



Money in Politics

Political Party and Election Campaign Financing

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Canadian International Development Agency (CIDA)

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Definitions:

- ❑ **Income** – cash or non-cash (in-kind) amounts received by political parties, candidates and others for their regular activities and/or election campaigns
- ❑ **Expenditure** – the spending by political parties, candidates and others as part of their regular operations and during election campaigns

Why does political financing matter ? (discussion)



Why does political financing matter ?

- ❑ Impact on all elements of the electoral cycle, eg:
 - Cost of elections
 - Voter information
 - Campaign practices
 - Regulations and legal provisions (where they exist)
 - Internal party structures and functions
- ❑ Impact on wider political processes, including
 - Corruption – influence on Government priorities, contracts/procurement, proceeds from crime
 - Diminished political competition and debate, including in parliament



Key issues

- Transparency
- Monitoring
- Sanctions and Enforcement



Transparency – why?

- ❑ Demand from voters, media and civil society organizations to know how political parties, candidates and others are funded (income) and how they spend money received (expenditure)
- ❑ Reaction to real/perceived influence of private interests in public life



Transparency: sources of income

❑ Public funding

- Direct: day-to-day operations; campaigns (qualifying thresholds, eg. X% of vote or # of elected members)
- Indirect: eg. use of public offices, free broadcasting time

❑ Private donations

- From individuals and organizations/businesses
- Cash and non-cash (eg. free legal advice, broadcasting/advertising space, interest-free loans)

❑ Trend towards greater public funding – why?

- Pluralism – allow smaller parties to compete effectively
- Diminish influence of private interests (limits/caps)
- Less regulation required

Transparency: Expenditure

- ❑ Expenditure varies greatly between parties/candidates
 - Trend towards increasing cost of elections – competition and increased in public funding contribute to more expensive campaigns
 - Campaigns – advertising is usually most significant area of expenditure
 - Spending limits – in some countries, law specify campaign spending limits for political parties, candidates and/or third parties



Transparency

- Disclosure requirements:
 - Regular reporting of donations
 - Annual accounts
 - Campaign reporting
- Who must disclose?
 - Political parties, candidates, third parties/interest groups, organizations related to parties
- Disclosure to whom?
 - Public, Monitoring body
- Freedom of Information laws – role of media and civil society



Monitoring

- Variety of monitoring mechanisms exist:
 - Government agency, parliamentary body, electoral commission, public auditors, anti-corruption body
 - Reflects different political cultures and traditions
 - Auditing of accounts - scope and depth varies greatly
- Challenges
 - Often loopholes in legislation: eg. statute of limitations, immunities, weak definitions of income/spending
 - Monitoring bodies have limited resources and limited powers to investigate
 - Information overload – need to identify risk areas



Sanctions and enforcement

- ❑ Sanctions usually specified in legislation
- ❑ Wide range: administrative fines, civil/criminal sanctions (prison, large fines), dissolve party, barred from public office
- ❑ Proportionality: sanctions should reflect nature of breach
- ❑ Cross-over with other legislation and involvement of several bodies - police, electoral management body, anti-corruption body, public auditor, prosecution authorities etc.
- ❑ Loopholes in legislation: eg. statute of limitations, immunities, weak definitions of income/spending, sanctions not specified for all legal requirements
- ❑ Case history is limited: few prosecutions and convictions



Challenges

- ❑ Regulation is still relatively new phenomenon
- ❑ Multi-faceted nature of political financing
 - public vs private financing (+ mixed systems)
- ❑ Weaknesses/gaps in legislation
- ❑ Implementation failures vs danger of over-regulation
- ❑ Linkages to broader corruption issues
- ❑ Importance of dialogue between monitoring body, political parties, media and civil society



Questions?

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