than on ideology, many African political systems remain fragile and weak. Still, political parties form the cornerstone of a democratic society, aggregating and representing the interests of citizens to create public policy. Leaders of African political parties must find solutions, not only to the economic and social problems facing their nations, but to the negative influences of money, which affect key aspects of their organizational purpose.

Although there is a growing awareness about the problems of party finance in Africa, solutions have not fully emerged. Approaches taken in more developed democracies—including legal restrictions, reporting requirements, and public financing of parties—have not proven a panacea; rather, they are tools that can be used should political will and civic pressure make party finance practices a priority.

The purpose of the African Political Party Finance Initiative is to assist political parties and democratic activists in Africa as they begin to confront the debilitating and corrupt party finance practices in their countries. The APPFI report gathers information about the characteristics of party financing not only in African countries, but in other regions of the world—from Latin America, Central and Eastern Europe, and Asia—to determine if there are common themes about the sources, use, and management of funds related to securing elected office.

In many developing democracies, accurate information about political spending practices is unavailable to the public. Reporting requirements are often non-existent, and where they do exist, enforcement agencies lack the skills and resources to collect the information. By relying on its long-standing relationships with political and civic leaders, NDI research teams were able to compile information on political party funding sources, patterns of expenditures, and relevant legal and legislative initiatives. They interviewed those most closely involved in party funding—political leaders, elected members of parliament, regulatory officials, civic leaders, and members of the media.

The findings of the APPFI research study are divided into two sections. The first section compares the information gathered from all 22 countries, highlighting themes common to most countries, yet indicating differences based on a country or region. For example, the research found that a majority of campaign funds are spent on direct voter contact throughout the countries studied, but that those expenses vary from country to country and among regions based on factors such as access and availability of television, or the condition of state roads and highways. The second section profiles each of the countries individually, providing current information about the nature of political parties; a description of electoral system; a discussion of relevant party financing laws; a summary of research findings; and recommendations for reform.

The research shows that most politicians are aware of the problems of money in politics and are prepared to address them. It also found that, perhaps surprisingly, most of the money raised and spent on campaigns appears to come from legitimate sources and is spent for legitimate political purposes: to organize political events which serve to contact voters through a variety of methods such as advertising, rallies, and political meetings. In addition, the study revealed that despite great international concern over vote-buying as a campaign phenomenon, only a small percentage of all campaign expenditures might actually be used to influence voters through financial incentives.

At the same time, the study highlighted many areas of concern, such as the role of wealthy business interests in funding campaigns in order to gain access to lucrative state contracts. It revealed the personal risk of bankruptcy that many candidates face as they attempt to raise money for elected positions, and the enticement to abandon political competition in exchange for money. And it underscored the sentiment that legal and regulatory frameworks only work to the extent they are enforced. Much work needs to be done to assist political parties around the world withstand their many challenges; it is hoped that this research will help in developing genuine, lasting solutions.

The APPFI study is a tribute to the political parties, individual politicians, and democratic activists around the world who understand the devastating effects of political corruption, and who are trying to reform and modernize their parties and funding practices. On their behalf, NDI would like to thank the many individuals who made this research project possible. A team of international experts advised on the design and implementation of the APPFI project, including Dr. Herb Alexander, Dr. Denise Baer, and Dr. Joel Barkan. The project was also nurtured by a group of African advisors including: *Justice Joseph Warioba*, Former Prime Minister of Tanzania; *Honorable Musikari Kombo,* Minister of Local Government in Kenya; *Professor Walter Kamba*, Former Vice-Chancellor of the University of Zimbabwe; *Justice Norberto Carrilho;* Mozambican Supreme Court Justice; *Honorable Marie Elise Gbedo,* President of the Association of Women Jurists of Benin; *Honorable Moussa Michael Tapsoba,* President of the Burkina Faso Elections Commission; and *Nico Steytler,* Professor at the University of the Western Cape.

Individual country research was conducted by a dedicated team of NDI staff members and consultants, of whom each had country-specific expertise and experience in the area of political party development. The research for each country was conducted by the following individuals: Laura Thornton (**Bangladesh**); Derek Butler and Alain Ayadokoun (**Benin**); Nox Ntuli and Bob Kandetu (**Botswana**); Annisa Wanat, Mike Farnsworth (**Bulgaria**); Laura Thorton and Dominic Cardy (**Cambodia**); Karen Gainer and Nives Miosic Lisjak (**Croatia**); Sefakor Ashiagbor and Baffour Ageyman-Duah (**Ghana**); Jean Freedberg and Michael Murphy (**Guyana**); Laura Thorton (**India**); Amanda Smith and Bjarte Tora (**Kenya**); Clare Dowling, Renne Traicova, and Kelly Kimball (**Macedonia**); Lorato Banda, Amanda Smith and Luckson Chirwa (**Malawi**); Collette Hersenberg and Leo Spaans (**Mozambique**); Jean Freedberg (**Nepal**); Deji Olaore and Sandra Omali (**Nigeria**); Francisco Robles (**Peru**); Costel Popa (**Romania**); Butler Derek (**Senegal**); Richard Klein, Susan Booysen and Judith February (**South Africa**); Felix Odhiambo and Zanethemba Mkalipi (**Tanzania**); Caesar Handa (**Uganda**); Lauren Paremoer and Adrian Muunga (**Zambia**).

Special thanks go to NDI staff members Sefakor Ashiagbor, who managed the project from its inception; Gemima Neves and Clara Williams provided ongoing support throughout the project; and Dr. Denise Baer, who analyzed over 900 pages of data collected for this report. This research would not have been possible without the cooperation and confidence of 430 political party and civic leaders in 22 countries who willingly offered their insight in effort further the understanding of political party financing issues.

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Executive Summary

The Africa Political Party Finance Initiative is one of the first attempts to understand and evaluate the challenges of political party financing in Africa. Undertaken by the National Democratic Institute for International Affairs (NDI), APPFI examines party finance practices in 22 emerging democracies worldwide. Conducted between July 2003 and September 2004, APPFI includes desk research and field interviews of 440 political, party, and civic leaders; the resulting report yields a better understanding of the underpinnings of problems related to party financing and corruption, both in Africa and around the globe.

APPFI was initiated at a time when growing international debate focused on both positive and negative functions of political parties in democratic transitions: they are the necessary vehicles for political pluralism, as well as a major means of corrupting the process. Attempts were made to identify both deficiencies in current party financing norms, and best practices that could serve as models for reform and capacity development within parties and political systems.

Because little data and few statistics are available about sources of funds, expenditure patterns, and the management of party resources, it was necessary to go right to those individuals directly involved in party financing for answers: political leaders, candidates, government officials responsible for regulating political activity, and civic groups that engage in monitoring the political arena. By discussing the issues related to political corruption with a cross-section of respondents from different regions of the world, APPFI identified common themes and workable solutions that could be applied in unrelated political cultures by political parties, governments, international development agencies, and democracy and governance implementers and academics.

The data collected from interviews paint a complex picture of parties and campaign finance, opening a window into the sophisticated and even passionate concern that leaders—whether from civil society or political parties—experience over money in politics. It should be recognized that many African countries have made much progress within relatively short democratic transition periods to address the negative impacts of money in politics, and to promote the values of good governance. Yet many challenges remain, requiring a combination of efforts to promote a truly enabling environment that encourages accountability and internal democracy within parties.

Eight key findings from APPFI research help explain the existing problems presented by current party finxance practices in Africa; six recommendations also emerged from this study.

A. Key Findings

The Political Costs of Corruption are Well Known and are of Concern to Parties

The social and political costs of corruption are well known, and a majority of political and civic leaders recognize that many of the problems related to political corruption stem from deficiencies within political parties themselves. To a great extent, there is a willingness to address the problems related to corruption in party financing, and a strong desire among many political leaders to create more accountable party organizations through both internal and external reform, along with a stronger civil society.

Little Is Known About the Details of Money in Politics

One of the great challenges facing political reformers is that little is known about the details of money in political parties or in campaigns. Political party financing patterns are extremely opaque, and the decisions about raising and spending money are usually controlled and managed by only a few individuals. Relatively few politicians could provide concrete details about party funding operations.

Money is Raised from Legitimate Sources and Spent on Legitimate Activities

Overall, the data gathered suggest that the majority of political party and candidate funds are raised from legitimate sources. These sources include party-related activities, such as fundraising events and membership dues; contributions from the private sector; public funding schemes; individual donations from citizens; and foreign donations. Similarly, most party and candidate expenditures go to legitimate and necessary political activities such as rallies and events; paid media outreach; campaign materials and paraphernalia; and personnel and administrative costs. Nevertheless, poor party fund management is pervasive in Africa, often related to weak organizational structure and lack of internal democratic practices.

Vote-Buying and Direct Benefits to Voters are Minimal

Vote-buying, or the use of money and direct benefits to influence voters is of concern to political elites around the globe; however, it represents the smallest category of party and candidate spending. Definitions of vote-buying reveal a continuum of practices ranging from traditional party campaigning and legitimate party appeals to institutionalized corruption.

Big Donors Purchase Access and Influence, Undermining Citizen Participation

A concern expressed by most politicians was that business interests and wealthy individuals engaged in politics are stifling democratic participation, undermining the development of economies, and transforming the nature of government. Repeatedly, concerns were raised about the rising number of wealthy individuals who seek office in order to gain access to and control over lucrative contracts, and business contributors who demand paybacks from those whom they support politically. As a result, the political establishment is often seen as a circle of wealthy individuals who make policy decisions based on private interests, rather than the common good.

Party Loyalty and the Legitimacy of Political Parties are Compromised

In many instances, political accountability is for sale to the highest bidder. Candidates, often financed by patrons or godfathers, may compromise their independence, neutrality, and platforms to serve as proxies for their benefactors. Political parties do the same by accepting funds from business interests that intentionally support campaigns as a way of ensuring lucrative contracts with the state, or possibly worse yet, for assurances that the state will turn a blind eye to their illegal business practices. In some cases, candidates are willing to forgo political competition or abandon their political parties in exchange for money.

Reformers are Often Squeezed Out

In many countries, candidates bear the burden of personally financing the majority of their campaign expenses. More than four out of five respondents state that they supply the majority of funds for their campaigns, often at the risk of personal bankruptcy. As campaign costs increase, more and more qualified candidates interested in reform are limited by their lack of personal financial resources. As a result, many resort to relationships with individual donors who expect preferential treatment once the candidate is elected, or worse, many reformers choose not to run at all, leaving the field to candidates who are independently wealthy.

Legal and Regulatory Frameworks are a Partial Solution

Legal and regulatory frameworks are recognized as essential and important tools in combating political corruption. Nevertheless, most of those interviewed said that passing laws alone is not the solution, and that the enactment of laws that are disregarded or not enforced may in fact worsen political corruption. Weak enforcement is particularly a challenge in developing democracies with few resources and competing priorities for government spending.

B. Recommendations

To reduce the negative influence of money in politics, both in Africa and elsewhere, a variety of efforts must be undertaken simultaneously. Incentives to engage in political corruption must be understood and addressed at the same time that deterrence—punishment—is bolstered. If the recommendations here are followed, and systemic reforms are led by country-level leaders from all sectors who can tailor them to respond to country and region-specific issues, then this study provides considerable optimism for success in expanding democracy.

Country-Specific Solutions Must Be Identified

Every country has its unique set of challenges related to party financing and corruption, arising from its own political history, party evolution, and challenges related to both human and financial capital. Approaches to party finance in each emerging democracy must be based on a thorough understanding of the particular role money plays in politics there; solutions are only credible to the extent they are country-specific.

Political Parties Must Be Part of the Solution

Political parties lie at the heart of the party funding problem, and necessarily must be included in any solution. The need to include parties themselves in any anti-corruption effort is evident from two key facts. First, no anti-corruption legislation can be passed without the support of political parties holding elected power and controlling parliamentary action. Second, even when anti-corruption legislation has been passed, the ease with

which parties are often able to escape regulation through loopholes signifies that true reform can only come about when parties voluntarily adopt reform measures.

Political Parties Must be Stronger to Perform their Role in Society

Political parties must also serve as the agents for change and reform directly, by increasing their capacity to operate in a transparent and accountable manner. This may require technical assistance and training, particularly to help parties adopt procedures for transparent decision-making, internal democracy, and financial accountability. By being more open and collaborative, parties may be more strategic, loosing fewer funds to wasted efforts and increasing prospects for more legislative strength. Lacking proper internal control mechanisms for raising and spending funds, political parties will remain subject to abuses and risk leaving the decisions related to party financing in the hands of a few individuals who are unaccountable to the party and its supporters.

Civil Society Should Serve as a Watchdog

Leading elements in civil society—media, watchdog groups—should enhance their efforts to raise awareness of and educate citizens about party financing. Civic organizations, think tanks, independent journalists, and media outlets have proven to be catalysts for change and reform in many other countries, revealing corruption and abuse of state power and informing citizens about the nature of political corruption. Watchdog groups and the media need to shine the spotlight on abuse in developing democracies by monitoring party and campaign expenditures, tracking sources of funding, and bringing abuses to public attention.

Laws and Regulations Must Go Beyond Regulating Finances

Regulations and reporting requirements should be developed and supported with the appropriate financial, investigatory, and monitoring capacity to enable enforcement agencies to carry out the intent of the law. Regulations should be extended beyond money raised and spent by political parties to the primary source of political corruption: the ability of public officials to direct government business unchecked to campaign donors. Competitive bidding practices should be reviewed, overhauled, and strictly enforced by impartial bodies and panels. By focusing on the benefits of competition, countries could go far in remedying the abuses of money in politics.

Public Funding Should be Considered, but Tied to Party Reform

Legitimate sources of political party financing must be made available to parties, particularly in developing countries where financial resources are limited. Various models of public funding exist around the world that can be adapted; however, the implementation of these systems should be tied to, or made conditional upon, reform of political party systems.

Section 1

A. Political Party Finance in Africa

Corruption related to political party funding poses one of the greatest threats to democratic and economic development worldwide. Corrupt election finance practices compromise the greatest asset of democracy: the faith and support of ordinary citizens in the political system. Opaque finances and undemocratic decision-making discourage participation in political parties and encourage cynicism about the prospects for reform.

Over the past three decades, the issue of party finance and political corruption has gained increased international attention, and a variety of officials and activists around the world have begun to address the problem through public awareness campaigns, legislative initiatives, reporting requirements, and spending limits. While these solutions have addressed some of the problems, implementation often depends on a sophisticated and well-funded spectrum of laws, enforcement regimes and political will to change—a combination of factors not easily found in most countries.

Political financing and corruption may represent a greater problem in Africa than in any other region of the world. With multiparty systems less than a decade old, and with governments facing ever-increasing challenges across the continent, African political systems remain fragile. Political corruption further undermines these weak systems, erodes the confidence of citizens, and threatens political stability in many countries.

Developing solutions requires an understanding of how money corrupts politics, which differs from country to country. Party finance in Africa is impacted by a number of political and social factors, including the post-colonial political history of most African countries; the cultural practices of patronage and gift giving in many countries; political constituencies based on tribal, ethnic and regional interests, rather than on ideology; and weak political organizations.

African political parties are weighted with historical, cultural, and economic handicaps. While multiparty democracy has fostered the development of civic and political rights, it has demonstrated only limited effectiveness in confronting the continent's economic and social problems. For millions of poor, illiterate African voters, the reality of political competition challenges the legitimacy of participatory democracy. For example, in a comparative series of public opinion surveys conducted in twelve African countries, the *Afrobarometer* found that in Southern Africa, despite widespread popular support for democracy, public attitudes towards representative government are less positive when "it comes to the key dimensions of trust, responsiveness, [and] corruption in governments."

Following the independence movement of the early 1960s, most countries in Africa evolved into one-party states that blurred the line between the nation and government. This led to a situation in impoverished countries wherein relatively wealthy ruling parties used state resources to buy political support. At the same time, a majority of African opposition parties or political movements representing alternative ideas were repressed, marginalized, or forced into exile, leaving them with few resources, no access to constituents, and weak organizational structures. As one-party states gave way to multi-party systems in the early 1990s, the disparity between ruling and opposition party resources was significant, and in most cases remains so to this day.

Recent appeals by civic activists and some political leaders for political party finance regulations and anti-corruption measures indicate a need to further balance the democratic playing field to ensure fair competition. The combination of increased skepticism by African voters and recognition of the problem by academics, activists, politicians, and civic leaders has created an environment for a more open debate concerning the need for greater reforms in the area of political party financing and corruption in Africa.

Although there is a growing awareness about the problems of party financing in Africa, solutions have not fully emerged. This is due in part to the fact that little empirical data exists to help understand the complexities of party financing in developing democracies. Approaches to impose legal restrictions on spending, reporting requirements on fundraising and campaign spending, and public funding for parties have failed because most African parties have insufficient capacity to comply with such regulations. At the same time, government agencies lack the ability to enforce laws and regulations.

B. Purpose of APPFI: Research Design and Methodology

The APPFI compares party and election financing practices in 22 countries, both in Africa and around the globe, in order to understand the ways in which money corrupts

APPFI in Africa	
Benin	Nigeria
Botswana	Senegal
Ghana	South Africa
Kenya	Tanzania
Malawi	Uganda
Mozambique	Zambia
APPFI in Europe	
Bulgaria	Macedonia
Croatia	Romania
APPFI in Asia	
Bangladesh	India
Cambodia	Nepal
APPFI in Latin America	
Guyana	Peru

the political process in emerging democracies. Research for such a comparison could not depend on published data and statistics; there are little available about the sources of funds, expenditure patterns, and the management of party resources. Instead it was necessary to interview those individuals directly involved in party financing—political leaders, candidates, government officials responsible for regulating political activity, and civic groups that engage in monitoring the political arena. By discussing the issues related to political corruption with a cross-section of respondents from different regions of the world, the APPFI was able to determine that common themes exist in unrelated political cultures, and that some guidelines can be deduced for political parties, governments, international development agencies, and democracy and governance implementers seeking to reform party and campaign finance practices.

The overall goal of the APPFI was not pure research, but to define practical tools for assisting sustainable development. In brief, the APPFI sought to:

- Provide an enhanced understanding of the broader governance issues associated with money in politics as they are experienced by leaders in emerging democracies
- Address concerns about the role of parties and campaign finance and related corruption
- Provide a profile of African democracies in terms of party financing issues and related problems of corruption
- Identify recommendations and tools for reform and technical assistance that can be provided to political parties, governments, and civil society organizations

As part of the study, a number of basic questions were asked, including:

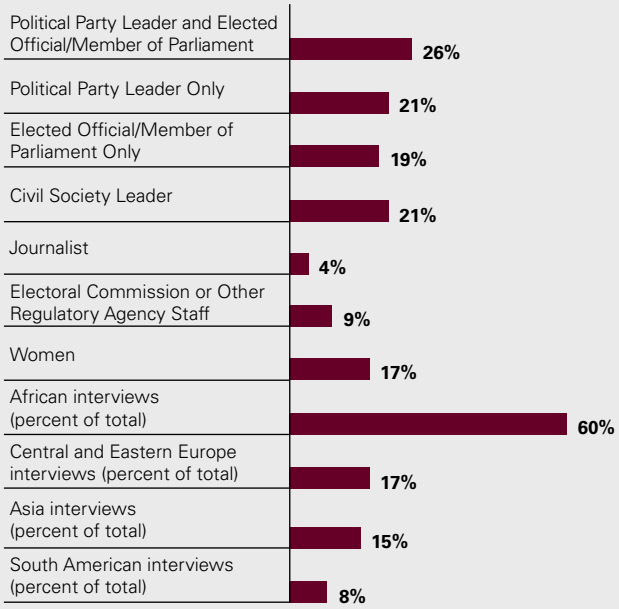
- How do parties and candidates raise money?
- How much money is being spent on campaigns?
- For what purposes is money being spent?
- What is the nature of the problems associated with money in politics?
- From the perspective of political actors, what works in addressing the problems?
- What solutions are being tried or proposed?
- What is needed in terms of technical and financial assistance?

In each country, researchers conducted up to 27 interviews, about two-thirds of which were with current elected officials, former elected officials, and/or party officials. While serving officials would have more up-to-date information, individuals no longer actively involved in politics were selected because they may be more likely to be candid about illegitimate or illegal political party financing practices. The remaining 20 percent of respondents comprised a mix of senior officials from enforcement agencies, such as election commissions and other ministries responsible for enforcement, academics, investigative journalists, civil servants with information about the use of state resources, or civic activists working on the issue.

In each country, the interview pool was representative of ruling and opposition political parties, gender, and where relevant, of elected representatives serving in urban and rural constituencies. In many countries, religious, ethnic and regional diversity were also considered. The long-standing and trusted relationships that NDI and its partners have with elected officials around the world enhanced access to off the record information that might not be available to others, and facilitated rapid access to interviewees in each country. Reassurances of confidentiality also increased interviewees' level of comfort.

The APPFI research incorporates a multi-method data collection approach, focusing on four distinct types of data: political party and campaign finance laws and regulations; in-depth, open-ended interviews with 440 selected political party leaders, elected officials, government officials and civic leaders; summary profiles of the electoral and party system features of each country; and narrative case studies for each country describing contextual factors. Over 900 pages of raw interview data were collected.

APPFI Interviewed 440 Political Party and Civil Society Leaders



The distinctive features of the APPFI study include the use of qualitative methods to help define the nature of the problem, that is, the perspectives of leaders in developing countries. The interview techniques allowed interviewers to go beyond the mere identification of laws and statutes to include the respondent's perspectives on the impact and effectiveness of legal strategies in combating corruption. In addition, by including political and civic leaders in the interview pool, a wide ranging discussion about the role of money in politics was engendered.

Each respondent in the interview pool was asked a set of similar questions from ten overall categories: 1) the interviewee's background; 2) challenges facing political parties; 3) laws and regulations affecting parties and spending; 4) campaign expenditures; 5) party funding sources; 6) management of party funds; 7) individual candidate campaign sources; 8) causes of high campaign costs; 9) implications of high campaign costs; and 10) options for reforming party financing.

The interviews—as a qualitative analysis data set—reflect more of a conversation than responses to discrete questions. As in a conversation, context and sequence are paramount, and individuals may select an aspect of the question or their response based on the depth or intensity of their interest or concern. Thus the answers to later questions may often respond to a question answered earlier, and items that are volunteered often have greater importance than the question asked.

In qualitative research, themes that are identified or volunteered in the process are quite powerful and, to the extent they are brought up by different interviewees, identify critical factors to be considered. Their prevalence and incidence among a broader cross-section of leaders or citizens can be established in later studies, but their identification is one of the major contributions of the APPFI study. The nature of the detailed questions, when combined with the overall honesty of the respondents, as well as inclusion of many detailed examples to buttress their points, means that this study provides a fairly comprehensive look at the nature and level of campaign and party finance issues in developing countries as the leaders themselves view the problems.

C. The Concern over Corruption and Party Financing

A majority of those chosen for APPFI interviews welcomed the opportunity to discuss the issue of political corruption; many remarked that the APPFI was the first concerted effort they knew of to recognize the corrupting impact of money in politics from the perspective of political parties. Their survey responses provide a complex picture of parties and campaign finance, opening a window into the sophisticated and even passionate concern that leaders—whether from civil society or political parties—bring to the issue of money in politics. Respondents were open and engaged in the interview process, and welcomed a frank and honest discussion about the many aspects of party funding: party corruption, lack of capacity within political parties, and the sometimes unrealistic expectations of voters. Respondents were willing to share personal experiences related to corruption, an encouraging sign of willingness to address the problems and find solutions.

Respondents offered many observations into the strengths and needs of emerging democracies. They consistently identified the root cause of corrupt political finance practices as too close a relationship among businesses, political parties, and government. To deal with this, respondents generally emphasized the importance of the political will to act over

Business Corruption vs. Political Corruption Perceptions of the Problem

62% of respondents are concerned about corruption generally

45% of respondents identified corruption related to business and the black market as serious problems

17% of respondents are concerned about corruption in the political and electoral system

reliance on legal and regulatory frameworks alone to combat corruption.

Nearly two-thirds of respondents spoke about different types of corruption, ranging from biases in public policy, deferential policies towards business, criminal and drug money, vote-buying and patronage, buying positions on party lists and nominations, and the illegal use of state resources. They also discussed party switching or poaching, payoffs to business, and institutional corruption in the police and judiciary.

While a majority of respondents shared concrete examples of corruption in party financing, relatively few were able to provide concrete details of party finance figures such as those found in developed countries with elaborate campaign finance regulations. This suggests that little is known about the details of money in politics—either by leaders and members of parties, or by candidates. Even though approximately two-thirds of the questions included detailed probes concerning estimates of party and candidate fundraising sources and expenditures, only three out of five respondents were able to provide even one numerical estimate. Party fundraising is opaque; decisions about raising and spending money are usually made by an individual, rather than by a collective, accountable decision-making body.

For a number of respondents, lack of transparency within political party decision-making was mentioned in response to questions about party and campaign finance. Even party leaders and elected officials lacked access to their own party accounts—a pervasive problem across regions.

D. Sources of Political Party Funds

While many observers speculate that political party funding in emerging democracies is often from illegitimate sources, APPFI survey results reveal that normal party-related activities, such as those common in western democracies, generate the biggest tranche of party funds. In analyzing the results from all 22 countries, 34 percent of respondents reported that the largest single source of party funds come from membership dues and levies on party officeholders, party fundraising events, donations and in-kind contributions from party members, and proceeds from party-owned businesses. In the non-African countries studied, 40 percent of respondents cited party-related activities as the largest source of funds, possibly indicating that higher per capita income levels, coupled with older and more established political parties, allowed parties to generate more income.

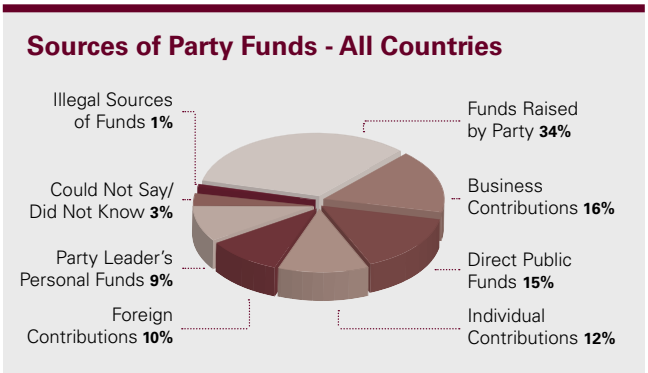
In some countries, particularly in Asia, parties ask their elected representatives to donate a portion of their personal income or salary to the party. In Cambodia, for example, members of parliament, ministers, and provincial leaders are required to submit portions of their monthly salaries to the party. Similarly in Bangladesh, a religious-based party requires all members of parliament and local elected officials to pay a religious tithe to the party—approximately five percent of their annual salary. This is also a common practice in other regions of the world, such as Peru, where many parties ask elected officials to pay 10 percent of their monthly salary to their party, and in Macedonia, where members of parliament and local officials pay the party between three and five percent of their salaries.

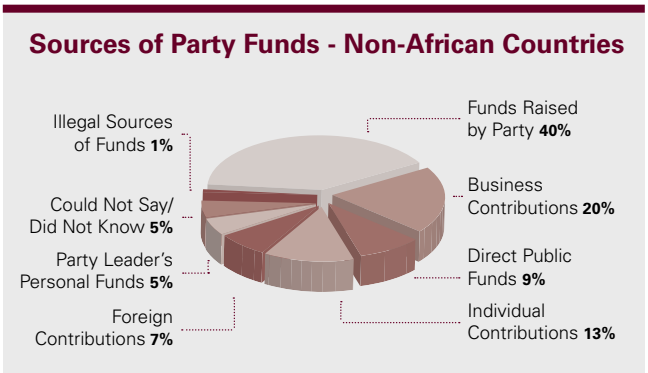
At least 16 percent of all respondents stated that business contributions make up the largest tranche of party funds, making the business sector the second largest source of party funds reported in the APPFI research. While the definition of "business contributions" varied from country to country, there was a consistent reference to either individuals or organizations from the business community who were not part of the official party, with separate and distinct interests and reasons for giving financial support. As will be discussed later in subsection I, business participation in electoral and party politics is of concern to many political elites and is seen as a source of corruption and cooptation in many countries.

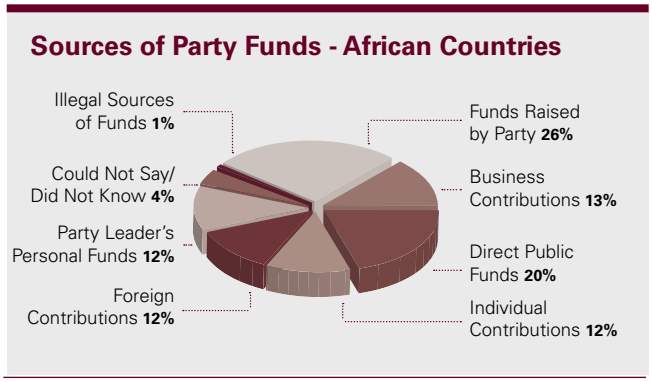
It is worth noting that there is greater reliance on business contributions in non-African countries, with nearly 20 percent of interviewees citing business contributions as a major source of party funding, compared to only 13 percent of African leaders. Again, this may be explained by the existence of a broader economic base in many of the non-African countries studied, representing more opportunities for fundraising than in most of developing African economies.

The third largest source of funds was reported to be public financing**,** either through direct government payments to political parties or a combination of in-kind resources and subsidies from the state. These "in-kind" resources ranged from vehicles to computers to ballots for party conventions.

The fourth source of funds, as cited by 12 percent of respondents, was reported to be legitimate contributions from individuals outside the party, including individual citizens, private benefactors, and individual candidate contributions to the party. What differs greatly from western party sources is the low levels of contribution from special interest groups, and their lack of involvement in funding parties. Very few respondents (less than two percent) reported that party funds were forthcoming from constituencies such as labor unions, teacher organizations, legal societies, or other specialized interest groups. Parties have either not found a way to appeal to organized groupings of individuals who represent different issues, or there may simply be fewer special interest groups in the developing countries studied.







NOTE: Percentages reflect number of times the funding sources were cited as a principal revenue resource, based on all respondent interviews.

The other two significant sources of party funds were reported to be foreign contributions and party leaders' personal funds—each cited by approximately 10 percent of all respondents. Foreign contributions, while not specifically defined in the discussion guide, appear to come from three distinct sources: 1) diaspora communities; 2) like-minded or sister parties from other countries; and 3) foreign governments. In countries with large or wealthy diaspora, parties often maintain chapters in the United States, Europe, and other parts of the developed world. These overseas chapters raise funds for campaigns and general party operations. The extent to which such donors expect or receive favors in exchange for their support is unclear; favors are likely to include high-level government positions and business contracts.

In one African country, respondents mentioned that Muslim candidates have opportunities to access funding from Arab states, and some confirmed that their party president receives significant funds from Libya. Some political leaders in Bangladesh noted that their parties receive money from both Pakistan and Saudi Arabia. Others respondents indicated that they receive financial support from like-minded parties overseas.

Leaders of political parties play a key role in party finance. Party presidents were commonly referred to as the primary fundraisers and one of the main donors to the party. These individuals draw upon their personal funds as well as their contacts, both domestic and international. In many instances, party offices are housed in buildings owned by leading party members. Given the organization's dependence on these wealthy individuals, either as fundraisers or as contributors, any significant degree of internal democracy may be difficult to achieve. As one West African election official explained, "the party leader is the principle source of funds, and no one can control or reprimand him because it is his money, and therefore it's his business."[1]

APPFI researchers specifically asked questions about illegal sources of funding, and while some individuals remarked that proceeds were raised from individuals involved in drug trafficking and illegal timber exports, only one percent of all respondents reported illegal activities as a source of party funds. Nevertheless, respondents in particular countries did register an increase of illegal funds into party activities and expressed concern over the influence that illegal activity has on politics. In Guyana, for example, a majority of respondents noted that the influx of drug trafficking proceeds from Columbia and other Latin American countries is increasing, which increases competition for political power in the country.

E. Management of Political Party Funds

Nascent political party systems are often characterized by poor internal decision-making and management systems. A majority of respondents throughout the countries surveyed concurred that there is little transparency or accountability in the management of party funds. Fewer than one in three respondents said that their party had an accountable system or process in place to manage party funds. An even smaller group claimed that their party had an audit system.

1. Benin, Election Official, Interview 12

In a majority of countries, fundraising, to the extent that it exists in a strategic form, it is handled by a small group of individuals—often leaders within the party. One in five respondents identified this type of party management. Procedures for recording financial transactions are weak, due to mere negligence, lack of capacity, or purposefully to prevent evidence of illegal activity. Most party officials described a system for approving expenditures typically involving a small group of individuals or the party leader him or herself. Often the financial decisions were said to take place in secrecy.

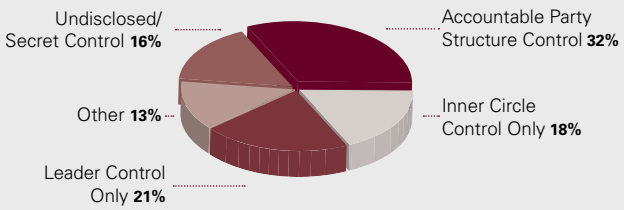
In one Asian country, an elected member of parliament who also serves as a party leader voiced a common concern expressed by many respondents that "there is no transparency with respect to the sources of money spent on behalf of the party, and party financial reports are not made available to party members."[2] Similarly, in Macedonia one respondent described a common situation where only "a very close circle of people has access to funds, such as the secretary general, the vice president, and the party leader. A maximum of two to three people have this access. They do not even share information on the budget with their political colleagues and are not transparent before the wider party. Only sham budgets are discussed."[3]

In Ghana, several respondents suggested that some party leaders maintain a specific policy not to keep any party funds in bank accounts. Similarly, in Nepal, some interviewees mentioned that although their party did maintain a bank account, transactions during the election period where not handled through this formal and traceable channel. One south Asian civic leader noted that "because there is no internal party democracy, there are no checks and balances on the parties financial practices . . . the party leader makes all the decisions regarding finances for each party, and even top party officials have no idea where party funds come from or how they are managed."[4] In the absence of adequate reporting procedures, it is likely that many political parties have lost or wasted funds. Since the parties themselves often keep poor records and do not expect their candidates to do any better, they do not maintain the information required to fully and accurately comply with disclosure laws.

One elected representative confirmed that in line with her party's stance on personal and public integrity, the party president asked each candidate to submit reports on how their campaign was financed; however, respondents from that same party did not know where it received its funds, or who the funding sources were. In the absence of comprehensive and transparent procedures for managing funds, internal democracy also becomes compromised, and management of party funds becomes vulnerable to fraud.

In a number of the countries researched, respondents noted that larger political parties were more likely to flaunt regulations, in some cases quite openly. In several countries it was said that smaller parties appeared more committed to public disclosure and indicated their desire to be internally open and transparent. Possible explanations for this include: (1) Since many large donors contribute funds to gain access to and influence over those in power, they tend to support larger political parties with a better chance of winning, leaving the small parties to rely on small contributions; (2) In some cases, "ethical" parties are nascent and therefore small, having been recently created to offer alternatives to larger parties that are perceived to be "corrupt"; (3) Smaller parties may also be aware that given their limited influence, they could more easily be made scapegoats should the larger parties want to demonstrate efforts to enforce the law.

Management of Party Funds



F. General Sources of Candidate Funds

For individuals who decide to participate in electoral politics in the countries surveyed, APPFI data reflect three important trends: (1) Candidates must largely finance their own campaigns; (2) Political parties generally do not play a significant role in raising money for candidates; and (3) Businesses are reluctant to finance individual candidates. The personal financial burden on the individual is therefore high, in a game of extreme risks.

In analyzing the results from the 22 countries studied, almost 50 percent of all respondents reported that individual candidates have to personally provide the majority of funding

2 Cambodia, Political Party Leader and Member of Parliament, Interview 3

3 Macedonia, Journalist, Interview 15

4 Bangladesh, Civil Society Leader, Interview 1

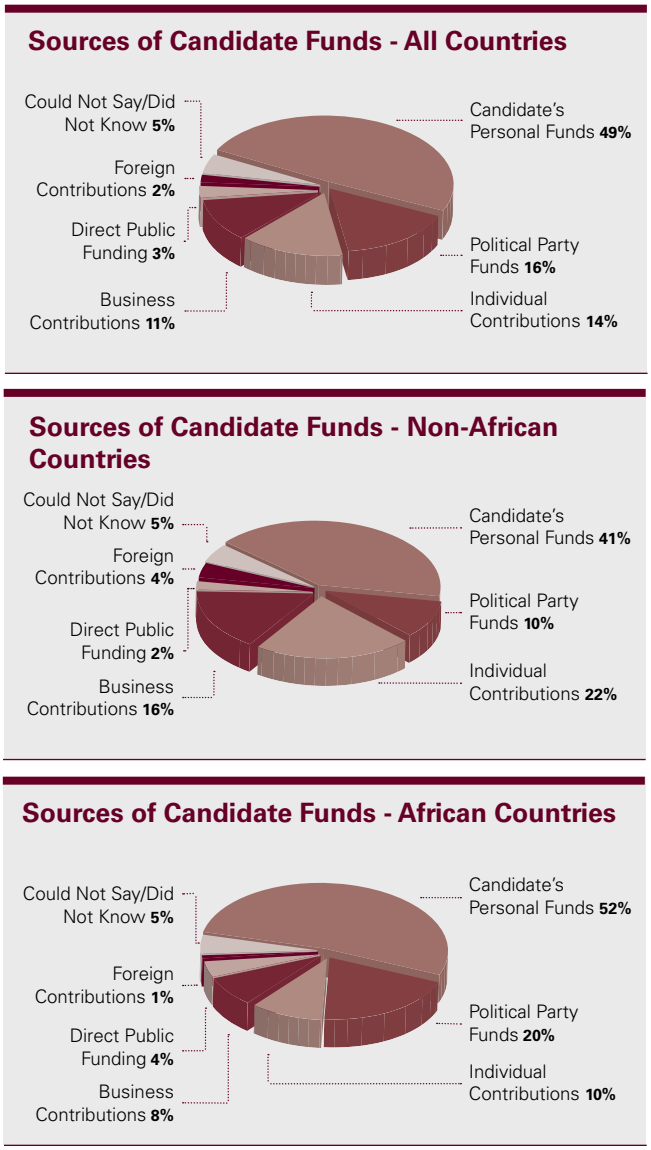
for their political campaign or candidacy. Fifty-two percent of respondents in African countries noted that the funding for individual campaigns was from personal resources, including family, friends, and personal business funds. In comparison, only 41 percent of non-African respondents cited personal funds as a major source of candidate funding.

Because most candidates are self-financed, respondents expressed widespread concern that elections are increasingly dominated by three types of politicians: wealthy individuals who seek office to represent their own business interests; individuals who are financed by a wealthy benefactor whom they serve as proxy once elected; and individuals who go into personal debt in order to finance their campaign. Repeatedly, across regions, stories were told about individuals who ran for office, lost their businesses, or almost went bankrupt. One civic leader remarked, "By the time the campaign was over, individuals were broke."[5]

In some countries, an expensive first step in running for office involves paying the party during the nomination process. One political party leader in Kenya noted that "for the nomination, as much as 90 percent may come from your own personal money. You have to spend your lifetime savings, sell properties, maybe take a loan . . . and if you lose the nomination you'll be struggling for a very long time. Candidates often end up selling their houses, cars, and other assets in order to pay debts incurred while campaigning."[6] Even candidates who win often end up bankrupt, making it impossible to service their constituencies. Some members of parliament "just stopped visiting their constituencies since they didn't have the money to meet the demands."[7]

A consistent concern was expressed throughout the survey that this financial burden on the individual candidate is the beginning of a cycle that eventually leads to corruption and undermines the ability of reformers to successfully bid for elected office. This finding, striking in its emphasis by most respondents, is discussed in more detail in subsection I, below.

While the campaign finance burden may fall largely on the individual candidate, political parties do appear to play a role, as 16 percent of respondents identified the party as a major source of candidate funds. The amount varies significantly from country to country and from party to party. In African countries, 20 percent of respondents reported that parties contribute to an individual candidate's campaign expenses. On occasion, party officials claimed that funds



NOTE: Percentages reflect number of times the funding sources were cited as a principal revenue resource, based on all respondent interviews.

were distributed according to candidate need. For instance, more resources might be put towards a constituency fielding a candidate with limited resources, as opposed to a wealthy candidate able to fund a greater portion of his/her campaign. Other party officials claimed that all candidates received an equal amount of money from the party.

Elected officials gave differing reports on the pattern of funds contributed by their party. A female member of parliament in one southern African country had heard that male

5 Ghana, Civil Society Leader, Interview 3

6 Kenya, Political Party Leader, Interview 6

7 Malawi, Political Party Leader and Elected Official, Interview 2

candidates for her party received three times as much as she did. Others indicated that in addition to whatever funds were officially allocated by their party, they received a supplemental donation from a leading member of the party.

Party support to candidate campaigns sometimes come in the form of in-kind contributions. In Peru, for example, party support is primarily in-kind, such as generic party campaign paraphernalia. Respondents indicated that the ability of a party to support its candidates largely depended on whether the party is an incumbent or seeking to control the government. Incumbent parties are reported to have greater success at raising funds from powerful business interests and individuals, and can also exploit state resources directly or indirectly. In one west African country, for instance, an incumbent party was reported to have provided each of its legislative candidates with a vehicle for their campaigns. Researchers heard reports of development projects being timed to produce visible results in the immediate lead up to elections.

In addition to party funds, 14 percent of respondents noted that individual contributions are a significant portion of candidate campaign finance. These contributions range from individual donations to small groups of individuals, including interest groups, private benefactors, and "godfathers." There were some instances reported of party leaders providing direct support through a personal contribution to a candidate.

Business contributions to individual candidates are reportedly less common: only 11 percent of all respondents identified business as a top source of funding for candidates. Public funding and foreign contributions for individual candidates were almost negligible. One of the reasons cited for the low levels of contribution to individual candidates was a predominant feeling within the business community that "the ruling party often punishes business people that are seen to contribute to the opposition. These companies have their trading licenses revoked or are pursued by the revenue authority, which produces false invoices indicating the companies' indebtedness."[8] Although business contributions to African candidates is reportedly insignificant, over 16 percent of respondents in non-African countries cited business as a significant source of candidate funds.

The data suggest a great risk of personal debt for many candidates. In many countries the party becomes obsolete, and issues such as party ideology, platform, or policies are almost irrelevant. Given that many of the countries in the APPFI study are parliamentary systems, where the party should in theory be playing a role in recruiting, socializing, and training candidates, this yields a troubling picture. In effect, the party is often replaced by the wealthy individual, the godfather, and the business interest.

G. Political Party and Candidate Patterns of Expenditure

Many observers have speculated that parties and candidates in developing countries spend a significant portion of campaign funds to illegally influence voters. Few respondents in the 22-country APPFI study, however, said that illegal or corrupt practices were a major portion of campaign expenditures. Perhaps surprisingly, respondents indicated that in most developing countries, political parties spend the majority of campaigns funds for a legitimate purpose—to reach voters and campaign for office. The challenge to contact voters in an effective manner differs from country to country and within regions of any one country, depending chiefly on transportation infrastructure and the availability of communication media. Reportedly, the use of money to buy votes or provide direct benefits to voters is less than all other categories of expenditures in the countries studied: only 12 percent of all respondents listed some form of vote-buying or direct benefits as one of the top campaign expenditures.

