

FINANCING OF POLITICAL PARTIES: DISCLOSURE REQUIREMENTS AND COMPETENT BODY

The United Nations Convention Against Corruption states in Article 7 on the Public Sector that: “*Each State Party shall [...] consider taking appropriate legislative and administrative measures [...] to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties*” (United Nations Office on Drugs and Crime 2004, Art. 7.3). There is obviously a connection between parties’ financial transparency and potential corruption. One crucial way to enhance transparency is to provide disclosure requirements for donations, and thereby detect eventual conflicts of interests. Another interrelated aspect is the body responsible for the administration and enforcement of such regulations as it determines the effectiveness of existing rules.

Disclosure requirements for donors are particularly relevant when high amounts are donated, as the donor may be suspected of having some influence over the receiving party or candidate in such cases. Regulation might therefore require disclosure in cases where donations exceed some threshold value. This can be justified as being in the electorate’s interest, as knowledge of such money flows makes it easier to detect conflicts of interest. In the case of minor donations, however, it can be argued that an individual’s or entity’s right not to reveal his or her identity outweighs this consideration.

The table shows that most European countries have disclosure requirements for donors to contribution-receiving political parties. These requirements apply either to all contributions or those above a certain threshold value. In Germany, for instance, donors must be identified if their contribution is larger than EUR 500, and disclosed if their donation exceeds EUR 10,000 in one year. In Italy contributions of over EUR 50,000 for parties and over EUR 20,000 for candidates in one year must be disclosed. In Cyprus, Malta, Sweden and Switzerland, on the other hand, there are no disclosure requirements at all.

It is intriguing that, despite existing regulation concerning parties’ finances, there is no regulatory system in place to examine the financial reports made in some cases. Yet the complete absence of, or existence of only a weak body for administration and enforcement will presumably do little to promote adherence to the rules. If a regulatory body exists, an auditing agency, a court, an electoral management body or a government ministry are often responsible for supervision. However, in the case of ministries, these bodies might not be independent enough to guarantee a credible examination. An independent regulatory institution may be more desirable instead. Indeed, in some cases there is an institution specially created for this purpose, as for example in France, Italy, Portugal, the United Kingdom or Norway. Those European countries that lack a regulation system include Denmark, Malta and Sweden.

Finally, while disclosure requirements and regulation authorities are important per se, they must be considered together with further regulations and their actual enforcement when seeking a link to transparency or potential corruption in the overall public sector. Looking, for example, at the Transparency International Corruption Perception Index, which tries to measure perceived public sector corruption, it is striking that Sweden, which has no disclosure requirements and no regulation system, ranks fourth worldwide with 9.3 points (Transparency International 2011). A higher score is associated with lower corruption and 10 points represent the best score. Italy, on the other hand, scores poorly with only 3.9 points, despite possessing disclosure requirements and a regulatory body specially created for the purpose of supervision.

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References

- IDEA (2012), Political Finance Database, <http://www.idea.int/political-finance/reporting-oversight-sanctions.cfm>
- Transparency International (2011), Corruption Perceptions Index 2011, <http://cpi.transparency.org/cpi2011/results/> (accessed 19 September 2012).
- United Nations Office on Drugs and Crime (2004), United Nations Convention Against Corruption, http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf. (accessed 19 September 2012).

Table 1**Financing of political parties: disclosure requirements and competent body**

	Body responsible for administration and enforcement of regulations for the financing of political parties	Disclosure requirements for donors to political parties that receive contributions
Austria	Ministry of Finance.	Contributions over EUR 7,260.
Belgium	Control commissions.	Contributions over EUR 125.
Bulgaria	National Audit Office and the Sofia City Prosecutor's Office.	All contributions received.
Cyprus	Auditor General; Ministry of the Interior.	No disclosure requirements.
Czech Republic	Chamber of Deputies; Tax Authorities.	All contributions received.
Denmark	No regulation system.	Contributions over DKK 20,000.
Estonia	Police prefecture.	All contributions received.
Finland	Ministry of Justice; National Audit Office.	Contributions over EUR 1,500.
France	Court; Institution for this purpose; Police; Tax Authorities.	All contributions received.
Germany	President of the Bundestag.	Donors must be identified if contributions exceed EUR 500, and disclosed if donations exceed EUR 10,000 per year.
Hungary	State Audit Office.	Contributions over HUF 500,000 or HUF 100,000 in the case of foreign contributions per year.
Ireland	Standards in Public Office Commission, the Gardai (police).	Contributions over EUR 5,078.95 for parties and over EUR 634,87 for candidates.
Italy	Auditing Agency; Institution for this purpose.	Contributions over EUR 50,000 for parties and over EUR 20,000 for candidates per year.
Latvia	The Corruption Prevention and Combating Bureau.	All contributions received.
Lithuania	Court; Electoral Management Body; other state authorities.	All contributions received.
Malta	No regulation system.	No disclosure requirements.
Netherlands	Ministry of the Interior.	Contributions from parties other than a natural person exceeding EUR 4,537.80. If the donor objects to disclosure, only the category of donor's organization must be disclosed.
Poland	Electoral Management Body.	Contributions exceeding one minimum wage.
Portugal	Constitutional Court; Electoral Management Body; Institution for this purpose.	All contributions received.
Romania	Court of Audit; Electoral Management Body.	Contributions exceeding 10 minimum gross salaries per year.
Slovakia	National council and Ministry of Finance.	Membership fees over SKK 25,000 per year. Contributions over EUR 331 for presidential candidates.
Spain	Court of Audit.	All contributions received.
Sweden	No regulation system.	No disclosure requirements.
United Kingdom	Courts; Institution for this purpose; Police.	All contributions received.
Norway	Institution for this purpose.	Contributions over NOK 30,000 per year.
Switzerland	No regulation system.	No disclosure requirements.
Australia	Electoral Management Body.	Contributions over AUD 11,500 (in 2010/2011).
Canada	Electoral Management Body.	Contributions over CAD 200.
Japan	Electoral Management Body; Minister for Internal Affairs and Communications.	Contributions over JPY 50,000.
New Zealand	Electoral Management Body; Police.	Contributions over NZD 1,500 for candidates or NZD 15,000 for parties; NZD 1,500 if donation to a party comes from an overseas person.
United States	Department of Justice; Electoral Management Body.	Contributions over USD 200 in an election cycle; identification of all PACs and party committees that give contributions.

Source: IDEA (2012).