ENABLING DISCLOSURE
A Comparative Review of Three Countries

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Introduction

Introducing and strengthening political finance control mechanisms may at first seem onerous and costly. It need not be either. IFES experience in this field demonstrates that countries can effectively mitigate the corrosive role that money can play in the political process.

Public disclosure is the foundation upon which other controls are built. Past experience demonstrates that political finance transparency, achieved through the availability (and accessibility) of political account information, can help to shine light on and mitigate the effects of corrupt and illegal practices. At the same time, it simultaneously rewards those who "play by the rules". As such, the disclosure of political accounts is a necessary - albeit insufficient - condition for holding political actors accountable and reducing political corruption.[1]

This presentation seeks to examine how international assistance efforts can respond to the different types of challenges that countries face. It will first briefly outline the agents of disclosure and the interplay between these stakeholders during each phase of the process. Then, it will briefly look at the unique challenges and responses taken by three different countries – Lithuania, Jamaica, and Sierra Leone. Finally, these experiences demonstrate that approaches with the most success have necessary political will; are well-timed, targeted, flexible, and grounded in best-practices; and seek to include all stakeholders.

The Holistic Approach

There are several agents of disclosure that play a specialized and important role – both individually and in cooperation with each other. The *Money and Politics Guide* defines them as[2]:

[1] See Carlson, Jeffrey and Walecki, Marcin (2006), *Money and Politics (MAP) Program:: Guide to Applying Lessons Learned* (Washington: IFES). See also www.moneyandpolitics.net.
[2] Ibid.

Political Finance Regulator (PFR): The PFR is the collector and disseminator of information. While the PFR is most often the electoral management body, it can be a specialized independent entity or other official body such as Ministry of Justice, tax authorities, or court of accounts. The ideal PFR is able to maintain a significant level of independence, impartiality, and operational integrity.

Regulated Community: The regulated community is made up of the political actors that are required to report their accounts. They are most often political parties and candidates, but could also be politically active partisan organizations.

Reform-minded Politicians: Often high-profile political actors in the parliament or government who champion political finance reforms.

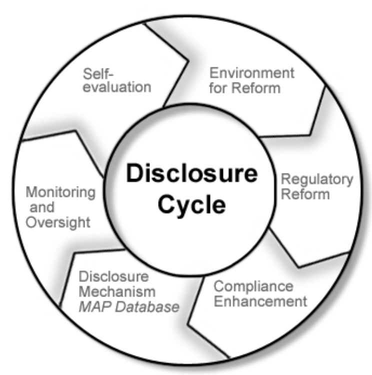
Political Parties: Initially might require assistance to build internal control systems and capacities to comply with reporting obligations. Eventually political competition will help parties to police each other.

Civil Society Organizations (CSO): Sometimes called "watchdog" groups, CSOs can play an important monitoring and oversight role.

Media: Journalists play an important oversight role as they investigate and publish articles.

Scholars: Scholars offer a wide range of contextual information, research and analysis, and historical trends.

The interplay between these different stakeholders is illustrated by the six stages of the "Disclosure Cycle."[3] While taking such a step-by-step approach is the most effective way to promote disclosure, each stage requires a carefully targeted and tailored approach. As different countries are at different stages in the process, meaningful reform can thus be measured by a country's ability to move from one step to the next.



[3] Ibid.

Instituting change requires an **environment for reform.** Such an environment can be brought about as the response to a scandal or a series of scandals or by a coordinated effort by key stakeholders. Once a general consensus for change exists, then **regulatory reform** can take place. Working together, reform-minded politicians and the PFR (in coordination with civil society and scholars) should introduce or amend necessary laws and regulations for instituting political party and campaign finance account reporting.

With new laws and regulations in place, efforts need to be taken to **enhance compliance** by the regulated community. The PFR should develop reporting forms, guidelines, and handbooks for the regulated community. These efforts should then be augmented by training in order to ensure that the regulated community has the tools to comply with the laws and regulations.

Once the political financial accounts are submitted to the PFR for review and audit, they should be made available for public inspection. **Disclosure mechanisms** vary. They may include making the reports available at the PFR and/or publication in a nation-wide newspaper. Where appropriate, the most effective method of dissemination is the internet; either in a .pdf format or a searchable format.