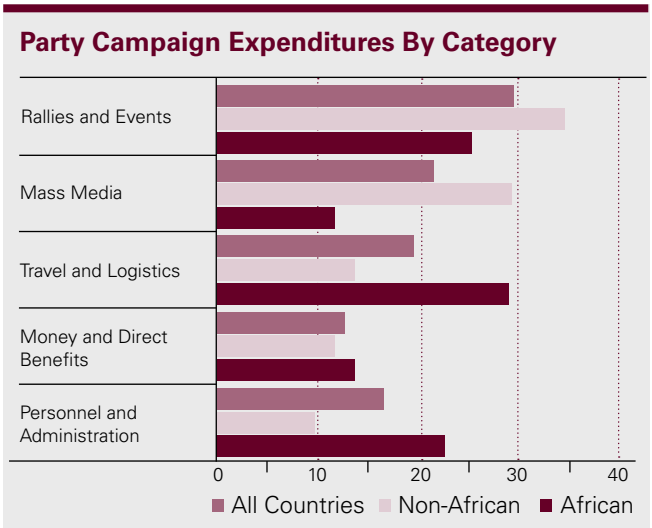
Party Expenditures

The majority of funds spent by political parties are reportedly spent on direct voter contact through rallies, meetings, and political events, where parties can actually come in contact with voters, make speeches, and distribute campaign materials. Over 30 percent of respondents in all 22 countries reported that all party funds are spent on these types of events. One member of parliament in Malawi explained that costs were high for rallies and meetings because "you have to give allowances to organizers and food to attendees, as well as money for public announcement systems, security, and transportation."[9]

The ability to make direct voter contact at rallies and meetings, however, is heavily dependent upon access to transportation. Reaching voters often requires huge cash outlays, particularly in developing countries where large portions of the population are located in rural areas not accessible without large, expensive vehicles. For example, one member

8 Zambia, Political Party Leader, Interview 9

9 Malawi, Member of Parliament and Political Party Leader, Interview 7



of parliament from Peru explained that he spent at least 60 percent of his campaign funds on transportation, because his province is in the dense jungle with very few roads, requiring him to rent boats and four-wheel drive vehicles. In the 22 countries surveyed, at least 20 percent of respondents reported transportation as the highest cost category for parties. In Africa, 30 percent of respondents stated that transportation is the single largest party fund expense. Access to transportation and vehicles is not merely needed to reach voters, but for a variety of other matters. As explained by one member of parliament in Malawi, his vehicle was used "not just for campaign activities, but as a hearse, an ambulance, and for moving constituents to other destinations."[10]

Media outreach to voters is considered a significant expense by 21 percent of all respondents. In non-African countries, where media, especially television, is more accessible, almost 30 percent of respondents cite media as a major party expense. As one party leader from Macedonia pointed out, "because the electorate is becoming more sophisticated, we need to convey our message in a more sophisticated way, too. If it's not on TV, it doesn't matter."[11] Only 12 percent of respondents in African countries cite media as a top expense, perhaps because there are fewer independent television outlets and lower rates of television ownership in those countries.

Employing and supporting campaign staff is another substantial cost associated with party and candidate activities, as 17 percent of all respondents noted. In most of the countries surveyed, candidates and parties have few permanent, paid staff. Instead, candidates often cover some of the costs incurred by their "helpers" including transportation, food and other unspecified stipends according to their ability. In non-African countries, the costs associated with personnel appear to drop significantly: only ten percent of respondents identified staff expenses as significant. This may reflect a stronger culture of volunteerism within older, more established parties in countries with higher socioeconomic indicators.

In Africa, however, at least 20 percent of respondents characterized party outlays for personnel as among the highest. This was explained by some as the result of high levels of poverty; "volunteers" see campaign work as an opportunity to earn income or at least to get food, rather than to give their time freely. As one civic leader noted, "parties depend on volunteers, and their level of commitment is very low. If unemployed persons volunteer, then they expect something for their services."[12]

Spending to provide direct financial benefits to voters and supporters, including vote-buying, was the lowest overall expense category reported. While the interviews reflected a high level of concern about the impact of money and direct benefits on voters, such activity was not a significant percentage of total campaign outlays. In the 22 countries surveyed, only 12 percent of respondents noted that funds went to provide money and direct benefits to voters. Importantly, of the 12 percent who raised this as an area of expenditure, less than four percent said it was directed at targeted vote-buying, bribes, or intimidation. While this issue will be discussed in more detail in subsection H, it appears that the widespread assumption that vote-buying is one of the highest costs of party expenditures may be misplaced.

Candidate Expenditures

Expense patterns for individual candidates are similar to political party spending patterns. Resources used for direct voter contact through rallies, political events, and the use of campaign materials mirror party expenditure levels. In the surveyed countries, 27 percent of all respondents reported that expenditures for direct voter contact were among the most significant related to an individual campaign. Thirty-six percent of non-African respondents cited rallies and political events as the single largest expenditure category in their countries.

Media expenditures, however, are far less for individual candidates than for political parties. Overall, only five per-

10 Malawi, Member of Parliament, Interview 18

11 Macedonia, Political Party Leader, Interview 4

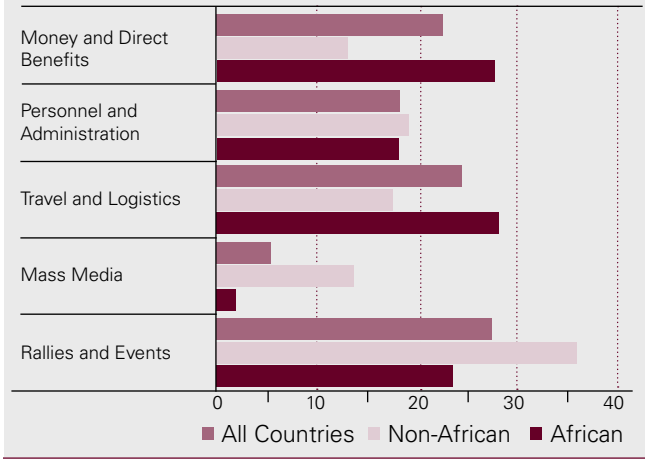
12 Botswana, Civil Society Leader, Interview 4

cent of respondents noted media as a significant area of candidate expense. In non-African countries, 13 percent of those interviewed said candidate media expenses were significant; in African countries, it drops to an insignificant level with only two percent of respondents noting it as an expense. This may reflect that in national campaigns, media outreach is critical, particularly for a party and its presidential candidate. However, when candidates run for office in most single member constituencies, their efforts are focused on a particular geographic region that is often inaccessible to media and more easily reached through direct voter contact.

Transportation remains a significant burden for candidates, who are likely to be solely responsible given that party resources are unavailable for expensive items such as cars and trucks. In developing countries lacking infrastructure and a nationwide network of reliable roads, candidates incur significant costs to conduct voter outreach and to deploy party pollwatchers. In Africa, 30 percent of respondents say transportation is the single largest campaign expense.

Based on the data collected it appears that individual candidates do pay out directly to members of the community when they run for office. The next section discusses direct benefits paid to voters and vote-buying as campaign expenses.

Candidate Campaign Expenditures by Category



H. Direct Benefits, Vote-Buying, and Intimidation

Respondents were asked specifically about vote-buying to probe various perceptions of the practice, to determine how great a problem it is, and to identify strategies to combat the practice. Nowhere in the interview was vote-buying defined; instead, respondents were allowed to define it in any terms that made sense to them.

The survey results reveal that while vote-buying is a concern, and specific examples of the practice were offered from respondents in each country surveyed, it is not a predominant expenditure, with less than fifteen percent noting party or candidate vote-buying expenses. In addition, the responses about vote-buying and direct benefits reveal a continuum of practices that range from basic party campaigning and legitimate party appeals to institutionalized corruption. In some instances there were country-specific definitions of vote-buying.

On one end of the spectrum, some respondents compared vote-buying to legitimate party appeals practiced in the west, such as making policy commitments to voters through campaign promises. This was the view of one party leader in South Africa who said that "effectively all election campaigns are about vote-buying. The promises that the parties make are ultimately to entice the voter to vote for them."[13] Similarly, others said, "promises are made about employment, about goods. Votes are basically bought in advance."[14] While these definitions clearly do not fit with the corrupt practices normally thought of as vote-buying, they might reflect a disturbing cynicism that parties and candidates who are elected based on policy platforms do not take their obligations seriously. As one member of parliament noted, "Once they get in to parliament, politicians know that they have no obligation to the electorate and act without consideration for their welfare."[15]

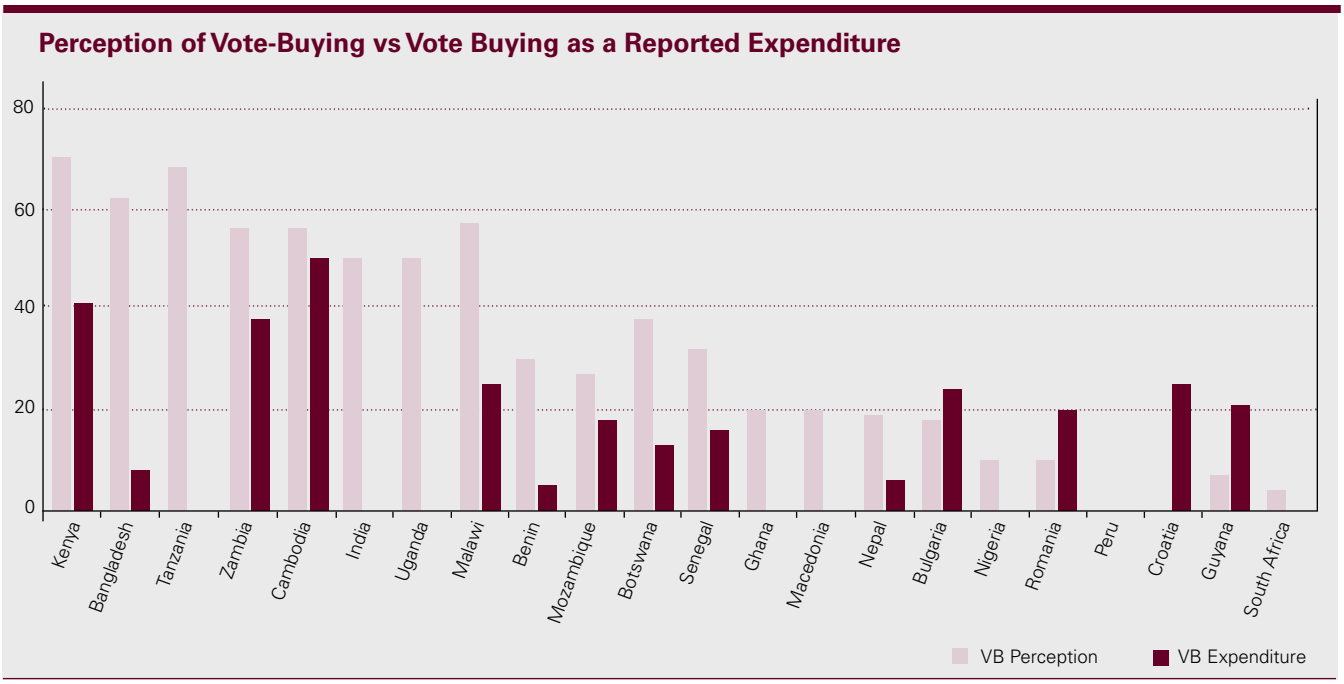
Many respondents across regions opined that the practice of vote-buying is not corruption per se, but is a result of poverty and lack of development. One party leader in Cambodia asserted that because "fifteen percent of the population lives in abject poverty without enough to eat, it doesn't matter how idealistic you are. You must buy votes and there is no value in discussing policy."[16] Often vote-buying was described as

13 South Africa, Elected Official, Interview 3

14 Macedonia, Civil Society, Interview 1

15 Uganda, Member of Parliament, Interview 7

16 Cambodia, Member of Parliament and Political Party Leader, Interview 9



part of the social fabric of societies, where political and social leaders provide services to a community when basic services are not available or are not provided by government institutions. One member of parliament in Malawi described how he had to give money and donations on almost a daily basis in response to requests from his constituents; he said that he is "constantly torn between wanting to do something in response, and being limited by the reality of his own resources."[17] Other respondents spoke about vote-buying in terms of distributing developmental assistance to villages, such as installing water pumps or providing medicine.

In Kenya, for example, it is a common practice for individuals and organizations to organize *harambees* to raise funds for personal and public projects such as school fees and rehabilitating or building schools. Over the years, this tradition has become a political tool by which civil servants were forced to make donations or lose their jobs. Often, politicians used harambees to spread their influence, awarding contracts to the most generous contributors. Concerns over the link between harambees and corruption recently led to the establishment of a Harambee Taskforce empowered to investigate. In neighboring Tanzania, a similar practice known as *takrima* allows candidates to legally give gifts to their constituents prior to elections.

Although parties and candidates cannot be certain of the impact of vote-buying, as one of the smaller components of many campaign budgets it constitutes a costly risk. Interviewees in several African countries claimed that increasingly, as citizens improve their understanding of democratic processes and the secret ballot in particular, they will take the money and gifts offered but vote their conscience. A Transparency International-Kenya study found that 54 percent of Kenyans would accept gifts of money from candidates, but of that number only two out of ten would vote for the candidates who gave them the handouts. In Nepal, there was general consensus among respondents that electoral success was not directly proportionate to money spent—they cited examples of candidates engaged in vote-buying who lost to more charismatic opponents.

Other indirect forms of vote-buying included gifts to various opinion leaders, to secure their support and that of their followers. In Bangladesh, several respondents noted that they had to give money to local godfathers and patrons in order to get support in a particular community. Some of these practices overlapped with traditional customs whereby visitors seeking audiences with traditional chiefs are expected to offer schnapps and other items. Others make cash or in-kind donations for local projects, such as funeral expenses and school fees. In some cases, gifts are distributed to an entire village or church congregation, such as canned meat or fish, maize, used clothing, and other commodities.

Additional definitions of vote-buying encompassed fraud, violence, party switching, and institutionalized corruption involving the police and the judiciary, although as a percent-

17 Malawi, Member of Parliament, Interview 8

age of overall expenditure, it remains low. One definition of vote-buying, heard particularly in South Asia, fell in to the area of using money to "purchase muscle" or young men who could intimidate voters. In Bangladesh, for example, a former public official said that "a significant electoral expense for candidates is the purchasing of *mustans*, or armed hooligans, who are paid to disrupt the elections."[18] Similarly, in Nepal, a party leader said, "Money, muscle, and mafia are what determine the outcome of elections."[19] Likewise in India, respondents spoke of candidates hiring muscle men to intimidate voters in areas supporting the opposition.

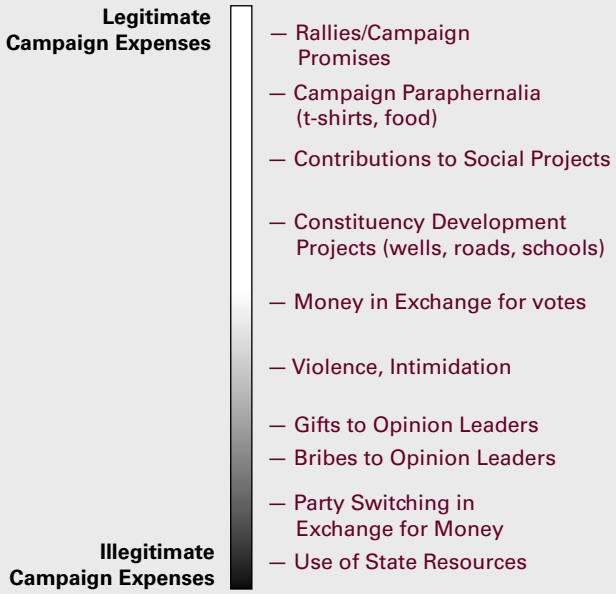
A purpose of vote-buying is often to neutralize or co-opt the political opposition. One respondent noted that his party's candidate in a particular constituency accepted funds in exchange for stepping down, resulting in an uncontested race. While this practice may exist on other continents, concrete examples were provided in the southern Africa region, where a civic leader noted that "bribes pass from the ruling party to the opposition to buy their votes or their membership into the ruling party."[20] A slight variation was discussed in Zambia, where respondents described instances of the government using taxpayer money to buy opposition members of the legislature, who then cross into the ruling party. The incentive cited was that, when one becomes a member of the ruling party, "MPs are more likely to have access to money, cars, fuel and houses in wealthy neighborhoods."[21] In a neighboring country, opposition politicians were said to have been bought-off by the ruling party, becoming independents, and then voting along with the ruling party on important legislation.

Other examples of vote buying described practices of institutional corruption where money was used to buy and or destroy voter cards, or where "candidates buy election registration certificates from the electorate and keep them away from voting" or "the ruling party buys the identity cards of voters such that on the day of the elections they cannot cast their vote."[22]

Political party representatives often placed voters themselves at bottom of the vote-buying problem, citing their illiteracy and lack of familiarity with democratic principles. They pointed to an expectation, especially in rural areas, that candidates will provide handouts to voters. At the same time, opposition political parties accused ruling parties of exploiting the benefits of incumbency, forcing them to compete by using costly vote-buying practices. Some officials in Malawi regretted that in their efforts to secure power, their parties' spending patterns helped create voter demands and expectations for handouts.

Social commentators held political parties responsible for their failure to mobilize supporters on the issues, and for buying-off voters with gifts, particularly when they failed to deliver on unrealistic campaign promises. Numerous respondents suggested that civic education on elections and voting would reduce such problems, especially if parties are also trained to rely on realistic issue-based platforms rather than handouts. In some countries where political party capacity has not grown to meet the needs of disenchanted voters, such as Peru, social movements have mushroomed to fill in the legitimacy gap, and may be further weakening political parties.

The Continuum of Vote-Buying
Respondents' Perceptions and Definitions



18 Bangladesh, Former Public Official, Interview 11

19 Nepal, Political Party Leader and Member of Parliament, Interview 6

20 Botswana, Civil Society Leader, Interview 1

21 Zambia, Journalist, Interview 16

22 Malawi, Political Party Leader and Member of Parliament, Interview 1

I. The Intersection of Business and Politics

APPFI interviews posed many specific questions about the corrupting influences of money in politics, but at no time specifically asked about the role of business in politics, or whether business was a corrupting influence in politics. Nevertheless, 50 percent of all respondents were prompted to volunteer information about the many ways the business sector impacts politics in developing countries. All of the responses occurred spontaneously and in reference to other questions, including questions about the challenges facing parties, about candidate and party funding sources, in connection with governance issues, and in terms of the high cost of campaigning.

Business and Politics

50% of all respondents expressed the view, without prompting by a particular question, that money from the business sector is a negative influence on political parties, and on governance in their countries.

A number of respondents suggested that in emerging democracies, the impact of business may actually be to stifle political development by closing access to power. They cited as evidence the number of rich businessmen getting involved in politics to "gain access to and control of capital, contracts, and construction."[23] The political establishment was described as a circle of wealthy business interests who make political decisions based on self-interest rather than the public good. As a result, political development becomes subservient to dominant power groups, particularly those with business interests.

Business interests also stifle political development by reportedly tending to favor parties in power, leaving opposition parties with few resources to represent new interests, including reform. This was most commonly reported in Africa and in Asia, where business was cited as the smallest source of funds for opposition parties. In one southern African country, a political party leader noted that "there is a growing fear among businesses that you must give to the ruling party and that it is dangerous to give to opposition parties. Those who have contracts with the state are afraid that they would lose their contract if it were known that they contribute to an opposition party."[24] By freezing out opposition parties and candidates, business sets a preference for status quo regimes that can perpetuate abuses of state power to maintain their power bases. Some respondents commented that business supporters are reluctant to make donations to anyone other than the flag bearer or party president, because they want to be certain that their contribution is recognized and will be remembered when it is time to call in the favor.

The influence of business was also cited as a problem with respect to candidates and their ability to make independent choices once in office. As discussed earlier, the burden of financing campaigns often pushes candidates to work with "godfathers" or benefactors who underwrite campaigns and then expect a financial return on their investments. Many respondents noted that parties and candidates serve at the whim of godfathers. One elected politician in east Africa suggested that "candidates are literally prisoners of the sponsoring individuals, interest groups or corporate organizations who they expect to do their bidding once they are in parliament . . . such politicians vote according to the wishes of their masters."[25] In one eastern European country, a party leader and member of parliament described a situation where the ruling party is said to "identify businesses that are in debt to the state, accept funding from them, and then erase their debt."[26]

Perhaps the greatest threat to developing countries from the business sector is its power to undermine the economy and transform the nature of government. When business interests control the financing of parties and, to a limited

The Negative Influence of Business Varies by Region

67% of respondents in **South America** are most concerned about criminal or black market influence on politics.

49% of the respondents in **Central/Eastern Europe** feel that cash contributions from businesses result in improper influence on the political process.

26% of respondents in **Asia** view politics as a venue for personal enrichment.

29% of **African** respondents view politics as a venue for personal gain.

23 India, Journalist, Interview 6

24 South Africa, Political Party Leader, Interview 7

25 Uganda, Member of Parliament, Interview 5

26 Romania, Member of Parliament and Political Party Leader, Interview 4

extent, the financing of particular candidates, the quid pro quo becomes the award of government contracts. Contributors and donors sometimes have very specific requests in exchange for their contributions—whether preferential consideration if bidding on a parastatal slated for privatization, a particular ministerial portfolio, or ambassadorships. One political leader in Mozambique noted that the relationship between the ruling party and the private sector is "fraught with corruption, particularly as the government privatizes state-owned companies."[27]

Several respondents also mentioned that the dominant role of business in developing countries sometimes opens the door to black markets and criminal activity in political financing. For example, in Peru, it was noted that "only the persons with money can run for office because of the high costs involved . . . and the only ones with money are those with connections to the drug traffickers."[28] A related concern raised by respondents was that accepting money from donors can often lead an elected official to complicit involvement in organized crime. As described by a member of parliament and political party leader in Macedonia, "it is hard to find a donor who won't expect special treatment or favors in return for their money. This can lead to connections with organized crime. Such people may give a donation to the party and three days later call and ask you to have their trucks at the border, waived of any tax payment."[29]

Direct funding from the business community is extremely opaque and often difficult to monitor, even in countries where business contributions are legal. Respondents across regions commonly referred to the need for large donors to keep their contributions out of the public eye and noted that businesses often prefer to make donations to an individual. In one West African country, a respondent shared a personal experience that is illustrative of the nature of political party financing practices in the country. The respondent, while serving as campaign manager for a presidential candidate, met privately with a prominent businessman, at the businessman's request. The businessman presented the respondent with a briefcase containing $100,000 in cash as a campaign contribution. He asked the campaign manager to inform only the candidate about the donation. There was no written record of the transaction.

The power of business sector money over some elected officials is such that they are unduly influenced or possibly completely co-opted. One Kenyan political leader described this dilemma by saying "we are choosing the wrong leaders, who don't have the interest of the people in their heart. We vote for the rich people, not because they are leaders, not because of their vision, not because of policy. We vote for people who only want to protect their own wealth."[30]

J. Legal Frameworks, Public Funding, and Enforcement

Problems related to party financing and corruption in many western democracies have been addressed through a series of efforts to curb the excesses of money in politics by enacting internal party reforms, legislative measures requiring spending limits and reporting of campaign funds, and public funding. The process continues in the United States and in European countries, where decades of public scrutiny and debate have yet to resolve many of the corrupting influences of money in politics. Nevertheless, legal and regulatory frameworks have been held out as necessary to curb some of the abuses related to party financing.

Countries included in the APPFI study have adopted a variety of legal systems to regulate political party financing, which can be grouped broadly in four categories: (1) disclosure requirements, (2) spending ceilings, (3) restrictions on donations, and (4) public funding. While enacted legislation may have targeted specific political activities or conduct, in many cases political party financing laws may also have generated unintended consequences. Respondents also identified a number of legal frameworks apart from party financing that serve to define party functions, dealing with party registration, recognition of parties in the parliament, and floor-crossing requirements.

A preponderance of responses indicated that legal and regulatory strategies do not necessarily result in reform, in part because they are too difficult to monitor and enforce. A key theme echoed by many of those interviewed was the concern that passage of laws alone is not the answer, and that enactment of laws that are universally disregarded and unenforced creates disrespect for the law and may make corruption worse. One member of parliament underscored this point by stating "the political parties law is anachronistic and is followed by no one. The funds required for campaigns are now so colossal that parties rely on undis-

27 Mozambique, Political Party Leader, Interview 4

28 Peru, Member of Parliament, Interview 1

29 Macedonia, Political Party Leader and Member of Parliament, Interview 9

30 Kenya, Political Party Leader, Interview 11

closed sources of income. If party laws were implemented, all of the country's major political parties would be sanctioned."[31]

Some respondents suggested that party financing laws go unenforced deliberately because ruling parties who control government do not want to hamstring their own fundraising efforts, or worse yet, they are enforced selectively as a way of preventing opposition parties from garnering financial support. In Bangladesh, several politicians noted that it is a common practice for candidates to violate spending limits and prepare financial reports that only reveal a fraction of what was really spent.

Respondents noted that often times the regulatory and enforcement bodies directed to monitor and enforce spending regulations are either under-funded or politicized. In other cases, loopholes are discovered, such as in India, where spending limits exist for candidates but not for parties. As a result, parties are able to spend unlimited amounts on behalf of a candidate. In Guyana, spending limits were set so low, at $16,250 per party and $250 per candidate, that no one adheres to them. This was also true in Nepal, where respondents claimed that spending limits were not adhered to because they were unrealistically low; that all parties routinely spent three to four times the amount of the ceiling.

The inability to effectively enforce regulations was cited as a key obstacle to overcoming corruption in party financing. This was particularly emphasized in less developed economies, where regulatory enforcement is weak in all sectors of government.

Public Funding

A majority of respondents recommended the introduction of public funding in their countries. Nearly three in five respondents discussed public funding as a positive tool for addressing political corruption, arguing that public funding would enable them to conduct activities between election periods, help guarantee the survival of a key democratic institution, and help reduce their dependence on illegitimate sources of funds. Many also see the introduction of public funding as a quid pro quo, to be negotiated in exchange for increased disclosure on party funding sources and expenditures and to prevent "stage capture." However, in countries such as Peru, where political parties have little legitimacy, there is limited support for public funding because it is seen as another way in which politicians will enrich themselves. This is also the case in countries where there are other pressing survival needs, such as food, education, and basic health care.

Respondents had arguments for and against public funding. Favorable arguments described it as a positive step, but not a silver bullet that would address the systemic problems of corruption, biases of ruling versus opposition party, internal party organization, and the ability of parties to represent voters. Some argue that public funding promotes equality, and suggest that until opposition parties are funded, the electoral process may be free but not fair. As one politician in southern Africa explained, "We have always said that yes, it is a free election as much as if one were to say let there be a race from here to the capitol. We start here at the same time, and the first to one to arrive in the capitol is the winner – that is a free contest. But if you turn up on a bicycle and I turn up with a racing car, it not fair and this is the reality of the current dispensation as long as there is no funding of political parties."[32] Others believe that public funding could reduce the impact of donors and entrenched interests. One party

Country	Direct Public Funding	In-Kind Funding	No Public Funding
Bangladesh			●
Benin*	●		
Botswana		●	
Bulgaria	●		
Cambodia**		●	
Croatia	●		
Ghana		●	
Guyana		●	
India		●	
Kenya			●
Macedonia	●		
Malawi	●		
Mozambique	●		
Nepal			●
Nigeria	●		
Peru***	●		
Romania	●		
Senegal		●	
South Africa	●		
Tanzania	●		
Uganda			●
Zambia			●

* Although parties have yet to receive the funding
** The law has a provision for public funding, however enabling legislation has yet to be adopted.
*** Implemented in 2004, will begin in 2007

31 Ghana, Member of Parliament and Political Party Leader, Interview 7

32 Botswana, Political Party Leader, Interview 2

leader from Nepal noted that while it is difficult to get rid of a deeply entrenched system of corruption, public funding of campaigns would help.

Just as many concerns were expressed about public funding, particularly the number of questions and issues to be decided before public funding could be put in place in developing democracies. Criteria for qualifying parties, who would monitor the distribution and auditing of funds, and what the funds would be used for troubled many respondents. One set of concerns focused on the lack of resources in most governments to provide funding. For example in Zambia, an elected member of parliament believed that public funding was not feasible because the government does not have enough money to make this a sustainable long-term policy.

Others expressed concern that public funding could be misused to weaken opposition parties or newly formed parties. One political leader in Tanzania suggested that governments should not fund campaigns, as ruling parties will use funds to weaken the opposition. Others argued that membership fees and individual donations often decline when public funding is introduced, creating parties that are increasingly controlled from the center, reducing grassroots involvement. They venture that with the inflow of state funds, political parties become less dependent on their members for their financial survival. Along with the reduced financial dependence, the central party becomes less concerned with input from members on policy formulation. Likewise, if parties reduce their contact with and commitment to members, the citizen's commitment to the party also declines.

In countries where public funding is distributed based on the number of seats that a party holds in parliament or in local government, the system may limit the emergence of new political forces or favor maintaining the current distribution of power. A number of interviewees expressed such a fear in Tanzania, where due to the allocation of seats in parliament, there is almost a 100:1 ratio of public funds received by the ruling party and by one the largest opposition parties respectively.

There is a variety of approaches to public funding across the countries surveyed. In some cases, such as South Africa, parties represented in parliament are provided with funds for general operating expenses. In fact, in an effort to ensure that the funds are not used for electoral purposes, under the Representation of Political Parties Fund Act, 40 days before an election all parties must return any unspent funds to the Election Commission. In other cases, such as Croatia, parties are reimbursed for campaign expenses only after they have submitted proper accounting and receipts. In Mozambique, two forms of direct public funding are provided to political parties. Under the proportional representation system, parties represented in parliament receive both campaign and non-election operating funds. Non-parliamentary parties only receive campaign funds. However, delays in disbursing those funds have sometimes left opposition parties at a disadvantage, since larger parties or those in an incumbent position can more easily find the funds to begin their campaigns earlier.

The Challenge of Enforcement

In every region of the world, political party financing scandals illustrate that enforcement is one of the greatest challenges to reform. Election administration authorities are commonly tasked with responsibility for overseeing the registration of political parties, ensuring compliance with party finance regulations, and other laws designed to create level playing field. Often, election commissions barely have the necessary resources to properly organize the most basic aspects of an election: establishing a credible voter registry, purchasing and distributing appropriate polling materials, and tabulating the results.

As illustrated by a party leader in Nepal, "The problem is between the laws and their implementation. There are many good laws; yet they are not being implemented. Bodies like the election commission lack funds, trained employees and adequate staff; therefore it cannot enforce the laws."[33] It is therefore no surprise that additional responsibilities such as monitoring compliance with party financing laws are among the first responsibilities to fall by the wayside.

In addition, of those respondents who mentioned problems with election commissions, nearly half said they arose from a lack of independence—either from the ruling party or from outside interests generally. In the absence of the political will for enforcement, it is also easy for the responsible agencies to ignore the problem. In Ghana, several interviewees pointed out that were the law to be enforced, all of the countries principal political parties would be found guilty of violations. Many argued that in the interests of multiparty democracy, a judgment call had been made not to take action.

K. Challenges Facing Political Parties

The political parties surveyed as part of the APPFI project span the organizational spectrum. They include nascent par-

33 Nepal, Member of Parliament and Political Party Leader, Interview 11

ties that have emerged on the competitive political scene only in the last two decades during the "second wave" of democratization that swept the globe. Others have historical roots based in post-colonial independence movements that arose over fifty years ago and have successfully held on to power as ruling elites for decades, with little or no challenge from opposing parties. Some parties have evolved from rebel movements, organized labor unions, and human rights groups to form political organizations that represent certain segments of society that had been historically disenfranchised.

A majority of political parties come to the playing field with different and distinct challenges—some handicapped by lack of human and financial resources while others suffered from years of mismanagement and internal corruption. Identifying and understanding these distinct challenges uncovers many of the reasons for party-related corruption, and helps to identify possible interventions and solutions that will help parties to modernize, create more accountable and transparent systems, and develop organizations that represent the interests of citizens.

APPFI sought to identify specific challenges facing parties by asking respondents to state, *in their own words,* the problems or obstacles they saw as standing in the way of healthy, competitive, and legitimate party organizations. A broad range of issues was identified that illustrate the many complex issues facing parties, including: 1) legal and legislative barriers that prevent parties from competing fairly; 2) lack of communication and trust between parties and citizens; 3) weak political organizations that have little or no internal democracy; 4) an uniformed and uneducated citizenry; 5) lack of financial and human resources; 6) abuse of state power; and 7) corruption and corrupt practices.

Of these seven categories identified as challenges, over 31 percent of respondents identified weak political organizations as the greatest challenge, emphasizing a lack of internal democracy, poor systems of accountability, opaque fundraising practices, highly centralized decision-making processes, and an inability to connect and communicate with citizens. In several of the former communist countries, respondents noted that party leaders came from authoritarian backgrounds where decisions were made in a "top-down manner with little regard for the opinion of others."[34] In Africa, respondents echoed a common refrain that parties rarely held internal party elections, despite the fact that such a requirement is contained in the party constitution.

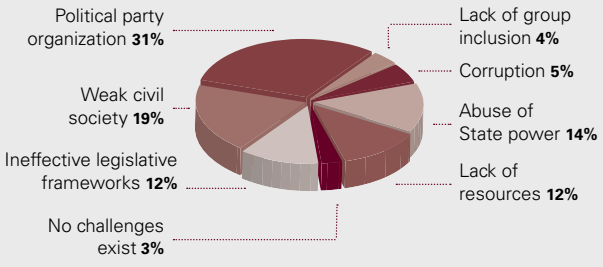
Lack of internal democracy was described by many respondents as a critical problem, encompassing both the party culture and organization of leaders and members. Many respondents from different countries gave the same examples of top-down party rule, including the absence of rules regarding the party nomination process. In Kenya, it was noted that delegates were paid for their vote during the nomination process while in Malawi, an elected member of parliament had no idea how the party's presidential candidate was selected. Often times, candidate selections are made in private and party members are not involved in the process.

Many of the problems articulated here are a direct result of the ineffectiveness of political parties, requiring internal, democratic reform that must be led directly by party leaders and their members. At the same time, very real external obstacles exist that prevent legitimate parties and candidates from competing fairly for political office, often driving parties to participate in corrupt practices as a way of overcoming the obstacles.

Other areas of high concern included the relationship parties have with citizens. Almost 20 percent of respondents noted problems rooted in the state of civil society. This includes a myriad of problems such as uneducated voters who don't understand the role of party politics; high levels of poverty resulting in citizen expectations that politicians directly support them financially and otherwise; and lack of political party legitimacy among voters because they communicate ineffectively or they fail to represent policies and platforms that resonate with citizens. The broad challenge for parties is often that traditions of deferential politics limit the concept of citizen's empowerment through elections.

In addition, many respondents believe that abuse of state power by the executive branch is one of the greatest challenges to democratic political competition. In the 22 countries surveyed, 14 percent of respondents raised this as this most important challenge to political parties. This increased greatly in African countries, where almost 40 percent

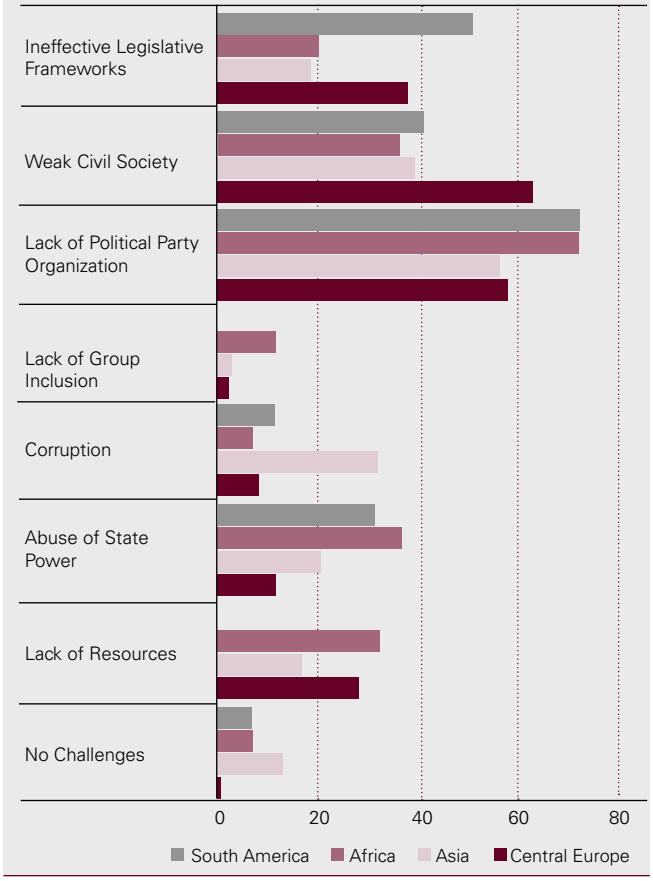
Political Party Challenges - All Countries



34 Bulgaria, Member of Parliament and Political Party Leader, Interview 1

of respondents noted that the state was impeding the political process by preventing opposition parties from competing on a level playing field. Respondents also raised concerns about the lack of financial resources, and impediments put in place by legal restrictions. Corruption was listed as one of the least important challenges, with only six percent of respondents listing it as a concern.

Political Party Challenges by Region



The respondents also provided additional detail of civil society issues that impact on political parties and party financing. The most common civil society issue mentioned was the lack of citizen capacity to feel politically empowered. As one political leader noted, "The major challenge facing political parties is the mental attitudes of voters. People still believe that one does not challenge authority. A person who is in power in this country is looked at as someone who is ordained by God to be there leader."[35] Other issues related to civil society included the lack of opportunity for citizens to engage in grassroots political party organizations, coupled with the fact that poverty limits the role citizens can play in financially supporting parties.

The interviews revealed a passionate concern about the consequences of not taking action. The most commonly cited consequence was continued poverty and failed development. This was closely related to a skewed and narrow leadership recruitment, where reformers are squeezed out. Others noted that the public will become increasingly disillusioned as state resources are looted for personal gain. Some suggested that inaction will lead to weakened political party organizations that are unable to provide responsible and accountable public policies.

Perceived Consequences of Not Taking Action on Party Financing Problems:

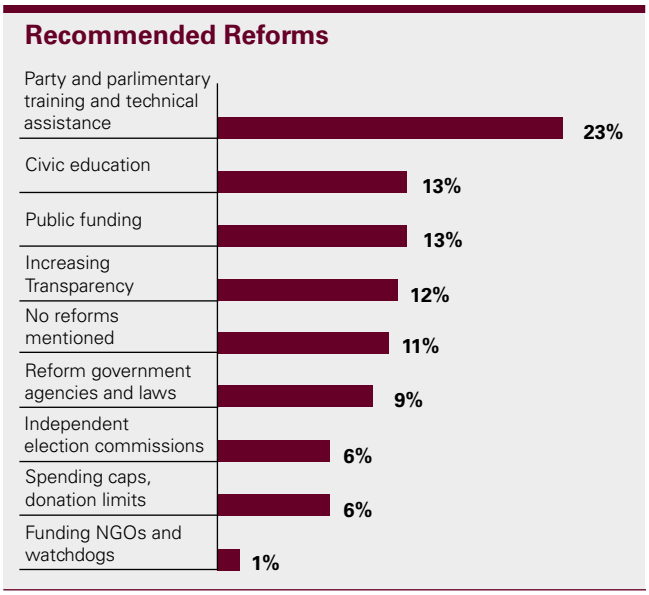
- Continued poverty and failed public policy
- Narrow and skewed leadership recruitment
- Public disillusioned about prospects for democracy
- Looting of scarce public resources for personal gain
- Weakened political parties unable to provide accountability
- Political or electoral corruption

L. Reforms Recommended by Political Leaders

Much of the reform that has taken place to address the problems of money in politics around the world is a result of external pressure that has resulted either through legislation requiring disclosure of funding sources and caps on spending, or through scandals that have been revealed by public watchdog groups and the media. In some cases, political parties have reformed themselves from within, usually seeking to expand their base of support by cleaning house and setting standards in place in attempt to show voters they are an alternative to corrupt parties.

In an effort to gauge attitudes for certain reforms, respondents were asked to identify reforms that they believed would address the problems related to political corruption in their country. Reforms were not defined by the interviewers, and no indication was given about which measures would work and which would not. The single most common response was to propose training and technical assistance to enhance the organization, structure, and accountability of party organizations and parties in parliament. One in three respondents mentioned this as a need, and overall 23 percent of respondents noted that this was the most important area of reform. In addition, six percent or respondents discussed the need for parties to develop legitimate professional fundraising skills.

35 Botswana, Political Party Leader, Interview 3



M. Recommendations

To reduce the negative influence of money in politics, both in Africa and elsewhere, a variety of efforts must be undertaken simultaneously. No single remedy or silver bullet exists to rid the world of political corruption, and reforms must be introduced with the understanding that time is required to change the nature of political behavior. Likewise, solutions should be designed to address the very incentives that feed political corruption as much as they seek to deter the behavior involved with appropriate sanctions.

Country-Specific Solutions Must Be Identified

First, a thorough understanding must be had of the role of money in politics on a country-by-country basis. With differing political histories, unique party evolutionary patterns, and challenges related to both human and financial capital, each country has its unique set of challenges. While this surveyed revealed some common themes across countries and regions, it also revealed distinct differences and challenges among the 22 countries surveyed, even among neighboring countries in one region. For example, financing practices and problems varied significantly from Tanzania to Kenya, and between Malawi and Zambia.

Accordingly, reforms must be developed to fit the specific needs of a country, and should be designed based on further research and discussion within each country. In moving forward a party finance reform agenda, political and civic leaders should consider: in-depth research into the modalities for raising and spending campaign finances; an inventory of political party financing and accounting mechanisms; focus group research and polling data on voters attitudes towards party financing and corruption; and analysis of past party financing scandals. Understanding the genesis of party financing problems in each country will help define long-lasting solutions.

Political Parties Must Be Part of the Solution

Political parties lie at the heart of the party funding problem, and necessarily must be included in any solution. The need to include parties themselves in any anti-corruption effort is evident from two key facts. First, no anti-corruption legislation can be passed without the support of political parties holding elected power and controlling parliamentary action. Second, even when anti-corruption legislation has been passed, the ease with which parties are often able to escape regulation through loopholes signifies that true reform can only come about when parties voluntarily adopt reform measures.

Political Parties Must Be Stronger to Perform their Role in Society

Political parties must also serve as the agents for change and reform directly, by increasing their capacity to operate in a transparent and accountable manner. This may require technical assistance and training in a variety of areas including: party structures for transparent decision-making and internal democracy; establishment of accounting systems; articulating codes of conduct; and revised party by-laws or constitutions

By being more open and collaborative, parties may be more strategic, loosing fewer funds to wasted efforts and increasing prospects for winning more seats during the election. Lacking proper internal mechanisms for transparent raising and spending of funds, political parties will remain subject to abuses and risk leaving the decisions related to party financing in the hands of a few individuals unaccountable to the party and its supporters.

Civil Society Should Serve as a Watchdog

Leading elements in civil society—media, watchdog groups—should enhance their efforts to raise awareness of and educate citizens about party financing. Civic organizations, think tanks, independent journalists, and media outlets have proven to be catalysts for change and reform in many other countries, revealing corruption and abuse of state power and informing citizens about the nature of political corruption. Watchdog groups and the media need

to shine the spotlight on abuse in developing democracies by monitoring expenditures, tracking sources of funding, and bringing abuses to the public's attention.

Laws and Regulations Must Go Beyond Regulating Finances

Regulations and reporting requirements should be developed and supported with the appropriate financial, investigatory, and monitoring capacity to enable enforcement agencies to carry out the intent of the law. Regulations should be extended beyond money raised and spent by political parties to the primary source of political corruption: the ability of public officials to direct government business unchecked to campaign donors. Competitive bidding practices should be reviewed, overhauled, and strictly enforced by impartial bodies and panels. By focusing on the benefits of competition, countries could go far in remedying the abuses of money in politics.

Public Funding Should be Considered, but Tied to Party Reform

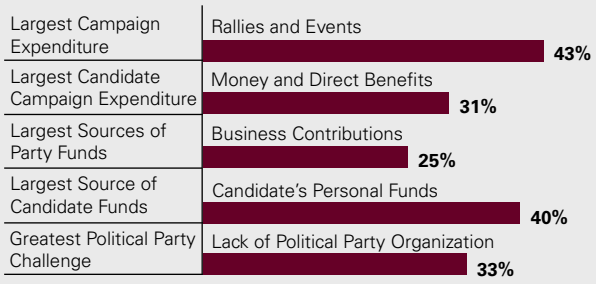
Legitimate sources of political party financing must be made available to parties, particularly in developing countries where financial resources are limited. Various models of public funding exist around the world; however the implementation of these systems should be tied to, or made conditional upon, reform of political party systems.

Bangladesh

People's Republic of Bangladesh

Governing Party: Bangladesh Nationalist Party
Electoral System: First-past-the-post
Legislative System: Unicameral legislature, 330 seats
Most Recent Legislative Election: 2001
Public Campaign Funding: None
Largest Campaign Expenditure: Rallies and events

Survey at a Glance



Current Political and Legal Overview

Political Parties

Since 1991 Bangladesh has been gravitating toward a two-party system, with the Awami League (AL) and the Bangladesh Nationalist Party (BNP) alternating control of parliament. These two main parties resemble each other with respect to policies, although most analysts concede that the Awami League has stronger grassroots ties due to its longer history. Moreover, the AL adheres to "Bangalee nationalism," or linguistic nationalism, while the BNP believes in "Bangladeshi nationalism," which, its leaders explain, stresses a unified state accommodating ethnic minority groups.

The Jatiya Party, the political party of former military dictator H. M. Ershad, also maintains representation in parliament; while it is ideologically closer to the BNP, Jatiya is currently in the opposition with AL. The Jamaat-e-Islami party is committed to establishing Islamic law in Bangladesh; it has a significant following. The big parties have splintered into smaller factions representing the views of specific interest groups. These small splinter parties operate mostly in Dhaka, do not have representation in parliament, and do not have much influence on politics outside their use by the main parties to garner ad hoc support.

Electoral System

Bangladesh has a 300-seat unicameral legislature called the *Jatiya Sangsad* (House of the Nation). The *Jatiya Sangsad* is elected through a first-past-the-post system in single-member constituencies. Legislation was recently introduced to reserve 45 seats for women, to be selected by the parties based on their share of seats in the legislature. All citizens 18 years or older are allowed to vote. Members of parliament (MPs) serve five-year terms, and there are no term limits. Once parliament is dissolved, candidates have 90 days until polling day to campaign. All candidates pay a 5,000 taka election deposit, which is returned if they receive a certain percentage of the vote. An election commission administers the election of parliament, delineates constituencies, and prepares the electoral rolls. The chief election commissioner is appointed by the president for a five-year term. The last legislative election was in 2001 and the next legislative election is scheduled to take place in 2007, with the dissolution of parliament due in October 2006.

Bangladesh has an unusual caretaker government system that operates from the time parliament is dissolved until a new government is formed. The chief advisor and head of the caretaker government is the previous chief justice of Bangladesh. Other members are usually businessmen and women, and former senior civil servants.

The executive branch is controlled by the prime minister, who appoints a cabinet. The president is elected by MPs for a five-year term. Local government bodies include: union *parishads* (local councils), city corporations, *pourashavas* (municipal councils), and hill district councils.

Party Finance Laws

The Bangladeshi constitution makes no reference to political parties, other than mentioning parties in the context of

parliamentary functions. However, in the section on fundamental rights, the constitution guarantees the freedom to form associations, freedom of assembly, and freedom of expression. Election regulations (Representation of the People Order 1972 and Conduct of Election Rules 1972) require candidates and parties to file reports on their expenditures during the campaign period. Candidates cannot spend more than 500,000 taka during the 90-day campaign period. Party spending limits are based on the number of candidates fielded.

In Bangladesh there is a code of conduct for all candidates. The election commission has an electoral enquiry committee to hear complaints, and there are election tribunals at all six divisional headquarters. The election commission is also responsible for collecting returns from parties and candidates concerning their spending and income during the campaign period. In practice, statements are rarely filed. There are no disclosure laws per se—only the requirement that parties file basic financial statements. The election law prohibits the use of government resources and assets for political campaigns, but this requirement is ignored in practice. There is no state funding, and no restrictions on donations to either parties or individual candidates.

The general sentiment of Bangladeshis regarding party financing is pessimistic: reform cannot occur without political will from the party officials and members of government, which is now lacking. It may be that NGOs and the media are becoming more powerful and are making it more difficult for candidates to buy votes and completely corrupt the election process; however, their contribution to transparency is still modest given the scale of corruption in Bangladesh.

Political Party Financing Practices

The information below is distilled from sixteen interviews conducted with knowledgeable persons from November 15 to 20, 2003. Four of the sixteen interviewees, or respondents, were elected representatives and four were political party officials. Three were members of the ruling coalition, and six were members of the opposition. Fourteen were male, and two female.

Typical Campaign Practices

It is common practice for candidates in Bangladesh to violate spending limits. Campaign workers are listed as "volunteers" and posters are "sponsored by the people." The financial reports submitted usually reveal only a fraction—costs of a few meetings and some posters—of what is really spent.

Because candidates are expected to pay for their own campaigns, they must have independent sources of income. They usually rely on their personal and business funds, but will also sometimes get money or loans from friends and family. Interviewees reported that if a candidate is not independently wealthy or a businessperson, he/she will accept contributions from businesspersons and industrialists.

Typical Sources of Funding

Many of those interviewed did not have a clear concept of how parties raise money. A number said that there is no official fundraising by parties in Bangladesh, and one interviewee stated that local branch offices are not even allowed to conduct independent fundraising activities. Most interviewees estimated, rather, that the bulk of party funding comes from either the private business sector or the assets and businesses of individual party leaders themselves. Respondents found it difficult to identify from where most party funds comes because there is no transparency in the donation process. Some respondents report that the parties also receive money from Saudi Arabia and Pakistan.

Almost all of the funding for parties goes not to the party directly but is rather donated to the party leader, who holds the money in private, personal accounts. Membership dues are negligible and often not even recorded.

The Jamaat-e-Islami party requires all of its MPs and other elected officials to pay a *Jakaat*, or religious tithe. This religious tax is based on a percentage of an individual's income and is often funneled through mosques. It is unclear how much of this tax is given to the party or what the monetary value of the tithe actually is, but informants estimate its value to be around five percent of the elected official's salary. BNP and Awami League MPs also contribute to their parties, but the amount is not fixed.

Typical Expenditures

Candidates cover most campaign expenditures, including staff and media buys, so parties have few costs. Parties may spend money on propaganda, such as posters and flyers, and will sponsor national-level rallies and events. In certain circumstances, the parties may fund the campaign of a poor but popular candidate.

The cost of getting elected varies tremendously from place to place. Unlike in other developing countries, interviewees claim that it costs more to campaign in urban than in rural areas. One Bangladeshi stated that "In more rural areas candidates spend 2 to 2.5 million taka; in semi-rural areas candidates spend 10 million taka; and in urban areas, candidates may spend almost 50 million taka." Constituency

relations represent a significant cost for candidates. All candidates must employ canvassers who purchase votes, organize events, and build networks with local patrons. The largest candidate campaign expenses are the salaries, transport, and per diem of party agents. In addition, candidates must spend money on gifts and handouts to voters and local patrons.

Another significant expense for candidates is the purchase of their party nomination. The price of nomination is anywhere between 100,000 to 500,000 taka, although some respondents gave a higher estimate. Very few interviewees mentioned media (television and radio) as a significant expense. Most voter contact is made through loudspeakers, mobile campaign vehicles, and rallies. In order to avoid obvious breaches of the candidate spending limit, candidates will put "paid for by supporters" at the bottom of each poster.

Corruption

Corruption is a deeply entrenched and systemic problem in Bangladesh. Many respondents stated that vote-buying is the biggest campaign expenditure for candidates, with the majority of funds going to local godfathers and patrons. Vote-buying varies by constituency, and is less effective in areas where one party has overwhelming support.

Since candidates are expected to use their own personal funds to pay for campaigns, many rely on "black" money, or funds from illegal businesses, to support their campaign activities. Occasionally the party will support poorer but popular candidates, but this is very rare. Candidates also require a large amount of money to bribe the local administration and police at the local level "to keep them neutral."

Another aspect of corruption mentioned was the hiring of *mastans*, armed hooligans who are paid to disrupt the elections. It was stated that candidates need mastans "for protection, extortion, and illegal activities" to intimidate their opponents and voters.

Assistance Opportunities

Political Party Financing

Systemic corruption, weak legislative frameworks, and unrealistic spending limits all contribute to poor or no accountability in Bangladesh's party finances. The lack of internal party checks and balances also stymies financial transparency: party leaderships are not held responsible for finances by the memberships. The system skews politics toward the rich, since only the wealthy can afford to run for office; they are not necessarily the most qualified, or the least corruptible.

The Bangladeshis interviewed were most concerned with political party transparency. A better system would require all parties to register and make their charters public. Parties should also make public audited financial accountings. Members should elect party leaders, and should decide on eligibility requirements to run for office (proposed eligibility criteria include requiring candidates to spend at least five years in politics, and pass background checks to run for office).

Legal and Regulatory Reform

Article 70 of the Constitution, prohibiting MPs from voting against their party in parliament, is very problematic, ensuring party leaders of their voting blocks. Article 70 is the reason most cited for why major political party finance reform in Bangladesh has not been successful. MPs and candidates fear retribution if they speak out against their party leaders. All interviewees believe that reform will only be possible when party leaders buy into the process, but because they are the ones currently profiting, this is not likely anytime in the near future.

Another recommendation is to have the election commission pay election costs, finance public meetings and party debates, and even print posters for the parties. The election commission should be strengthened and established as an independent constitutional body with its own budget. The mandate of election monitors should also be extended to include pre-elections activities, since most violations occur well before election day.

Civic/Voter Education

Bangladeshis would benefit from civic education programs focusing on democracy and the democratic process. These might highlight the need for an independent court system, forming and strengthening watchdog organizations, working groups on campaign finance, and examination of the tax code.

Bangladesh Background Information

Electoral System		
What is the electoral system?	First-Past-the Post	Bangladesh has 300 members of the House of Nation elected through a first-past-the-post system in single-member constituencies. Thirty seats are reserved for women, who are selected by the parties based on their share of seats in the legislature.
What is the legislative system?	Unicameral	
How many seats does the legislature have?	330	
What is the ruling party/coalition percentage in legislature?	64%	Bangladeshi Nationalist Party (BNP)
Date of the last legislative election?	2001	
Date of next scheduled legislative election?	2006	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	No	
Do parties or their officials have to declare assets and liabilities?	No	
Are there laws regulating party finance?	No	Not outside of the campaign period.
Do those laws apply to campaigns?	Yes	Election regulations (Representation of the People Order 1972 and Conduct of Election Rules 1972) require candidates and parties to file reports on their expenditures during the campaign period. There is a spending limit of 500,000 taka, which is routinely violated.
Do those laws apply to non-election periods?	No	

State Funding		
Does the state provide public funding for political parties?	No	
What type of public funding is provided?	-	
Do those funds cover election cycles?	No	
Do those funds cover non-election cycles?	No	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	
	Can parties own businesses?	Yes	Foreign sources?	Yes	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	Yes	Candidates can not spend more than 500,000 Taka during the campaign period, which is approximately 90 days (from the dissolution of parliament to the election day). Parties' spending limit is based on the number of fielded candidates.
For parties, do those laws apply to campaign periods?	Yes	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	Technically, parties and candidates have to reveal the sources of their funding (names of donors) during the campaign period. In practice, this does not occur.
Are political parties or candidates required to disclose spending?	Yes	Parties and candidates are required to file very basic accounting statements with income and spending within 15 days after the election. In practice, statements are rarely filed.
For parties, do disclosure laws apply to election funding?	Yes	There are no "disclosure laws" per se – only the requirement of parties to file basic financial statements.
For parties, do disclosure laws apply to non-election funding?	No	See above.
Are the reports made public?	No	
Are annual financial audits of party accounts required?	No	
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		The election commission is responsible for collecting returns from parties and candidates of their spending and income during the campaign period.
What sanctions exist if political party or campaign finance laws are violated?		In the law there are fines and other penalties for breaking the election law, however, there have been no sanctions in practice and the reporting requirements are routinely ignored.

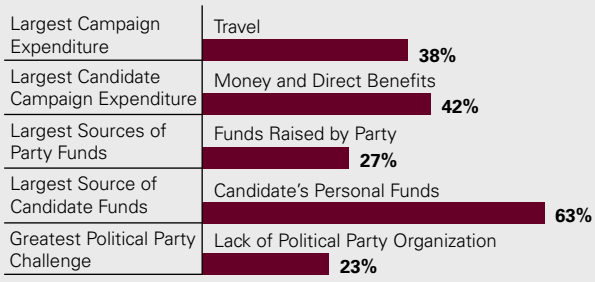
Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	The election law prohibits the use of government resources and assets for political campaigns, but this prohibition is ignored in practice.
Are officials at the national level required to declare their assets?	No	
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	No	Bangladesh has an Official Secrets Act making government documents illegal to access.

Benin

Republic of Benin

Governing Party: Presidential Movement (coalition government)
Electoral System: Proportional representation with party list
Legislative System: Unicameral legislature, 83 seats
Most Recent Legislative Election: 2003
Public Campaign Funding: Direct
Largest Campaign Expenditure: Travel

Survey at a Glance



Current Political and Legal Overview

Political Parties

There are more than 100 parties officially registered in Benin, and new ones are created regularly. The principal parties are those with representation in the National Assembly; a handful of others have national profiles due in part to a particularly visible leader. Many of the country's main parties are found in the Presidential Movement, a coalition/umbrella grouping of parties supporting President Kérékou, including the Union pour le Benin du Futur (UBF), Mouvement Africain pour la Develloppement et le Progres (MADEP), Force Clé (FC), Alliance MDC-PS-CPP, Impulsion au Progres et la Democratie (IPD), Alliance des Forces du Progres (AFP), Mouvement pour le Developpement et la Solidarite (MDS), and the Rassemblement pour la Democratie et le Progres (RDP). The main opposition party is the Renaissance du Benin (RB), the party of former President Soglo. Two parties that ran as opposition in the 2003 legislative elections, the Parti du Rénouveau Démocratique (PRD) and the Alliance Etoile, both have reportedly joined the government coalition.

In the 1995 elections, some 31 parties put candidates forward, and 18 parties elected representatives. In the last parliamentary elections in 2003, only 12 parties were successful in electing members to the National Assembly. The Presidential Movement has a majority in the 83-seat National Assembly, with 52. The opposition has 31 seats, split among the RB, PRD, Alliance Etoile, and a few other small parties.

Despite making significant progress since the early nineties, tensions remain in the country. Two presidential candidates, including Soglo, withdrew from the presidential election in 2001, alleging widespread irregularities and a fraudulent electoral list.

Electoral System

The election system is a party list system with proportional representation. Members are elected by direct popular vote to serve four-year terms. The last legislative elections were held in 2003 and the next elections are scheduled for 2007.

The executive branch is headed by the president. The last presidential election was in March 2001; the next is scheduled for March 2006.

Party Finance Laws

There is both a political party charter as well as an opposition statute. The latter clarifies opposition parties' mandates and prevents them from joining the government (no cabinet posts, for example). Sanctions on violating spending limits are specified, though to date they have never been applied. There are also dispositions for reimbursing some campaign costs for those elected— paid to the parties, not to individual deputies—and reimbursement of registration fees for those who ran, if they either win or obtain a certain percentage of votes. There are also standard requirements for forming and registering parties, regarded as mere formalities. Almost anyone can create a party, though there is some cost asso-

ciated with paperwork which requires that party members must come from around the country.

Benin's law on political parties—*charte des partis politiques*—sets limits on campaign expenditures; it is not applied very well, however. Parties adhere to the letter of the law by submitting spending reports to the *chambre des comptes* which have been tailored post facto to fit the limits; the chamber then merely checks the math on what is provided. It is common knowledge that everyone surpasses the campaign limits prescribed by the law, and the chambre des comptes does nothing to ensure that limits are respected. Political party spending on large rallies, campaign posters, and the use of state resources for party purposes is not reported. There is generally widespread support for more control, more sanctions, and formal state funding.

Political Party Financing Practices

The information below is taken from twenty interviews conducted from November 19 to 21, 2003. The interviewees, or respondents, included three election officials, five civil society representatives, two journalists, three elected representatives, three political party representatives, and four who were both elected representatives and political party officials. Eighteen were male and two were female. Two respondents were aligned with the ruling party, and eight were aligned with opposition parties.

Typical Campaign Practices

Given that the law requires separate presidential, legislative, and municipal/local elections, the country is almost in perpetual election mode. The most common forms of voter outreach are party meetings conducted at various local levels during the campaigns. Parties hold regular large rallies, with the requisite number of 4x4 vehicles parading into town. Voter contact appears to be important, and all voters are courted.

Typical Sources of Funding

Parties not in government get funding chiefly from the party leader, who is either rich or "finds the money elsewhere." The party in power (and those that have ministers or support the government) get funds from state resources, foreign contributions, and by placing party members who then contribute. Membership dues and donations are permitted by law, but neither suffices in any meaningful sense.

Individual politicians receive some money from their parties, but by and large they are self-financed. Many respondents who ran their own campaigns complained about this, and some talked of the debt burden they still carry. Some sold houses and cars to run for office. There are some contributions from family and friends, and from those who think a particular candidate might help them if they win. Winning candidates are generally perceived to use public resources, one way or another, to refund themselves for their expenses.

Typical Expenditures

Candidates who spend the most get elected in Benin because the country has a proportional representation system. Benin has campaign spending limits, but all respondents said the limits are unrealistic, oblige deception, and are by-passed. No one respects the limits, and everyone knows it, including the chambre de comptes, which is responsible by law for overseeing party/candidate reports on spending limits. The individual legislative candidate campaign limit is 3 million CFA (about US$5,500); typical spending is generally double or triple that. One candidate for local office spent 20 million CFA, and lost.

The major campaign expenditure is transportation. Gas is expensive, as is renting vehicles and transporting party supporters to rallies and meetings. Parades of ten, twenty, or more 4x4 vehicles are commonly used for publicity. T-shirts and baseball caps alone can exceed the spending limits allowed by law. Other major expense items include meetings, meals for supporters, and small gifts: sizeable contributions are given to various associations and villages at the larger public rallies.

Corruption

Low campaign spending limits encourage corruption and circumvention of the system. The attitude that prevails in Benin is the more you spend the more it secures your future success; if you win, you can use state resources to be reimbursed and fund your next campaign. Combating corruption is not a priority within the government, as Marie-Elise Akouavi Gbedo, a former Minister of Commerce, Crafts, and Tourism under President Kérékou, discovered. She was forced to resign for attempting to resolve a business scandal involving a state enterprise. She later ran for president against Kérékou on a platform of combating corruption and racketeering, and lost.

Assistance Opportunities

Political Party Strengthening

Political parties are overly reliant on personalities as opposed to electoral platforms and policy positions. They are, in effect, patronage parties, as opposed to true political parties. In addition, and stemming from the personality

politics noted above, all parties and their general standing in the country are weakened by their multiplicity, and by party fragmentation. Discussions should begin on how to strengthen democracy through fewer parties concentrating on platforms rather than personalities.

Legal and Regulatory Reform

Benin enjoys, on the books, a good standard of accountability and transparency in the area of campaign and political party finance. There are requirements to ensure transparency, limits on spending, and some state funding for parties that succeed in electing members to the National Assembly. If the laws as they now stand on the books were fully applied, Benin would perhaps approach a level of transparency unlike anywhere else on the continent.

Current laws, however, are not followed, and the legislature is not working on enforcement strategies. Reform should begin with raising campaign spending limits to reflect reality, followed by strengthening the capacities and competencies of the chambre des comptes. At present both the chambre and the parties reporting to it admit the whole thing is more or less an agreed upon deceit.

Benin Background Information

Electoral System		
What is the electoral system?	Proportional Representation	
What is the legislative system?	Unicameral	
How many seats does the legislature have?	83	
What is the ruling party/coalition percentage in legislature?	59%	Presidential Movement (coalition)
Date of the last legislative election?	2003	The last presidential election was in March 2001; the next is due to occur in March 2006.
Date of next scheduled legislative election?	2007	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	*Charte des partis politiques, and statut de l'opposition.* The electoral code is also relevant.
Do parties or their officials have to declare assets and liabilities?	Yes	In practice, this seems not to apply.
Are there laws regulating party finance?	Yes	There is minimal legislation applicable in campaign periods, essentially concerning spending limits.
Do those laws apply to campaigns?	Yes	
Do those laws apply to non-election periods?	No	

State Funding		
Does the state provide public funding for political parties?	Yes	Article 40 of the *Charte des Partis Politiques* (Political Party Law) provides that the state gives 5 million fCFA to a party for each deputy elected to the national assembly (this number can change based on what the Council of Ministers decides for a given year). The money is given directly to the party, not the candidate. The Political Party Law does not mention media time. The Electoral Code 2000, in article 37, says "candidates may use state media (radio, TV, and written press) for their campaigns. The HAAC (Media Authority) ensures equitable access to state media for all candidates and parties. It does not mention state funding of this access. The Electoral Code 2003, in article 87 says "Legal proceedings, court decisions and records relating to commune, municipal, legislative and presidential elections shall be exempt from postage, from recording and from legal fees."
What type of public funding is provided?	Cash	See above
Do those funds cover election cycles?	Yes	In that the funds are paid to the parties after the election has finished, it covers the non-election period, and the money is spent well before the next election. The Electoral Code specifies in article 81 that "Expenditures by political parties during the campaign period are the responsibility of the parties themselves."
Do those funds cover non-election cycles?	Yes	

Restrictions on Donations

Are there laws limiting contributions to political parties or candidates?		Yes	Foreign contributions are limited to 1/3 of a party's funding. No other limits apply. There are, however, limits to how much money can be spent during a campaign (Electoral Code articles 83, 84, 85, 86). Electoral Code of 2003, article 84 says that "All political parties and individuals participating in commune, municipal, legislative or presidential elections shall be prohibited from spending for the electoral campaign more than three hundred thousand (300,000) francs per candidate for commune and municipal elections, more than three million (3,000,000) francs per candidate for legislative elections, and more than one hundred and fifty million (150,000,000) francs per candidate for presidential elections."		
For parties, do those laws apply to campaign periods?		Yes			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	There is no ban on accepting contributions from businesses. article 38 of the Electoral Code says "Non-governmental organizations and associations can't support candidates." It does not mention businesses specifically. There is no ban on accepting contributions from unions, either. Again, a union could potentially be considered a non-governmental association and therefore come under the jurisdiction of article 38. But unions are not mentioned specifically.
	Can parties own businesses?	No	Foreign sources?	Yes	
Specify any other restrictions by source and/or by amount etc.		Foreign spending cannot account for more than one third of a party's receipts.			

Spending Limits

Are there laws limiting political party or candidate spending?	Yes	Article 84 of the Electoral Code limits spending (300,000 CFA for local elections, 3,000,000 for legislative elections, and 150,000,000 for presidential elections.) Article 37 ensures equitable access to state or 'official' media. While no article seems to bar use of paid television, one interviewee said such use of commercial private media is prohibited.
For parties, do those laws apply to campaign periods?	Yes	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	Yes	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	Parties must submit reports that states their expenses and sources of funding. It is only via the latter, the reported sources of funding, can the Chambre de Comptes determine if the one-third limit on foreign contributions is respected.
Are political parties or candidates required to disclose spending?	Yes	Yes, annual reports are required. Parties must also keep internal records of material possessions, such as office equipment, for up to 10 years.
For parties, do disclosure laws apply to election funding?	Yes	Yes, candidates must open particular bank accounts for the election campaign itself, and submit reports to the Chambre de Comptes within two months of the end of the campaign.
For parties, do disclosure laws apply to non-election funding?	Yes	Parties must submit annual reports.
Are the reports made public?	Yes	They are required to be made public to respective party members. Reports concerning election spending are also made public in the official media.
Are annual financial audits of party accounts required?	No	Not formal audits, but parties must present reports showing sources and expenses.
Are audit results made public?	Yes	See above
What agencies are responsible for monitoring these laws?		The Ministry of the Interior and Chambre des Comptes of the Supreme Court.
What sanctions exist if political party or campaign finance laws are violated?		Candidates who violate spending limits lose political civil rights for 10 years, and pay a fine. Parties must simply pay a fine, but can participate in elections again.

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	Article 36 of the Electoral Code.
Are officials at the national level required to declare their assets?	Yes	Article 52 of the Constitution requires the president and members of the government to declare their assets to the Chambre de Comptes.
Are these declarations made public?	Yes	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	n/a	

Botswana

Republic of Botswana

Governing Party: Botswana Democratic Party

Electoral System: First-past-the-post

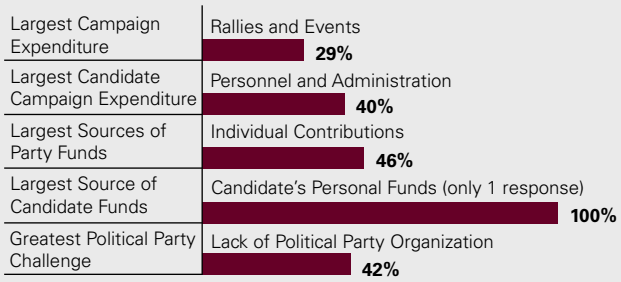
Legislative System: Bicameral legislature: National Assembly with 44 seats and House of Chiefs with 15 seats (advisory only)

Most Recent Legislative Election: 2004

Public Campaign Funding: In-kind

Largest Campaign Expenditure: Rallies and events

Survey at a Glance



Current Political and Legal Overview

Political Parties

Since independence in 1966, the Botswana Democratic Party (BDP) has prevailed in every election. Opposition parties in Botswana are smaller in size and wield considerably less influence than the BDP. The contesting parties in the last national elections in 2004 included the Botswana Congress Party (BCP), the Botswana National Front (BNF), and the Botswana Alliance Movement (BAM), which comprises members from several minor parties. Party politics in Botswana are characterized by cycles of fragmentation and the creation of splinter parties. For example, the BCP was formed after the fracture in 1998 of the BNF, an historical opposition party. In the October 2004 elections, the BDP won 44 of 57 National Assembly seats, the BNF won 12 seats, and the BCP won one seat.

Electoral System

The electoral system in Botswana is first-past-the-post, and elections are held every five years. Forty members of the National Assembly are elected by simple majority vote in single-member constituencies and the four extra members are selected by parliamentary and presidential special vote. The president is elected by the National Assembly also for a five-year term. Botswana's government includes a parliamentary advisory system established to incorporate the country's cultural heritage, the House of Chiefs, which comprises the eight chiefs of the major ethnic groups, four elected subchiefs, and three members selected by the other twelve. However, House of Chief members are considered ex officio, and have no legislative or veto powers.

Recently, the government of Botswana introduced a system of open primary elections for candidates, rather than the previous closed party-list system. The last legislative elections were held in 2004, and the next elections have been scheduled for October 2009.

Party Finance Laws

The Electoral Act does not address party financing except in a clause that discusses disclosure of expenses. The law in Botswana says that a candidate may not spend more than 10,000 pulas on an election campaign. This clause, however, is limited to individual candidates and does not relate to political parties. Therefore, while a candidate is limited to 10,000 pulas of expenses, technically, the political party affiliated with the candidate could invest any amount of resources, such as motor vehicles, staff, and campaign materials. An Independent Electoral Commission was created in 1996.

Botswana does not provide public funding to political parties nor are there restrictions on donations to political parties or candidates. Parties are required to file tax returns at the end of each financial year; however, there is no enforcement mechanism and if parties do not file tax returns, no penalties are imposed.

Political Party Financing Practices

The discussion below derives from fifteen interviews conducted from July 14 to 17, 2003. Among the interviewees, or respondents, there were 11 political party officials; of those,

10 were members of the opposition. Eleven of the respondents were male and four were female. Four civil society representatives were also interviewed.

Typical Campaign Practices

The duration of a campaign is roughly 15 months, but depends largely on the availability of party and candidate funds. With the system of primary elections prior to the general election, a campaign could last anywhere from three to four years. Opposition parties tend to begin campaigning much later than the ruling party, to preserve funds and sustain the campaign through to the end.

Typical Sources of Funding

Opposition parties raise their money mainly through membership fees and fundraising events such as concerts, parties, and dinners. Senior party members also provide monthly contributions. The ruling party obtains funds largely through membership fees and an extensive list of supporters, including donations from the business sector.

Typical Expenditures

Typical campaign expenditures in Botswana include: political advertising in the media, rallies, travel expenses, salaries or allowances for people who work during the campaign period, promotional material (T-shirts, prints, logos), communication, and renting meeting space. Candidates also finance their own travel to conferences and rallies.

Corruption

Most respondents agreed that the BDP is the only party that can afford to conduct vote-buying, and that it clearly goes on. There are also concerns that the ruling party's access to resources creates a climate conducive to bribery. Many respondents claimed that because the opposition parties struggle to raise funds to get their campaigns off the ground, the ruling party is able to buy their votes or co-opt them into the ruling party.

Assistance Opportunities

Political Party Financing

Most interviewees decried the imbalance of resources available to the ruling and opposition parties. They claim that this imbalance presents opposition parties with difficulties in funding viable candidates, and/or in finding citizens who wish to stand for office when campaign costs are so prohibitively high. Most respondents were in favor of public campaign financing with stricter legislation on disclosure requirements and credible enforcement. This would engender more transparency in internal party operations as well.

Civic/Voter Education

Those interviewed also said more effort should be made to educate the public about democracy. Politicians and voters alike need training in public debate and good policy formulation. Several interviewees felt that political party funding was just one small dimension of needed overall structural reforms, based on democratic procedures.

Botswana Background Information

Electoral System		
What is the electoral system?	First-Past-the Post	
What is the legislative system?	Bicameral	Botswana's lower house is called the House of Chiefs and has 15 members. The House of Chiefs consists of the chiefs of the eight principal tribes, four elected sub-chiefs, and three members selected by the other twelve. It has no legislative or veto powers but acts as an advisory body to parliament.
How many seats does the legislature have?	57 National Assembly; 15 House of Chiefs	
What is the ruling party/coalition percentage in legislature?	52%	Botswana Democratic Party (BDP)
Date of the last legislative election	2004	
Date of next scheduled legislative election?	2009	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	There is an Electoral Act. Section 32 states that nomination must be carried out by the candidate and signed by at least seven other supporters. The candidate pays P100 in cash, which may be returned if s/he is successful in the election or obtains at least 5% of the vote in his/her constituency.
Do parties or their officials have to declare assets and liabilities?	Yes	According to section 83 of Part VIII of the Electoral Act, "all money provided by an association or group of persons or by any person for the election expenses of a candidate ... shall be fully disclosed, whether paid or promised, in the return respecting election expenses."
Are there laws regulating party finance?	Yes	The Electoral Act.
Do those laws apply to campaigns?	Yes	$7,000 maximum for candidates.
Do those laws apply to non-election periods?	Yes	

State Funding		
Does the state provide public funding for political parties?	Yes	Indirectly. The Independent Electoral Commission provides services such as printing, voter's rolls, voter education materials, and transport for polling agents.
What type of public funding is provided?	In-kind	See above.
Do those funds cover election cycles?	Yes	
Do those funds cover non-election cycles?	No	

Restrictions on Donations		
Are there laws limiting contributions to political parties or candidates?	Yes	No limit on donations to political parties. Candidates are subject to spending limitations (see below).
For parties, do those laws apply to campaign periods?	Yes	

Restrictions on Donations (continued)					
For parties, do those laws apply to non-election periods?		Yes			
Political parties can accept contributions from:	Businesses?	Yes	Unions?		
	Can parties own businesses?		Foreign sources?	Yes	
Specify any other restrictions by source and/or amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	Yes	Botswana distinguishes between the campaign costs of individual candidates and parties. The candidate's costs are regulated, but the parties can spend an unlimited amount of money on campaigns. Candidates for parliament in Botswana are allowed to spend up to $7,000.
For parties, do those laws apply to campaign periods?	Yes	
For parties, do those laws apply to non-election periods?	Yes	
Are there limits on paid televised advertising?	n/a	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	
Are political parties or candidates required to disclose spending?	Yes	For candidates there is a ceiling on expenditure. They must file within 90 days after the opening of the new parliament.
For parties, do disclosure laws apply to election funding?	n/a	
For parties, do disclosure laws apply to non-election funding?	n/a	
Are the reports made public?	Yes	
Are annual financial audits of party accounts required?	No	Not specified in law.
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		Independent Electoral Commission, National Electoral Management Body.
What sanctions exist if political party or campaign finance laws are violated?		Electoral Law Section 94.

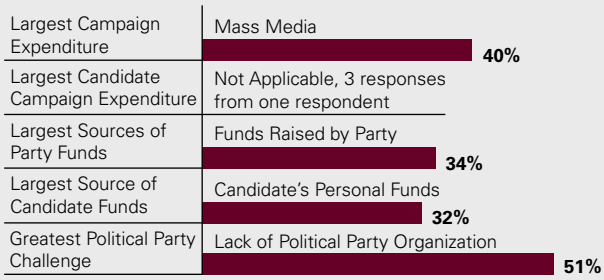
Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	No	Not specified.
Are officials at the national level required to declare their assets?	No	Not specified.
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	No	Not specified.
Is there Freedom of Information legislation?	Yes	Section 12 of the constitution includes the freedom to receive ideas and information without interference as part of the right to freedom of expression.

Bulgaria

Republic of Bulgaria

Governing Party: National Movement for Simeon II
Electoral System: Proportional representation, with closed list
Legislative System: Unicameral, 240 seats
Most Recent Legislative Election: 2001
Public Campaign Funding: Direct
Largest Campaign Expenditure: Mass media

Survey at a Glance



Current Political and Legal Overview

Political Parties

Bulgaria has a wealth of political parties that registered after its transformation from communism to parliamentary democracy. Political parties in Bulgaria tend to be ruled from the top down, a management style held over from the communist era. The major parliamentary parties are the Bulgarian Socialist Party (BSP), Union of Democratic Forces (UDF), National Movement for Simeon II (NMS), and the Movement for Rights and Freedoms (MRF). Most NMS members came from the UDF, breaking away before the 2001 parliamentary elections. The UDF had another major split in 2004, when many of its members of parliament (MPs) left to join the new Democrats for a Strong Bulgaria (DSB) party. Because of the multitude of parties in Bulgaria, it is rare that one wins a majority; the MRF is usually chosen as the minority coalition partner to form a government.

Electoral System

Bulgaria is a parliamentary democracy with a central, unicameral National Assembly and 28 districts, which are broken into 263 municipalities. Members of parliament are elected by proportional representation in a closed-list system, and the president is directly elected. District mayors and councilors are appointed by the national government. Municipal councilors are elected through proportional representation and mayors are elected by majority vote. In presidential and mayoral elections, if no candidate gets 50 percent plus one of the votes, the top two candidates compete in a run-off the following week.

Party Finance Laws

Bulgaria does not have a consolidated law on election policies and party financing. Instead, it has chosen to adopt several pieces of legislation that in aggregate govern political parties, campaigns, and financing. In anticipation of the October 2003 municipal elections, the parliament adopted three new pieces of legislation that brought Bulgaria closer to European Union (EU) standards: the Law for the Election of Local Authorities; articles of the Law for Local Self-Governance and Local Administration; and the Law for Administrative and Territorial Division of Bulgaria. Another highlight of the 2003 legislation is an extension on the mandate of the Central Electoral Commission (CEC) through the next round of parliamentary elections, scheduled for 2005.

Even with the numerous changes to the election laws passed in summer 2003, community and international concerns remain. These concerns include increased transparency and the use of integrated ballots and open-party lists. Some voters remain alienated under current local election legislation. For example, to date the legislation does not make accommodations for illiterate voters or voters with physical disabilities. Furthermore, one CEC member estimates that the voter lists contain 700,000 invalid names; it is likely that this will result in some voter fraud.

At present, the laws impose spending limits on elections at the presidential, national, and local levels. Presidential campaigns have a 2 million BGL (Bulgarian lev) total spending limit in accordance with the Presidential Elections Act, and there is a 50,000 BGL cap on individual donations. Donations from foreign states, foreign organizations and businesses, as well as enterprises, offices, and organizations are prohibited. Individual foreigners may contribute up to US $500, and interest groups may contribute up to US $2,000, once per calendar year. Donations from Bulgarian individuals cannot exceed 30,000 BGL. Anonymous donations that exceed 25 percent of the annual state subsidy are prohibited, as are donations from companies in which the state or municipality has more than a 50 percent share. Any contributions received that violate any of the rules are subject to confiscation by the state.

Despite the general concern with foreign donations, the laws do not impose limits on foreign nonprofit donations of technical assistance and equipment, or the monetary equivalent of technical equipment, with the assumption that the parties need the equipment to conduct their activities.

Political Party Financing Practices

Information on campaign finance practices was obtained in the course of 16 interviews conducted during November 2003. Eleven of the interviewees, or respondents, were elected representatives, two were political party officials, and three represented aspects of civil society. Ten were male and six were female. Six respondents were members of the ruling party and five were members of the opposition.

Typical Campaign Practices

Candidates are usually nominated four to six months before the start of the official campaign. Campaigns are usually centered on building the public image of each candidate, which requires putting a lot of effort and money into media advertising and rallies. Vote-buying seems to be occurring less in Bulgaria, although several respondents noted that it is still common among the less educated voters, particularly in the Roma community.

Typical Sources of Funding

The sources of donations vary, and include state subsidies, private donations, membership dues, as well as funds from outside organizations, parallel campaigns, and candidates' personal or family resources. The largest amounts of campaign funding come from private and business donations. Parties do not universally mandate that candidates contribute to their own campaigns, although most do. Most candidates felt that the amount of personal money donated did not influence where they were placed on the party list; however, one former MP admitted that his party required a contribution of 5,000 BGL from those candidates on the first five places on the party list.

Typical Expenditures

Media purchases were estimated to be the largest campaign expenditure. Nearly all respondents agreed that outdoor rallies, concerts, and telephone charges are the next greatest block of campaign costs. Administrative and security costs were almost negligible for most parties. Campaign expenditures also vary according to whether the constituency is rural or urban, and whether winning it is a priority for the party. Many respondents noted that campaign expenses depend heavily on the duration of the campaign, and welcomed the shortened campaign period of thirty days as opposed to forty-five.

Corruption

The current Bulgarian financial system impacts the ways in which a party can solicit and receive funds. Most transactions in Bulgaria are cash transactions, with larger amounts moved by wire transfer. The restraints placed on fundraising by a party operating in a cash society, combined with the fact that the average Bulgarian income is low, results in a system that is not conducive to "regular" people making small donations. As a result, the largest sources of campaign funds are private and business donations.

Many interviewees remain concerned that party members are not able to regularly audit and access financial results, and many went on further to claim that while their parties' financial records are officially made public, the reality is that only the information that is reported to the Court of Auditors is made public.

Assistance Opportunities

Political Party Strengthening

Bulgaria's political parties suffer from something of a credibility gap left over from one-party rule: they must strive to be legitimate and necessary in voters' eyes. In the absence of broad material support from voters, parties have come to rely on businesses and private persons for financial strength, which makes them vulnerable to corruption. Parties would do better to clarify and broadcast their policy messages, and work to establish a tradition of financing that is more transparent. The majority of respondents felt that there is

a relationship in the Bulgarian political system between unclear party policy and corrupt behavior such as vote-buying and patronage.

Legal and Regulatory Reform

Bulgaria does have spending limits in place for campaigns, as well as legally defined campaign periods, in an attempt to make politics assessable to all parties big and small. There is a political will in Bulgaria to address the issue of political party financing, and recognition that it is key to the establishment of a well-functioning democracy.

However laws have often changed before each national election in the democratic period, making each election seem to have its own rules. A consistent approach must be decided on, with some level of public funding high enough to lessen the need for anonymous donations or otherwise "shady" contributions. Additionally, many of the respondents saw a strong need for an increase in enforcement powers of institutions such as the Court of Auditors so that they can be more effective in applying the current legislation and fulfilling their roles.

Most respondents also believed that the lack of policy on party financing and funding fuels vote-buying and patronage. There also needs to be greater transparency and control over how money is spent in a campaign. Many respondents also noted a concern over the multitude of political parties, due to the ease in which parties are able to register.

Bulgaria Background Information

Electoral System		
What is the electoral system?	Proportional Representation	If no presidential candidate receives a majority, and/or if there is not a 50% turnout, the Central Election Committee will order a run-off between the top two candidates.
What is the legislative system?	Unicameral	
How many seats does the legislature have?	240	
What is the ruling party/coalition percentage in legislature?	45%	National Movement for Simeon II (NMS)
Date of the last legislative election?	2001	
Date of next scheduled legislative election?	2005	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	Parties are governed by the Political Parties Act and its subsequent amendments.
Do parties or their officials have to declare assets and liabilities?	Yes	This information is included within the annual reports to the assembly.
Are there laws regulating party finance?	Yes	Regulations of party finance are included within the Political Parties Act.
Do those laws apply to campaigns?	Yes	Campaign finance regulations are included within the specific election laws.
Do those laws apply to non-election periods?	Yes	Party finance laws are always in effect; during campaign periods, campaign-related regulations also apply. There is no one consolidated piece of campaign legislation, there are 3 electoral laws regulating the general elections, the elections for president/VP, and for local authorities respectively.