Once available, this information can be used in **monitoring and oversight** efforts by civil society, media, and even political parties. Such efforts provide a significant external control mechanism that is particularly important in countries that lack the resources or political will to effectively detect and enforce violations. In order to be effective, countries should create external mechanisms through which non-governmental groups can launch formal complaints.

Finally, typically following an election cycle, the agents of disclosure should seek to **evaluate** the political finance system in order to identify and address areas in need of strengthening. Efforts may range from stakeholder conferences to strategic planning exercises by PFRs. Thus, countries are well positioned to enter into another cycle of reform.

Country-Specific Challenges and Responses

Countries such as Lithuania, Jamaica, and Sierra Leone each face unique challenges as they seek to introduce or strengthen their political finance systems. The following discussion demonstrates how each country entered significant reforms at different stages of the disclosure cycle.

Lithuania

By 2002, there was significant political will and a system in place to collect political finance account information in Lithuania. However, effective external control mechanisms were lacking due to the difficulties facing civil society and the media to access the reports.

The Central Election Commission of Lithuania responded by placing all the political finance account information on a searchable, internet-accessible MAP database. The mechanism was modeled after IFES' MAP database template. They took further steps to enhance compliance by introducing electronic reporting forms for political parties and candidates. These efforts are a good example of how to reduce the cost of disclosure through the use of information technology.

These efforts resulted in a new level of external control whereby civil society and the media were able to more effectively identify, investigate, and make public problematic campaign contributions during the 2002 presidential elections. Since this time, Lithuania has undergone an evaluation of its political finance system and has introduced changes designed to strengthen it.

Jamaica

Jamaica is facing a different set of challenges, particularly in terms of reforming its legal and regulatory framework. Limited to candidates, the current system of disclosure fails to capture the account information of political parties, which are not currently registered as legal entities. This significant loophole allows candidate to in effect not declare income or expenses by claiming that all such financial transactions are taken by the political parties on their behalf. Further, there is reluctance by the regulated community to open their financial accounts to public scrutiny on the grounds that the private sector funding would be significantly reduced.

The Electoral Commission of Jamaica is currently working with the Parliament to address these concerns. The current discussion surrounds possible solutions such as those that combine the registration of political parties, comprehensive public disclosure, and a public funding mechanism. Such a combination could provide (1) civil society and the voters with the transparency and accountability they seek, (2) the private sector with the controls on the costs of playing the political game, and (3) the political parties with the resources they require to run campaigns and serve their constituencies.[4]

[4] Jeffrey Carlson and Brad Farquhar (2006), *Political Finance in Jamaica: Operational Assessment*, Funded by the Canadian International Development Agency (Washington: IFES).

Sierra Leone

Sierra Leone has a relatively comprehensive legal framework that includes a constitutional requirement for reporting of financial accounts. However, whereas Jamaica and Lithuania have PFRs with significant capacity and political will, the Political Parties Registration Commission (PPRC) in Sierra Leone is a nascent institution with few resources. The PPRC is nevertheless determined to fulfill its constitutional mandate to implement a system of political party and campaign finance disclosure.

With elections scheduled for July of 2007 the PPRC is operating under significant time pressures to introduce a system of basic disclosure. Their goal is not to create an overly sophisticated system, but rather to simply ensure that the regulated community can comply with the law, and that reports can be collected and made available for public inspection. Concurrently, civil society is seeking to monitor the campaign period in order to provide another layer of external control. Thus, 2007 is viewed as a period during which new procedures will be introduced and 2008 as the year that these procedures will be strengthened in order to ensure full compliance with legal mandates.

Conclusion

Each country discussed faced different levels of development in their political finance systems and entered into different types of reforms. Focusing on strengthening its external controls, Lithuania enhanced transparency and effective monitoring and oversight through the use of the internet. Jamaica, on the other hand, built on its long history of running elections to turn its regulatory reform attention to the role that money plays in the political process. Finally, despite having a legal framework in place, Sierra Leone faced the challenge of compliance enhancement.

Each of the examples demonstrates the need for political will. Whether it be the CEC of Lithuania, Electoral Commission of Jamaica, or the PPRC of Sierra Leone, the need for a strong and determined PFR is critical. In each case, the interventions have been well-timed, targeted, and flexible in a way that takes into account both the unique challenges facing the country and global best-practices. Finally, by including all relevant agents of disclosure into the process, each of the PFRs recognizes the need for a holistic approach. Such an approach will not only ensure that there is necessary buy-in, but it will also sustain the process over time.