State Funding		
Does the state provide public funding for political parties?	Yes	The state-provided funding is divided into two, with half allocated in equal parts among the candidates of parties currently represented in the parliament, and the remaining funds made available to candidates nominated by parties, coalitions, and nomination committees in the form of a state subsidy.
What type of public funding is provided?	Cash	Grants and short-term interest-free loans are available. Note: if a presidential candidate receives less than 1% of the vote, s/he must reimburse all state funds received.
Do those funds cover election cycles?	Yes	
Do those funds cover non-election cycles?	Yes	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		Yes	For presidential elections, the maximum individual contribution is 50,000 BGL, and total spending for a party's entire candidate list is not to exceed 2 million BGL. For MP elections, gifts are limited to 10,000 BGL for individuals and 30,000 for groups. For all election levels, foreign non-profit organizations are permitted to donate technical assistance/equipment (and/or their monetary equivalent) that parties need to conduct activities; there is no stipulated limit on these donations.		
For parties, do those laws apply to campaign periods?		Yes			
For parties, do those laws apply to non-election periods?		Yes			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	Foreign nationals, foreign corporations, state-owned enterprises, and joint ventures (in which a foreign entity has a greater than 25% interest) are prohibited from donating to any election. The laws do not prohibit union donations, but the Political Parties Act states that a trade-union or other public organization cannot engage in the activities of a political party; if they do so the district prosecutor has 1 month to call for the union's dissolution or registration as a political party. Parties can own "businesses" in the sense that the party can be considered a "business" if it sells items/printed materials related to the party; parties cannot own other "businesses." Newspapers are acceptable under current legislation, although all of the party newspapers recently went bankrupt.
	Foreign sources?	No	Can parties own businesses?	Yes	
Specify any other restrictions by source and/or by amount etc.		Foreign states, foreign organizations, anonymous sources, as well as enterprises, offices, and organizations are prohibited.			

Spending Limits		
Are there laws limiting political party or candidate spending?	Yes	In presidential and Vice-Presidential elections campaigns are limited to spending 2 million BGL. The Bulgarian National TV and Radio stations are obliged to provide airtime in equal quantities to candidates, so there is little need for additional TV advertising, and purchasing additional commercial time on any government-owned station is prohibited; the law does not prohibit such spending on non-government networks. The Council of Ministers determines the price of the government-station airtime no closer than 40 days before the election, and the time must be pre-paid. In MP elections, total financing may not exceed: 1 million BGL for parties; 2 million BGL for coalitions; and 200,000 for initiative committees.
For parties, do those laws apply to campaign periods?	Yes	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	Parties are required to report to the Court of Auditors (annually by March 31) the size and sources of their funding; these disclosures are later published in the State Gazette.
Are political parties or candidates required to disclose spending?	Yes	All presidential/vice presidential candidates must make a public statement before the national assembly within 1 month of the campaign disclosing the financial sources and expenditures of their campaigns.
For parties, do disclosure laws apply to election funding?	Yes	No later than 2 weeks prior to an election, parties must submit a report to the national assembly disclosing all funding sources, as well as the total spent and received.
For parties, do disclosure laws apply to non-election funding?	Yes	There are annual disclosure requirements.
Are the reports made public?	Yes	They are published in the State Gazette.
Are annual financial audits of party accounts required?	No	While not specifically enumerated and mandated in the party-related legislation, when they occur they are conducted by the Office of the General Auditor.
Are audit results made public?	Yes	When audits are conducted they are made public.
What agencies are responsible for monitoring these laws?		The national assembly has power of review and enforcement; several NGOs engage in non-official monitoring. The Central Election Committee is responsible for fielding all election-related violations, conflicts, and issues.
What sanctions exist if political party or campaign finance laws are violated?		The fine is 10,000-100,000 BGL for violating the presidential/VP election rules and 50,000-100,000 BGL for violating campaign finance regulations. If a party violates party election rules they are subject to dissolution. Violations by non-officials of the MP election regulations are punishable by a 50-2,000 BGL fine (if the violation is not an "offence"); officials are subject to 500-5,000 BGL fines for "willful violations."

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	
Are officials at the national level required to declare their assets?	Yes	Officials of a senior level are required to disclose their assets annually.
Are these declarations made public?	Yes	The declarations are published in the State Gazette.
Is there conflict of interest legislation for elected officials at the national level?	Yes	National officials cannot "engage in political activities" at their place of non-government employment; election commission officials receive a legal leave of absence from their jobs during their election commission tenure; the constitution specifically prohibits members of the Council of Ministers to hold "a post ... incompatible with the status of a member of the national assembly," and the national assembly may prohibit the holding of any other post as they see fit
Is there Freedom of Information legislation?	Yes	Access to Public Information Program, an NGO, seeks to educate people about this legislation

Cambodia

Kingdom of Cambodia

Governing Party: CPP-FUNCINPEC

Electoral System: Proportional representation, closed party-list system

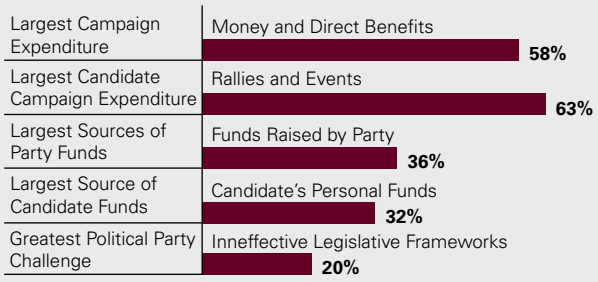
Legislative System: Bicameral legislature, National Assembly (lower) with 123 seats, Senate with 61 seats

Most Recent Legislative Election: 2003

Public Campaign Funding: In-kind, equal media time to the parties during the 30-day campaign period

Largest Campaign Expenditure: Money and direct benefits

Survey at a Glance



Current Political and Legal Overview

Political Parties

Following decades of war and instability Cambodia has, since the return of peace in 1998, faced tremendous challenges in rebuilding its economic, social, and political systems. Chief among these challenges has been consolidation of a democratic multiparty system based on transparency, accountability, and the rule of law. Three main political parties have emerged: the Cambodia People's Party (CPP); the *Front Uni et National pour un Cambodge Independant, Neutre, Pacifique, et Cooperatif* (FUNCINPEC); and the Sam Rainsy Party (SRP).

The Cambodia People's Party is the oldest of the three. The CPP has extensive party infrastructure at the commune level across the nation, and controls local public offices through appointment of officials during its 12-year legacy of one-party rule. FUNCINPEC, previously the CPP's junior coalition partner, is a royalist party with close ties to King Sihanouk and the royal family of Cambodia. The Sam Rainsy Party (SRP, originally known as the Khmer Nation Party) was formed in November 1995 by former FUNCINPEC Minister of Finance and Economy Sam Rainsy

In the 2003 elections, the CPP won 73 of 123 seats in the National Assembly, nine short of the two-thirds majority needed to form a government without a coalition. Shortly after the election, the opposition FUNCINPEC and Sam Rainsy Party, with 26 and 24 seats respectively, formed a coalition called the Alliance of Democrats. The Alliance demanded the formation of a tripartite government; many more demands were made during several rounds of negotiations with the CPP. Between July 2003 and June 2004 three separate deals were initialed by the two sides, but all fell apart when the AD sought further concessions. A final agreement was reached on June 25 following a meeting between Prime Minister Hun Sen and FUNCINPEC President Prince Ranarridh. On July 15,2004 the National Assembly, through a "package vote," endorsed the new CPP – FUNCINPEC government led by Prime Minister Hun Sen, and also approved new officers for the National Assembly with Prince Ranariddh as its President

Electoral System

Cambodia has a bicameral legislature, and members of both houses serve five-year terms. The last National Assembly elections were held in 2003, and the next are scheduled for 2008. Fifty-seven of the Senate's 61 seats are supposed to be elected by "functional constituencies," two members by the National Assembly, and a final two appointed by the monarch. But Senate elections have yet to be held, and Senators are currently appointed by parties represented in the National Assembly.

The National Assembly is elected using a provincial proportional representation system with a closed party-list established by the 1997 Law on Political Parties and the Election of the National Assembly. Voters choose a party; candidate names are not listed, and independent candidates are not permitted. Parties submit a ranked list of candidates to election authorities prior to the election, although parties often rearrange the order of their lists based on internal party

issues. Following the election, seats are filled based on the number of votes earned by each party in each province. .

Party Finance Laws

The basic law governing political party activity is the 1997 Law on Political Parties and the Election of the National Assembly. The law outlines fairly simple requirements for establishing political parties, including submitting to the Ministry of the Interior the party statutes, a list of its leaders, a statement of policies and political program, bank accounts, and the names and signatures of at least 4,000 registered Khmer citizens.

The Party Law requires every party to submit a yearly financial report to the Ministry of Economy and Finance and to the Ministry of the Interior that must include the party's bank statements, lists of expenditures, and a narrative report of the party's principal activities. Although parties are required to submit a record of expenditures, they are not required to publicly declare party assets. The ministries are responsible for reviewing these reports to ensure that there is no conflict with the constitution.

Permissible sources of funds include member contributions or dues, income from party-owned business interests, state funds, donations from private Khmer enterprises or charitable individuals, and the assets of the political party. Parties are prohibited from accepting funds from any public enterprise, government institution or nongovernmental association, or from foreign corporations (with the exception of any state funds provided under a public funding scheme). Article 28, Chapter VI, of the Party Law provides the constitutional framework for state funding of political parties. However, the government has not yet enacted enabling legislation.

The law also guarantees the parties equal access to the state media, although the opposition alleges that the spirit of this provision is routinely violated. The ruling party, they claim, regularly interferes with decisions of news content and editorial comment, resulting in biased news coverage.

The election law establishes the National Election Commission (NEC) as the principal authority responsible for administering and overseeing all aspects of the election process. The law prescribes that the NEC be composed of 11 members, consisting of: two "Khmer dignitaries," two citizens, two NGO leaders, two high-ranking officials from the Ministry of the Interior, and one representative from each of the political parties represented in the National Assembly. The Ministry of Interior is charged with selecting the list of NEC nominees, which is reviewed by the Council of Ministers before being approved by vote in the National Assembly.

The Electoral Act prohibits vote-buying by candidates or political parties during the 30-day campaign period. Any political party or candidate found guilty of "offering material or monetary incentives to buy votes" will be disqualified. The electoral regulations, which expand upon the provisions of the law, prohibit: engaging in corrupt behavior; offering contributions, gifts, and rewards, cash or in-kind, to ensure voter support; or offering rewards or gifts to encourage someone to stand as a candidate or withdraw his or her candidacy.

The Electoral Act also charges the NEC with "supervising the income obtained and expenses incurred by candidates and political parties during election campaigns." Parties are required to submit a statement identifying one central bank account, to which all campaign contributions and campaign expenses must be credited and debited, and their account books to the NEC. Many political leaders believe that the law is insufficient, as most transactions take place in cash, never appearing in the parties' account books.

Political Party Finance Practices

The information below is taken from 18 interviews conducted from October 6 to 10, 2003. Of those interviewed, 12 were political party officials, five represented aspects of civil society, and one was an election official. Sixteen were men and two were women. One was from the ruling party, and 11 were from the opposition.

Typical Campaign Practices

Cambodian political parties, with the exception of the CPP, depend on individual candidates to conduct the majority of campaign activities and to finance their campaigns. The main form of voter outreach is the provision of development projects. Given its position of power in the government and access to resources, the CPP sponsors the most development activities, including the construction of roads, schools, and infrastructure. Direct gift-giving to individuals is another common campaign method in Cambodia, and all parties participate in this practice. Parties offer cash to voters, but food and medicine are the most common gifts.

Another critical form of voter outreach is the mobilization of members through rallies and events. The candidates in each province will sponsor parties and pay for food, transport, and clothing for participants. Party leaders may attend these events to give presentations. Door-to-door campaigning is also quite common in Cambodia, with each party member assuming responsibility for visiting a fixed number of households to discuss the party and give gifts and food. The use of flyers, posters, banners, and T-shirts is also common for all

parties, and the country is covered with party paraphernalia in the weeks leading up to the election.

Typical Expenditures

The largest candidate campaign expense was vote-buying/gift-giving. It is reported by NGOs and election observers that the CPP spent the most on gift-giving. Another large expenditure was "voter contact techniques," such as rallies and events. Costs included food, transport, and per diem.

Unlike in many countries, in Cambodia the use of print, radio, and television media is not a common form of voter outreach, except for the CPP. There is some speculation as to whether the lack of media availability increases expenses for parties. Some party leaders argue that door-to-door campaigning to reach voters costs more in the end than radio or television.

Typical Sources of Funding

It is estimated that the majority of funding comes from the assets and businesses of the party and its leaders. NGOs and other observers report that the CPP uses state resources and assets for party purposes.

FUNCINPEC and the SRP require candidates to make a pledge prior to the party's election registration indicating the amount they guarantee to spend during the campaign. A large pledge secures a top position on the party's electoral list; both parties claim they must use this system because of their lack of financial resources. The candidates do not contribute their pledged amount to the party headquarters or branch offices but rather pool their finances in "provincial committees" managed by the candidates from the province. These committees determine activities for the area and create a budget; thus, candidates pay for all electioneering in that province.

The CPP also requires its candidates to pay for their positions on the party lists, but the party is also able to finance the campaigns of poorer candidates. Like FUNCINPEC and the SRP candidates, CPP candidates pay directly for their own election activities at the provincial level. However, the party also has independent financing to conduct campaign activities on its own. The party headquarters provides propaganda and other materials to all its candidates and branch offices during the campaign and holds many events across the country.

Corruption

Parties and candidates across the country provide gifts, money, or other services to voters for their support, and voters expect this behavior. According to the country's Anti-Corruption Unit, party leaders are placed in a difficult bind: voters demand an anti-corruption agenda from politicians, but still expect to be paid for their votes. The party that campaigns empty-handed in the provinces risks losing support to the party that brings resources to the community.

Corruption is prevalent not only in the national election process but also in political transactions in general. Within parties, those who contribute financially to the party are rewarded with preferred slots on the party's electoral lists and high-ranking government posts. Inter-party corruption is also reported, specifically, "candidate purchasing," whereby one party's candidates or officials have been bought by opponents to ruin the party's image. Corruption in political and campaign finance practices also inevitably involves the relationship between parties, business interests, and government. Business leaders, including those involved in illegal industries, contribute to political parties and/or campaigns expecting rewards. These rewards come in the form of government contracts, tax breaks, or agreement to overlook illegal activities.

Assistance Opportunities

Political Party Financing

The Cambodian political system as a whole needs greater transparency, and political parties could contribute greatly by developing open and above-board fundraising strategies, along with open and accountable cash management. They lack personnel who are trained to manage party finances, and who can monitor adherence to new and existing legislation.

Legal and Regulatory Reform

Those interviewed believed that corruption in Cambodia requires "massive" reform of political party and election law, along with the political will to implement reforms. Many respondents suggested that public subsidies for parties should be included in reformed campaign finance legislation. Coupled with limits on spending, this could help opposition parties compete on a more level playing field.

The composition of the NEC should be changed to ensure neutrality. Independent institutions could also be established, such as an anti-corruption commission, independent auditor-general, and a constitutional council. These organs must work together to ensure that compliance is monitored and enforced in a system still trying to consolidate democratic practices.

Civic/Voter Education

Some interviewees felt that legislative reform was not enough, and emphasized the importance of broad-based civic education programs over additional regulations to create demand for transparent and accountable government.

Cambodia Background Information

Electoral System		
What is the electoral system?	Proportional Representation	Cambodia has a provincial proportional list system. Seats in the national assembly are allocated to each province based on its population, and political parties submit a ranked, "closed" list of candidates by province.
What is the legislative system?	Bicameral	
How many seats does the legislature have?	123 National Assembly; 16 Senate	The 123 members of the national assembly, or lower house, are elected. The 61 senate members are appointed by the parties based on the allocation of seats in the NA.
What is the ruling party/coalition percentage in legislature?	67%	CPP - FUNCINPEC Coalition
Date of the last legislative election?	2003	
Date of next scheduled legislative election?	2008	

Political Party Finance Laws		
Are there laws limiting political party or candidate spending?	Yes	There is one law that addresses parties and elections: the Law on the Election of the National Assembly and Political Parties (1997).
Do parties or their officials have to declare assets and liabilities?	No	According to the law, parties are required to submit basic accounting records. In practice, this does not occur.
For parties, do those laws apply to non-election periods?	No	The Law on the Election of the National Assembly and Political Parties (1997) also applies to the campaign period.
Are there limits on paid televised advertising?	Yes	
Do those laws apply to non-election periods?	Yes	

State Funding		
Does the state provide public funding for political parties?	Yes	The law has a provision for public funding, but enabling legislation has not been adopted.
What type of public funding is provided?	In-kind	The law requires the state to provide equal media time to the parties during the 30-day campaign period. Although all parties are granted some air time, the ruling CPP party receives a significant majority of media coverage by the state media, as well as private sources.
Do those funds cover election cycles?	Yes	
Do those funds cover non-election cycles?	No	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		Yes	The party law provides five legal sources of funding: membership dues, businesses owned by the party, state funds (should they be provided by law), private Khmer enterprises or individuals, and party assets. Illegal sources include foreign corporations, public institutions, and NGOs.		
For parties, do those laws apply to campaign periods?		Yes			
For parties, do those laws apply to non-election periods?		Yes			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	No	Although parties are not allowed to receive funding from foreign entities, this does not apply to Khmers living overseas.
	Foreign sources?	No	Can parties own businesses?	Yes	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	No	
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	No	Parties do not have to reveal the sources of their funding (names of donors) during the campaign period or in non-election periods.
Are political parties or candidates required to disclose spending?	Yes	Parties are required to file very basic accounting statements with income and spending. The spending does not need to be backed up by a receipt or disclose specific details. In practice, no statements are filed.
For parties, do disclosure laws apply to election funding?	No	There are no disclosure laws per se – only the requirement of parties to file basic financial statements, which does not happen in practice.
For parties, do disclosure laws apply to non-election funding?	No	See above.
Are the reports made public?	No	
Are annual financial audits of party accounts required?	No	
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		The Ministry of Interior and the Ministry of Economy and Finance are technically responsible for collecting financial statements from parties during non-election periods. This does not happen in practice, and both ministries report that they have not collected any information. The National Election Commission (NEC) is responsible for collecting returns from parties of their spending and income during the 30-day campaign period. Although the NEC says it has received budgets from the parties, it has not received any financial returns.
What sanctions exist if political party or campaign finance laws are violated?		In the law there are fines and other penalties for breaking the election and party law, however, there have been no sanctions in practice and the reporting requirements are routinely ignored.

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	The party and election law prohibits the use of government resources and assets for political campaigns, but this requirement is ignored in practice.
Are officials at the national level required to declare their assets?	No	
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	No	There is a Law on the Press Regime that governs the operations of the media and has been used by the government to shut down opposition media sources.

Croatia

Republic of Croatia

Governing Party: Croatian Democratic Union

Electoral System: Proportional representatioon

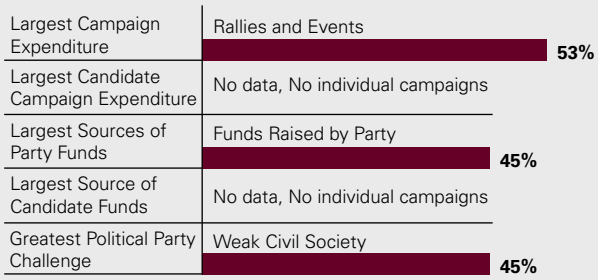
Legislative System: Unicameral legislature, 152 seats

Most Recent Legislative Election: 2003

Public Campaign Funding: Direct, according to parliamentary representation

Largest Campaign Expenditure: Rallies and events

Survey at a Glance



Current Political and Legal Overview

Political Parties

Scarred by war and stymied by autocratic rule in the 1990s, Croatia has finally entered the consolidation phase in its long journey towards democracy. Parliamentary elections took place in November 2003 in accordance with international standards, leading to a peaceful transfer of power. The political party system has evolved into an established, if crowded, spectrum of parties on the right, left, and in the center, with consensus among them on the country's geopolitical orientation. The European Union's decision to grant Croatia official candidate status in May 2004 was a testament to the democratic strides made by the country since 2000. Despite these positive developments, recent actions of the government, led by the Croatian Democratic Union (HDZ), suggest a disturbing disregard for parliament as a democratic institution. Among these are a proposed 25 percent reduction in funds for Sabor (parliamentary) operations, the further restriction of public access to the parliament, and statements by Sabor leadership that parliament would not be a forum for opposition parties to debate critical reforms.

There are 86 registered political parties in Croatia, 16 of which are represented in parliament, holding anywhere from one to 44 seats. With decision-making centralized in the upper echelons of party structures, rank-and-file members are generally underrepresented in policy formulation. Public opinion holds that politics are personality-based and insufficiently grounded in legislation.

The November 2003 parliamentary elections precipitated significant changes in Croatia's political landscape, particularly in the Sabor. In a major turn of events, the HDZ—the party of Franjo Tudjman, who presided over an autocratic, nationalist government that led the country through the war in the 1990s—defeated the Social Democratic Party (SDP)-led coalition and returned to power. The HDZ attempted to shed its nationalist face and present itself to the electorate as "reformed" and committed to move Croatia closer to the EU, effectively embracing the reform agenda of its chief opponent. Consequently, parliamentary leadership has entirely changed hands, while the composition of new committees and party clubs has turned over dramatically. A new speaker and a secretary general have also been appointed.

The HDZ, led by Ivo Sanader, now presides over a fragile coalition with small center-right parties and minority representation, including the Independent Democratic Serbian Party (SDSS), the Serb national minority. The HDZ faces strong opposition in parliament from the center-left parties, which now have executive experience. The international community has adopted a "wait-and-see" attitude toward the "reformed" HDZ.

Electoral System

Croatia does not have a permanent election law, and has experimented with a number of different electoral systems over the past decade: from a pure majority system with two rounds in 1990, to a mixed system (with a different ratio of seats elected by proportional and majority vote) in 1992 and

1995, to the current system of proportional representation, which was used for parliamentary elections 2000 and 2003.

Croatia follows the proportional system with 11 electoral districts nationwide, each with 14 candidates elected from party candidate slates. The 11th district refers to the diaspora vote where a non-fixed quota is used. There is also a 12th district for national minorities, electing up to eight representatives in total.

Party Finance Laws

There are no specific laws governing party financing, and there are very few finance provisions within the Law on Political Parties and the Election Law. What legal provisions do exist are rather vague and subject to varying interpretations. Moreover, it is rare that penalties are imposed against individuals or parties who violate these laws. There are no specific restrictions regarding sources of funding for political parties; however, any funds received or earned must be spent in accordance with the law governing not-for-profit organizations (i.e. funds must be used strictly for party functioning, campaigning, and promoting programs and ideas). According to the law on political parties, they are obliged to publicize the sources of funding and the purpose of funds received during the calendar year. Within 30 days of entering office, all officials are required to declare their assets and permanent income, as well as assets and income of their spouses and children. They must also declare if they own more than 25 percent of shares in a company.

Public funding for parliamentary parties is ensured at 0.056 percent of state budget expenditures for the previous year. These funds are distributed according to the number of seats in parliament. Additionally, they receive 10 percent more per each MP of the under-represented gender. All parties that are represented in parliament and are running in the election are entitled to reimbursement of election campaign costs. The government decides the amount to be reimbursed at least 20 days before elections. Parties that pass the five percent threshold per district are also entitled to campaign cost reimbursement. Non-parliamentary parties that manage to pass the threshold receive approximately US$6,250, as do the independent lists that pass the threshold. Candidates for minority representation get approximately US$3,125 if they win at least 5 percent of the vote on their list.

Political Party Financing Practices

The information below is distilled from eight interviews conducted with knowledgeable Croatian persons interviewees, or respondents from December 15 to 19, 2003. Three respondents were elected officials high in their parties, four were civil society representatives, and one was a political party leader. Seven were male and one was female; none were members of the ruling party.

Campaign Practices

Respondents said that campaigns are about marketing political parties to the masses, and therefore the media has become important players in Croatian elections. Parties and candidates know that they can project a certain image or publicize a slogan through the media, so they concentrate on that rather than focus on a particular policy issue.

Typical Expenditures

The largest line-item campaign expenditure is political advertising via television, radio, and newspapers. The next largest expenditure is campaign outreach materials, such as posters, billboards, and brochures. The lowest expenditures tend to be for travel, personnel, and other promotional materials such as T-shirts and hats.

Typical Funding Sources

Political parties that have representation in the parliament, which tend to be the larger parties, get most of their funding from the state budget. The business community also makes donations to political parties; the size of these donations varies from party to party, as some have limits on how much one business can contribute. Another substantial source of income for parties tends to derive from the salaries of elected officials. On a smaller scale for most parties, individual donations, membership dues, personal funds of the party leader, and party businesses make up a lower portion of the budget. The smaller political parties without seats in parliament have a harder time: they cannot rely on public funds, and must direct fundraising efforts toward party leaders, businesses, and wealthy individuals.

Corruption

The news media report that political parties in Croatia have received generous amounts of funding from illegal sources, usually from businesses and individuals who want to ensure that their interests are protected by the government. However, the respondents did not mention having concerns about fundraising, nor about the manner in which funds are conventionally raised. It was noted that smaller parties out of parliament struggle to find financing; apart from this, respondents were not very forthcoming about the interaction between their party and their financial contributors.

Assistance Opportunities

Political Party Strengthening

It was generally noted that Croatian citizens lack confidence in political parties, as they have grown tired of unfulfilled campaign promises. Citizens generally believe that political parties spend too much public money on campaigns. Citizens feel they have a vested interest in how political parties spend money from the state budget, yet they remain somewhat cynical over any prospects for change. Respondents felt one factor in the credibility gap is the overall number of parties: the process of registration is too easy, and the multiplicity of parties on the scene makes it hard to concentrate on platforms and policies. More rigorous party registration requirements could be accompanied by more rigorous and transparent internal party financial accounting, which might encourage more public debate on campaign finance reform.

Legal and Regulatory Reform

Respondents believe that Croatia should have legislation limiting the amount of money individuals can donate to political parties, strengthening the oversight of party and campaign finance, and making penalties more rigid.

Croatia Background Information

Electoral System		
What is the electoral system?	Proportional Representation	Currently it is the proportional system. Fourteen candidates are elected from each of 11 electoral districts on the basis of party candidate lists/slates. The 11th district is for the diaspora vote where a non-fixed quota is used. There is also a 12th district for national minorities, who elect up to 8 representatives in total.
What is the legislative system?	Unicameral	The Chamber of Counties was abolished with the constitutional changes in 2001. According to the constitution, the parliament has no fewer than 100 and no more than 160 MPs for a term of 4 years. By current election law, 140 MPs are elected from 10 districts, 8 seats are reserved for national minorities, while the diaspora seats are allocated based on the total voter in-country turnout with a maximum of 14.
How many seats does the legislature have?	152	
What is the ruling party/coalition percentage in legislature?	39.9	Croation Democratic Union (CDU)
Date of the last legislative election?	2003	
Date of next scheduled legislative election?	2007	In principle November 2007, but bearing in mind that Croatia has a minority government, elections might occur anytime.

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	
Do parties or their officials have to declare assets and liabilities?	No	
Are there laws regulating party finance?	No	There is no law on political party financing; there are very few provisions within the Law on Political Parties and the Election Law.
Do those laws apply to campaigns?	Yes	The provisions of the laws are very vague and subject to various interpretations, as there are no clear indications of what mismanagement of funds would be. Also, the sanctions are very minor.
Do those laws apply to non-election periods?	Yes	

State Funding		
Does the state provide public funding for political parties?	Yes	Public funding for parliamentary parties is ensured at the level of 0.056% of state budget expenditures of the previous year. The funds are distributed according to the number of seats in parliament. Additionally, they receive 10% more per each MP of the under-represented gender.
What type of public funding is provided?		Money transfers from the state account to party account
Do those funds cover election cycles?	Yes	All parties represented in parliament and running in the election are entitled to reimbursement of election campaign costs. The decision of the amount to be reimbursed is brought by a separate government decision at least 20 days before elections. Parties that pass the 5% threshold per district are also entitled to campaign cost reimbursement. Non-parliamentary parties that manage to pass the threshold get approximately US$6,250 as do the independent lists that pass the threshold. Candidates for minority representation get approximately US$3,125 if they win at least 5% of the vote on their list.
Do those funds cover non-election cycles?	Yes	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?					
For parties, do those laws apply to non-election periods?					
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	There are absolutely no limitations regarding sources of funding for political parties. However, any funds received or earned must be spent according to the Law on Not-for-Profit organizations (i.e. can only be used for party functioning, campaigning, and promoting their programs and ideas).
	Can parties own businesses?	Yes	Foreign sources?	Yes	
Specify any other restrictions by source and/or by amount etc.		Bigger parties themselves have adopted internal decisions restricting maximum amounts they can receive from businesses and individuals. There are also sources from which parties state they wouldn't accept funding, such as cash donations, suspicious sources, etc.			

Spending Limits		
Are there laws limiting political party or candidate spending?	No	
For parties, do those laws apply to campaign periods?	n/a	
For parties, do those laws apply to non-election periods?	n/a	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	According to the law on political parties, they are obliged to publicize the sources of funding and the purpose of funds received during the calendar year.
Are political parties or candidates required to disclose spending?	Yes	
For parties, do disclosure laws apply to election funding?	Yes	All parties are obliged to publicize an estimate of the amount and sources of funds for campaign purposes, according to the election law.
For parties, do disclosure laws apply to non-election funding?	Yes	
Are the reports made public?	Yes	Indirectly, because they are obliged to submit financial reports to the parliament.
Are annual financial audits of party accounts required?	Yes	Before submittal to the parliament.
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		The state audit office and the parliament.
What sanctions exist if political party or campaign finance laws are violated?		Lenient punishments for parties and party leaders (up to 250 €). If the funds are acquired in an unconstitutional manner, they are considered as budget funds and will be distributed for humanitarian purposes.

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	No	
Are officials at the national level required to declare their assets?	Yes	Within 30 days of entering office, all officials are required to declare their assets, their permanent income, and the assets and income of their spouses and children.
Are these declarations made public?		
Is there conflict of interest legislation for elected officials at the national level?	Yes	
Is there Freedom of Information legislation?	Yes	

Ghana

Republic of Ghana

Governing Party: New Patriotic Party

Electoral System: First-past-the-post

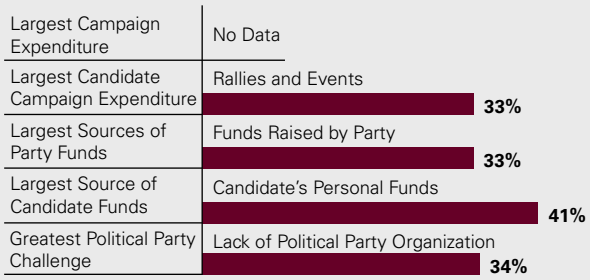
Legislative System: Unicameral legislature, 230 seats as of the December 2004 elections

Most Recent Legislative Election: 2004

Public Campaign Funding: In-kind, airtime provided on state media to all parties

Largest Campaign Expenditure: Rallies and events

Survey at a Glance



Current Political and Legal Overview

Political Parties

After decades of military rule, Ghana returned to multiparty politics in 1992. After the last national elections in 2000, Ghana experienced its first democratic transfer of power from one political party to another. Four of the seven parties that competed in those elections gained parliamentary seats: the ruling National Patriotic Party (NPP) with 102 seats; the main opposition and former ruling National Democratic Congress (NDC) with 90 seats; the People's National Congress (PNC) with three seats, and the Convention Peoples' Party with one seat. In addition, there are four independent MPs, two of whom are closely allied with the NDC, while the other two are associated with the NPP.

Most parties in Ghana are largely dormant between elections. Although registration criteria require political parties to maintain structures in all ten administrative regions and two-thirds of the 110 districts, only the NPP and the NDC are fully competitive across the country. In fact, much of the party apparatus required to secure registration falls out of use once parties achieve formal status.

Electoral System

Ghana has a unicameral legislature with 230 seats and members are elected for four-year terms. Legislators are elected under a majority-plurality system featuring single-member constituencies. In the event that no presidential candidate secures a clear majority, the two contenders securing the most votes compete in a run-off election. A run-off election was required in the 2000 presidential election between current President John Kufuor and John Mills, the NDC candidate. National elections are held every four years with legislative and presidential elections organized on the same day. The last national elections were held in December 2004, and the next elections are to be held in December 2008.

Political Party Finance

The legal framework for political parties is codified in the 1992 Constitution and the 2000 Political Parties Act. In the 2000 elections, all competing parties signed a Code of Conduct; however, it is not a legally binding document. Non-citizens are prohibited from directly or indirectly supporting political parties. There is no ban on donations by businesses.

Under the present regime there have been several public debates on direct public financing of parties, though legislation on that matter has not yet been introduced. In the lead up to elections in 2004, more dialogue on the public financing of parties has occurred, especially during the July 2003 regional public forums held by the election commission to collate citizen views on public funding of parties. Those in favor are countered by an equally strong opinion that cautions against the serious financial implications the proposal entails, and calls for effective guidelines to forestall abuse.

Political Party Financing Practices

The views and information below were gathered from twenty interviews conducted between June 30 and July 30, 2003. Those interviewed included six elected officials, six political party officials, four representatives of civil society, two journalists, and two election officials. Fifteen were men and five were women. Four party officials came from the ruling party, and seven represented opposition parties.

Typical Campaign Practices

Campaigns in Ghana typically feature large public rallies where campaign paraphernalia such as T-shirts and posters are distributed and drinks and food served. In addition to airtime provided on state media to all parties, the larger political parties sometimes pay for advertisements on state and private media, with radio advertisements favored as more accessible and affordable than televised propaganda.

Typical Sources of Funding

Legislative campaigns are primarily funded through the efforts of the candidate, using a combination of personal resources, loans, and funds raised through family, friends, and other contacts. Political parties typically pay the registration fees and make other limited contributions. The main political parties are also able to subsidize their candidates with cash or in-kind assistance.

Business support for political parties, while legal, is frequently kept secret—a practice both the beneficiaries and the donors prefer. It is widely suspected that the larger political parties receive funding from foreign sources, in contravention of the constitution.

Typical Expenditures

Given poor infrastructure, transportation is one of the largest categories of expenditure, particularly outside urban areas. Second to transportation are handouts to voters en masse and to individuals (cash or in-kind including canned fish, clothing, soap) as well as through traditional authorities and other influential leaders (cash, or bottles of schnapps or kola nuts). Due to pervasive poverty, handouts are distributed more often in rural areas and are considered significant expenses—handouts can amount to half of campaign budgets.

Corruption

All interviewees agreed that there is a link between party financing patterns and corruption: businesses buy access and influence through their donations; qualified but poor candidates cannot compete; and parties buy support with handouts instead of addressing the issues. Either because of campaign debts or simply because they have the opportunity to do so with impunity, public officials are widely rumored to collect a 10 percent cut in exchange for awarding various government contracts. It is believed that those funds benefit both individuals and political parties.

Assistance Opportunities

Political Party Financing

Respondents claimed that it is hard to determine sources and disbursement of internal party funds. Some interviewees noted that the problem of transparency and accountability in funds management is acute since party treasurers do not render public accounts, and in many instances, party leaders hold the funds in their personal possession. It is also generally believed that the high cost of political campaigning leads politicians, once in office, to seek to "retrieve their investments." Several respondents believed that state funding will ensure competitiveness, reduce corruption, and also enhance greater accountability

Legal and Regulatory Reform

While it is noted that the 2000 Political Parties Act is a good step towards ensuring more oversight of party expenditures, in practice it has not been enforced by the Election Commission despite specific and severe sanctions for parties which fail to comply. Interviewees all agreed that the current political party financing laws are not being properly enforced and must therefore be reformed to have greater "teeth" in terms of sanctions for violations. Most expressed skepticism over whether campaign limits could be enforced in Ghana.

Civic/Voter Education

Respondents stated that the electorate has a limited understanding and appreciation for democratic processes; illiteracy impedes its political education. Respondents also suggested the continuous education of the electorate through parties and institutions like the National Commission of Civic Education and the Electoral Commission would improve the quality of elections and help reduce the high cost of getting elected.

Ghana Background Information

Electoral System		
What is the electoral system?	First-Past-the-Post	Parliamentary elections are straight-forward, constituency-based,first-past-the-post. Presidential elections are by majority vote with the entire country serving as a single constituency. Run-offs occur if no candidate secures more than 50% of the vote in the first round.
What is the legislative system?	Unicameral	
How many seats does the legislature have?	230	
What is the ruling party/coalition percentage in legislature?	56%	New Patriotic Party (NPP)
Date of the last legislative election?	2004	
Date of next scheduled legislative election?	2008	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	Political Parties Law 2000 (articles 57.4) and article 55 of the 1992 constitution regulate political parties.
Do parties or their officials have to declare assets and liabilities?	Yes	Parties have to "declare to the public their revenues and assets and the sources of those revenues and assets" (constitution 55.14.a.). They also have to "publish to the public annually their audited accounts" (constitution 55.14.b.) Under the Political Parties Act, article 13: information on assets, expenditure, donations must be submitted to the commission shortly after registration. Also see Political Parties Act article 21 which gives details to be included in annual reports – membership dues, sources of funding, properties, in-kind and cash donations. Reports are submitted to the Electoral Commission.
Are there laws regulating party finance?	Yes	Political Parties Act, 2000.
Do those laws apply to campaigns?	Yes	Yes, but laws are frequently violated. Either reports are not submitted at all or do not reflect the full expenditures. In addition to article 55.14 of the constitution, article 14 of the Political Parties Act requires parties to submit assets and liabilities to the electoral commission 21 days before a general election, and also to submit reports on expenditure six months after a general or by-election. Law does not specify sources, although it says the commission will determine the format in which the information is to be submitted. Note that although independent candidates are permitted, the laws do not specifically refer to them, nor do they specifically require candidates (party-sponsored or independent) to submit reports.
Do those laws apply to non-election periods?	Yes	See above.

State Funding		
Does the state provide public funding for political parties?	Yes	The state provides a certain amount of free airtime on state media (constitution 55.12)
What type of public funding is provided?	In-kind	Radio and TV spots on state media are given to political parties during campaigns.
Do those funds cover election cycles?	n/a	
Do those funds cover non-election cycles?	n/a	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		n/a			
For parties, do those laws apply to campaign periods?		n/a			
For parties, do those laws apply to non-election periods?		n/a			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	For the specific purposes of this legislation, businesses at least 75 percent Ghanaian-owned are considered "citizens" and thus political parties can accept contributions from them. (Political Parties Act 23.2) The election commission can receive foreign assistance for collective benefit of parties.
	Can parties own businesses?	Yes	Foreign sources?	Yes	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	No	
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	Not enforced.
Are political parties or candidates required to disclose spending?	Yes	Not enforced.
For parties, do disclosure laws apply to election funding?	Yes	
For parties, do disclosure laws apply to non-election funding?	Yes	
Are the reports made public?	Yes	Parties have to "declare to the public their revenues and assets and the sources of those revenues and assets" (constitution 55.14.a.). They also have to "publish to the public annually their audited accounts" (constitution 55.14.b.)

Disclosure Regulations (continued)		
Are annual financial audits of party accounts required?	Yes	
Are audit results made public?	Yes	
What agencies are responsible for monitoring these laws?		The electoral commission. Political Parties Law article 22 allows the EC to request party records to confirm information submitted. Under article 21.3, the EC can also order an audit and appoint an auditor.
What sanctions exist if political party or campaign finance laws are violated?		No sanctions applied as yet, although the law is frequently flaunted. Contributions from non-citizens are forfeited to the states, the non-citizen is liable to deportation and can be deemed a prohibited immigrant. If false party records are submitted or the party does not comply, the EC may cancel party registration.

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	Prohibited in electoral code of conduct, which is not legally binding. No specific prohibition in constitution or political parties law.
Are officials at the national level required to declare their assets?	Yes	Constitution article 286 requires assets to be declared to the auditor-general. Includes president, vice president, MPs, ministers, ambassadors, and others. The auditor general declares his assets to the president. The constitution does not specify if these declarations are made public. As constitution article 286 also says the declarations "shall on demand, be produced in evidence" before courts, commissions of inquiry, or investigators appointed by the commissioner for human rights and administrative justice.
Are these declarations made public?		
Is there conflict of interest legislation for elected officials at the national level?	No	Constitution article 284 "A public officer shall not put himself in a position where his personal interest conflicts or is likely to conflict with the performance of the functions of his office." However there is no other specific law.
Is there Freedom of Information legislation?	No	There was recently a "Right to Information" bill in parliament. However it has not yet gone through.

Guyana

Cooperative Republic of Guyana

Governing Party: People's Progressive Party/Civic

Electoral System: Proportional representation

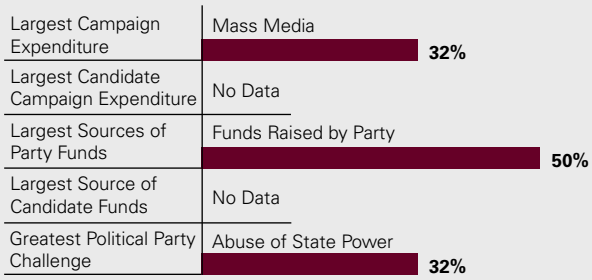
Legislative System: Unicameral legislature, 65 seats

Most Recent Legislative Election: 2001

Public Campaign Funding: In-kind, radio and TV time on state media during campaigns

Largest Campaign Expenditure: Mass media

Survey at a Glance



Current Political and Legal Overview

Political Parties

Guyana has two main political parties, each representing one of the country's two major ethnic groups. The People's Progressive Party\Civic (PPP\C) is largely Indo-Guyanese, and the People's National Congress Reform (PNCR) is predominantly Afro-Guyanese, although each party has leaders and members of parliament from both major ethnic groups. The electoral arena is dominated by these two comparably-sized and resourced political parties; smaller parties operate entirely on the margins. The power elite do not complain of significant unfair advantage held by one party or the other (the smaller parties of course complain, but their concerns are generally disregarded).

Electoral System

Guyana's constitution of 1980 is a hybrid of parliamentary and presidential systems. Power is concentrated in the hands of the majority party in the parliament and in the presidency. Legislative power rests in a unicameral National Assembly of 65 members, elected every five years under a multiparty, proportional system. Unlike in other proportional representation systems, the party leader can choose anyone from the party list to sit in parliament after an election; thus, MPs obtain seats in the National Assembly at the discretion of their respective party leaders. In October 2000, the Constitutional Reform Commission recommended that the country's electoral legislation be amended to strengthen constituency representation and the role of women in politics. The commission recommended that 25 additional seats be added in the National Assembly and that each party list include up to one-third women.

The constitution delegates extraordinary executive powers to the president, including the authority to name the prime minister and the opposition leader. In addition, the president may select as many ministers as he desires, giving the governing party disproportionate economic and political power over the opposition. The president also may dissolve parliament at any time. The president is not directly elected, but is the leader of the party that receives the largest number of votes.

Party Finance Laws

There is only one provision in Guyana's legal framework that addresses the issue of party and campaign financing. The law, passed in 1990 and never amended, places a ceiling on total campaign spending by parties (approximately US$16,250 today) and requires political parties to report their expenditures to the Guyana Elections Commission (GECOM) when elections conclude. The GECOM, however, does not enforce the reporting requirement, and so the ceiling is not adhered to. Various explanations for the lack of compliance are offered, ranging from the suggestion that the parties themselves reached an informal agreement in 1992 not to comply, to others saying that when they approached GECOM for guidance on fulfilling the requirements, they were told "don't worry yourselves with that." Some parties even claimed to have submitted their reports, although the Elections Commissioner said that he had not received any.

There was consensus among those interviewed that it might be a good idea to amend the law to increase the campaign spending ceiling, thereby encouraging better reporting on campaign expenditures. The focus group did not think, however, that the issue of money in politics is viewed as a high priority by political parties in Guyana.

Political Party Financing Practices

The information below was gathered from interviews conducted with 15 persons between October 26 and November 4, 2003. The interviewees, or respondents, included political leaders from large and small parties, electoral officials, domestic observers, and civic leaders. Other observations included below come from informal discussions held with members of the legal and judicial systems, and political analysts.

Typical Campaign Practices

Respondents noted that political parties have increased spending for mass media in campaigns, while ignoring the policy side of elections. One respondent stated that the ruling party is particularly guilty of this, noting that the president failed to appear at a presidential debate organized by the University of Guyana. Big political rallies are becoming more popular within the two major parties as a way to raise visibility and allow for direct contact with the voters, who are attracted by the music and free food and liquor.

Typical Sources of Funding

Much of the funding for political parties comes from the large Guyanese diaspora in the United States. All election fundraising and expenditures are managed by the party; individual candidates do not do any fundraising themselves. The smaller political parties typically have one source of funds, either the party leader or a wealthy individual. There are no laws, regulations, or guidelines governing sources of political party contributions. Businesses donate funds to political parties with the expectation that once in power, party leaders will implement policies that work in the interest of businesses. "Drug money" is also becoming an increasing source of funding for political parties and political party leaders. Many respondents alleged that drug and other criminal barons have contributed large amounts of money to the ruling party.

Typical Expenditures

Political party respondents indicated that travel and mass media were their largest expenses, and of about equal importance in winning an election. The media are also increasing their role in elections, and are becoming a significant campaign cost. One respondent explained that most TV ads for the last election were made outside of Guyana by non-Guyanese, presumably at considerable expense.

Rallies represent another costly campaign activity, as people expect to enjoy free alcohol and food. One respondent noted that vote-buying seemed to be a more common practice in the rural areas.

Corruption

Almost without exception, respondents indicated that the increasing flow of illegal drug money into Guyana from Colombia and other Latin American countries will increase political competition for control of the state apparatus: some politicians will want to shore-up financial support from the drug dealers, raising the electoral stakes and introducing a new element into upcoming elections.

Assistance Opportunities

Political Party Finance

Parties must enhance financial transparency through better accounting procedures and disclosure of expenditures to their memberships and the public. They should also focus more on policy issues of concern to the electorate. Before parties can have a stronger ideological base, they will probably have to address the large role that ethnicity plays in politics.

Legal and Regulatory Reform

Political parties are well aware of laws regulating their finances, but they disregard them with impunity. Spending limits have been set too low for years, and the enforcement mechanism is not effective. The two large political parties have manipulated the situation to work in their favor, thus creating an obstacle to change. Some respondents felt that complete overhaul of the system is needed before for true reform can take place. Steps would certainly have to be taken to ensure the independence of the GECOM so that it feels safe to exercise its power. Legislation is needed to enhance the requirements for campaign and political party finance transparency and accountability.

Guyana Background Information

Electoral System		
What is the electoral system?	Proportional Representation	The 2001 elections introduced an element of geographical representation for the first time, allowing 25 seats to be allocated regionally—although the members holding those seats do not have to be from, or reside in, their designated regions. They are still not elected directly.
What is the legislative system?	Unicameral	
How many seats does the legislature have?	65	
What is the ruling party/coalition percentage in legislature?	53%	People's Progressive Party/Civic (PPP/C)
Date of the last legislative election	2001	
Date of next scheduled legislative election?	2006	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	No	
Do parties or their officials have to declare assets and liabilities?	No	Part XIII of Cap 1:03 of the Law of Guyana, The Representation of the Peoples Act, is supposed to serve as a provision regarding the declaration of assets and liabilities. Section 114 provides for the payment of expenses by candidates other than through the election agent. But the wording does not extend to requiring a general declaration of assets and liabilities. Moreover, Section 112 (2) provides that a candidate may only pay personal expenses incurred by him where that amount does not exceed Gy $1,000; far short of declaring assets and liabilities.
Are there laws regulating party finance?	No	Not with respect to general finances, only regarding campaign expenditures.
Do those laws apply to campaigns?	Yes	Part XIII of Cap 1:03 of the Law of Guyana, The Representation of the Peoples Act, has sections pertaining to campaigns.
Do those laws apply to non-election periods?	No	

State Funding		
Does the state provide public funding for political parties?	Yes	
What type of public funding is provided?	In-kind	Radio and TV spots on state media are given to political parties during election campaigns.
Do those funds cover election cycles?	Yes	
Do those funds cover non-election cycles?	No	

Restrictions on Donations		
Are there laws limiting contributions to political parties or candidates?	No	
For parties, do these laws apply to campaign periods?	No	

Restrictions on Donations (continued)					
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	There are no laws, regulations, or guidelines governing sources of political party contributions.
	Can parties own businesses?	Yes	Foreign sources?	Yes	
Specify any other restrictions by source and/or amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	Yes	Part XIII of Cap.1:03 section 116 states that a candidate's personal expenses in relation to the election must not exceed $25,000.
For parties, do those laws apply to campaign periods?	Yes	
For parties, do those laws apply to non-election periods?	No	There is no set campaign period.
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	No	
Are political parties or candidates required to disclose spending?	Yes	Part XIII of Cap 1:03, section 120 in the Laws of Guyana, states that candidates are required to document their spending, especially personal and election expenses, to the chief election officer in a specified time frame, depending on the type of spending.
For parties, do disclosure laws apply to election funding?	Yes	
For parties, do disclosure laws apply to non-election funding?	No	
Are the reports made public?	Yes	For a fee of $15, all documents related to election spending can be accessed for up to two years after they are submitted. After two years the documents are destroyed, unless the election agent requests that they be returned. (Cap. 1:03 #121 (2)(3)
Are annual financial audits of party accounts required?	No	Some parties indicate they conduct their own internal audits.
Are audit results made public?	No	Not by law. Some of the parties indicate that they provide their audits to their members at their conventions or by other means.
What agencies are responsible for monitoring these laws?		Guyana Elections Commission
What sanctions exist if political party or campaign finance laws are violated?		A fine levied by the courts. See Cap. 1:03 #122 (1) (a-b) (2)

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	No	There are no laws to this effect, but with the exception of the use of government vehicles, this does not appear to be much of an issue.
Are officials at the national level required to declare their assets?	No	
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	Yes	
Is there Freedom of Information legislation?	Yes	

India

Republic of India

Governing Party: United Progressive Alliance (came to power May 2004)

Electoral System: First-past-the-post

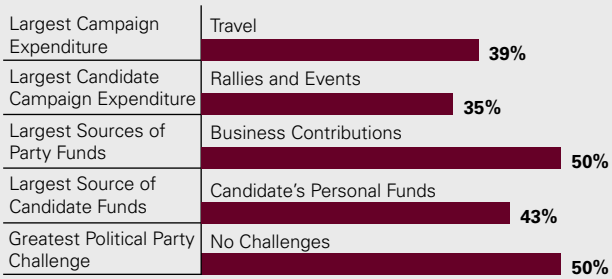
Legislative System: Bicameral legislature: Lok Sabha with 543 seats and Rajya Sabha with 235 seats

Most Recent Legislative Election: 2004

Public Campaign Funding: In-kind: during campaigns parties are given free airtime on state-owned media, both television and radio

Largest Campaign Expenditure: Travel

Survey at a Glance



Current Political and Legal Overview

Political Parties

India's pronounced ethnic and social diversity has given rise to a number of political parties in nearly 60 years as a democracy, some of which originated prior to the nation's independence in 1947. The Indian National Congress (INC or Congress), for example, was founded in 1885 during British colonial rule as a pressure group to lobby the government for political and administrative reforms.

Though the INC has dominated the *Lok Sabha* (People's House, or Parliament) for the first four decades following independence, factionalism and internal conflicts undercut the party's ideological foundation and weakened its control on power during the late 1980s and early 1990s. The INC maintained a majority in the *Lok Sabha* chiefly because no other party was large enough to pose a serious challenge, and because smaller parties failed to form successful coalitions. As the INC's popularity waned, that of the *Bharatiya Janata Party's* (BJP) grew, until the party successfully came to power in 1998.

In May 2004, the INC led a coalition of 12 parties called the United Progressive Alliance (UPA) to an upset victory over the BJP in parliamentary elections. Currently, the INC holds 145 seats in the *Lok Sabha* and BJP holds 138 seats. The policies of the two main parties are similar in many ways: both agree on the need for economic liberalization, although to varying degrees, and there is agreement on how to manage the crisis in Kashmir. The BJP, however, projects a more nationalistic posture focused on Hindu supremacy, and only has two Muslim members of parliament. Other significant parties in parliament include: the Communist Party of India-Marxist (43 seats); *Rashtriya Janata Dal* (24 seats); *Samajwadi Party* (36 seats); and *Bahujan Samaj Party* (19 seats).

With the exception of the BJP, Congress, and Communist parties, Indian parties typically fail to become nationally institutionalized, and many last only for a single election. Party loyalty also tends to be weak, and individuals frequently switch parties or contest as independents.

Electoral System

India's bicameral legislature has a lower house, the *Lok Sabha*, and an upper house, the *Rajya Sabha*. Members are elected to the *Lok Sabha* for five-year terms through a first-past-the-post system from single- member constituencies. The *Lok Sabha* has 543 seats, 79 of which are reserved for "scheduled caste candidates," and another 41 seats are reserved for "scheduled tribal candidates." The rest of the lower house is elected from the single member constituencies. In 1999 a bill was introduced to reserve one-third of the seats in the *Lok Sabha* for women, but this bill has yet to be passed.

The *Rajya Sabha* is not elected directly. Each state assembly, using the single transferable vote system, elects the *Rajya Sabha* indirectly. The number of representatives per state is based on population; there are currently 223 members elected by the state assemblies and 12 members appointed by the president to represent the nation's literature, science, art, and social services. Members serve six-year terms, with

one-third of the upper house elected every two years. The last legislative elections took place in May 2004 and the next election will occur in 2009.

The prime minister is elected by the parliamentary members of the majority party following legislative elections. The president is the head of state, and is elected through the single transferable vote system by the state assemblies, lower house and upper house. The president serves a five-year term. The vice president is elected by a direct vote by members of both houses of parliament. The last elections for president and vice president occurred in 2002 and the next election will be in 2007.

Party Finance Laws

India has fairly extensive legislation on party finance and disclosure, although there are significant loopholes that are commonly exploited. The Foreign Contribution Act of 1976 prohibits parties from accepting foreign donations. Parties are also prohibited from receiving donations from state-owned companies. The Representation of the People Act of 1951 establishes limits on campaign spending by candidates, which vary by constituency; they range from 600,000 to 1.5 million rupees. However, there are no restrictions or limits on campaign spending for political parties. The party can even authorize expenditures to promote a particular candidate, while the amount is not counted towards the spending limit of that candidate. This is due to an amendment to the electoral law in 1974 which authorized parties, associations, and individuals to spend on behalf of the candidate without any limits.

Political parties at the moment do not receive state funding, although they are provided time on state-owned television and radio stations—All India Radio and Doordarshan. There is currently a proposal to provide state funding to political parties for both electoral and year-round activities, mostly through in-kind contributions such as airtime, copies of the electoral rolls, paper, and loudspeakers. In 1995 the Election Commission banned items such as gates, posters, and banners.

The Election Commission of India is a constitutional authority established in 1950 to govern parties and administer elections. Over time, the commission has encountered some difficulty enforcing regulations, but many report that it has adopted new measures to increase legitimacy, such as installing video cameras to monitor campaign activities and requiring candidates to produce financial accounts for inspection every third day of the campaign. Media and civic groups have also played a role in drawing attention to and monitoring the use of "black" money in politics. Many party members are in favor of institutionalizing partial state funding for parties so that they are not so reliant on often illegitimate sources of income.

Political Party Finance Practices

The information below was gathered during interviews of eight knowledgeable persons conducted between 24 and 27 November, 2003. Interviewees, or respondents, included officials from the ruling party, journalists, an election commission official, and professors. All of the respondents were male, and were reserved in commenting on political parties in India.

Typical Campaign Practices

The official campaign period lasts two weeks from the publication of the list of nominated candidates until 48 hours before polling closes. However, there can be a gap of up to six months between the last session of the *Lok Sabha* and the sitting of the new house. Candidates typically campaign by going door-to-door, and candidates and party leaders travel around the country holding rallies and parties. Vote-buying is significant among certain constituent groups and alcohol is the most common gift. Some candidates also engage in hiring "muscle men" to intimidate voters to stay away from the polls.

In general, parties choose candidates based on their financial viability, and many are independently wealthy. While candidates do not purchase their nominations per se, their ability to prove their financial sustainability is essential to securing party backing.

Typical Sources of Funding

Most party funds come in as donations from businesses and rich individuals. The BJP has implemented a "lifetime membership" program through which members make annual contributions to the party of 1,000 rupees or more. Candidates are expected to finance their own campaigns directly, and most parties do not contribute significant funds to individuals running for office.

Typical Expenditures

Candidates spend the bulk of their funding on outreach activities, including rallies, door-to-door canvassing, and parties. Most spending occurs at the national and state levels for the transport of party leaders. Candidates are prohibited from spending money on banners, tents, and other public relations materials, although such spending still takes place. Mass media—television and radio—are not yet significant expenses, but most report that this is changing as a greater number of Indians gain access.

Corruption

The rising cost of elections in India has created an increased incentive for parties and candidates to seek funds through illegal means. According to a report published in April 2002 by the Commission to Review the Working of the Constitution, the high cost of elections is one of the "most critical problems in the matter of electoral reforms." The limits on campaign expenditure are almost never adhered to or enforced, due in large part to a loophole in the Representation of the People Act of 1951, under which the amounts spent by anyone other than the candidate are not counted in the candidate's election expenses.

Corruption has also been commonplace in India's executive office. In 2001, for example, an under-cover media investigation exposed an arms deal in which Prime Minister Vajpayee and several key figures from the BJP and the defense ministry had accepted bribes. As a result, a number of high ranking government officials, including BJP President Bangaru Laxman, were forced to resign. Vajpayee also offered his resignation, but the party declined to accept it. Members of the Congress party had little clout to capitalize on the scandal, however, as former Congress Prime Minister P.V. Narashima Rao was convicted in 2000 of bribing parliamentarians for their support, and former Prime Minister Rajiv Gandhi was also posthumously indicted for his role in an arms deal with a Swedish company.

Not surprisingly, public disillusionment with the political world is widespread. Data from Transparency International's 2003 Global Corruption Barometer indicates that 41 percent of Indians surveyed viewed political parties as the most corrupt institutions in the nation, and 56 percent of those surveyed expected corruption to "increase a lot" in India in coming years. According to one analyst, in the public eye, "Indian politics is a moral wasteland, and a career in politics is commonly viewed as a typical resort of the scoundrel." Additionally, the parliament has been slow in adopting legislation that would create a body for monitoring the actions of political parties and government officials.

Assistance Opportunities

Political Party Financing

Parties must take an active role in improving the situation by engaging in open and above-board fundraising, and choosing candidates based on qualifications other than financial wealth. They should honor the spending limits already in place, and work with the Election Commission and other public watchdog groups on fashioning a fair and equitable approach to campaign finance.

Legal and Regulatory Reform

India's legislation on party finance is rendered nearly useless by the lack of an effective monitoring and enforcement mechanism. The Election Commission should be aided and supported in its work to make elections and campaigns more legitimate. One avenue to explore is partial state funding for parties so that they are not so reliant on often illegitimate sources of income; many party members are now in favor of this. Respondents also recommended that all individual candidates be made more responsible for complying with spending limits for all candidates. Any new transparency measures should also require that officials fully disclose their assets.

India Background Information

Electoral System		
What is the electoral system?	First-Past-the-Post	India has single member constituencies in which candidates compete in a first-past-the-post system and serve five year terms, or until the house is dissolved.
What is the legislative system?	Bicameral	The *Lok Sabha*, or lower house, includes 543 seats. 79 of these seats are reserved for "scheduled caste candidates" and 41 seats are reserved for "scheduled tribe candidates." In 1999, a bill was introduced to reserve one-third of the seats in the lower house for women, but it has not yet passed. The upper house, *Rajya Sabha* (or Council of States) is elected indirectly by each state assembly using the single transferable vote system. All 25 states and two of the seven Union Territories have their own assemblies, *Vidhan Sabhas*, with a total of 4072 constituencies. Some assemblies have two houses, and the assemblies range in size from 425 members to 20 members.
How many seats does the legislature have?	543 - *Lok Sabha;* 235 - *Rajya Sabha*	India has a parliamentary system of government and two houses in the legislature.
What is the ruling party/coalition percentage in legislature?	26.7% (INC only)	In May 2004, an INC-led coalition of 12 parties called the United Progressive Alliance (UPA), took office following an upset victory over the BJP.
Date of the last legislative election?	2004	
Date of next scheduled legislative election?	2009	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	Parties are required to register with the election commission, agreeing to certain regulations.
Do parties or their officials have to declare assets and liabilities?	Yes	Election Commission of India, March 27, 2003, 2(3) states that "Fair election contemplates disclosure by the candidate of his past including the assets held by him..." Art. 3(3) and 3(4) re-state the same.
Are there laws regulating party finance?	No	The Representation of the People Act regulates elections, but not party financing.
Do those laws apply to campaigns?	Yes	Under the auspices of the election commission.
Do those laws apply to non-election periods?	Yes	Under the auspices of the tax authorities.

State Funding

Does the state provide public funding for political parties?	Yes	As decreed by the Election Commission, the state gives more than 122 hours on state-owned TV and radio stations. It is allocated by combining a base limit plus additional hours based on poll performance in the last election.
What type of public funding is provided?	In-kind	During the campaign, the parties are provided time on state-owned television and radio stations – All India Radio and Doordarshan. The total free time allocated is over 122 hours and time is allocated by combining a base limit plus additional hours based on poll performance in the last election.
Do those funds cover election cycles?	Yes	There is currently a proposal to fund parties year-round.
Do those funds cover non-election cycles?	No	

Restrictions on Donations

Are there laws limiting contributions to political parties or candidates?		Yes	The Indian Companies Act (and Amendments) and The Foreign Contribution (Regulation) Act, 1976. Section 4.		
For parties, do those laws apply to campaign periods?		Yes			
For parties, do those laws apply to non-election periods?		Yes			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	Prior to 1969, Section 293 of the Indian Companies Act permitted contributions to political parties. It was then banned in 1969, and re-instated in 1985. Section 293(A). No foreign contributions unless granted permission by the Central Government. Foreign Contribution Act, Section 4.
	Can parties own businesses?	Yes	Foreign sources?	No	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits

Are there laws limiting political party or candidate spending?	Yes	Conduct of Election Rules and Amendments (1961). There is a spending limit for candidates, which varies from constituency to constituency, usually between 600,000 and 1.5 million rupees.
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	There is no limit on party spending.

Disclosure Regulations

Are political parties or candidates required to file reports disclosing funding sources?	Yes	For the campaign period, candidates must disclose the names of donors.
Are political parties or candidates required to disclose spending?	Yes	For the campaign period, candidates and parties must disclose all their expenditures.
For parties, do disclosure laws apply to election funding?	Yes	
For parties, do disclosure laws apply to non-election funding?	Yes	If donors are going to qualify for tax exemption, they must be named on the parties' income tax returns.
Are the reports made public?	Yes	Election commission reports are made public, but tax authority reports are not.

Disclosure Regulations (continued)		
Are annual financial audits of party accounts required?	Yes	
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		Election Commission of India.
What sanctions exist if political party or campaign finance laws are violated?		Parties are subject to fines and officials can receive prison sentences for filing false reports.

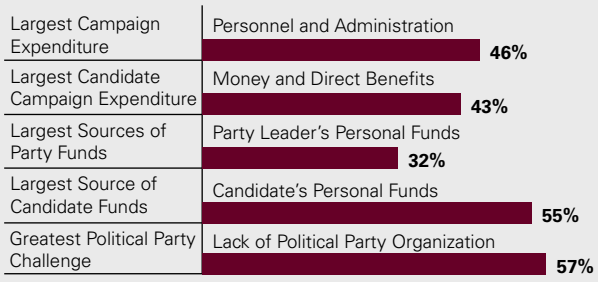
Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	
Are officials at the national level required to declare their assets?	No	There have been several proposals to implement declarations of assets and liabilities.
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	Yes	

Kenya

Republic of Kenya

Governing Party: National Rainbow Coalition
Electoral System: First-past-the-post
Legislative System: Unicameral legislature, 222 seats
Most Recent Legislative Election: 2002
Public Campaign Funding: None
Largest Campaign Expenditure: Personnel & Administration

Survey at a Glance



Current Political and Legal Overview

Political Parties

Although there are currently 40 registered political parties in Kenya, the political landscape is dominated by only three political groups: the National Rainbow Coalition (NARC), the Kenya African National Union (KANU), and Ford-People. The ruling NARC is a coalition of the National Alliance Party of Kenya (NAK) and the Liberal Democratic Party (LDP). NAK is in turn made up of 15 small parties, including the Democratic Party, Ford-Kenya, and the National Party of Kenya. The National Rainbow Coalition emerged in the lead up to the 2002 national elections, which it won in a landslide. KANU, which ruled the country for 30 years, is now the main opposition party.

A marked feature of political parties is that they draw their followings from ethnic bases affiliated with party leaders; analysts have continually failed to draw ideological or policy differences between them. NARC's electoral victory is thus attributed to its leadership face, which represents most of Kenya's dominant ethnic communities.

Electoral System

The country is comprised of 210 single-member constituencies, elected under the first-past-the post system. Parties represented in the unicameral parliament nominate an additional 12 members in proportion to their number of seats.

Party Finance Laws

Currently, there is no regulatory framework governing political party funding or campaign expenditures. Efforts by MPs and NGOs to introduce public financing for political parties have culminated in the topic's inclusion in debates over constitutional reform. The country's major political parties now agree on the need for public funding of political parties. Once the new constitution is approved, a new regulatory framework for political party operations and financing will likely be proposed.

There is a general public perception, as well as party acknowledgment, of close links between the business sector and political parties. Corruption matters are becoming more openly scrutinized, particularly since the success of the NARC in the 2002 elections was widely based on its main platform promise of sweeping anti-corruption measures throughout the public sector.

Two high-profile legal cases are currently garnering a great deal of public attention in Kenya, and may have an eventual bearing on future political party laws enacted in parliament. The Goldenberg Inquiry involves the investigation of a firm that may have diverted funds into political party bank accounts intended for political/election activities. Last year's collapse of the EURO Bank has also led to investigations that funds were deposited into bank accounts for party campaign activities. In addition, a commission has been created to investigate links between *harambees*— an important aspect of campaigns—and corruption.

Political Party Finance Practices

The information below is taken from interviews of 13 persons active in politics, ranging from current members of parliament, current ministers, former members of parliament, former ministers, party officials, and secretariat members from both the ruling coalition and the opposition. Interviewees, or respondents, included politicians active outside Nairobi on the provincial level, as well as representatives from rural and urban areas. Some had a great deal of experience in politics, and some had just been elected for the first time.

Typical Campaign Practices

The legally-defined election campaign period is 21 days, but all interviewees agreed that the de facto campaign period is at least one year, intensifying during the last (six) months. Candidates are selected during a hectic nomination process taking place immediately after the parliament has been dissolved, and just before the start of the 21-day official campaign.

Typical Sources of Funding

One interviewee stated: "You cannot get into politics without personal funds." Legislative campaigns are generally funded through the efforts of the candidate, using personal savings and calling on financial support from friends and family. A few respondents mentioned "lucky" candidates: those who acquire the sponsorship of "godfathers" to fund their campaigns.

Many interviewees were not certain how the party headquarters raises funds. Membership fees are of limited use—more income is generated through fundraising activities conducted by party leaderships. Mention was also made of external or foreign support, without further elaboration. Interviewees also agreed that party headquarters decides whether to provide limited financial support to select candidates.

Typical Campaign Expenditures

An estimated 50 percent of some campaign budgets are allocated to harambees and other donations, such as school fees and medical bills. Transportation and other associated costs for campaign supporters is the second major expense for individual campaigns, followed by the production of campaign materials. There is general agreement that campaign costs are higher in rural areas than in urban ones. Several interviewees explained that urban areas are becoming more issue-oriented, and handouts are less expected. Major campaign expenditures differ for party headquarters versus individual campaigns. Headquarter campaign costs are clustered in the areas of information delivery (including print advertising, and radio and television exposure), administrative costs, and transportation expenses. Respondents stated that a culture of volunteerism does not exist in Kenya; therefore campaign activists must be reimbursed in some manner.

Assistance Opportunities

Political Party Finance

There was strong consensus among the interviewees that candidates require large sums of money to compete in elections. Many of the interviewees stated that only the wealthy can be candidates, and that wealth and connections are seemingly prioritized over vision and leadership skills. The high costs associated with elections also calls into question the independence of candidates since there is a tendency to acquire well-off benefactors who, in turn, gain leverage over the candidate if he/she wins. Additionally, excessive campaign expenses tend to restrict the participation of women and youth running for office. An approach to party finance that levels the playing field is needed, and parties will have to be able to account for election spending in a transparent way.

Legal and Regulatory Reform

Interviewees were unanimous in their opinion that public funding of parties is a viable option for diversifying sources of party income. Coupled with internal party reform, legislation regulating party finance would encourage accountability and transparency in fund management, as well as spending limits on campaigns. Interviewees generally agreed that parties face formidable campaign obstacles arising from Kenya's high levels of poverty and the high expectation of the electorate that goods and services will be delivered during campaigns.

Civic/Voter Education

Several interviewees suggested that civic/voter education programs could help citizens come to expect answers on tough issues rather than goods and services in exchange for their votes. Internal party reform, a new regulatory framework, and voter education can all work together to improve the election process.

Kenya Background Information

Electoral System		
What is the electoral system?	First-Past-the-Post	The system does include some elements of Proportional representational – with 12 nominated MPs who are supposed to represent minority groups. However, these posts tend to go to favored party people.
What is the legislative system?	Unicameral	
How many seats does the legislature have?	222	National Rainbow Coalition (NARC)
What is the ruling party/coalition percentage in legislature?	63% (of elected)	
Date of the last legislative election?	2002	
Date of next scheduled legislative election?	2007	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	Political parties fall under the Societies Act. Currently debating a Political Parties Act.
Do parties or their officials have to declare assets and liabilities?	Yes	Parties have to under the Societies Act, but not the officials of the parties.
Are there laws regulating party finance?	No	Party finance bill is pending. Societies Act has some restrictions, but none that apply specifically to parties.
Do those laws apply to campaigns?	n/a	
Do those laws apply to non-election periods?	n/a	

State Funding		
Does the state provide public funding for political parties?	No	
What type of public funding is provided?	None	
Do those funds cover election cycles?	No	
Do those funds cover non-election cycles?	No	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	
	Can parties own businesses?	Yes	Foreign sources?	Yes	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	No	
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	No	
Are political parties or candidates required to disclose spending?	Yes	Parties are required to submit annual financial statements to the Registrar of Societies.
For parties, do disclosure laws apply to election funding?	No	
For parties, do disclosure laws apply to non-election funding?	No	
Are the reports made public?	No	
Are annual financial audits of party accounts required?	Yes	Annual financial statements are required to be submitted to Registrar of Societies. However, there has not been broad scale compliance and no action has been taken to increase compliance.
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		Registrar of Societies Attorney General
What sanctions exist if political party or campaign finance laws are violated?		

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	But has not been officially monitored.
Are officials at the national level required to declare their assets?	No	Civil servants, who include President and MPs, are to declare their assets under the Public Officers Ethics Act.
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	Yes	Under the Public Officers Ethics Act.
Is there Freedom of Information legislation?	Yes	

Macedonia

The Former Yugoslav Republic of Macedonia

Governing Party: Coalition government, "For Macedonia—Together"

Electoral System: Proportional representation

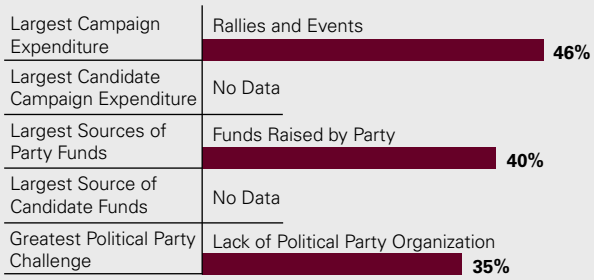
Legislative System: Unicameral legislature, 120 seats

Most Recent Legislative Election: 2002

Public Campaign Funding: Direct, cash

Largest Campaign Expenditure: Rallies and events

Survey at a Glance



Current Political and Legal Overview

Political Parties

Armed conflict between Macedonian government forces and ethnic Albanian militants throughout much of 2001 drew international attention to this country's inter-ethnic tensions. The signing of the Ohrid Framework Agreement by the four major political parties on August 13, 2001 brought a significant reduction in the level of violence. In 2002 the two ruling parties, Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity (VMRO-DPMNE) and Democratic Party of Albanians (DPA), were both soundly defeated in parliamentary elections and replaced by their respective opponents, the ethnic Macedonian Social Democratic Alliance of Macedonia (SDSM) and the newly-arrived Democratic Union for Integration (DUI).

During the 2002 parliamentary elections, SDSM formed a coalition with the Liberal Democratic Party (LDP) and several smaller ethnic minority parties (Serbs, Turks, Bosniaks, and Roma), and one independent candidate. The coalition was called "For Macedonia—Together." The coalition won 60 out of 120 seats in parliament, with SDSM holding 43 of the sixty.

The political environment in Macedonia in 2003 has remained largely stable, despite attacks against the DUI headquarters, suspicious threats about another spring offensive by the Albanian National Army (ANA), sporadic incidents of inter-ethnic violence, and a recent statement by the former prime minister on the need for a new demarcation of borders along ethnic lines. The coalition government continues to support the implementation of the Ohrid Framework Agreement, along with other major social, economic, and political reforms. Overall, there is evidence of political normalization in post-conflict Macedonia, and a mood of cautious optimism with regard to inter-ethnic relations and the security problems of the country.

Electoral System

Macedonia has a unicameral legislature with 120 seats. Amendments to the electoral system in 2002 divided the country into six electoral districts, each returning 20 members of parliament. These MPs are chosen by proportional representation to serve four-year terms. The last legislative election took place in 2002, and the next elections are scheduled to occur in 2006. The party lists are closed and only the party, its symbol, and the carrier of the party list are identified and written on the ballot.

Party Financing Laws

The current law on political parties was adopted in 1994. Many violations of this law have occurred, and its effectiveness is routinely questioned. Two laws on political parties have been drafted this year (2003). The first draft came from the Ministry of Justice, which included a section on political party financing; it has not yet been introduced in parliament. In addition, a stand-alone draft law specific to the financing of political parties has been proposed. Because this new stand-alone bill pertains only to finances, the Ministry

of Justice has recommended that the government continue with their broader legislation, but omit the section on political party financing parties. The stand-alone bill, named the Zhernovski/ Shapurich bill, entered in parliamentary procedure and has passed the first phase.

The State Election Committee is the agency tasked with a variety of administrative tasks, including overseeing election conduct, establishing common standards concerning election material, and determining election results. However, SEC employees do not work full-time. The State Anti-Corruption Commission was established in 2001 as part of the Law on Anti-Corruption. The Anti-Corruption law contains some of the most potent provisions on party/election financing, including the requirement that party finances be public and that parties may not accept cash donations; the requirement that any profitable activities conducted by political parties be reported to the SEC; prohibition of the use of state budget funds in excess of what is permitted by law; and prohibition of new investments and extraordinary payments right before an election. The Commission lacks the capacity to properly enforce these laws.

Political Party Financing Practices

The information below is distilled from sixteen interviews that were conducted in Macedonia from October 21 to 29, 2003. Of the sixteen interviewees, or respondents, seven were elected representatives, six were political party officials, five were representatives from civil society, one was a journalist, one was an elections official, and one was a government official. Ten individuals were male and six were female. Two respondents were members of the ruling party, and three were members of opposition parties.

Typical Campaign Practices

Campaigns in Macedonia focus on raising the party profile, largely through rallies and advertisements on television and radio. The big parties are making large-scale use of actors and singers at political events to attract voters, with good success. One respondent commented that "People come on buses from all over Macedonia to attend rallies in Skopje." Vote-buying has been decreasing in Macedonia due to the new law and the changing political situation.

Typical Sources of Funding

Under the former majoritarian system, members of parliament were primarily responsible for raising the funds to get elected in their individual districts. Under the current system of proportional representation, fundraising is far more centralized, and MPs are no longer responsible for financing campaigns. The typical the sources of party funds are business interests, private individuals, membership dues, and public subsidies.

Typical Expenditures

There is a broad consensus that the larger political parties spend the most campaign money on television and radio commercials. Many respondents noted television is the most effective means of reaching a more sophisticated electorate, and therefore smaller parties are also beginning to use it to spread their message. Several respondents made reference to political parties not paying for advertisements on state-run TV stations. A Broadcasting Council staff member told of a case of a network being owed large sums of money by a political party; the network refused to publicly discuss this unpaid debt, presumably out of favoritism.

Corruption

Corruption is a vast, systemic problem in Macedonia. It permeates all areas of society, and is particularly endemic in politics. The broad consensus among citizens is that political corruption is rampant, party finance laws are disregarded, and that no enforcement of them is taking place. Many respondents acknowledged the negative role businesses play in politics: businesses that invest in political parties tend to expect favors in return.

Nevertheless respondents noted a generally positive feeling about the reduced level of corruption in and the overall outcome of the 2002 elections. The 2002 elections were described several times as the best in Macedonia's recent history. More than one respondent mentioned that the work of NGOs has been very helpful, particularly in regard to election monitoring. When asked about vote-buying, almost all participants talked about the reality of this phenomenon in the past, but also referred to a marked reduction during the 2002 elections.

Assistance Opportunities

Political Party Strengthening

Internal party reform should take place so that younger party members have more promotion opportunities. At present there is a leadership class in political parties that seems to block the careers of aspirants to higher office. Ministers swap positions around, so that the same faces appear in different jobs.

Internal party strengthening should also focus on the indifference they practice toward laws limiting the kinds of

donations they can accept, as well as the public perception that parties are in the pockets of their major business contributors. Transparency measures could help assure the electorate that political, and specifically campaign, competition is issue-based and above-board. Currently some NGOs publish information regarding their assets in daily newspapers; political parties could do the same

Legal and Regulatory Reform

Respondents felt that the Zhernovski/Shapurich bill discussed above is an important step in the right legal reform direction; however some felt that there were additional critical elements to include. Its measures on public funding of political parties should be expanded to update limits on donations from certain sources, to tighten reporting requirements, and further define how the public's money will be spent.

The majority of respondents felt that there should be a specific agency in the country tasked with civil and criminal enforcement of party/campaign finance laws; this could be either the SEC or the Anti-Corruption Commission. A variety of groups and agencies could be involved in effective monitoring, most especially the media, NGOs, and public watchdog groups.

Macedonia Background Information

Electoral System		
What is the electoral system?	Proportional Representation	
What is the legislative system?	Unicameral	
How many seats does the legislature have?	120	
What is the ruling party/coalition percentage in legislature?	60%	Ruling Coalition, "For Macedonia—Together," with Social Democratic Alliance of Macedonia (SDSM) being the strongest party in the coalition.
Date of the last legislative election?	2002	
Date of next scheduled legislative election?	2006	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	Law on Political Parties (Official Gazette of Macedonia, No.41/94)
Do parties or their officials have to declare assets and liabilities?	Yes	Yes, parties do. (Law on Political Parties, Article 9).
Are there laws regulating party finance?	No	Macedonia is in the process of creating a law on political party financing. There is a draft law and IFES has been actively involved in its formation. It has not, however, been passed.
Do those laws apply to campaigns?	Yes	
Do those laws apply to non-election periods?	Yes	

State Funding		
Does the state provide public funding for political parties?	Yes	Law on Political Parties, Article 29 "The funds provided in the budget of the Republic of Macedonia for the activity of the political parties amounting to 30%, shall be allocated equally among the political parties which won at least 3% of the votes in the last elections, while the remaining 70% shall be allocated to the political parties whose candidates were elected as representatives in the Assembly of the Republic of Macedonia according to the number of their representatives."
What type of public funding is provided?	Cash	
Do those funds cover election cycles?	Yes	Does not cover non-election cycles, although the new budget suggests that parties will be allocated NR20 (US$0.27) per vote received in the last election.
Do those funds cover non-election cycles?	No	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		Yes	By source for parties. Not applicable to candidates.		
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	No	Unions?	No	The law on Political Parties, Article 28 states that parties cannot receive funds from "Governments, international institutions, organs, and organizations from foreign states and other foreign persons; state organs, local self-government organs, with the exception of the funds allocated in the budget of the Republic of Macedonia; socially-owned and state-owned enterprises, including those that have started the privatization process."
	Can parties own businesses?	No	Foreign sources?	No	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	Yes	Not followed in practice
For parties, do those laws apply to campaign periods?	No	Unclear whether television advertising is paid or state-funded. Nonetheless, there is a limit, determined by the Broadcasting Council. (Article 51, Law on Election of Members of Parliament).
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	Yes	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	Law on Political Parties, article 31.
Are political parties or candidates required to disclose spending?	Yes	Law on Political Parties, article 31.
For parties, do disclosure laws apply to election funding?	Yes	Not followed in practice.
For parties, do disclosure laws apply to non-election funding?	Yes	There is no detail in article 31 to suggest otherwise.
Are the reports made public?	Yes	Law on Political Parties, article 31
Are annual financial audits of party accounts required?	Yes	
Are audit results made public?	Yes	
What agencies are responsible for monitoring these laws?		State Election Commission.
What sanctions exist if political party or campaign finance laws are violated?		A fine of 1 to 20 salaries. (Law on Political Parties, article.34).

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	No	The government provides funds to political parties. (Law on Political Parties, article 29).
Are officials at the national level required to declare their assets?	No	Legislation does not specify that this is necessary, thus the assumption must be that officials do not have to declare their assets.
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	Yes	Article 6 of the Law on Election of Members of Parliament provides conflict of interest legislation.
Is there Freedom of Information legislation?	Yes	Yes, article 16 of the constitution provides: "The freedom of personal conviction, conscience, thought and public expression of thought is guaranteed. The freedom of speech, public address, public information and the establishment of institutions for public information is guaranteed. Free access to information and the freedom of reception and transmission of information are guaranteed. The right of reply via the mass media is guaranteed. The right to a correction in the mass media is guaranteed. The right to protect a source of information in the mass media is guaranteed. Censorship is prohibited."

Malawi

Republic of Malawi

Governing Party: Malawi Congress Party (MCP)

Electoral System: First-past-the-post

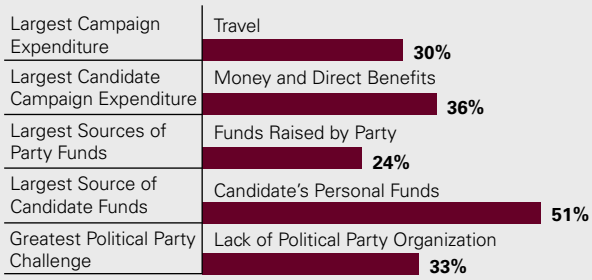
Legislative System: Unicameral legislature, 193 seats

Most Recent Legislative Election: 2004

Public Campaign Funding: Direct, cash based on parliamentary representation

Largest Campaign Expenditure: Travel

Survey at a Glance



Current Political and Legal Overview

Political Parties

For thirty years following its independence in 1964, Malawi was a one-party state ruled by Life President Dr. Hastings Banda and the Malawi Congress Party (MCP). In 1994, under a new constitution, Malawi held its first multiparty elections. There were three main political parties: the United Democratic Front (UDF), the Malawi Congress Party, and the Alliance for Democracy (AFORD). In October 2003 the UDF entered into a loose governing alliance with AFORD, whose leader was named second vice president. There remains a high level of mistrust between the parties despite the alliance; the UDF is thought to have unfair access to state funds and to enjoy favorable bias in the media.

Political parties in Malawi tend to be split along geographic and religious lines. The UDF has concentrated support in the highly populated southeastern regions. AFORD's popularity has been based in the northern cities—however, in May 2004 elections, AFORD managed to get only six seats. MCP strongholds tend to be in the central district of Malawi, coupled with a smaller following in the northern region. In the months leading up to the May 2004 elections several new, smaller political parties were formed, and larger ones began to fragment, due to dissatisfaction among established politicians.

The UDF failed to keep its majority in 2004; however the UDF presidential candidate, Dr. Bingu wa Mutharika, was elected. The UDF held a 103-seat majority in parliament going into the May 2004 presidential and parliamentary elections. The MCP was the opposition party with the largest number of seats; AFORD and the National Democratic Alliance (NDA) also had representation in parliament.

Electoral System

Malawi has a unicameral parliament, with 193 seats. Members serve five-year terms, and are elected from single-seat constituencies in a proportional representation-mixed system with winners determined by the first-past-the-post system. The most recent legislative elections were held in May 2004, the next elections are scheduled for 2009.

The president and vice president are elected on a joint ballot for a five-year term. The constitution includes a two-term limit for the office of president. Former President Muluzi, who served from 1994 to 2004, narrowly failed in his attempt while in office to amend the constitution so he could continue as president. A subsequent bill proposing a three-term limit was also defeated. Current President Mutharika is said to have been hand-picked by Muluzi.

Party Financing Laws

There are several provisions in Malawi's constitution addressing political party financing. Public funding for parties is provided in accordance to their numerical strength in parliament, and funding is provided to any party that receives at least a tenth of the national vote. The president, members

of the cabinet, members of parliament, and other senior national officials are required to disclose their assets and liabilities, and those of their spouses. Parties may accept funds from any source, and there is no legal prohibition against party-owned businesses. Parties are required, in theory, to report on how funds are used, but this rarely happens.

Malawi has no other political party finance laws besides its constitutional provisions. Party financing is a big concern for political parties and candidates, but the matter receives very little attention from the general public and is not widely discussed.

Political Party Financing Practices

The information below is taken from 21 interviews conducted in Malawi between June 25 and July 2, 2003. Of the interviewees, or respondents, nine were elected officials, seven were political party officials (including elected MPs), five represented civil society, four were elections officials, and one was a journalist. Seventeen were men, and four were women. Four came from the ruling party, and eight from opposition parties.

Typical Campaign Practices

The campaign period is legally defined as two months, although the majority of respondents stated that campaigns tend to begin at least a year before elections, intensifying about six months prior to polling day. The more resources are available to the candidate and party, the earlier the candidate or party will begin to campaign. Candidates generally travel extensively to their constituencies; many respondents indicated that constituents request various forms of assistance from footballs for schools to community development projects to helping with funeral costs. Respondents claimed that the UDF started the practice of giving substantial gifts during campaigns, which created expectations among voters that now must be met by all seeking political support.

Typical Sources of Funding

Campaigns rely most heavily on candidates' personal resources. In fact, most informants stated that it is nearly impossible to run for office unless one is somewhat wealthy, or at least perceived as being wealthy. Unauthorized use of public resources like motor vehicles, fuel, and public media is another indirect source of funds, especially for candidates belonging to the ruling party. Candidates also take out loans to finance campaigns, which usually puts them in substantial debt by the end of elections. The huge outlay of personal resources for campaigns has been encouraged by the observation that after winning office, some candidates suddenly become extremely rich. The impression that MPs earn a lot of money perhaps contributes to a greater number of academics and other professionals abandoning their careers to stand for office, when previously only people who were not in formal employment would vie for parliamentary seats.

Other sources of money include party funds received from the state budget and from membership dues (though these are not usually collected and are therefore minimal), and donations from individuals. Parties frequently host functions such as dances to raise funds. Business donations are the smallest source of funds, and it is especially hard for opposition parties to get funding from businesses.

Typical Expenditures

The largest campaign expenditure is transportation, especially in rural areas where constituents are hard to reach. The next most expensive campaign budget item is gift-giving, or handouts, to constituents. Indeed some respondents think more money is spent on handouts than on transportation. The lowest categories of expenditures were materials and election filing fees, as parties typically help candidates to pay their filing fees.

Corruption

With political parties so lacking in resources, and campaigns becoming so expensive, respondents feel that the incentive for corruption is growing. The lack of spending limits and regulations regarding donations also fuel corruption. Several interviewees indicated that the ruling party has co-opted state funds, and opposition parties have not been politically strong enough to prevent or stop this. By and large, corruption goes unmonitored and unpunished.

Vote-rigging is a problem, as parties and/or candidates have allegedly bought election registration certificates to keep individuals from voting. Cases of vote-buying have never been proven, and respondents varied in their opinions of whether giving gifts to constituents could be defined as vote-buying. However, several viewed the provision of food and gifts to voters (which seem to come mostly from the ruling party) as examples of corruption.

Voter expectations that they will receive financial or other sorts of contributions in exchange for political support, coupled with deepening levels of poverty throughout the country, have made campaigning very expensive. Meeting with rural constituencies in hard to reach areas requires considerable funds for transportation. It was generally agreed upon that incumbents face higher campaign costs than new candidates.

Assistance Opportunities

Political Party Strengthening

The overall political climate in Malawi would improve if parties would reorganize themselves around issues and ideologies, as opposed to personalities. Voters at present choose which party leader they like best, without a strong sense of what difference it makes for policy. Parties should develop the capacities to articulate and project messages about solutions to problems, rather than engage in popularity contests.

Legal and Regulatory Reform

While the constitutional provision for public campaign funding is one of Malawi's greatest strengths in terms of political party financing, it does not solve the problem of unequal access to and over-reliance on private funding for political gain. There are no prohibited sources of fundraising, making it easy for parties to be manipulated by those who donate to parties, and fueling corruption. Absent monitoring, the ruling party is able to manipulate state resources and funds in support of its activities. Opposition parties struggle to compete given this imbalance. Legal and regulatory reform is needed to delineate proper funding and reporting procedures. Any increased funding from the state should be accompanied by stronger financial management and monitoring systems.

Civic/Voter Education

All respondents felt that civic education for voters would help decrease the costs of campaigns and raise the level of debate by helping them to expect policy solutions from parties rather than handouts in exchange for their support.

Malawi Background Information

Electoral System		
What is the electoral system?	First-Past-the Post	
What is the legislative system?	Unicameral	
How many seats does the legislature have?	193	
What is the ruling party/coalition percentage in legislature?	30%	Malawi Congress Party (MCP) as of May 2004 elections, however, following the elections, many independent MPs joined a party.
Date of the last legislative election?	2004	
Date of next scheduled legislative election?	2009	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	Political parties in Malawi are required to register under the Political Parties' Registration Act.
Do parties or their officials have to declare assets and liabilities?	No	Party members are not required to declare their assets; they should only do so if they assume offices specified under Section 88 (3) and 213 of the constitution: the president and members of the cabinet, members of the national assembly, and other senior public officers.
Are there laws regulating party finance?	Yes	Political party financing is provided for under Section 40(2) of the constitution which reads: "The State shall provide funds so as to ensure that, during the life of any parliament, any political party which has secured more than one-tenth of the national vote in elections to that parliament has sufficient funds to continue to represent its constituency."
Do those laws apply to campaigns?	Yes	The political party financing law does not specify the purposes political party funding from government may be used for.
Do those laws apply to non-election periods?	Yes	Political parties represented in the house continue to receive their funding during elections and non-election time. They can only lose the funding if they cease to be represented in the house.

State Funding		
Does the state provide public funding for political parties?	Yes	
What type of public funding is provided?	Cash	Political parties represented in the House receive quarterly funding (money) in proportion to their numerical strength in the house.
Do those funds cover election cycles?	Yes	Political parties represented in the house continue to receive their funding during elections and non-election time. They can only lose the funding if they cease to be represented in the house.
Do those funds cover non-election cycles?	Yes	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	There is no law that bars parties from seeking funding from any source therefore parties, can obtain their funding from any quarter. Parties can own businesses. It appears there is no law that bars them from doing so.
	Can parties own businesses?	Yes	Foreign sources?	Yes	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	No	There is nothing in the constitution that explicitly caps spending in any period.
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	No	Political party funding is channeled through the national assembly and it is not publicized. Parties, however, may inform their members about their allocations if they so wish.
Are political parties or candidates required to disclose spending?	No	There is no law that stipulates that spending must be disclosed.
For parties, do disclosure laws apply to election funding?	No	See above.
For parties, do disclosure laws apply to non-election funding?	No	See above.
Are the reports made public?	No	See above.
Are annual financial audits of party accounts required?	No	Annual audits of political party funding are not required even though they may be undertaken should the public interest so dictate.
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		There is no particular agency that has been entrusted with monitoring political party financing laws. However, political parties would be free to seek court redress if they failed to get their funding for one reason or another.
What sanctions exist if political party or campaign finance laws are violated?		The courts would address any alleged violation of campaign finance laws if somebody sought their intervention.

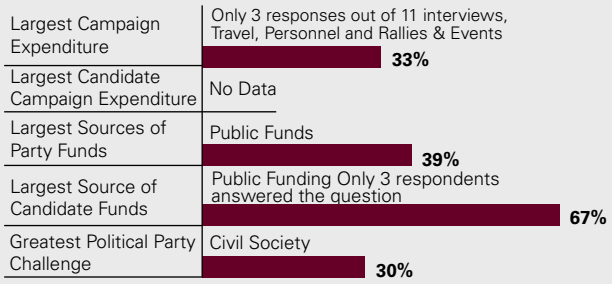
Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	Section 193(4) of the constitution prohibits the use of public resources for campaigns and it reads: "No government or political party shall cause any civil servant, acting in that behalf, to deploy resources, whether they be financial, material or human resources, for the purposes of promoting or undermining any political party or member of a political party or interest group, nor shall may civil servant acting in that behalf cause such deployment, save as prescribed by this Constitution or an Act of Parliament consistent with the provisions of subsection (1)."
Are officials at the national level required to declare their assets?	Yes	Section 213 of the constitution requires public officials at national level to declare their assets. So far only the president, vice president, ministers and members of parliament have declared their assets.
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	Yes	Section (61) (1) and (88) (1) of the constitution for example.
Is there Freedom of Information legislation?	Yes	Freedom of information is provided for under Section 37 of the constitution which reads: "Subject to any Act of Parliament, every person shall have the right of access to all information held by the State or any of its organs at any level of Government in so far as such information is required for the exercise of his rights."

Mozambique

Republic of Mozambique

Governing Party: Front for the Liberation of Mozambique
Electoral System: Proportional Representation
Legislative System: Unicameral Legislature, 250 seats
Most Recent Legislative Election: 2004
Public Campaign Funding: Direct, cash
Largest Campaign Expenditure: Travel

Survey at a Glance



Current Political and Legal Overview

Political Parties

Mozambique made the transition from a single-party Marxist state to a multiparty democracy with a revised constitution in 1990. Two years later, the 1992 peace agreement ended 17 years of civil war. There are currently more than twenty recognized political parties, although only the Front for the Liberation of Mozambique (FRELIMO), the Mozambique National Resistance (RENAMO), and a coalition of three smaller parties (the Democratic Union) are represented in parliament. The country has been governed by a FRELIMO majority since independence in 1975 (including 19 years of one-party rule). RENAMO, the main protagonist in the civil war, has since transformed itself from a guerrilla movement into a political organization functioning as the main opposition party. There are fifteen other parties outside of parliament.

The current parliament comprises 250 deputies who represent 11 constituencies: one in each of the 10 provinces, plus the city of Maputo. FRELIMO won 160 seats in the parliamentary elections of 2004, and the opposition coalition took 90 seats. Many now view Mozambique as a two-party political system, with marginalized smaller parties left out of major political discourse.

Electoral System

Mozambique has a unicameral legislature, the Assembly of the Republic, with 250 seats. Members are elected by popular vote on a secret ballot to serve five-year terms. The last legislative elections were held in 2004. There are also municipal assemblies chosen in local elections, which were held for the first time in 1998, four years after the country's first democratic national elections. The parliamentary electoral system is proportional representation using the *d'Hondt methodi*[1], with a five percent threshold for representation.

Party Financing Laws

The electoral law describes how parties should be financed and makes a distinction between party and campaign funds (there is no separate law on party financing). Parties represented in parliament receive state support in the form of both party and campaign finance, while parties that do not win seats only receive campaign finance at election time. State funds are distributed according to the proportion of the vote a party receives. The National Electoral Commission (CNE) distributes state campaign funding to parties; the law precludes direct private party campaign funding.

There is no specified legal spending limit for parties. However, parties are obliged to justify their expenditure of

1. Under the d'Hondt, or highest average method, seats are not allocated using a quota or formula. Instead, they are allocated singularly and one after another. A party's vote total is divided by a certain figure, which increases as it wins more seats. As the divisor becomes bigger, the party's total in succeeding rounds gets smaller, allowing parties with lower initial totals to win seats. The divisor in the first round is one (i.e. it has no effect) and thereafter it is the total number of seats gained plus one.

state funding through an annual auditing process. By law the CNE is to examine party campaign budgets and related expenditures. If warranted, the CNE can then make a recommendation for disciplinary measures to be taken against a party; to date, the CNE has not done so.

Political Party Financing Practices

The information below is taken from 17 interviews conducted in Mozambique from July 11 to 16, 2003. Of the 17 interviewees, or respondents, four were elected officials and 13 were political party officials. All 17 respondents were male. Two respondents were from the ruling party, and four were from opposition parties (non-ruling parties with representation in parliament). Some respondents stated that while reform of electoral law is necessary, it is difficult to talk about the problem openly.

Typical Campaign Practices

The official campaign period is 45 days for general elections and 15 days for municipal elections. Generally, parties do abide by this legal definition, and that is confirmed by the CNE. However, there is a perception that well-funded parties—the governing party in particular—can afford to launch their campaigns before the official start, while small parties are forced to respect the law. Respondents overwhelmingly stated that the funding delays that smaller parties experience are not fair. There were also concerns expressed that party campaign finances may be insufficient, though there have been some cases when parties struggled to expend their shares.

Typical Sources of Funding

In general, most party funds come from public/state funds (which relies heavily on donor money) and party leaders' personal funds; smaller amounts come from foreign sources and business. Party respondents indicated that most fundraising is conducted by the secretary general of the party and other senior officials. FRELIMO coordinates fund raising to avoid approaching the same sources too many times.

The distinction made between parties with representation in parliament, which receive funding all year, and those outside parliament, which only receive state funding at election time, means that those outside are excluded from the democratic process to a large extent and cannot afford to operate between elections.

Typical Expenditures

Major costs affecting all parties include expenses for monitors of the voting process (there are over 8,000 polling stations in Mozambique), transport, communication, accommodations, and campaign materials. The large size of the country and the poor infrastructure makes campaigning in provincial districts very difficult and costly. A high level of mistrust means that parties want to have a presence at each polling station, with only FRELIMO being financially able to create a strong presence.

RENAMO and a number of the smaller parties interviewed all stated that in order to combat political corruption during voting, every polling station should have monitors from the various parties.

The large size of the country and its poor infrastructure make campaigning very costly. Contact with provincial districts is difficult for political parties and huge financial resources are required. Parties require sophisticated transport (helicopters). Parties cannot rely on the media, which have limited reach in Mozambique. Some respondents recommended greater infrastructure and communication development to lower election costs.

It is very difficult to estimate amounts and allocation of money spent by parties during elections, as there is no disclosure by parties and thus no accountability in this area. No formal documents have been presented to parliament indicating how parties spend money during the electoral process. Similarly, there has been no analysis made of sources of finance for political parties.

Corruption

The interviewees believe that the government currently lacks both political will and mechanisms to deal with criminality and political corruption. There is a perception that FRELIMO does benefit from domestic and international private business links (financial support, benefits from privatization of state assets, material goods, and logistical support such as transport.) The opposition parties also highlighted a possible connection between the banking industry and the FRELIMO government. Offers of company contracts in exchange for campaign contributions to the governing party were cited as examples of corruption.

Vote-buying in Mozambique is not a cash transaction, but more a matter of persuasion through the giving of

such gift as a cow or sheep, T-shirts, *capulanas* (sarongs) and other material goods, which are meaningful in the context of poverty.

Civil society representatives have raised the issue of high campaign costs relative to extreme levels of poverty and underdevelopment in Mozambique. The CNE argues that cutting costs will actually increase fraud and corruption in the election process. Among those interviewed, the opinion was very mixed. Some view the expense as necessary to promote democracy. Others view the high costs of elections in Mozambique as a misguided use of money when citizens would prefer to see concrete improvements in living standards. For many, appreciation and trust in democracy is relatively weak since it has failed to deliver promised results.

Assistance Opportunities

Political Party Financing

An overall sense of insufficient and unequal access to campaign finance resources pervaded the interviews. The opposition parties stated that FRELIMO has unfair access to resources, foreign friends, and the national budget, which implies an uneven playing field for competing political parties. The governing party should not be allowed to leverage state resources such as media and public transportation; the process should be re-examined.

Legal and Regulatory Reform

Informants called for improvements in the operation of the electoral commission. Most believe that the CNE should become more independent and expand to include smaller parties, as well as become more visibly active year-round. Various respondents also stated that donors should make election funds conditional on improvements in order to ensure less partisan control by the CNE.

There was also a call for establishing different methods of financing campaigns. Some respondents believed the state should rethink the mechanisms for party financing to allow all parties constant access to funds, while others believe the financing of political parties is too rigid in general. The finances are presently transferred through the state budget, and most respondents want the process to be more transparent.

Civic/Voter Education

Interviewees wanted to see more investment in civil society and the building of a wider democratic culture, rather than pursue a narrow focus on the political party system. The lack of gender equality and representation of women in parliament were cited as major problems that should also be tackled. Respondents also believed that since the media has limited ability to reach constituents, there is a need to find new and less expensive ways of informing and educating voters about campaigns. Finally, many believe that the country's current five percent threshold requirement for representation should also be reduced to encourage a multiparty system.

Mozambique Background Information

Electoral System		
What is the electoral system?	Proportional Representation	D'Hondt system with a 5% threshold.
What is the legislative system?	Unicameral	
How many seats does the legislature have?	250	250 seats representing eleven constituencies. Each constituency responds to one of the ten provinces plus Maputo City.
What is the ruling party/coalition percentage in legislature?	62%	Front for the Liberation of Mozambique (FRELIMO)
Date of the last legislative election?	2004	
Date of next scheduled legislative election?	2009	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	
Do parties or their officials have to declare assets and liabilities?	No	
Are there laws regulating party finance?	No	
Do those laws apply to campaigns?	Yes	Chapter III of the 2004 Electoral Law Act deals explicitly with Electoral Financing.
Do those laws apply to non-election periods?	No	

State Funding		
Does the state provide public funding for political parties?	Yes	Allocation system, Article 36, it says "It is the duty of the National Electoral Commission to approve the criteria for the distribution of public funds related to the presidential and legislative elections." State funds are distributed according to the proportion of the vote that is received by a party.
What type of public funding is provided?	Cash	
Do those funds cover election cycles?		
Do those funds cover non-election cycles?		

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	No	Unions?	Yes	The election campaigns of political parties or party coalitions shall not be financed by foreign governments, non-governmental organizations and institutions or national public companies. These entities may contribute to financing or strengthening the state budget allocation for the election campaigns. (Article 35)
	Can parties own businesses?		Foreign sources?	No	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	No	
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	
Are political parties or candidates required to disclose spending?	Yes	Election candidates must account accurately for all income and expenses incurred during the election campaign and give the information to the National Electoral Commission in a maximum of 60 days after the official publication of the results. (Article 37)
For parties, do disclosure laws apply to election funding?	Yes	
For parties, do disclosure laws apply to non-election funding?	No	
Are the reports made public?	No	
Are annual financial audits of party accounts required?	No	
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?	Yes	National Electoral Commission
What sanctions exist if political party or campaign finance laws are violated?	Yes	If candidates, parties or party coalitions do not account for their expenditure and revenue within the specified time and parameters of the law, the National Electoral Commission shall notify the Department of Justice in order for legal proceeding to be started. (Article 39)

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	No	
Are officials at the national level required to declare their assets?	No	
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	Yes	Article 22 of the 2004 Electoral Law Act states that during the election campaign there should be no limitation on the expression of political, economic social and cultural principles and that no penalties should be applied to companies which exploit mass media, or their representatives, for activities which form part of the electoral campaign.

Nepal

Kingdom of Nepal

Governing Party: Nepali Congress

Electoral System: First-past-the-post

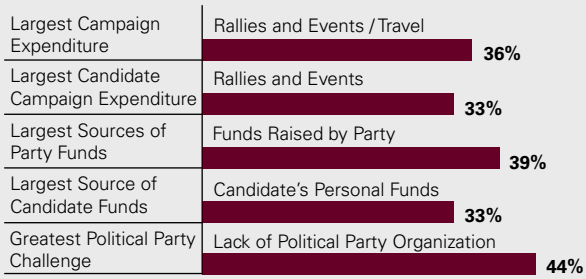
Legislative System: Bicameral Legislature: House of Representatives (lower) with 205 seats, and National Assembly (upper) with 60 seats

Most Recent Legislative Election: 1999 (parliament has been suspended since 2002)

Public Campaign Funding: None

Largest Campaign Expenditure: Rallies and events/ Travel

Survey at a Glance



Current Political and Legal Overview

Political Parties

Nepal returned to multiparty democracy in the early 1990s after decades of authoritarian rule. Thereafter, successive elections failed to award any single party a clear majority, leading to a series of short-lived coalition governments. In this environment, smaller parties took vital roles as coalition partners, and there was great opportunity for politicians to sell their votes and party memberships to the highest bidder. Although the Nepali Congress (NC) secured a majority in the 1999 elections, corruption scandals, internal divisions with the NC, the 2001 royal massacre, and the increased intensity of a Maoist insurgency created another crisis. Parliament has since been suspended and the King has installed his own administration.

Nepal's political parties have been operating openly in the current democratic system for almost the last fourteen years. The Nepali Congress Party and the opposition communist parties can trace their origins back to the early 1950s. However, for most of the intervening years until 1990, political parties were banned in Nepal, and the majority of their history has involved not governing, but underground activities, fomenting revolt against the monarchy.

Political parties securing at least three percent of the nationwide vote in national elections are considered national. They must also have given a minimum of five percent of their nominations to women candidates. Approximately 90 political parties are registered, only five of which are "national": the Nepali Congress Party (NC); the Communist Party of Nepal–Unified Marxist-Leninist (CPN-UML); Rastriya Prajatantra Party (RPP); Nepal Sadbhawana Party (NSP); and the Nepali Congress-Democratic (NC-D).

Electoral System

The 1990 constitution created a bicameral national legislature, the House of Representatives and National Council. The lower house, the House of Representatives, has 205 members, elected from 205 single member districts by popular vote. Members serve a five-year term. The last elections were held in 1999; elections scheduled for the spring of 2004 were not held, as the House of Representatives has been dissolved since 2002. Only the speaker and deputy speaker remain today from the last elected House of Representatives. The upper house, or National Council, has 60 seats: 35 seats appointed by the House of Representatives, 10 by the King, and 15 by an electoral college. One third of the members are elected every two years to serve six-year terms. The National Council still exists in law, but has not met since the dissolution of the lower house.

Nepal is a parliamentary democracy and constitutional monarchy: the head of state since June 2001 has been King Gyanendra Bir Bikram Shahhas. The King appoints the head of government, the prime minister, who is typically the leader of the majority party or coalition following legislative elections. In October 2002, King Gyanendra assumed executive powers by dismissing the then-prime minister, Sher Bahadur Deuba, who had earlier dissolved parliament in the midst of an escalating Maoist insurgency. Prime Min-

ister Deuba was unable to reach a consensus with political parties on how and when to hold new elections. Since then, three subsequent prime ministers have been appointed and two have resigned, and elections have been indefinitely postponed. In June 2004, the King again appointed Deuba to serve as prime minister, and Deuba has recently formed a government with representatives of the NC, CPN-UML, RPP and NSP; a date for new legislative elections has yet to be set.

Party Financing Laws

The political party financing regulatory framework is defined in the constitution, the Electoral Code of Conduct, the Political Parties Law, and anti-defection legislation. The Code of Conduct sets limits for all parties and candidates to the lower house. Parties and candidates are required to fully disclose expenses on penalty of a fine or nullification of an election. Under the 1997 anti-defection law, an MP's party membership can be irrevocably denied for joining another party, resigning his/her party, or voting against the party whip. The 2003 political party law requires all parties to reveal the names of contributors of more than 25,000 rupees (approximately US$350). Parties can accept funds from businesses and unions, but not from foreign individuals or organizations.

Common Campaign Practices

The information below is taken from 16 interviews conducted in Nepal from July 13 to 21, 2003. Of the 16 interviewees, or respondents, 11 were elected officials, four were civil society representatives, and one was an elections official. Fourteen of the interviewees were men and two were women. Four respondents were affiliated with the ruling party and eight were from opposition parties.

Typical Campaign Practices

There is a legally-defined campaign period of 30 days, although in practice campaigns generally last about 60 days. Candidates tend to travel extensively in their constituency to personally deliver their message to voters. Some respondents noted a culture of vote-buying in which parties provide meals and other goods for voters. The majority of respondents also noted the need to hire thugs to intimidate supporters of opponents; hence, there is a degree of violence associated with elections.

Typical Sources of Funding

Campaigns are primarily financed by business interests (particularly for the larger parties) and private individuals. This applies to both political party funds and individual campaign budgets, although in the case of the latter, contributions by private individuals are more significant. One interviewee admitted that his party receives funds from foreign sources. Although the amount varies depending on the party, most MPs must donate to the party on a monthly basis. As in many other countries, the candidates themselves bear primary responsibility for financing their campaigns. One interviewee indicated that his party's contribution amounted to less than seven percent of his entire campaign budget.

Typical Expenditures

Respondents stated that a significant portion of campaign funds go to transportation and meals for voters; transport costs make rural campaigns more expensive than urban ones. With the exception of printed materials, paid media play only a limited role in electoral campaigns.

Corruption

Virtually all respondents talked about the dual role of "money and muscle" in the electoral arena, referring to the common use of hired thugs to intimidate and assault opponents' supporters. One interviewee talked openly about his need to hire "muscle" in response to his opponent's use of violence. A few interviewees indicated that arms increasingly play a more important role than money in Nepalese elections.

Although most party constitutions have codes of conduct and disciplinary committees, their enforcement mechanisms are weak and lack transparency. Some party leaders admit privately that while they do try to deal with charges of misconduct within their parties, they also try to spare their members public punishment or exposure in the press.

Assistance Opportunities

Political Party Financing

Nepal's biggest obstacle in terms of democracy, and more specifically political party financing, is the dissolution of parliament and the King's assumption of executive powers. Political parties are trying to maintain their membership and call for a return to democracy, as they currently do not have an election to work towards. Additionally, the weakness in enforcing current legislation controlling political party financing is one important factor in corruption in Nepal. However, despite these obstacles impeding democracy in Nepal, political parties are beginning to recognize the need for enforcement, particularly of their own codes of conduct. Additionally, Nepal has comprehensive legislation

to regulate political parties, so the structures are in place, although not enforced.

Legal and Regulatory Reform

While there is general acknowledgement that the various regulatory mechanisms are well intended, there is almost unanimity that these laws are ineffectual and unenforceable. For instance, the spending limits set by the Electoral Code of Conduct are largely perceived to be unrealistically low. Generally, respondents agreed that victory in the campaign was not directly related to how much money was spent. Rather, the reverse is true: charismatic and well-organized candidates are more likely to win regardless of how much money they spend.

In the past, there has been no state funding for political parties. However, the budget announced by the current government proposed that each party receive 20 rupees for each vote cast in its favor. Since most parties are protesting the suspension of parliament, they also consider the budget unconstitutional, leaving the future of this provision uncertain.

Nepal Background Information

Electoral System		
What is the electoral system?	First-Past-the-Post	
What is the legislative system?	Bicameral	
How many seats does the legislature have?	205 - House of Representatives; 60 - National Assembly	
What is the ruling party/coalition percentage in legislature?	37.3%	Nepali Congress (NC)
Date of the last legislative election?	1999	
Date of next scheduled legislative election?	Unknown	Parliament has been suspended by the King, who is now ruling by ordinance.

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	The Law on Political Parties was passed in April 2003. It addresses party finances, internal discipline, and the election commission.
Do parties or their officials have to declare assets and liabilities?	Yes	Parties must declare assets and liabilities. (Regulating Political Parties Act 2002 4(h), 4(k))
Are there laws regulating party finance?	Yes	The Law on Political Parties requires party audits and financial reporting, including names of the contributors of more than 25,000 rupees ($333). There are no contribution or spending limitations.
Do those laws apply to campaigns?	Yes	
Do those laws apply to non-election periods?	Yes	

State Funding		
Does the state provide public funding for political parties?	No	The new budget suggests that parties will be allocated NR20 (US$0.27) per vote received in the last election.
What type of public funding is provided?	None	
Do those funds cover election cycles?	No	
Do those funds cover non-election cycles?	No	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	Parties cannot accept donations from foreign individuals or organizations. Parties are not barred from owning businesses, but in practice it appears that none do.
	Can parties own businesses?	Yes	Foreign sources?	No	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	Yes	Election Code of Conduct (3) Election Expenditure.
For parties, do those laws apply to campaign periods?	Yes	There is no provision to suggest that the laws cover any other period except the campaign period.
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	The Law on Political Parties requires all parties to reveal the names of contributors of over 25,000 rupees ($333).
Are political parties or candidates required to disclose spending?	Yes	Section 3 of the Nepal Code of Conduct.
For parties, do disclosure laws apply to election funding?	Yes	Annual audits are conducted. (Regulating Political Parties Act Art. 11)
For parties, do disclosure laws apply to non-election funding?	Yes	
Are the reports made public?	No	
Are annual financial audits of party accounts required?	Yes	The Law on Political Parties requires parties to conduct annual audits and file financial reports with the election commission within six months after the expiration of each fiscal year.
Are audit results made public?	Yes	
What agencies are responsible for monitoring these laws?		The election commission.
What sanctions exist if political party or campaign finance laws are violated?		Possible intervention of enforcement authorities. (Nepal Code of Conduct, Section 6, Misc.)

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	Nepal Code of Conduct, Section 5.
Are officials at the national level required to declare their assets?	No	Internal party codes do require MPs, executive committee members, and sometimes lower level committee members to declare their assets and income sources. There is no public requirement for this. Certain bodies such as the Commission for Investigation of Abuse of Authority (CIAA) can access this internal party information if investigating a case.
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	Yes	The Commission for Investigation of Abuse of Authority is the only constitutionally mandated body with (limited) power to investigate corruption cases.
Is there Freedom of Information legislation?	Yes	Article 16 of the constitution guarantees the right to information.

Nigeria

Federal Republic of Nigeria

Governing Party: People's Democratic Party

Electoral System: First-past-the-post

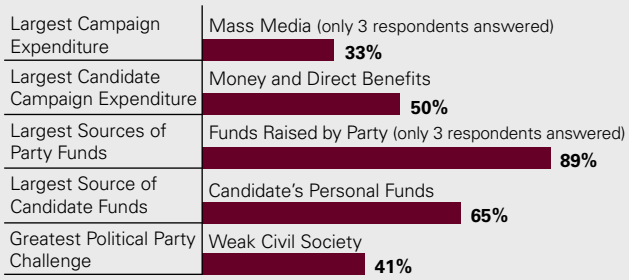
Legislative System: Bicameral legislature: Senate with 109 seats, and the House of Representatives with 360 seats

Most Recent Legislative Election: 2003

Public Campaign Funding: Direct, cash

Largest Campaign Expenditure: Mass media

Survey at a Glance



Current Political and Legal Overview

Political Parties

Nigeria transitioned from military to civilian rule in 1999, and since then procedures for political party registration have been evolving. The Independent National Electoral Commission (INEC) registered parties for the 1998-1999 transition elections based on requirements that they be multiethnic and have national scope (demonstrated by the presence of offices in at least 24 of the 36 states). Just three out of 29 parties qualified to contest the transition elections: the People's Democratic Party (PDP), the Alliance for Democracy (AD), and the APP (now referred to as the All Nigeria People's Party, or ANPP). The INEC's party registration guidelines were challenged and struck down in federal court in 2002, resulting in registration of 27 new parties for the 2003 national elections.

The PDP is Nigeria's largest party. It currently controls the executive, both houses of the National Assembly, and a majority of governorships and state legislatures. The ANPP remains Nigeria's second largest party, controlling many elected offices in the north. Though it exhibited a strong base in Nigeria's Yoruba community in the 1998-1999 election, particularly among the Afenifere, the AD made a poor showing in 2003, retaining only one of its six governorships. There was no AD candidate among the 20 seeking the presidency. Most political parties in Nigeria today seem to be personality-driven, rather than rooted in any distinct set of ideas or ideologies.

Electoral System

Nigeria has a bicameral National Assembly with a Senate (1,097 seats) and House of Representatives (36,360) whose members are elected by popular vote to serve four-year terms. All citizens 18 years of age and older are eligible to vote. The PDP holds a majority in both Houses.

The most recent presidential and legislative elections were held in 2003, and the next elections are scheduled for 2007. Following a three-year delay stemming from disagreements between the state and federal governments, local elections finally occurred in March 2004.

Party Financing Laws

The constitution and 2002 Electoral Act mandate public disclosure of party assets and expenditures; however, parties have neither adhered to these laws nor have there been significant efforts undertaken to enforce them. The constitution permits the federal government to provide public funding to political parties on a fair and equitable basis, and prohibits foreign funding of parties; there are no laws limiting private contributions to political parties or candidates. Whether parties can own businesses is not expressly prohibited or allowed.

In 2003, Anambra state suffered a campaign finance scandal indicative of Nigerian "godfather" politics. The godfather in this case was Chris Uba, who purportedly funded the campaigns of Governor Chris Ngige Ngige and

a majority of the members of the state House of Assembly. Following his election, Governor Ngige apparently refused to honor some agreements he had made with Uba regarding state contracts. Uba used his connections to abduct the governor and remove him from office. The governor was rescued and reinstated, and a debate followed on public policy approaches to campaign. The Senate held a public hearing on the issue, and both houses set up ad-hoc committees to investigate and make recommendations on how to curtail such occurrences.

Political Party Financing Practices

The information below is distilled from 21 interviews conducted in Nigeria during the month of October 2003. The 21 interviewees, or respondents, included representatives of Nigeria's National Assembly, political party leaders from opposition and ruling parties, former legislators, academicians, and civil society leaders. Respondents exhibited a high degree of candor, acknowledged the daunting state of party politics, and made suggestions about ways to improve it. At the same time, the fear factor keeps them anchored as participants in a system that can breed corruption and poor representation.

Typical Campaign Practices

Interviewees thought that most political parties in Nigeria today are not rooted in any distinct set of ideas or ideologies, but rather are personality-driven. During the 2003 national elections, campaigns offered Nigerians scant information on substantive issues by which to compare candidates and their parties. Nigeria's political parties have tended to use violence, intimidation, and bribery to leverage voters, rather than build popular support through articulated party platforms. Parties prefer to make broad campaign promises than to offer specifics.

Typical Sources of Funding

The majority of campaign funding comes from personal resources and financial assistance from friends and close associates. Some candidates paid for their campaigns entirely out of their own pockets, while others received the bulk of their assistance from friends and associates.

The main sources of funds for the party are its members. Funds are raised primarily through membership dues; sales of membership cards, the party constitution, party manifestos and party souvenirs; and monthly contributions. Parties with representation do receive some funding from the government, although "disbursement is now being manipulated to favor the majority party over other parties."

Typical Expenditures

The largest amounts were usually spent on donations and gifts to party leaders, and on providing "incentives" to people and other officials. Respondents felt that if they did not provide these incentives they would not be able to win elections. Other significant expense categories include advertisements/publicity, party conventions, transport/logistics, office space, and security.

Corruption

Elections have become exceedingly expensive in recent years due to vote-buying and corruption. Even poorer candidates who are able to surmount formidable obstacles and win elections may find their tenure short-lived because, despite making major contributions to their constituencies, they are unable to keep pace with the financial requirements of seeking and staying in office. Several elected officials liken their status to that of "walking wallets" or "ATM machines on two legs." In comparing the 1999 and 2003 elections, respondents indicated that expenditures increased ten-fold or more.

Respondents generally felt that the level of corruption in politics has grown to the point where virtually all political offices are available to the highest bidder. Party nominations are pre-ordained in back rooms or hotel suites, through processes that often limit the prospects of women or candidates from less than conventional backgrounds. Those who finance candidates or elections are increasingly restive about repayment, either in *naira* or in influence. Money is used to influence everyone involved in the election process, from INEC officials to party agents, security agents, and the electorate.

Assistance Opportunities

Political Party Strengthening

One of the greatest weaknesses of Nigerian politics is a lack of truly national parties with clear political ideologies. The good news is that well-organized parties with distinct and credible policy positions will be able to attract committed members. Moreover, the structures are already in place for managing political party finances; the vicious cycle of ignoring laws needs to be broken with a new approach to enforcement.

Legal and Regulatory Reform

The body vested with the constitutional power to implement the Electoral Act—the INEC—is weak and not independent from the central government. Respondents suggested several reforms to the electoral code to improve

the INEC's autonomy and transparency. Political parties should be able to nominate candidates to serve on the Commission. Also, the INEC should establish a separate agency to govern party financing, so that it can concentrate on elections administration.

The law governing political party registration should be strengthened to ensure that official parties are sufficiently qualified. Registration should be restricted to fewer parties. Regarding changes to public financing of political parties, respondents' views were mixed: opponents said that government should not be involved so that individuals can organize, finance and support the parties of their choice. Proponents said government subsidies would prevent the parties from being hijacked by single wealthy contributors. Additionally, some were favorable to the idea of limitations on candidate's personal contributions to their campaign. Many believed parties should be compelled by law to disclose their sources of funds and how the money is expended.

Civic/Voter Education

Corruption is rampant throughout Nigeria, and in order to create the conditions to pursue reform, the electorate must understand and come to expect good governance at all levels. Poverty alleviation and improving employment opportunities are also essential ingredients to counteracting vote-buying and corruption in electoral processes, allowing good governance practices to take root on all levels. Civic education focusing on democracy and voters' rights was identified as an effective vehicle for counterbalancing voter demands for pay-offs that only perpetuate the cycle.

Nigeria Background Information

Electoral System		
What is the electoral system?	First-Past-the-Post	
What is the legislative system?	Bicameral	
How many seats does the legislature have?	109 - Senate; 360 - House Representatives	
What is the ruling party/coalition percentage in legislature?	75%	People's Democratic Party (PDP)
Date of the last legislative election?	2003	
Date of next scheduled legislative election?	2007	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	Section 222 of the constitution and Sections 68 – 70 of Electoral Act 2002.
Do parties or their officials have to declare assets and liabilities?	Yes	Section 225(1) of the constitution mandated this, but it is not enforced.
Are there laws regulating party finance?	Yes	Sections 80 - 84, Electoral Act and Sections 225-226 of the constitution. Not fully implemented.
Do those laws apply to campaigns?	Yes	They are not implemented.
Do those laws apply to non-election periods?	No	The laws are not clear on this.

State Funding		
Does the state provide public funding for political parties?	Yes	Sections 80-81, Electoral Act 2002.
What type of public funding is provided?	Cash	
Do those funds cover election cycles?	Yes	Section 81(1) Electoral Act 2002 gives details of the disbursement.
Do those funds cover non-election cycles?	No	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No	INEC is empowered by Section 82 of Electoral Act 2002 to set the ceiling, but it has not.		
For parties, do those laws apply to campaign periods?		n/a			
For parties, do those laws apply to non-election periods?		n/a			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	It is not expressly stated anywhere whether parties can own a business or not. One of the parties expressed interest in going into income generating ventures to raise funds, but this has not been the practice.
	Can parties own businesses?	Yes	Foreign sources?	No	
Specify any other restrictions by source and/or amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	No	
For parties, do those laws apply to campaign periods?	n/a	
For parties, do those laws apply to non-election periods?	n/a	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	Section 225(2) of the constitution stipulated this, but it is not being implemented.
Are political parties or candidates required to disclose spending?	Yes	See above.
For parties, do disclosure laws apply to election funding?	Yes	
For parties, do disclosure laws apply to non-election funding?	Yes	
Are the reports made public?	No	Section 84(5), Electoral Act 2002 mandated this, but it is not being complied with nor enforced.
Are annual financial audits of party accounts required?	Yes	
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		Independent National Electoral Commission (INEC).
What sanctions exist if political party or campaign finance laws are violated?		Electoral Act of 2002, Art. 84(6) states: "Any political party which incurs election expenses beyond the limit stipulated in this Act is guilty of an offence and shall be liable on conviction to a fine of N500,000." Other articles stipulate prison sentences for violations.

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	No	
Are officials at the national level required to declare their assets?	Yes	
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	No	Freedom of Information Bill is with the national assembly. It has not been passed.

Peru

Republic of Peru

Governing Party: Peru Posible

Electoral System: Proportional representation

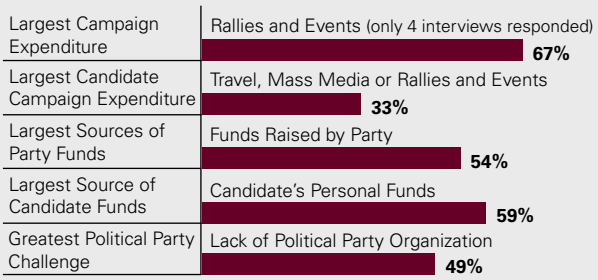
Legislative System: Unicameral legislature, 120 seats

Most Recent Legislative Election: 2001

Public Campaign Funding: Direct and in-kind (will begin in 2007)

Largest Campaign Expenditure: Rallies and events

Survey at a Glance



Current Political and Legal Overview

Political Parties

The current Peruvian political context is one of instability as new parties coalesce and others appear to flounder. Historically, there have been three main political parties—APRA, Acción Popular (AP), and Partido Popular Cristiano (PPC)—which are considered traditional because they date back to the 1930s and 1950s. Recently others have emerged, although they have been either largely personality-driven or temporary electoral organizations with little continuity. This is the case of the current governing party, Peru Posible (PP), which was created in 1995 and represented the anti-Fujimori sentiment in the country. There is a strong likelihood that PP will not survive its founder (President Alejandro Toledo), and that this will contribute to the continuing instability and volatility of the party system in Peru. There is another important political organization on the scene now: National Unity (*Unidad Nacional*, UN). This is not a party, but rather a coalition of center-right parties, which has become the third largest political force in Peru today. Unidad Nacional is undergoing an internal debate around the issue of remaining a coalition or taking steps toward becoming a political party.

Electoral System

Peru has a unicameral legislature of 120 seats, and members are elected for five-year terms based on proportional representation. During the last congressional election in 2001 an open-list system, or preferential voting, was introduced, leading to intra-party competition over district representation. The next congressional elections will be held in 2006.

The president is elected for a five-year term by a two-round majority system. The last presidential election coincided with the 2001 legislative elections; the next presidential election will occur in 2006.

Party Financing Laws

On September 10, 2003 the Peruvian legislature approved a Political Party Law, of which Section VI stipulates that a party treasurer and bookkeeping office must keep records of assets. Political parties may receive public and private funds according to the regulations stipulated in this law, and they may be sanctioned for infractions.

Only parties with legislative representation receive direct public monies from the National General Budget. The party fund is divided into five portions: one portion for each year until the following election. Each year, 40 percent of the fund is distributed on an equal basis among the parties that obtained congressional representation (each party receives an equal amount regardless of the number of votes obtained in the election). Sixty percent of the fund is distributed on a proportional basis, according to the number of votes received by each party in the legislative election. Parties may use this money for training and research activities during the five years after the election, and for the daily functioning of the party. The distribution of public funds will begin in January 2007 in accordance with the last electoral legislative results, the national budget, and the economic conditions of the country.

Parties may receive private funding through membership fees and contributions, party activities, and legacies or donations in money and in kind. Contributions from a single person may not exceed sixty UIT annually. Parties may not receive contributions from religious orders, public entities, state companies, or companies with state participation. Foreign political parties and foreign government agencies cannot provide funds unless they are destined for training and research activities. Candidates may receive direct contributions only if the political party is aware of this transaction and if the financial assistance respects the limits established by law.

Parties have six months after the end of each fiscal year to present a financial report to the Office Monitoring Party Funds. If the party has broken the law, the Office will apply the appropriate sanctions. The fine may range between a minimum of 10 to a maximum of 50 times the amount of the contribution received. A fine may also be applied to political parties that receive individual or anonymous contributions that exceed the limits established by the law. In these cases, fines range between 10 and 30 times the amount of the contributions received.

Political parties may use public or private radio and television to promote their candidates and platforms up until 48 hours before an election. This access is free for a 30-day pre-moratorium period, but must respect a specific electoral timeframe (*franja electoral*). State-owned media are obligated to provide parties that have congressional representation five minutes of media time every month. The Office Monitoring Party Funds is responsible for determining these slots.

Political Party Financing Practices

The information below is taken from 13 interviews conducted from June 30 to July 9, 2003[1]. Of the 13 interviewees, or respondents, 6 were elected officials, 1 was a political party official, 11 were male, 2 female, 3 from ruling party coalitions, 3 from opposition parties, and 5 were classified as "other." Information obtained from the interviews tended to be very general in some areas; for example, information concerning the nature of campaigns was not specific regarding campaign expenses.

Typical Campaign Practices

Peru has a legally-defined campaign period, usually six months from the time the elections are called by the National Electoral Tribunal (*Jurado Nacional Electoral*, JNE). Political campaigns in Peru rely heavily on the support of volunteers and networks of family and friends; parties do not generally finance campaigns. Occasionally national party leaders will make appearances at campaign events.

Typical Sources of Funding

Candidates are primarily responsible for providing their own funding. A large percentage of individual campaign costs are covered by in-kind contributions such as paint cans for publicity, paper, food, lodging, and donations to volunteers. Candidates often have to take out personal loans from banks and sell their own property to cover campaign expenses. Most businesses contribute directly to parties, but a small minority may choose to bypass the party structure and contribute cash straight to candidates. In both instances contributions are made anonymously and without receipts. Candidates rely on family and friends in their regions to help finance their campaigns.

Typical Expenditures

In general, most campaign spending is for travel and related logistical and operational costs such as gasoline, food, and vehicles. In many rural districts, candidates have to cover large distances and difficult terrain to reach their constituencies. One interviewee said that a lack of resources and logistical difficulties allowed him to campaign in only 5 of his province's 11 districts. A significant proportion of respondents campaigning in urban areas, however, indicated that they spent most of their resources on media-related materials such as campaign leaflets, brochures, posters, billboards, and radio time.

Corruption

There is an evident, and perhaps growing, influence on politics from illegitimate sources of finance, specifically from the drug trafficking industry, contraband, and political lobbying groups. The public perceives political parties, and public officials in general, as corrupt, and does not trust them to manage public funds. This is based on specific examples of extreme levels of corruption in government in the past ten years, and political parties have been discredited for their association with a corrupt regime or for their inability to challenge the situation.

Assistance Opportunities

Political Party Strengthening

The high level of corruption and lack of transparency presents many problems for political parties in Peru. Parties

1. In July 2004 NDI did additional research pertaining to political party legislation passed in 2003.

are not seen as valid intermediaries between citizens and the state but instead are thought to be temporary electoral organizations. The public holds a common perception that most parties lack legitimacy and candidates who stand for elections are not always the best-qualified people, but those with connections. New legislation passed in 2003 requires that each party install an accounting system and treasurer, but most have neither. Because there is intra-party competition, it is impossible for a central party to finance all of its candidates on a list for a given district, or for all candidates nationwide. Intra-party competition also means that candidates must have access to large sums of money in order to compete with each other. Parties must undertake internal strengthening measures if they are to change their public image.

Legal and Regulatory Reform

All respondents were supportive of the political party law that was passed in 2003, although one informant thought that the law should be more progressive and that the state should not finance (partially or entirely) political parties. Respondents thought that public opinion would be highly averse to any state financing of political parties, since it will mean redirecting public funds from other social programs. Some informants suggested that all financial contributions made by private business should go to the party, and not individual candidates; the number of television and radio advertisements be limited and printing materials and media interviews be limited per candidate or per party. Clearly, the job of legal infrastructure for fair and transparent elections is not complete.

Peru Background Information

Electoral System

What is the electoral system?	Proportional Representation	
What is the legislative system?	Unicameral	
How many seats does the legislature have?	120	
What is the ruling party/coalition percentage in legislature?	44%	Peru Posible
Date of the last legislative election?	2001	
Date of next scheduled legislative election?	2006	

Political Party Finance Laws

Is there a political party law (registration etc.)?	Yes	Political Party Law, No. 28094, 2003.
Do parties or their officials have to declare assets and liabilities?	Yes	Article 34.
Are there laws regulating party finance?	Yes	According to legislation parties must state their sources of funding and may be sanctioned for receiving funds from prohibited sources of finance. The party statute must specify the assets and financial regime of the party. Parties must have a treasury or accounting office, a treasurer and accounting books, which must be kept for 10 years. The statutes must also state the method for selecting the treasurer. Political parties may receive public and private funds according to the regulations stipulated in this law and they may be sanctioned if parties do not respect them.
Do those laws apply to campaigns?	No	
Do those laws apply to non-election periods?	Yes	

State Funding

Does the state provide public funding for political parties?	Yes	The distribution of public funds will begin in January 2007.
What type of public funding is provided?	Cash & In-Kind	The state pays for 30 minutes of time a day on state channels for each party for their political propaganda during campaign periods. This space is available to parties and coalitions from one month until 24 hours before the election. Only parties with congressional representation will receive direct public funds from the State. A special fund is formed within the National General Budget, which a portion of it is distributed on a proportional basis, in terms of the number of votes received by each party in the legislative election.
Do those funds cover election cycles?	Yes	
Do those funds cover non-election cycles?	No	

Restrictions on Donations

Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	
	Can parties own businesses?	No	Foreign sources?	No	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	Yes	Candidates may receive direct contributions only if the political party is aware of this transaction and if the financial assistance respects the limits established by the law. Contributions that have not been declared by the political parties will be considered illegal, unless the party presents proof on the contrary.
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	Yes	Political parties have 30 days until 2 days before the election to use radio and television time, private and public owned, to promote their candidates and platforms. This access is free but must respect a specific electoral time frame *(franja electoral)*. The electoral time frame starts at 7pm and ends at 10pm. Also, the law specifies the total of daily minutes of radio and television that can be reserved for electoral campaign purposes. Radio stations and television channels must dedicate 10 minutes daily to all political campaign 30 to 15 days before the election; 20 minutes daily between 14 to 6 days before the election; and 30 minutes daily between 5 to 2 days before the election.

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	According to the language of article 34. All parties are required to submit a financial report once a year and the head of supervision of party funds can request a more detailed disclosure if necessary.
Are political parties or candidates required to disclose spending?	Yes	According to article 24, parties are required to present verification of their spending six months after the end of each election cycle to the head of supervision of party funds.
For parties, do disclosure laws apply to election funding?	Yes	
For parties, do disclosure laws apply to non-election funding?	Yes	
Are the reports made public?	No	
Are annual financial audits of party accounts required?	No	
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		The chief of the national office of electoral processes and the manager of the supervision party funds (article 36).
What sanctions exist if political party or campaign finance laws are violated?		The fine may range between a minimum of 10 to a maximum of 50 times the amount of the contribution received. A fine may also be applied to political parties that receive individual or anonymous contributions that exceed the limits established by the law. In these cases, fines range between 10 and 30 times the amount of the contributions received. Political parties may contest the sanctions at the National Tribunal of Elections within 5 days after they have been notified of the sanction.

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	No	It is not explicitly clear. Government Resources can be used for political campaigns.
Are officials at the national level required to declare their assets?	No	
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	Yes	

Romania

Governing Party: National Union PSD + PUR

Electoral System: Proportional representation

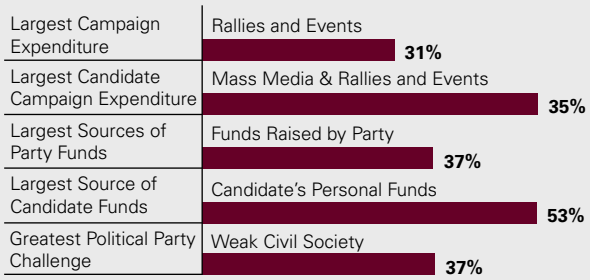
Legislative System: Bicameral legislature: Senate with 140 seats and Chamber of Deputies with 345 seats

Most Recent Legislative Election: 2004

Public Campaign Funding: Direct; annual subsides given to political parties with parliamentary representation

Largest Campaign Expenditure: Rallies and events

Survey at a Glance



Current Political and Legal Overview

Political Parties

The number of registered political parties in Romania has fallen from 200 in 1990 to nine in 2003. Currently, six parties hold seats in the two chambers of the Romanian parliament: Social Democratic Party (PSD), Greater Romania Party (PRM), Democratic Party (PD), National Liberal Party (PNL), Hungarian Democratic Union of Romania (UDMR, not a political party from the legal point of view but behaves as one), and the Humanist Party of Romania—Social-Liberal The Social Democratic Party (PSD) is the ruling party; it ran jointly with the Humanist Party of Romania—Social-Liberal in the 2004 legislative elections. The coalition of the PSD and Humanist Party is called the National Union PSD + PUR.

Electoral System

The legislature is bicameral with proportional representation. The Senate has 140 seats, with each seat representing approximately 160,000 citizens. The Chamber of Deputies has 345 seats, with each seat representing about 70,000 citizens (this number may be reduced slightly in 2004 due to a decrease in population). The president is elected by popular vote for a maximum of two four-year terms.

Over the past 13 years, legislative and presidential elections have been organized five times (1990, 1992, 1996, 2000 and 2004) and local elections have taken place four times (1992, 1996, 2000, and 2004). The legislative and presidential elections take place at the same time, while local elections take place separately. The next legislative election will be in 2008.

The senators, deputies, county councils, and local councils are elected through a proportional list system. The system is considered very "party-centered," and responsible for the creation of an oligarchy at the top of each political party. Though people vote for a party, not a person, the appeal of the party chairman has a lot to do with overall support. In some cases, candidates need only to appear on a poster near the chairman in order to win voters' support.

Party Financing Laws

In January 2003, parliament adopted a new law on political party financing (43/2003) which increased the amount of money every physical or legal person can offer to a political party and placed new limits on the amount of money a political party is allowed to spend for elections.

Political parties are not required to separate ordinary financing from campaign financing, although there are regulations that place limits on extra-budgetary sources of funding for political parties and groups. According to the current regulations, a party's income sources can include membership fees, donations, income from its own activities, and state subsidies. The total sum received by a political party in confidential donations cannot exceed 15 percent of the maximum subsidy allocated from the state budget to a political party in the respective year.

Criteria used to allocate state subsidies for parties include party representation in parliament and percentages of the vote. The non-parliamentary parties receive subsidies if they obtained at least one percent under the electoral threshold (which now is five percent). The legislation introduced through Law 43 limits expenditures related to electoral campaigns and requires parties to disclose their expenditures.

Before 2000, public authorities, mass media, and civic organizations were not concerned with the issue of political party financing. After *Asociatia Pro Democratia* (APD) presented its report on campaign financing during the 2000 elections, there was a large debate on the issue in the mass media and among politicians. As a result of the report and ensuing debate, MPs decided to adopt new legislation to regulate political party financing.

Political Party Financing Practices

The information below is distilled from 20 interviews conducted from October 24 to November 3, 2003. Of the 20 interviewees, or respondents, 12 were elected officials and 5 were political party officials. Sixteen were men, and 4 were women. Four were from the ruling party (two were from UDMR, which supports the ruling party) and ten from opposition parties.

Typical Campaign Practices

Due to the electoral system, which makes campaigns very party-focused, a great deal of effort and money is spent to improve the image of the party during campaigns through mass media. This is somewhat reversed in local elections, where vote-buying by a candidate rather than a party is more common. Some interviewees noted that the ruling party manipulates state resources for its own benefit, via the media and other state machinery. One interviewee noted that one form of vote-buying was to delay the payment of social assurances for the two months preceding elections, and then pay them two days before the election to raise the profile of the party in the minds of voters.

Typical Sources of Funding

Funds for parties come from three main sources: membership fees, private donations, and state subsidies. For some parties, most of the money during the electoral year comes from budget subsidies; for others, membership fees play a more important role. Candidates typically provide a large portion of funds for their own campaigns, but party contributions, private donations, as well as in-kind donations by business leaders are also important. Private donations were identified as most important by a few interviewees. One interviewee commented on the effect of the law as, "the Law 161/2003 prohibits politicians having their own businesses, which made electors very happy, but makes politicians vulnerable to other financing sources."

Typical Expenditures

The highest cost of campaigning is mass media publicity, mostly TV air time for political speeches, which is considered essential to a campaign's success. The next highest cost seems to be transportation. Other significant expenses are campaign materials (posters, flyers, etc.), personnel, and administrative costs.

Corruption

It is commonly held that "politics is for the rich people" because candidates must contribute generously to their own campaigns. There is a very negative public perception of politicians and campaign financing because of the high expense of campaigns and the dominance of wealthier candidates who can sponsor themselves. Political parties have begun to fund themselves from "obscure sources, or to professionally and politically promote corrupted persons." The electorate also believes that individuals who have obtained wealth illegally attempt to legitimize themselves through public office. Most Romanians believe there is always "black" money involved in campaigns, or that donors have hidden (mainly economic) interests.

Organized crime undoubtedly has connections with politics in Romania. The former president of Romania believes that the election law has no practical application; he stated that it is "manipulative" and will never be put into practice in Romania, because of the Mafia system. He also stated that all private TV networks belong to people who can be blackmailed by the government at any time.

Assistance Opportunities

Political Party Financing

The political party financing law adopted in 2003 seems to have many gaps, and it is too early to determine how well the law will be enforced. There are now stronger regulations and controls in place, but there are also ways to circumvent them; receiving donations from associations and foundations, which can be used to hide the identity of the real donor, is one method. Concern over the ease with which parties can use covert sources of funds is something that political parties should address internally to start building public support and belief in their integrity.

It is generally felt that the ruling party has many unfair advantages, including influence over the media (especially TV), and access to government. The party in power has more of a burden to show that it is playing on a level field.

Legal and Regulatory Reform

The 2003 legislative requirements governing oversight of political party accounts and financing sources are one of the law's weakest points. Oversight should be moved from under the jurisdiction of the Court of Accounts to a specialized and independent structure under the control of parliament. Further work needs to be done on defining and applying the law, which is not uniformly observed by all the parties; in fact, each party, as well as the Court of Accounts, (which is not truly independent) can interpret the law differently.

The law does not provide sufficient financing for political parties to conduct elections campaigns, and state funding for political parties from the national budget has decreased. The cost of elections and how to legitimately raise funds needs further legal attention. Specifically, there should be more effective mechanisms to determine whether a person or a company is entitled to finance a political party, and if so, how.

Civic/Voter Education

The electorate is very vulnerable to vote-buying because of poverty and low levels of education about the democratic process. The electorate should become more aware of civic norms for democratic and transparent elections, so they can play their own oversight and participatory roles.

Romania Background Information

Electoral System		
What is the electoral system?	Proportional Representation	
What is the legislative system?	Bicameral	
How many seats does the legislature have?	140 - Senate; 345 - Chamber of Deputies	
What is the ruling party/coalition percentage in legislature?	37%	National Union PSD + PUR
Date of the last legislative election?	2004	
Date of next scheduled legislative election?	2008	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	Law no. 19/2003.
Do parties or their officials have to declare assets and liabilities?	No	
Are there laws regulating party finance?	Yes	
Do those laws apply to campaigns?	Yes	
Do those laws apply to non-election periods?	Yes	

State Funding		
Does the state provide public funding for political parties?	Yes	
What type of public funding is provided?	Cash	Law No. 43 of January 21, 2003 regarding the funding of the activity of the political parties and the electoral campaigns: Annual subsidies; access to radio and television during the electoral campaign.
Do those funds cover election cycles?	Yes	
Do those funds cover non-election cycles?	Yes	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		Yes			
For parties, do those laws apply to campaign periods?		Yes			
For parties, do those laws apply to non-election periods?		Yes			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	Only in-kind donations or services are allowed from unions (and NGOs and only in non-electoral periods. From foreign sources, only in-kind donations and only if the party is affiliated to an international organization and if they are not propaganda materials.
	Can parties own businesses?	No	Foreign sources?	No	
Specify any other restrictions by source and/or amount etc.		Contributions from state companies or state institutions are strictly forbidden. The NGOs are not allowed to make donations during the electoral period.			

Spending Limits		
Are there laws limiting political party or candidate spending?	Yes	Article 21(1) says "The maximum limit that can be reached by a political party in each electoral campaign is calculated by summing up the maximum allowed values for each candidate put forward for the office."
For parties, do those laws apply to campaign periods?	Yes	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	
Are political parties or candidates required to disclose spending?	Yes	Article 25(1) says "Within 15 days from the publishing of the outcome of the elections, the electoral treasurer is held to declare a detailed report of the electoral income and expenditure for each party or independent candidate at the Court of Accounts."
For parties, do disclosure laws apply to election funding?	Yes	
For parties, do disclosure laws apply to non-election funding?	No	
Are the reports made public?	Yes	
Are annual financial audits of party accounts required?	Yes	The Court of Accounts has to audit every year if the political parties have respected the financial regulations.
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		Court of Accounts (SAI).
What sanctions exist if political party or campaign finance laws are violated?	Article 27 (1) Lists the following as minor offenses sanctioned with a fine between 30,000 and 300,000 lei: a) not publishing in the Official Gazette of Romania, Part III, donations received, as well as the donations accepted according to art.6 paragraph (2); b) receiving subsidies for election campaigns other than through an electoral treasurer or the latter's infringement of obligations according to the present law; c) accepting membership fees or donations by infringing the stipulations of art. 4 paragraph (3), art. 5 or 6; d) accepting or making donations or free services with the obvious purpose of obtaining an economic or political advantage; e) Not registering the amounts or the assets under any title in the party's patrimony; f) Not filing on time the electoral financial report and the further documents at the Court of Accounts; g) Printing and distributing flyers, posters and other propaganda materials by breaking the provisions of art.20 paragraph (2); h) Subsiding directly or indirectly the elections campaign by natural or legal foreign persons; i) Subsidizing in any way the elections campaign by public authorities or institutions, national companies or public or private companies; j) Not returning the state budget subsidy under the terms and within the period of time stipulated by art.13 paragraph (2); k) Getting material support for the activity of the party by other means than those stipulated by the present law; (2) Sanctions can be applied either to the electoral treasurer, the political party or to the donor who infringed the above-mentioned legal provisions.	

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	
Are officials at the national level required to declare their assets?	Yes	Law no. 161/2003 regarding some measures to ensure transparency in statesmen, public servants, and business activities, to prevent and sanction corruption.
Are these declarations made public?	Yes	
Is there conflict of interest legislation for elected officials at the national level?	Yes	Law no. 161/2003.
Is there Freedom of Information legislation?	Yes	Law no. 544/2001.

Senegal

Republic of Senegal

Governing Party: Parti Démocratique Sénégalais

Electoral System: Mixed, a national proportional list is used to elect about half the deputies, and a first-past-the-post system for the remaining seats

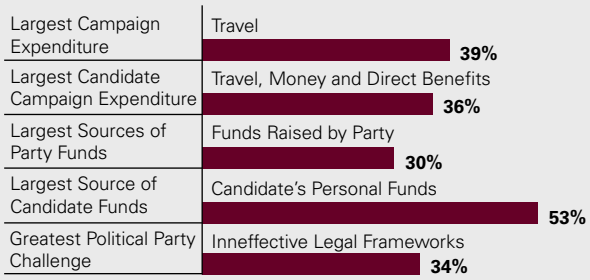
Legislative System: Unicameral legislature, 120 seats

Most Recent Legislative Election: 2001

Public Campaign Funding: In-kind, access to media for competing parties only during campaigns

Largest Campaign Expenditure: Travel

Survey at a Glance



Current Political and Legal Overview

Political Parties

Senegal has more than 70 political parties, with about three to five new ones cropping up each year. Of the 69 parties that existed prior to the legislative elections in 2001, only 25 participated, with 12 parties successfully returning members to the National Assembly. Most view the formal creation of political parties as administratively simple; this unfortunate reality means that the number of parties is expected to grow even further in the run up to the next election.

The main political parties in Senegal include the Parti Démocratique Sénégalais (PDS), the Parti Socialiste (PS), and the Alliance des Forces Populaires (AFP). The PDS has been Senegal's principal opposition party throughout the past three decades, now controlling both the executive and legislative branches. The party was founded in 1974 by President Wade, and has a history of functioning as a liberal party. The PS was Senegal's first ruling party, created in 1958, and held power for more than 40 years until the democratic transition in 2000. Ideologically socialist for many years, the party could now be characterized as social democratic in its orientation. The AFP is led by Moustapha Niasse, cabinet minister and prime minister under President Wade. The AFP is considered perhaps the third party in both rank and importance in the country. A number of other major and smaller parties also have representation in parliament.

The president and other parties have all agreed in the past to implement a strict parliamentarian model in Senegal. Along these lines, President Wade has expressed his support for conferring formal status to the opposition. Opposition parties have generally rejected the idea, however, perceiving it as a form of co-optation.

Electoral System

Prior to the dissolution of its Senate in 2001, Senegal operated on a bicameral legislative system. It now has a single legislative house, referred to as the Parliament or National Assembly, consisting of 120 seats. Members of the National Assembly are directly elected. Twenty-three of the 120 parliamentary members are women. During the April 2001 legislative elections the Sopi coalition, composed mainly of PDS, LD/MPT, MSU and the CDP of Garab Gui, held 89 seats. Other seats are distributed among the AFP (11), the PS (10), the URD (3), the AJ/PADS (2), the PLS (1), the PPC (1), the Alliance Jef Jef (1), the RND (1) and the PIT (1). The next elections are scheduled for 2006. The head of government is the prime minister, who is appointed.

The executive branch is headed by the president, who is elected by direct, popular vote for up to two five-year terms. The last presidential election was held in 2000, and the next election will be held in 2005.

Party Financing Laws

There is no specific political party law, only scattered sets of provisions set forth in the constitution, election code, and a number of other various laws. There are no spending limits, and very few limitations on fundraising (parties cannot

own businesses, for instance). State funding is limited to refunding candidacy fees and some basic election-related costs, such as campaign posters. Foreign contributions are banned, although the ban is neither respected nor have sanctions ever been applied. Consequently, foreign funding and the use of state resources are widespread.

Despite a 1999 study on political party finance reform commissioned by then-President Diouf, and the publicly stated commitment of the current administration to fight corruption, the specific debate over addressing party financing issues has been stalled. President Wade's recent announcement of plans to introduce public financing of political parties in Senegal has created a more conducive political climate within which to promote debate on party financing.

Political Party Financing Practices

The information below is taken from 13 interviews conducted from November 22 to 29, 2003. The respondents included several political party leaders from the opposition, civil society representatives, and election officials. Many of the interviews were conducted in groups.

Typical Campaign Practices

The most common forms of campaigning in the country appear to be rallies or meetings where hundreds of party supporters gather together. Typically, there are music and speeches, preceded by long vehicle processions. The more supporters one can get into a rally, the better it looks for his party. The cost of transporting supporters to and from such rallies is quite high, especially from Dakar to the regions.

Typical Sources of Funding

The principal source of funds is the party leader him/herself, and if one can get access, state resources (particularly through the placement of party members who then are expected to donate regularly and formally to the party). First and foremost, individual candidates receive money for their campaigns from their party, from the leader. But they also use their own resources, usually drawn from personal funds and savings, and contributions from family, friends and supporters. Although there is no general state financing of parties, there is reimbursement of registration fees for all legislative candidates if their party elects at least one deputy, and for presidential candidates who receive five percent of the national vote. Simple posters and the parties' respective voting ballots (each party does its own) are paid for by the state.

There is little to no fundraising as usually defined. Undoubtedly, party leaders and others so inclined make the rounds to major businesses to request donations, often with the implicit threat of sanctions if a contribution is not made. While foreign contributions are officially banned, most parties accept if such contributions are obtainable. The Saudis were noted as particularly generous contributors to the governing party, both before and after the transition. Parties also accept money from Senegalese living abroad, which is an extremely common source.

Typical Sources of Expenditures

Travel is always cited as the most costly campaign element. After that comes "other voter contacts," understood euphemistically as vote-buying, whether with cash, gifts or handouts. Parties also spend on the widespread use of posters and banners.

With regard to individual campaign expenditures, there are no limits. Many interviewees had no idea what they spent: it was simply in proportion to their belief in their ability to win, their financial means, and their will.

Corruption

There is a branch of Transparency International, *Forum Civil*, in Senegal, whose chief focus is the issue of corruption. According to one study it conducted, almost 90 percent of those surveyed stated that corruption was widespread, particularly in the public sector and among politicians, and a majority believed that vote-buying was common. Of company executives surveyed, 40 percent considered bribery necessary to secure a public contract. The survey elicited a strong response from President Wade, who questioned its credibility, rejected its conclusions, and accused Forum Civil of being "closet politicians who do not have the courage to accept their responsibilities."

Assistance Opportunities

Political Party Strengthening

The principal strength of political parties in Senegal is their growing numbers, which can also be seen as their greatest weakness. Parties are created easily and party registration is, in principle and practice, a formality. They are considered autonomous associations under law, and most interviewees cite the freedom of association article in the constitution to justify their boom (even while recognizing that the bar for creation and registration should perhaps be higher). Parties could be stronger is more meaning attached to creating and supporting them.

Legal and regulatory

All parties called for a rationalization of the election process, and for the state to cover the costs of elections. The election process is both cumbersome and complex, and parties participate formally at different stages. Finance reform can only be advanced in the context of a larger program aimed at improving the electoral system as a whole and government administration in general. Many interviewees noted that any progress on this issue was unlikely until the ruling party and its leader either accept the idea, either voluntarily or pushed to do so.

Senegal Background Information

Electoral System		
What is the electoral system?	Mixed	There is a national proportional list for electing about half the deputies, and a first-past-the-post system for the remaining majority.
What is the legislative system?	Unicameral	
How many seats does the legislature have?	120	
What is the ruling party/coalition percentage in legislature?	74%	*Parti Démocratique Sénégalais (PDS).*
Date of the last legislative election?	2001	
Date of next scheduled legislative election?	2006	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	No	There is no specific "political party" law, but the constitution, the election code, and a number of other laws include various articles about parties. Registration procedures are laid out therein. There are at least seven different laws implicated. One academic who studied the topic said there is a political party law, but it is more accurate perhaps to say a series of laws apply, and not one particular law (*Loi No 81-17 du 6 mai 1981*.)
Do parties or their officials have to declare assets and liabilities?	Yes	Once a year parties are required to submit a report to the DAGAT *(Direction des affaires générales et de administration territoriale)* within the Ministry of the Interior; the majority of parties do not respect the law. The constitution requires a written declaration of assets by the president, ministers, and some others when they assume office; it is made public.
Are there laws regulating party finance?	No	Law 97-15, 18 September 1997.
Do those laws apply to campaigns?	Yes	It applies, but again, is not respected.
Do those laws apply to non-election periods?	Yes	

State Funding		
Does the state provide public funding for political parties?	Yes	Law 97-15, 18 September 1997, article L167.
What type of public funding is provided?	In-kind	Law 92-15, 7 Feb 1997, article 178 provides for access to media for competing parties and coalitions during the election campaign.
Do those funds cover election cycles?	Yes	Law 92-15, 7 February 1997, article L178.
Do those funds cover non-election cycles?	No	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	Parties appear to be allowed to accept contributions, but few are made. A Transparency International report suggested a minimum of 50,000 fCFA, and a maximum of 500,000 fCFA.
	Can parties own businesses?	Yes	Foreign sources?	No	
Specify any other restrictions by source and/or by amount etc.		Again, the only formal restriction by source is foreign contributions.			

Spending Limits		
Are there laws limiting political party or candidate spending?	No	There are no restrictions whatsoever on party or campaign spending (unless one includes direct buying of votes, and while banned by law, it occurs widely).
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	Yes	There is however a ban on campaign advertising in both print and electronic media. Article 58, Loi 97-15.

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	No	The constitution in article 37 requires the President upon election to make a written declaration of his assets, but makes no mention of the source of these assets. No other candidates or positions in the government are similarly required by the constitution to declare assets.
Are political parties or candidates required to disclose spending?	No	
For parties, do disclosure laws apply to election funding?	Yes	
For parties, do disclosure laws apply to non-election funding?	Yes	
Are the reports made public?	Yes	They are published in official state media.
Are annual financial audits of party accounts required?	No	
Are audit results made public?	n/a	
What agencies are responsible for monitoring these laws?		*Direction des affaires générales et de administration territoriale (DAGAT)* within the Ministry of the Interior.
What sanctions exist if political party or campaign finance laws are violated?		In principle if parties do not submit their annual reports, they are subject to the sanction of being banned. With respect to campaign finance, the only restriction is the illegality of foreign sources and direct vote buying. Vote buying sanctions are found in Loi 92-16, article 100. The sanction is three months to ten years in prison, and a fine of 20,000 to 200000 fCFA.

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	Article 2, Loi 2000-22. The penalties are double if the violator is a state employee.
Are officials at the national level required to declare their assets?	Yes	Officials such as ministers make a declaration of assets when they are sworn in. Article 37 of the constitution requires the President to disclose his assets upon election, the written declaration is deposited with the constitutional council, who makes it public.
Are these declarations made public?	Yes	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	No	

South Africa

Republic of South Africa

Governing Party: African National Congress

Electoral System: Proportional representation

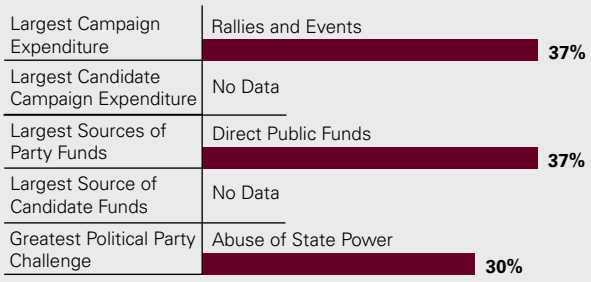
Legislative System: Bicameral legislature; National Assembly 400 seats, and National Council of Provinces, 90 seats

Most Recent Legislative Election: 2004

Public Campaign Funding: Direct cash, in-kind

Largest Campaign Expenditure: Rallies and events

Survey at a Glance



Current Political and Legal Overview

Political Parties

With the transition to fully participatory politics in the early 1990s, the Africa National Congress (ANC) and other liberation movements transformed themselves into political parties. The ANC's overwhelming success in 1994 established a pattern that has continued in the last two national elections. As the ANC's margin of victory has increased—69.7 percent of the votes or 279 seats in the last election—the former ruling New National Party has declined, and in August 2004, the party announced a merger with the ANC. While there are over 100 registered political parties, only 12 hold seats in the National Assembly. The largest opposition party represented in parliament after the April 2004 elections is the Democratic Alliance (DA,) with 12.4 percent—the only opposition party to secure double-digit percentage shares of the vote. Other parties represented in the National Assembly include the Inkatha Freedom Party (7 percent), the Independent Democrats (1.7 percent), and the United Democratic Movement (2.3 percent).

Electoral System

The South African legislature is a bicameral institution. Members are elected to the 400 seat National Assembly through a proportional representation system based on national lists. Political parties securing a minimum of 0.025 percent of the vote are allocated seats in the Assembly in proportion to their share of the votes. The president is a member of the National Assembly and is elected by his/her fellow MPs. Since 1994, there has been a tradition of giving cabinet appointments to representatives from other political parties as well. The second house, the National Council of Provinces, represents the interests of the country's nine provinces. Each of the country's 9 provincial legislatures elects 10 members to sit in this house. Representatives to both houses serve five-year terms.

Party Financing Laws

Section 236 of the 1996 constitution mandates that "To enhance multiparty democracy, national legislation must provide for the funding of political parties participating in national and provincial legislations on an equitable and proportional basis." Further details are outlined in the Public Funding of Represented Political Parties Act of 1997. Under this law and in line with the constitution, political parties represented in the National Assembly and in provincial legislatures qualify for public funding, the budget for which is set annually. Ninety percent of the funds are distributed in proportion to each party's share of seats in the National Assembly and the provincial legislatures jointly. The remaining 10 percent is shared equally among the nine provinces and then is subsequently divided among the parties in each provincial legislature.

The fund is managed by the Independent Election Commission (IEC) which disburses the allocated amounts to the political parties quarterly. Parties are prohibited from using public funds for electoral campaigns: 21 days prior to an election, they are required to close their books and return any unspent funds to the IEC. Political parties are also

prohibited from using state funds for business ventures, to purchase property, or to supplement the salaries of public officials. They are required to submit audited accounts and to provide the name of an accounting officer who is personally liable for the validity of the reports submitted. There have only been a few cases of problematic financial reporting. In response, the IEC withheld the next tranche of funds until all outstanding issues had been resolved. Political parties represented in the National Assembly also receive funds to facilitate their parliamentary work, which are administered by parliament.

South Africa has limited regulation of non-state party financing, and over the past year or two a number of scandals have drawn media attention to party financing practices. A network of civil society groups including the Institute for Democracy and South Africa (IDASA) and the Institute for Security Studies (ISS) are working to keep these issues in the public eye. Their advocacy efforts center on the need for greater transparency in private funding. A small number of parties voluntarily disclosed certain funding information to IDASA. In addition, under South African access to information laws, IDASA has filed a petition against the country's main political parties and is requesting access to their funding records. IDASA and ISS have also reached out to South African corporations, engaging them on the need for transparency in party funding. Perhaps partly as a result of IDASA and ISS efforts, a number of South African corporations voluntarily made public their donations to political parties in the lead up to the 2004 elections. These developments have all helped to raise public awareness of party financing issues and promoted debate on whether private funding to political parties should be regulated.

Political Party Financing Practices

The information below is taken from interviews conducted in South Africa in 2003, and supplemented with another round of interviews in September 2004. Particularly with the interviews conducted in September, it was clear that many interviewee responses were shaped by the pending IDASA lawsuit and the recent debate on party finance reform.

Typical Campaign Practices

Campaigns for national elections in South Africa feature a combination of door-to-door canvassing, rallies, and purchased advertising on radio, in newspapers, and on billboards. (Parties are prohibited from purchasing television time.) Posters are also an important aspect of campaigns; to illustrate, one interviewee complained that when his campaign posters were destroyed by bad weather, he was not able to replace all of them, while rivals quickly re-plastered lampposts and other strategic locations. In addition to the usual speeches by politicians, rallies may feature barbecues or other refreshments as well as entertainment.

Parties that can afford to hire professionals to conduct polls and to assist in message development. Faced with the overwhelming majority and comparative wealth of the ANC, some opposition parties have developed creative ways of getting their message out for less. This includes using electronic billboards at gyms and airports. Volunteers are used with varying results and to varying degrees by different political parties. Although allegations of vote-buying do not appear widespread, a few informants cited instances where social services (such as food) were strategically withheld and distributed in the immediate lead up to the April elections. One informant also reported cases of cash for votes in particular areas where the electoral battle was hard fought.

Given South Africa's electoral system, most campaign expenses appear to be incurred at the central level. However, in certain cases, provincial or local branches may be required to pick up certain costs. Interviewees explained that branches may receive a particular number of posters or leaflets from the central office but could be required to pay for additional copies. It is also common for provincial or other local offices to fund supplementary campaign activities that focus on local issues or target local communities. For instance, one interviewee described how the central party organization funded radio advertisements on national radio stations. In addition, at the branch level, the party funded broadcast of advertisements on radio stations local to the province targeting particular communities in the area. Others described how local branches funded publication of leaflets and other materials addressing issues of particular relevance in their specific area.

Typical Sources of Funding

For national elections, given the proportional representation system, fundraising is handled centrally at the party headquarters level. Most parties have a fundraising committee that is in charge of overseeing these efforts. Some have turned to professional fundraisers who use phone banks to solicit donors. In addition to activities (such as dinners, auctions, concerts, and bingo nights) organized by this central committee, fundraising activities are also carried out at the branch level. However, across the board, a list of larger donors is typically reserved for contact by the senior leadership of the party to ensure a coordinated strategy and that the maximum results are achieved. While most parties collect membership dues, almost all agree that the amounts are largely insignificant compared to the resources required. Although campaigns are largely funded from party headquarters, party officials, especially elected representatives frequently incur costs— for travel, for example—which may not be reimbursed. There is a widespread perception that

only a very small number of parties succeed in raising money from large corporations, either because they are the party in power or because of historical or other links. As indicated above, in the lead up to the 2004 elections, a number of large corporations voluntarily made public their donations to political parties. Most of them donated to a range of political parties and used a formula for allocating the funds between ruling and opposition parties. Some interviewees strongly felt that this new transparency had obliged the businesses to give to opposition parties; they therefore received funds from sources they had not approached.

Political parties across the board are heavily reliant on medium- to small-scale businesses. Although there is widespread speculation that foreign donations played a significant role in the 1994 elections, there is a common perception that financial support from other countries has declined over the past ten years. Almost all the parties interviewed require their public officials to donate a portion of their salaries to the party. The amounts vary by party and those funds are used for a combination of routine expenses as well as campaign expenditures. In some cases, parties or individuals incur debts in order to finance their campaigns. These debts are sometimes paid with a combination of public funding and levies on public official salaries.

Typical Expenditures

The largest categories of expenditure for most political parties are for media purchases. Most interviewees expressed concerns over campaign costs in South Africa. Some went as far as saying that the expenditures were "obscene" in light of the broad range of economic and social problems faced by so many South Africans. Others added that parties should be "ashamed" for spending so much because of these problems.

Corruption

As indicated above, a series of political scandals have brought party financing under public scrutiny. One of the largest political corruption scandals revolved around a 1999 arms deal worth US$ 4.8 billion. Questions remain over the tender process and one of the bidders is seeking compensation for having lost the award. Allegations were also made that Vice President Jacob Zuma tried to solicit a bribe in exchange for protecting Thomson (the defense company awarded the government defense contract) from investigation. The Director of Public Prosecution (DPP)'s decision not to charge Zuma raised concerns about the ANC's possible influence over the DPP's office. Another scandal arose over suspicions that leading NNP members received funding from a golf estate developer, presumably in exchange for assistance in obtaining the necessary permits.

One interviewee was adamant that given party discipline, and that most government contracts are awarded through tender processes managed by civil servants, there was very little point to attempting to buy MPs. The most one could hope for would be that the MP would try to persuade other members of his/her caucus to change their views. The interviewee therefore argued that there were many more opportunities for graft at local levels where decisions are made on issues such as development permits and zoning. Another interviewee argued that providing access to large donors was not problematic since access does not necessarily guarantee a particular outcome on issues of interest to the donor.

Aside from concerns over funding for party operations and campaigns, MPs interviewed expressed concerns over the limited funds provided to support their parliamentary work. These concerns ranged from insufficient funds for setting up constituency offices, inadequate travel allowances, and limited communications budgets. In August 2004, a scandal dubbed "Travelgate" broke, centering on abuse of vouchers for air travel provided by parliament to MPs for constituency outreach. Allegations were made that several MPs used the vouchers for vacations, vehicle rental and other expenditures.

Assistance Opportunities

Political Party Financing

Despite broad-based concerns about the cost of elections, across political parties, concerns were expressed over the difficulty of securing sufficient funds. A broad range of reforms were suggested. These included disclosing private donations above a certain amount. Concern was repeatedly expressed over funding from external sources, especially foreign governments due to the fear that such donations could shape South African foreign policy. As indicated above, while most interviewees believed that foreign funding has declined, there was widespread interest in disclosing or banning foreign funding. Others raised concerns about the allocation of public funds, recommending different percentages for the equitable and proportional shares – the most common proposal was that the fund be divided equally between proportionally and equitably distributed funds. Some proposals also argued for an increase in the amount of the allocation to help relieve political parties of the need to rely on private donations. A few tied the cost of elections to the electoral system and suggested that either a mixed system or a return to a first past the post system would make elections less costly and improve links between elected officials and voters.

South Africa Background Information

Electoral System		
What is the electoral system?	Proportional Representation	
What is the legislative system?	Bicameral	
How many seats does the legislature have?	400 - National Assembly; 90 - National Council of Provinces	
What is the ruling party/coalition percentage in legislature?	69.7%	African National Congress (ANC)
Date of the last legislative election?	2004	
Date of next scheduled legislative election?	2009	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	
Do parties or their officials have to declare assets and liabilities?	Yes	The Public Funding of Represented Political Parties Act requires every political party that receives money from the Fund must keep a record of money received and used from the fund. There are no laws on private funding of political parties, so Parties and officials in general do not have to declare their assets and liabilities outside of the fund. Only political parties that are represented in the National Assembly receive money from the Fund and therefore are required to account for the money used and received from the fund.
Are there laws regulating party finance?	Yes	Section 236 of the 1996 Constitution mandates that "To enhance multi-party democracy, national legislation must provide for the funding of political parties participating in national and provincial legislations on an equitable and proportional basis". Further details are outlined in the Public Funding of Represented Political Parties Act of 1997.
Do those laws apply to campaigns?	Yes	
Do those laws apply to non-election periods?	Yes	They apply throughout the fiscal year.

State Funding					
Does the state provide public funding for political parties?		Yes	The Represented Political Parties Act, 103 (1997).		
What type of public funding is provided?		Cash & In-Kind	Political parties that are represented in the National Assembly or provincial legislature or both are to receive funding based on the principle of proportionality. In terms of in-kind funding, parties can receive voluntary work, free office space, advertising and equipment or printing facilities.		
Do those funds cover election cycles?		No	Non-election cycles only. Parties are prohibited from using public funds for electoral campaigns – 21 days prior to an election, they are required to close their books and return any unspent funds to the IEC.		
Do those funds cover non-election cycles?		Yes			

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	Private funding has been completely unregulated and has of late been a source of controversy. Parties can own businesses, as there are no laws against it. Laws only pertain to public funding. The law on public funding states that the money from the fund may not be used "directly or indirectly for the purpose of establishing any business or acquiring or maintaining any right or financial interest whatsoever in any business, or in any immovable property, except where the right or interest in the immovable property is to be used by the party solely for ordinary party-political purposes." (Article 5, (3) c)
	Can parties own businesses?	Yes	Foreign sources?	Yes	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	No	
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	Yes	Parties are prohibited from purchasing airtime on television.

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	No	
Are political parties or candidates required to disclose spending?	Yes	Parties are required to disclose how they spend the money from the public fund, but nothing outside of that requires them to disclose spending. See Public Funding of Represented Political Parties Act, 1997 Article 6.
For parties, do disclosure laws apply to election funding?	No	
For parties, do disclosure laws apply to non-election funding?	Yes	
Are the reports made public?	Yes	Reported to parliament see 6
Are annual financial audits of party accounts required?	Yes	Only in respect to public funds
Are audit results made public?	Yes	These IEC submits an annual report to parliament which includes the amount spent by each political party of the public funds received.
What agencies are responsible for monitoring these laws?		Independent Election Commission (IEC).
What sanctions exist if political party or campaign finance laws are violated?		For EC public funding, each party is required to provide the name of a financial officer who is personally liable for the validity of reports to the Commission. The Commission may carry out civil suits against the financial officer and/or ask the party to recover any misused funds or deduct the amount of misused funds from future disbursements. Since public funds are released quarterly, in some instances, the Commission has withheld the next tranche of funds till outstanding issues are resolved. The public funding regulations allow for the suspension of public funding to parties whose audits are unsatisfactory.

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	There is a specific law on the use of state resources for campaigns however under the *Electoral Act section 73 of 1998,* Schedule 2, 2e prevents "the abuse of a position of power, privilege or influence including...employment authority...to influence the conduct or outcome of an election" *Public Service Code of Conduct* prohibits public officials "from promoting the interest of any party during official duty" Constitution also mandates an impartial public service.
Are officials at the national level required to declare their assets?	Yes	Under the *Executive Members' Ethics Act of 1998* and the *Parliamentary Code of Conduct,* MPs and members of the executive are required to disclose their assets. In recent months, concerns have been raised that many public servants and elected representatives have not complied with requirements to declare their assets. Conflict of interest issues are also addressed. In theory, partial records are available to the public (parts of the disclosure forms are confidential) but in a 2003 report on ethics in government, IDASA cited problems accessing the records under access to information laws due to e.g. failure to respond to requests, lack of awareness about provisions for public access.
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	Yes	For example the *Executive Members' Ethics Act of 1998* prohibits cabinet members, deputy ministers, and MECs from exposing themselves to any situation involving the conflicts between their official responsibilities and their private interests. *Parliamentary Code of Conduct.*
Is there Freedom of Information legislation?	Yes	Section 32 of Constitution explicitly guarantees the right of access to information held by the state or held by another person if it is required for the exercise or protection of any rights. The Promotion of Access to Information Act of 2000 guarantees the constitutional right to access information.

Tanzania

United Republic of Tanzania

Governing Party: Chama cha Mapinduzi

Electoral System: First-past-the-post

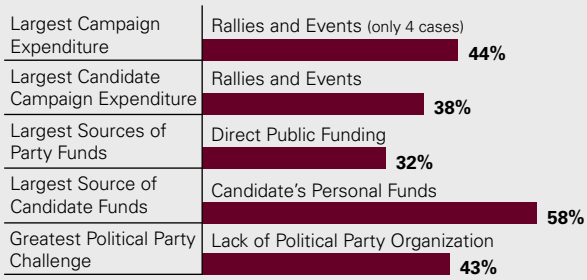
Legislative System: Unicameral legislature, 274 seats

Most Recent Legislative Election: 2000

Public Campaign Funding: Direct, cash by government subvention

Largest Campaign Expenditure: Rallies and events

Survey at a Glance



Current Political and Legal Overview

Political Parties

Tanzania has only experienced two multiparty elections, the first of which occurred in 1995. Multiple political parties were only legalized in 1992; previously, Tanzania had one party, the Chama Cha Mapinduzi (CCM), which practiced African socialism, or *Ujamaa*. Today, parliament remains heavily skewed in favor of the CCM, which won a landslide victory in the 2000 general elections. CCM polled over 85 percent of the total votes cast in the presidential elections and won over 90 percent (202 out of 232) of the parliamentary seats. Other parties that won parliamentary seats were Civic United Front (CUF), Chama Cha Democracia na Maendeleo (CHADEMA), and the Tanzanian Labour Party (TLP). None of the opposition parties garnered the mandatory 32 seats that entitles a party to become the official opposition; a shadow cabinet was drawn from all the opposition parties with parliamentary representation.

Several other smaller parties exist, including Union for Multiparty Democracy (UMD), National Conversion for Construction and Reform (NCCR), National League for Democracy (NLD), Tanzania People's Party (TPP), United People's Democratic Party (UPDP), National Reconstruction Alliance (NRA), Popular National Party (PONA), Tanzania Democratic Alliance Party (TADEA), The United Democratic Party (UDP), The Forum for Restoration of Democracy (FORD), and Democrasia Makini Haki Na Ustawi (CHAUSTA).

Electoral System

Tanzania's president and unicameral National Assembly members are elected concurrently by direct popular vote (first-past-the-post) for five-year terms. The party with the most seats is entitled to form the government.

Apart from the elected parliamentary seats, there are also special seats for women, which are allocated to the political parties on the basis of the proportion of seats they obtain in direct elections, and for which the parties normally submit a list to the National Electoral Commission (NEC). The constitution provides for 232 constituency members (182 from the mainland and 50 from Zanzibar). Between 20 and 30 percent of these are reserved for women, five to be appointed by the Zanzibar House of Representatives and 10 appointed by the president.

Zanzibar's House of Representatives has jurisdiction over all non-union matters and can make laws for Zanzibar without the approval of the union government as long as it does not involve union-designated matters.

Party Financing Laws

The Political Parties Act provides the legal basis for the registration, operations, functions, rights, and obligations of political parties in Tanzania. One of the salient features of the Political Parties Act is the provision of government subsidies. To qualify, a party must win at least five percent of the total votes cast in the presidential elections and must in addition win a seat in parliament. Following its landslide victory

in the 2000 elections, the CCM draws a monthly subvention of US $547,000, while a combined parliamentary opposition parties draw less than US $50,000 a month.

The Electoral Act is the legal framework governing elections in Tanzania. Together with the electoral rules and regulations, the Act details the procedure and method for elections to the office of the president, national assembly, and local authorities. The body mandated by the Act to oversee the electoral process is the National Electoral Commission, which has a membership of nine commissioners including the chairman and his deputy.

There is no specified legal expenditure limit at all for parties. Reforming the current state of party financing is a large concern for opposition parties, but it does not seem to be an issue of public concern.

Political Party Financing Practices

The information below is distilled from 20 interviews conducted in Tanzania from July 16 to 19 , 2003. Of the 20 interviewees, or respondents, 6 were elected representatives, 5 were political party officials, 6 represented civil society, one was a journalist, and two were elections officials. Eighteen were men, and two were women. Three were from the ruling party, and eight from opposition parties.

Typical Campaign Practices

Most respondents said that what makes campaigns so expensive in Tanzania is the fact that it has become almost impossible to be elected if a candidate is not willing to spend money either on buying votes or influencing his party to field him in its list. Elections have become more about how much a person is worth and not whether they have policy-relevant ambitions. The high cost of elections has turned the political process into something that can only be accessed by rich and predominantly male candidates. This has led to political parties being seen as private businesses rather than vehicles to address certain outstanding policy issues.

Parties have formed the habit of nominating only rich candidates who have the capacity to fund their own elections. "Only those who have the financial muscle go to office. This is not good for democracies in Africa, in particular in Tanzania, where multiparty democracy is still in its infancy."

Typical Sources of Funding

The major source of funding for those parties that have seats in parliament is government subsidies. CCM also receives substantial amounts of funding from the private sector, businesses, wealthy individuals, and the party's own investments. Two respondents within the CCM stated that the party's investments constitute the majority of funding.

Smaller parties rely heavily on membership fees and fundraising activities. They have also recently begun to solicit funds from foreign donors such as the Netherlands Institute for Multiparty Democracy.

The management of party funds is generally highly centralized and secretive, although some of the smaller parties with significantly less funds have more transparent methods. Campaigns are funded primarily by personal savings, although some candidates have relied more on donations and contributions from friends and well-wishers.

Typical Expenditures

The highest cost of campaigning was most frequently identified as transportation: more than 80 percent of Tanzania's population live in rural areas, and the large area of the country and low level of infrastructure make many places difficult to reach. Other major areas of spending were campaign materials (T-shirts, posters, flyers) and personnel.

Corruption

Many view the government-sponsored tradition of giving money to the electorate during campaigns, known as *takrima,* as entrenched corruption. As one respondent stated, "Election time in Tanzania is known as 'harvesting time' where political parties give money and food to the electorate as a way of thanking them for having voted them into office. *Takrima* is not illegal, and it is encouraged as members of parliament receive money from the government for this purpose. This has disadvantaged the opposition parties because of their financial situation and the fact that as not all of them have parliamentary representation, they are unable to match the gifts that the ruling party hands out.

The ruling CCM party has allegedly bought voter registration cards from many voters. Also, candidates have reportedly been given money to step down so that candidates of the ruling party can run unopposed. Rent-seeking by business-leaders who provide contributions to campaigns in exchange for political favors is an increasing problem.

Assistance Opportunities

Political Party Financing and Strengthening

The legislation for political parties and elections is already in existence, and it seems that the government is aware of its inadequacies as it has recently passed amendments to the

Electoral Act in preparation for 2005 Elections. Tanzania also has a history of peaceful transition from president to president and upholding term limits. Opposition parties are also learning from the Kenyan example, and have agreed in principle at least to submit one candidate for 2005 presidential elections.

But most political parties in Tanzania owe their existence to individuals and they have not been able to make a distinction between party policies and personality issues. This has weakened opposition parties in Tanzania, as they have not been able to present viable policy alternatives due to the fact that they are run as personal income properties. Parties that draw their memberships from the poorest of the electorate lack the financial muscle to advance the very issue of poverty alleviation. These parties happen to be the ones that do not have seats in parliament.

Legal and Regulatory Reform

To further the democratization process that began more than 10 years ago, the reform of party financing must be part of a broader process of overhauling unfair practices that have characterized Tanzanian democracy since its inception in 1992, such as the marginalization of women. There is a need to reform the Political Parties Act to ensure that the stated objectives are not only met, but also to ensure that enforcement mechanisms are implemented and parties adhere to agreed principles. Respondents felt that government subsides to political parties should continue, although the system should be reformed to allow smaller parties to better compete with the CCM. Respondents thought that other legal reforms should include the introduction of spending limits and procedures for enhancing transparency and accountability of how parties spend their funds.

Civic/Voter Education

The movement for multiparty democracy in the early 1990s was not accompanied by commensurate efforts to educate the public on its meaning and practice, which is the source of the parties' current problems. Most Tanzanians still identify CCM as 'the government,' and with the current state of party financing, opposition parties have little chance of changing the public mindset. The government should provide civic education in order to enlighten people about the importance of voting for competent and serious candidates.

Tanzania Background Information

Electoral System		
What is the electoral system?	First-Past-the-Post	
What is the legislative system?	Unicameral	
How many seats does the legislature have?	274	There are a total of 274 seats in parliament, with only 232 seats elected by popular vote. There is a quota system in place to give women more seats in parliament: 37 seats are allocated to women nominated by the president, five to members of the Zanzibar House of Representatives.
What is the ruling party/coalition percentage in legislature?	90%	Chama cha Mapinduzi (CCM)
Date of the last legislative election?	2000	
Date of next scheduled legislative election?	2005	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	There are laws regarding political party registration, both temporary and permanent, 1992 Political Parties Act, articles 8-10.
Do parties or their officials have to declare assets and liabilities?	Yes	
Are there laws regulating party finance?	Yes	Article 13 of the 1992 Political parties Act.
Do those laws apply to campaigns?	No	Not specified in article 13.
Do those laws apply to non-election periods?	No	

State Funding		
Does the state provide public funding for political parties?	Yes	
What type of public funding is provided?	Cash	According to article 13 of the 1992 Political Parties Act the government provides party subsidies, but there are no specifics.
Do those funds cover election cycles?	Yes	
Do those funds cover non-election cycles?	No	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	Article 13 of the 1992 Political Parties Act says political parties can receive funding from "the proceeds of any investment, project or undertaking in which the party has an interest" but it is not clear whether the intention of the act was to allow for political parties to own businesses. Article 17 of the same act it mentions the party owning a business as it relates to the appointment of "a board of trustees to manage the properties and any business or investment of the party."
	Can parties own businesses?	Yes	Foreign sources?	Yes	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	No	
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	No	
Are political parties or candidates required to disclose spending?	No	
For parties, do disclosure laws apply to election funding?	No	
For parties, do disclosure laws apply to non-election funding?	No	
Are the reports made public?	No	
Are annual financial audits of party accounts required?	Yes	According to article 14 of the 1992 Political Parties Act, "an annual statement of the accounts of the party audited by an auditor registered as an authorized auditor under the Auditors and Accounts Act, 1972... an annual declaration of all the property owned by the party"
Are audit results made public?	Yes	According to article 14 of the 1992 Political Parties Act, "the registrar shall publish in the official *Gazette* an annual report on the audited accounts of every party" and the registrar will publish "any matter relating to the funds, resources or property of any party or use of such funds, resources or property"
What agencies are responsible for monitoring these laws?		Registrar of Political Parties as created by article 4 of the 1992 Political Parties Act
What sanctions exist if political party or campaign finance laws are violated?		Article 15 of the 1992 Political Parties Act says, "The Registrar can cancel the registration of any political party which has contravened any of the provisions of this act"

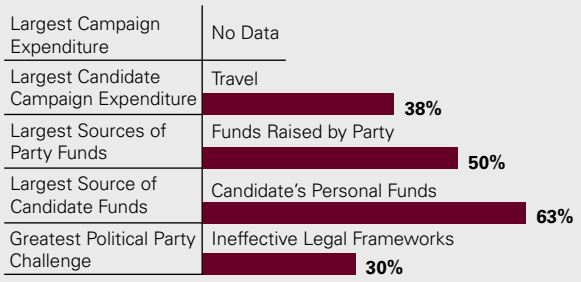
Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	No	There is no mention of such a prohibition in the 1992 Political Parties Act.
Are officials at the national level required to declare their assets?	No	No explicit provision to suggest that assets must be declared.
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	Yes	Freedom of Expression Act, No.15 of 1984

Uganda

Republic of Uganda

Governing Party: National Resistance Movement
Electoral System: Proportional representation
Legislative System: Unicameral legislature, 300 seats
Most Recent Legislative Election: 2001
Public Campaign Funding: None
Largest Campaign Expenditure: Travel

Survey at a Glance



Current Political and Legal Overview

Political Parties

When President Museveni came to power in 1986, one of his first acts was to ban political parties, which he held largely responsible for Uganda's past problems. He adopted a "no-party system" under which every Ugandan became a member at birth of the National Resistance Movement (NRM), also known as "the Movement," that he established. Under the Movement, political candidates ran for elected office as individuals, rather than as representatives of political parties. At its most ideological core, the Movement system was designed to prevent future ethnic conflicts and divisions. However, rather than a no-party state, Uganda became a de facto one-party state.

After 18 years of one-party NRM rule, two significant events occurred in 2003 that will likely change the future of political participation in Uganda: a Constitutional Court ruling that held portions of the Political Parties Act, which bans parties from operating outside Kampala, were unconstitutional; and several statements made by President Museveni that political parties will be allowed to operate and compete for elections throughout the country. The Political Parties and Organizations Act was passed by the parliament in 2002. The Act created provisions for regulating the financing and functioning (registration, membership) of political parties and organizations. Political parties have opposed several sections of the Act that they see as placing them at the mercy of the government.

Two of Uganda's oldest parties, the United People's Congress (UPC), and the Democratic Party (DP), are undergoing revitalization due to the new legislation and the opportunity to compete in elections in 2006. Other opposition parties have recently begun to come to the forefront in Ugandan politics. In February 2004, the UPC, DP, Reform Agenda, Conservative Party, Justice Forum, National Democratic Forum, and Free Movement decided to form a coalition known as the "G7."

Electoral System

The Parliament of Uganda is a unicameral legislative body. The parliament is elected through a system of proportional representation, and contains a total of 303 seats. Of the 303 seats, 214 seats are directly elected by popular vote; 56 seats reserved fo women; the army is allotted 10 seats; the disabled, youth, and labor receive 5 seats each; and there are 8 ex officio members, who serve five-year terms. All citizens 18 years or older are eligible to vote. MPs serve five-year terms and there are no term limits. The seven-member election commission is charged with supervision of elections and is appointed by the president with the approval of parliament. Commission members hold office for seven years. The most recent legislative election was in 2001 and the next legislative election is scheduled to take place in 2006.

Party Financing Laws

The Political Parties and Organization Act (PPOA) 2002 is Uganda's primary and most detailed legislation relating to party finance. It has yet to be enacted, however, and many of its provisions have been ruled unconstitutional by the Constitutional Court. The Act refers to Article 269 of the constitution which requires that parliament regulate the

financing and functioning of political parties and organizations. The PPOA allows parties to operate as corporate entities, which can own property and engage in business to raise funds for its operations. While it opens new avenues for parties to raise funds, the Act also restricts the scope of their fundraising. Section 14 of the Act prohibits parties from receiving contributions, donations, or loans from non-Ugandan citizens, foreign governments, diplomatic missions, or non-Ugandan nongovernmental organizations registered in Uganda.

The Leadership Code Bill 2001 requires elected officials to disclose their income, assets, and liabilities once every two years. However, the PPOA does not require parties to disclose their sources of funding nor their expenditures.

The debate surrounding party financing issues at the moment focuses solely on the ability of parties to solicit funding locally and abroad. Also due to the increasingly charged atmosphere of Ugandan politics, there is a call for new political party legislation to tighten finance regulation.

Political Party Financing Practices

The information below is distilled from 22 interviews conducted from November 26 to December 2, 2002. The 22 interviewees, or respondents, included political party leaders and elected officials, former legislators, political commentators, electoral officials, and journalists. A majority of the respondents were current members of parliament, both from the Movement and the opposition, as well as middle-grounders.

Typical Campaign Practices

The practice of vote-buying is typical in many constituencies, where security issues are not primary. However in northern Uganda, where the issues of security and peace are extremely important, vote-buying is not common and has little influence on voting patterns. It is also typical during campaign periods to see posters, T-shirts, and radio spots advertising a particular candidate.

Typical Sources of Funding

Due to the restrictions placed on party financing, the largest source of funding for political parties is wealthier senior members of the party. As Ugandan parties have been prohibited from soliciting funds from foreign sources as well as recruiting members, it is extremely difficult for the parties to conduct effective legislative campaigns. Candidates seek funds from businesses, which in effect makes the candidates subject to the will and agenda of a particular business or industry. Most candidates in legislative elections must rely on their own private sources to fund their campaigns, making wealthy candidates more able to wage successful campaigns.

Typical Expenditures

For most campaigns the biggest spending is on travel and publicity. This is particularly true for legislative campaigns, when candidates must travel extensively throughout their constituencies. The hiring and maintenance of campaign staff also contributes to the rising cost of campaigns. Other contributing factors are vote-buying and gift giving to secure voter support. Voters tend to view elections as a time to when they can receive goods like sugar, salt, and other everyday necessities, which have become particularly crucial as poverty has worsened.

Corruption

Many of the respondents stated that since candidates must compete on their individual merits, many of them spend large amounts of money to get elected and then have little obligation to their constituents. This results in a situation where parliamentarians are using office as a means of enriching themselves, leaving the country with a large number of politicians who are not focused on improving the country. As the costs of campaigning in Uganda have been rising, more candidates have sought the sponsorship of businesses and interest groups. The expectation of the business or interest group is that the candidate will then act according to its needs. Such practices encourage corruption and a lack of accountability.

Assistance Opportunities

Political Party Financing

Opposition parties recognize the importance of providing accountability and transparency in the realm of party financing, and have created structures and policies in the absence of legislation requiring them to do so. All respondents generally noted that opposition parties had good structures in place in regards to the management of party funds. It is clear that the UPC and DP have officers in charge of finance and all party expenditures and receipt of funds must pass through this office first, ensuring transparency and accountability. Their commitment to such sound financial practices partially grows out of the government's restrictions on party activity and funding. The model should be adopted by all parties.

The ban on recruiting members and collecting membership dues works against the future of political parties: voters

will not donate to parties if they remain unaccustomed to personal and individual support. Political parties are now at the mercy of several wealthy individuals, meaning that parties may be limited in their operations and agendas. Effectively parties serve the interest of a few individuals, rather than focusing on the interests of the country as a whole.

Legal and Regulatory Reform

It is clear that for multiparty democracy to become a reality in Uganda, the laws must be changed to allow for political parties to freely develop and solicit funds locally and internationally. Also laws need to be developed that explicitly regulate the funding of political parties and add transparency and accountability to the system. As elections are slated for 2006, major reforms need to occur soon to ensure a smooth return to multiparty democracy.

Uganda Background Information

Electoral System		
What is the electoral system?	Proportional Representation	
What is the legislative system?	Unicameral	In September 2003 President Museveni declared that Uganda would become a multiparty democracy, with a referendum expected to be passed in 2005. There was a law on Political Parties and Organizations passed in 2002, but almost half of it was ruled unconstitutional and it has yet to be implemented on any level.
How many seats does the legislature have?	300	
What is the ruling party/coalition percentage in legislature?		It is a no-party system, elections are on individual merit.
Date of the last legislative election?	2001	
Date of next scheduled legislative election?	2006	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	Yes	Recently enacted, but being challenged in court.
Do parties or their officials have to declare assets and liabilities?	Yes	
Are there laws regulating party finance?	Yes	The constitution of 1995 states that "Parliament shall by law regulate the financing and functioning of Political organizations." When Parliament went to enact such a law, Political Parties and Organization Act 2002, parts of it were ruled unconstitutional. This has rendered the law unconstitutional and has hampered it from entering into force.
Do those laws apply to campaigns?	Yes	
Do those laws apply to non-election periods?	Yes	The law is new and untested.

State Funding		
Does the state provide public funding for political parties?	No	The Movement has been supporting its candidates in legislative elections both in cash and kind—although this is not a matter of policy and is done irregularly, with the candidates receiving various forms of support depending on their closeness to the powers that be. The source of the funds is not documented.
What type of public funding is provided?	None	
Do those funds cover election cycles?	No	
Do those funds cover non-election cycles?	No	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		Yes			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	The government defines which foreign source is hostile to Uganda and therefore unacceptable.
	Can parties own businesses?	Yes	Foreign sources?	No	
Specify any other restrictions by source and/or by amount etc.		The recently enacted Political Parties and Organizations Act 2002 restricts contributions from foreign sources.			

Spending Limits		
Are there laws limiting political party or candidate spending?	No	
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	No	Only once a candidate has been elected to office is he or she required every two years during the month of December to "submit a written declaration of the leader's income, assets and liabilities, the names, income, assets and liabilities of his or her spouse, child and dependent." This comes from the Leadership Code Bill, 2001.
Are political parties or candidates required to disclose spending?	No	
For parties, do disclosure laws apply to election funding?	No	
For parties, do disclosure laws apply to non-election funding?	Yes	
Are the reports made public?	Yes	
Are annual financial audits of party accounts required?	Yes	
Are audit results made public?	Yes	
What agencies are responsible for monitoring these laws?		The law requires the party to make available the accounts to any member of the public at reasonable cost of reproduction. The office of the registrar of political organizations in the ministry of justice.
What sanctions exist if political party or campaign finance laws are violated?		Various

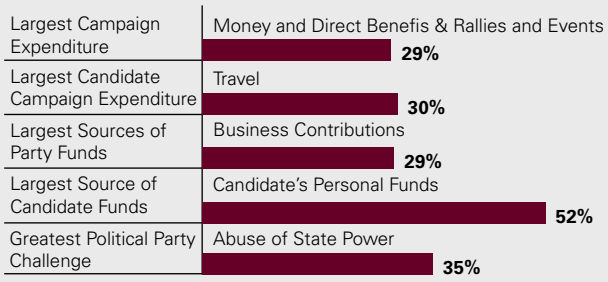
Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	
Are officials at the national level required to declare their assets?	Yes	Only those in public office must declare. The Leadership Code Bill 2001 states that the "contents of a declaration under this Code shall be treated as public information and shall be accessible to members of the public upon application to the Inspector General in the form prescribed under this Code."
Are these declarations made public?	Yes	
Is there conflict of interest legislation for elected officials at the national level?	Yes	The Armed Forces Act says that the president is not to be active in the military. Also the Leadership Code Bill 2001, Part III- Conflict of Interest, clearly outlines what is considered a conflict of interest for a leader (a person holding or acting in any of the offices specified in the Second Schedule).
Is there Freedom of Information legislation?	No	The constitution provides for it, but there is no enabling legislation.

Zambia

Republic of Zambia

Governing Party: Movement for Multiparty Democracy
Electoral System: First-past-the-post
Legislative System: Unicameral legislature, 150 seats
Most Recent Legislative Election: 2001
Public Campaign Funding: None
Largest Campaign Expenditure: Money & direct benefits, rallies and events

Survey at a Glance



Current Political and Legal Overview

Political Parties

Although Zambia has been held up as a model democracy in Southern Africa for the number of multiparty elections held since independence, political parties remain relatively weak. The ruling party, the Movement for Multiparty Democracy (MMD), came into power after elections in 1991. Current President Levy Mwanawasa emerged in 2001following an election largely deemed unfair by electoral monitors and the international press. The major opposition parties have faced challenges in their ability to define coherent agendas, to articulate achievable goals, and to maximize their ability to build a coalition. As a result, political party identity remains fluid; several opposition parties have defected to the MMD, while MMD leaders have also joined and formed various opposition parties. The major opposition parties are United Party for National Development (UPND), United National Independence Party (UNIP), Forum for Democracy and Development (FDD), Heritage Party (HP), Patriotic Front (PF), and Zambian Republican Party (ZRP). All of these parties have representation in the parliament.

Overall, political parties are dominated by personalities, poorly articulate their agendas, centralize decision–making processes, lack clear channels of responsibility and communication, offer few opportunities for advancement, and make little outreach to the public. Weak political parties have contributed to increasing voter disillusionment: they do little to encourage people to become involved in political life, while failing to offer voters real policy alternatives and adequate representation of their interests.

Electoral System

Zambia's electoral system is first-past-the-post. Its unicameral legislature, the National Assembly, has 150 seats. The most recent legislative elections were held in 2001, and the next are scheduled for 2006.

Technically, the state-funded Electoral Commission of Zambia (ECZ) is independent and autonomous. It is not accountable to any other executive body of parliament, and does not fall under any of the government ministries or department. The ECZ is required to submit audited accounts to the office of the president, which in turn submits them to parliament. Parliament scrutinizes the ECZ accounts, and may call upon the Commission at any time to appear before the Public Accounts Committee.

Election monitoring is problematic. Election petitions are the most common mechanism used to protest violations of electoral laws, but are usually unnecessarily lengthy and rarely successful.

Party Financing Laws

Currently there is no legislation focusing on the issue of party financing: there are no laws regulating disclosure, spending limits, restrictions on donations to candidates or parties, and currently there is no legally defined campaign period. It is

legal for the president and vice president to make use of state resources, but other politicians may not.

The only legislation that applies to political parties is the Electoral Act. However, the Act has various statutory instruments that govern proper behavior, which only apply during the campaign period and on election day. The Electoral Code of Conduct was drawn up by the Electoral Commission of Zambia in consultation with various stakeholders including political parties, NGOs, and law enforcement agencies. The Electoral Law deems any 'persuasive' act illegal. Such acts might include exchanging votes for cash or giving voters goods such as a meal in exchange for their votes. Parties sometimes overtly violate these stipulations, and despite reports from other parties and election monitors, the police take little or no action.

The debate surrounding the public funding of political parties began in earnest during the 2001 elections. In 2001 the ECZ held a workshop with political parties to discuss the issue of funding and spending during elections. A subcommittee was set up, including representatives from political parties and members of the commission, to create funding and expenditure regulations that parties would be willing to adhere to. The subcommittee failed to provide the ECZ with any concrete recommendations regarding regulation of party funding, although it was clear that political parties were not in favor of limits on campaign expenditures. A committee was recently set up by the government to gauge public attitudes on this issue.

It seems that there is popular support for public funding of political parties. However, Zambians harbor a concern that public funding of parties could lead to an increase in political opportunism.

Political Party Financing Practices

The information below is taken from 24 interviews conducted in Zambia between July 24 and 30, 2003. Of the 24 interviewees, or respondents, 19 were actively involved in politics. The majority of individuals in this group had at some time campaigned for office, or occupied positions in their political parties or in government that give them special insight into political party financing. Other respondents represented Zambian NGOs.

Typical Campaign Practices

The president announces the official campaign period along with the date on which elections are to take place. No campaigning is to take place outside of this official campaign period, which usually lasts about a month. The majority of respondents stated that voters may be offered money for their votes. Votes can be sold for between K5,000 and K50,000. Candidates also pay their polling agents, with each agent usually receiving about K20,000. Voters are subject to intimidation, even though the Electoral Act outlaws such behavior. In rural communities, where the majority of Zambians live, there is a perception that it is wrong to belong to the opposition. Government officials go into these areas and tell the people that they will not develop their area if they associate with the opposition.

Candidates need to establish staff constituency offices so as to ensure their continued 'presence' in an area throughout a campaign. Offices are set up at the district and provincial levels and party functionaries are posted at every polling station. It is also customary to give alms to chiefs.

The opposition parties have little or no access to the government controlled media during the campaigns.

Typical Sources of Funding

Zambian political parties are not entitled to any state funding, and must seek money from alternate sources. One source is the sale of membership cards, and both opposition parties and the ruling MMD party engage in such practice. Parties also tend to receive funds from local and foreign interest groups and foreign governments, although these donations tend to be very small. The MMD has more resources and secures more funding, partly illicitly, by siphoning state resources for party use. Parties generally make the biggest contributions to their candidates' campaign funds during by-elections. Given the strong presence of the opposition parties in parliament, the MMD is currently spending particularly large amounts of money in by-elections in the hope that this might swing the balance of parliamentary power in their favor.

MMD members claim that their party funding comes from member donations, which can be quite substantial; wealthy members may contribute as much as K five million. Parties also host various fund-raisers, such as golf-tournaments and banquets, in order to raise money. Businesses and well-wishers donate to the MMD, and generally expect some degree of reciprocity from the government. Other underhand fundraising tactics include threats not to pay civil servants' or contractors' salaries, unless these individuals donate a portion of their salary to the ruling party fund.

Opposition parties organize events, such as *braais*, to raise funds. Leaders of opposition parties often bankroll their own political parties, and are expected to do so. The conflation of person and party stifles democracy, and creates a "money-ocracy." For this reason, opposition political parties usually last only as long as the party leader can finance his/her party.

Other sources of funding include donations from well-wishers and businesses. The poor state of the economy also limits candidates' ability to fund their own campaigns.

Typical Expenditures

The most common expenses incurred by candidates as described by respondents include food, transport, posters, T-shirts and *chitenge* materials. The relative amounts spent on each depends on where the candidate campaigns and how big the constituency is. If the candidate contests an urban seat, then the most expensive item tends to be feeding/paying campaign volunteers and potential voters. Two respondents cited expenses associated with radio and television, but in general this cost does not appear to be significant. Overall, most candidates believe that campaigns in rural areas are more expensive than urban areas, because of the logistical difficulties encountered. The only form of communication that exists is radio, as there is limited telephone access. Thus candidates have to travel extensively to canvass all potential voters. Logistics are cheaper in urban areas, making campaigning there less expensive.

The amount of money candidates spend depends on which type of election they are campaigning for: by-elections are more expensive than general elections.

Corruption

The overwhelming perception is that all politicians are subject to immense financial pressure, and are vulnerable to corruption. Vote-buying is a major problem. Corrupt politicians are frequently re-elected. Elections in Zambia are 'highly commercialized' and votes are often bought openly, either in exchange for money or goods. The MMD has been known to provide food relief during times of hunger in areas where by-elections are scheduled. The situation has deteriorated to such an extent that voters sometimes demand to be paid for their loyalty. However, some respondents suggested that better-informed urban voters tend to be less forgiving of corruption than rural voters.

The MMD has easy access to non-monetary state resources, such as the intelligence service, cars, and telephones, which it uses to distort electoral outcomes. Government agencies issue illegitimate voting cards and initiate development projects in areas where elections are scheduled to take place. It is common practice for government money to be redirected from development and socioeconomic spending to fund MMD campaigns. Some MPs claim that they will finance development in their area as part of their campaign.

Many respondents also believe that the Zambian voter registration system is open to abuse. Even though all stakeholders are aware of the Code of Conduct, not everyone adheres to the Code. The introduction of the Nikuv registration system in 1996 increased the potential for corrupting the electoral process. When the system was introduced, voters had to interact with officials on four separate occasions before they received their voter registration cards. This cumbersome process prevented a number of registered voters from collecting their cards, which were then used in election fraud.

Assistance Opportunities

Political Party Strengthening

The level of voter apathy and cynicism regarding campaign promises attest to the weakness of political parties in Zambia. The prevailing view that candidates are in politics to enrich themselves can only change with some effort by the parties to strengthen their policy platforms and outreach to the voters. They also need strengthening with regard to keeping accurate and open accountings, especially if public funding is to be introduced. They should be trained in the code of conduct that applies to their campaign activities, and monitor their performance.

Legal and Regulatory Reform

Respondents feel that some legislation is needed to regulate party funding. A more transparent process should be encouraged where all parties, and especially the ruling party, make available their financial statements, identities of donors, and accounting records. Some respondents recommended that public funding of political parties be introduced, along with a prohibition of cash contributions to political parties.

Voter registration using the Nikuv system, and distribution of National Registration Cards (NRC) should take place on a continuous basis, and not only during the period of time before the elections. NRCs should not be issued during the month preceding elections. National Registration Cards should also be upgraded. The cards should be issued with a photograph of the card-holder, similar to SADC driver's license cards. There is also a strong feeling that there is no need for a voter to present both their voter's card and NRC on election day; one document should suffice.

The Government should also extend the ECZ's monitoring powers and enforce the independence of the ECZ. Respondents pointed out that it would be wise to maintain a separation of these powers and therefore the ECZ should not be given authority to enforce electoral legislation. Instead, electoral tribunals have been recommended as a possible enforcement mechanism, in addition to encouraging police to enforce the electoral laws.

Zambia Background Information

Electoral System		
What is the electoral system?	First-Past-the-Post	
What is the legislative system?	Unicameral	
How many seats does the legislature have?	150	
What is the ruling party/coalition percentage in legislature?	29.2%	Movement for Multiparty Democracy (MMD)
Date of the last legislative election?	2001	
Date of next scheduled legislative election?	2006	

Political Party Finance Laws		
Is there a political party law (registration etc.)?	No	
Do parties or their officials have to declare assets and liabilities?	No	
Are there laws regulating party finance?	No	
Do those laws apply to campaigns?	No	
Do those laws apply to non-election periods?	No	

State Funding		
Does the state provide public funding for political parties?	No	
What type of public funding is provided?	No	
Do those funds cover election cycles?	No	
Do those funds cover non-election cycles?	No	

Restrictions on Donations					
Are there laws limiting contributions to political parties or candidates?		No			
For parties, do those laws apply to campaign periods?		No			
For parties, do those laws apply to non-election periods?		No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	
	Can parties own businesses?	Yes	Foreign sources?	Yes	
Specify any other restrictions by source and/or by amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	No	
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	No	
Are political parties or candidates required to disclose spending?	No	
For parties, do disclosure laws apply to election funding?	No	
For parties, do disclosure laws apply to non-election funding?	No	
Are the reports made public?	No	
Are annual financial audits of party accounts required?	No	
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		Parties register with the Zambia Election Commission (ZEC).
What sanctions exist if political party or campaign finance laws are violated?		There seem to be no sanctions.

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	Yes	Officials from the ruling party are currently on trial for using public funds to purchase vehicles for party use (during the last election).
Are officials at the national level required to declare their assets?	No	
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	Yes	Article 20 of the constitution includes the freedom to receive, impart and communicate ideas and information without interference as part of the right to freedom of expression.

A. Notes on Methology

The APPFI comparative study of political party financing in developing democracies is an effort to explore practices about which little is formally recorded. The study was designed to make use of NDI's resources in subject countries; its research value lies in marrying expert testimony from political practitioners with historical perspective and current events to arrive at conclusions which are instructive for designing assistance measures.

The APPFI research methodology can be described as "multi-modal" in that data were collected in five ways:

1. NDI field staff conducted 351 in-depth, open-ended interviews with 440 selected civic and political party leaders (some were interviewed in groups) using a standardized questionnaire over the 2003-2004 period.
2. Information regarding political party and campaign finance laws and regulations for each country was collected.
3. Each NDI country research team authored summary profiles of electoral and party system features, and analyzed the interviews to identify the main themes and trends.
4. Each country research team authored narrative case studies, drawing upon their expertise and specific historical and cultural facts.

The main findings of the APPFI study were generated by analysis of the leader interviews (number 1 above). More information about these leader interviews is presented below.

Country Selection.

NDI chose to interview political leaders from twenty-two emerging democracies in four regions: Africa, Central and Eastern Europe, Asia, and South America. The majority of the interviews (60 percent) were conducted in the 12 African countries which were the central focus of the study. These countries were selected in part on the basis of regional diversity, and included Benin, Botswana, Ghana, Kenya, Malawi, Mozambique, Nigeria, Senegal, South Africa, Tanzania, Uganda, and Zambia. Four Asian countries (Bangladesh, Cambodia, India, and Nepal) comprised 15 percent of the interviews. Central and Eastern European countries (Bulgaria, Croatia, Macedonia, and Romania) accounted for 17 percent of the interviews. Two South American countries (Guyana and Peru) accounted for 8 percent of the interviews.

Selection of Interviewees.

In each country, researchers interviewed up to 27 persons, about two-thirds of whom were current elected officials, former elected officials, and/or party officials. While diversity of background was stressed, those interviewed were selected according to the sector they represented:

Serving officials were likely to have more up-to-date information; however, individuals no longer actively involved in politics were also selected because of the likelihood they may be more candid about illegal political party financing practices. The remaining one-third of respondents comprised a mix of senior officials from enforcement agencies—such as election commissions and ministries responsible for enforcement—academics, investigative journalists, civil servants with information about the use of state resources, or civic activists working on the issue.

Selection criteria.

Interviewees were selected using criteria that would ensure a cross section of ruling and opposition political parties, male and female leaders, and where relevant, of elected representatives serving in urban and rural constituencies. In many countries, religious, ethnic and regional diversity were also considered. Women leaders constituted 56, or 17 percent, of the individual interviews, and were included in each of the 22 countries. Women leaders were also members of about one-third of the group interviews.

There were 121 different political parties or partisan groups included in the study, 30 percent of which were ruling or governing party members, and 70 percent of which were opposition or minor party members.

Interviewees were drawn from 114 civil society or other non-partisan organizations. They included 26 members of electoral commissions; other governmental, nonpartisan regulatory agencies; and a wide range of public interest, anti-corruption, human rights and development groups, parliamentary, good government and public policy institutes, universities, media institutes, labor unions, faith-based

groups, and women's organizations. Finally, a small number of leaders chosen on individual merit were included.

Confidentiality.

Those being interviewed were promised confidentiality. The long-standing and trusted relationships that NDI and its partners have with elected officials around the world enhanced access to "off the record" information that might not be available to others, and facilitated rapid access to interviewees in each country. Reassurances of confidentiality also increased interviewees' level of comfort.

Development of the Interview Protocol.

A consultative process yielded a standardized interview protocol with ten basic categories:

1. Background of interviewee
2. Challenges facing political parties
3. Laws and regulations affecting parties and spending
4. Campaign expenditures
5. Party funding sources
6. Management of party funds
7. Individual candidate campaign sources
8. Causes of high campaign costs
9. Implications of high campaign costs
10. Options for reforming party financing

The Interview Process.

Research teams in each country were allowed to tailor the questions to the circumstances of the country and the informant interviewed, and not all categories were broached in all countries. Not all interviewees were asked identical questions, and not all informants provided answers to each question. Further, due to the particular role of money in politics in some countries, many if not most respondents were unable to answer specific questions about exact amounts raised or expended.

The Interview Data.

The interview data were not transcribed verbatim, but were translated and provided to NDI based upon the responses to specific questions. These data included volunteered responses as well as direct and not so direct responses to the interview protocol. Using principles of qualitative analysis, and the interview protocol, the data were coded with an emphasis on themes consistent across interviews. The themes identified and volunteered in the study are quite powerful, and to the extent that they are brought up by other respondents, identify critical factors in party finance.

The Coding Process.

The interview data have been coded based on the themes identified in the interviews. Each interview was read four times in the coding process:

1. The first reading provided the overall context and identified overall themes.
2. In the second reading, statements were pulled out and coded with a specific respondent number so that recurring themes could be identified across the whole group.
3. In the third reading quantitative factors common across interviews were coded; sixty different such variables were identified for coding across all interviews.
4. The fourth reading was used to code each interview for specific themes, in order to record these themes in both quantitative and qualitative analyses.

These codes have been put into a statistical analysis system (SPSS or the Statistical Package for the Social Sciences), which is the basis of the graphs and charts included in this study.

Interpretation of the Data.

Although the interview tool used to collect data was standardized, as noted above, it was varied to accommodate varying country conditions, and even differences among same-country interviewees. Therefore the themes identified, and quantified, in tables and graphs represent subjective findings about the qualities of political party financing in emerging democracies. The identification of themes, and the incidence of their being raised across a range of countries and cultures, is the major contribution of the APPFI study. The main value of quantifying responses is to indicate how organizations might later devise assistance frameworks so as target the most urgent reforms.

B. Political Finance Laws & Regulations

✔ **Relevant Legislation Exists**

●■★▲ **See additional information by category below**

Country	Political Party Finance Law	Spending Limits	Public Funding	Disclosure Laws
Bangladesh		✔■		✔▲
Benin	✔	✔	✔★	✔
Botswana	✔	✔		✔
Bulgaria	✔	✔■	✔	✔
Cambodia	✔●		✔★	✔▲
Croatia	✔●		✔	✔
Ghana	✔		✔	✔▲
Guyana	✔●	✔	✔★	✔
India	✔	✔■	✔	✔
Kenya	✔●			✔▲
Macedonia	✔	✔■	✔	✔
Malawi	✔		✔	
Mozambique	✔		✔	✔▲
Nepal	✔	✔■	✔★	✔
Nigeria	✔●		✔	✔▲
Peru	✔		✔★	✔▲
Romania	✔●	✔	✔	✔
Senegal	✔●	✔■	✔	✔
South Africa	✔	✔■	✔	✔▲
Tanzania	✔		✔	✔▲
Uganda	✔●	✔■		✔
Zambia				

● = Political Party Finance Law

Cambodia: Parties are required to submit basic accounting records, in practice this does not occur.

Croatia: No one specific law on political party finance exists, however there are a few applicable pieces of legislation within the Law on Political Parties and the Election Law.

Guyana: Regulations are only applicable during the campaign period.

Kenya: Party Finance bill is pending. The Societies Act has restrictions, none of which apply specifically to parties.

Nigeria: Regulations exists within the Constitution as it pertains to political party finance, however they are not enforced.

Senegal: Regulations exist, however they are not enforced.

Uganda: New legislation has been passed to regulate political party finance during both campaigns and non-campaign periods, however it is untested and has yet to be fully applied.

■ = Spending Limits

Bangladesh: Spending limits exist, however in practice they are not followed.
Bulgaria: Paid televised advertising is not subject to spending limits.
India: Only candidates are subject to spending limits, but not political parties.
Macedonia: Spending limits exist, however in practice they are not followed.
Nepal: Spending limits only apply to campaign periods.
Senegal: Spending limits exist, however in practice they are not followed.
South Africa: Only spending limit that exists is that parties are prohibited from purchasing airtime on television.
Uganda: Spending limits only apply to non-campaign periods.

★ = Public Funding

Benin: The law provides for cash and in-kind public funding, however parties have yet to receive the funding.
Cambodia: The law has a provision for public funding, but enabling legislation has not been adopted.
Guyana: Radio and TV spots on state media are given to political parties during campaigns.
Nepal: Although the state does not currently provide public funding for political parties, the new budget suggests that parties will be allocated funding per vote received in last election.
Peru: New legislation was implemented in 2004 and parties will receive funds beginning in 2007.

▲ = Disclosure Laws

Bangladesh: No disclosure laws exist, only the requirement that political parties submit basic financial statements.
Cambodia: No disclosure laws exist, only the requirement that political parties submit basic financial statements, does not occur in practice.
Ghana: Disclosure Regulations exist, however they are not enforced.
Kenya: Parties are required to submit annual financial statements to the Registrar of Societies, however the information is not public.
Mozambique: Disclosure regulations only require the sources of funding to be disclosed, not expenditures, and the information is not public.
Nigeria: Disclosure Regulations exist, however they are not enforced.
Peru: Disclosure regulations only require the sources of funding to be disclosed, not expenditures, and the information is not public.
Tanzania: No disclosure laws exist, only the requirement that annual audits of party accounts are conducted.
South Africa: Disclosure laws only apply to money spent from public funds, not private donations.

C. Legislative & Electoral Systems

Country	Type of Legislative Bodies	No. of seats in the legislature	Type of electoral System
Bangladesh	Unicameral	330	First-Past-the-Post
Benin	Unicameral	83	Proportional Representation
Botswana	Bicameral	National Assembly 44 and House of Chiefs 15[1]	First-Past-the-Post
Bulgaria	Unicameral	240	Proportional Representation
Cambodia	Bicameral	National Assembly 123, Senate 61	Proportional Representation
Croatia	Unicameral	152	Proportional Representation
Ghana	Unicameral	230	First-Past-the-Post
Guyana	Unicameral	65	Proportional Representation
India	Bicameral	Lok Sabha 543 and Rajya Sabha 235	First-Past-the-Post
Kenya	Unicameral	222	First-Past-the-Post
Macedonia	Unicameral	120	Proportional Representation
Malawi	Unicameral	193	First-Past-the-Post
Mozambique	Unicameral	250	Proportional Representation
Nepal	Bicameral	House of Representatives 205 and National Assembly 60	First-Past-the-Post
Nigeria	Bicameral	Senate with 109 and the House of Representatives with 360	First-Past-the-Post
Peru	Unicameral	120	Proportional Representation
Romania	Bicameral	Senate with 140 and Chamber of Deputies 345	Proportional Representation
Senegal	Unicameral	120	Mixed[2]
South Africa	Bicameral	National Assembly 400 and National Council of Provinces 90	Proportional Representation
Tanzania	Unicameral	274	First-Past-the-Post
Uganda	Unicameral	300	Proportional Representation[3]
Zambia	Unicameral	150	First-Past-the-Post

1 House of Chiefs does not have legislative or veto power, it is an advisory body.

2 A national proportional list is used to elect about half the deputies, and a first-past-the-post system for the remaining.

3 This is currently a no-party system.

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