About the OECD

The OECD is a forum in which governments compare and exchange policy experiences, identify good practices in light of emerging challenges, and promote decisions and recommendation to produce better policies for better lives. The OECD’s mission is to promote policies that improve the economic and social well-being of people around the world. For further information, please see www.oecd.org.

About the Greece-OECD Project

The Greek government is prioritising the fight against corruption and bribery and, with the assistance of the European institutions, is committed to taking immediate action. Under the responsibility of the General Secretariat Against Corruption, Greece’s National Anti-Corruption Action Plan (NACAP) identifies key areas of reform and provides for a detailed action plan towards strengthening integrity and fighting corruption and bribery. The OECD, together with Greece and the European Commission, has developed support activities for implementing the NACAP. This project is scheduled for completion in 2018 and is co-funded by the European Commission and Greece. For further information, please see the project webpage.
Acknowledgements

This manual was prepared by the Public Sector Integrity Division of the OECD Directorate for Public Governance as part of the Greece-OECD Project on Technical Support for Anti-Corruption. Under the supervision of Sarah Dix, the work was led by Lisa Klein and Yukihiko Hamada with guidance from Julio Bacio Terracino. Angelos Binis provided key insights while Katerina Kanellou facilitated interviews with Greek stakeholders. Laura McDonald managed communications and editing. The text was edited by Julie Harris with inputs from Meral Gedik, and Alpha Zambou provided essential administrative support.

The OECD would like to thank the General Secretariat Against Corruption (GSAC) for their openness and initiative throughout the process. The OECD is also grateful to experts for sharing their experiences and knowledge, especially those from the Greek Parliament’s Special Service of the Committee for the Control of the Asset Declarations, the Head of the Cabinet of the Minister of Interior, officials from the Ministry of Interior, and Vouliwatch.
Table of contents

Introduction........................................................................................................................................... 7

1. Components of political finance regulatory systems................................................................. 9
   Controls on the supply of funding ................................................................................................. 9
   Controls on expenditure ............................................................................................................... 10
   Transparency rules .................................................................................................................... 11
   Oversight and enforcement ........................................................................................................ 12

2. Key principles and international standards.................................................................................... 15

3. Developing a solid legislative framework .................................................................................... 19
   Clarity of purpose ....................................................................................................................... 19
   Enforceability ............................................................................................................................. 19
   Level of burden imposed by legislation .................................................................................... 20

4. Effective oversight: Implementing political finance regulation .................................................... 21
   Defining overarching principles and objectives .......................................................................... 21
   Operational policy documents ................................................................................................... 22
   Work to written procedures ....................................................................................................... 23
   Defining work streams and appropriate staffing ....................................................................... 23
     Advisory services ..................................................................................................................... 24
     Publication of financial information ....................................................................................... 24
     Monitoring compliance .......................................................................................................... 25
     Enforcement .............................................................................................................................. 25
     Policy work ............................................................................................................................... 26
   Stakeholder engagement ............................................................................................................ 26
   Oversight body as role model for transparency ....................................................................... 27

5. Implementation challenges and tools to address them ................................................................. 29
   Annex A. Workshop PowerPoints .............................................................................................. 30
   Annex B. Additional reference material .................................................................................... 51
Introduction

Over the past 25 years, there has been growing interest in political finance amongst international organisations, legislative bodies, civil society groups and academics. This period also saw the introduction of political finance regulation in many countries around the world. Indeed, virtually every country now regulates this area although the scope and nature of that regulation differ from country to country.

The interest in this area has largely focused on legislative frameworks and some high-level international standards. As a result, there is a well-developed set of components that form the foundation for any political finance regulatory system, which will be discussed in Section 1. There are also a number of agreed principles about the goals to be achieved by regulating political finance; we will examine these in Section 2 along with international and regional standards.

Section 3 provides practical insight into how to develop a strong legislative framework for the political finance regime.

By contrast, the implementation of political finance laws has received less attention to date, and there is a lack of empirical research into the strengths and weaknesses of various operational approaches. Although good legislation that accords with international standards is vital for any robust political finance system, the system will be found wanting without effective implementation. Section 4 considers the fundamental prerequisites for implementing a political finance regulatory system whilst Section 5 outlines some of the challenges that might arise and tools for addressing them.

Before going any further, we need to consider what we mean by “political finance”. The term covers a broad area, but in this training manual, the term political finance encompasses both political party funding and campaign finance. Party funding includes the “costs of maintaining permanent offices; carrying out policy research; and engaging in political dialogue, voter registration and other regular functions of parties.”

Campaign finance “is understood as all monetary and in-kind contributions and expenditures collected and incurred by candidates, their political parties or their supporters for election purposes.”

---

1. Some countries, such as the United Kingdom and the United States, have had laws addressing specific aspects of political finance since the 19th century but comprehensive legislative frameworks were not implemented until 1974 in the United States and 2000 in the United Kingdom.


1. Components of political finance regulatory systems

There are four key components to any political finance regulatory system – sources of funding, expenditures, transparency and how the rules are enforced.¹ A number of publications provide detailed information about each of these components (see Annex B for a list). For our purposes, the following short summary provides an essential sketch of each one.

Controls on the supply of funding

There are two distinct sources of financing: funding allocated by the State and income given by individuals and legal entities.

In many countries, public funds are provided to political parties and/or candidates. The support may consist of monetary subsidies (e.g. direct public funding) or of indirect support, such as access to services/state property without charge or at a reduced rate.² The level of public funding varies from country to country, but eligibility criteria are critical factors wherever public funding features. If the eligibility criteria are set too high, they can make the establishment of new parties difficult. Conversely, inappropriately low eligibility criteria can serve as a lifeline to otherwise moribund parties. They also can encourage the creation of spurious parties whose founders are more attracted by the idea of securing public funds than by the idea of putting forth serious platforms. Criteria commonly used to determine state support include the number of votes obtained in the previous election, the level of representation in the elected body or the number of candidates put forward/number of constituencies contested.³

The question of whether to provide public funding before or after the election also needs to be addressed. The OSCE/ODHIR and the Venice Commission Guidelines on Political Party Regulation state:

… careful consideration should be given to pre-election funding systems as opposed to post-election reimbursement which can often perpetuate the inability

¹ In addition to these key four components, political finance regulation often also addresses rules governing financial conditions for standing for public office (e.g. financial deposits and asset declaration by candidates) and laws prohibiting vote buying.


of small, new or poor parties to compete effectively. (OSCE/ODHIR and Venice Commission Guidelines on Political Party Regulation at paragraph: 184)

Private funding has been hailed as a means for parties and candidates to connect with the citizenry and to seek support in the form of monetary and in-kind donations. As such, private funding can be viewed as a vehicle for citizen participation. The general forms of private funding are membership fees, contributions, loans and income-generating activities. In some countries, there may be restrictions on the sources of private funding. For example, in France, corporations are prohibited from donating, and in many countries, both foreign and anonymous donations are banned. In addition to outright bans, there may be limits imposed on the amount of allowable private donations. In some countries, the amount of funding any one donor may contribute may be limited. In others, the aggregate amount of donations a candidate or party can raise from private sources may be capped.

Controls on expenditure

If funding sources comprise the “supply side” of political finance, then controls on expenditure inform the “demand side”. These controls usually take the form of limits on campaign spending by parties, candidates and third parties (e.g. non-party campaigners) in the run-up to elections. Countries that impose spending limits have used different approaches to calculate the expenditure limit. Some set a specific absolute figure that does not vary, some calculate the limit based on the average monthly salary or minimum wage, and still others calculate the spending limit in conjunction with the number of voters or inhabitants in the electoral area.

Whatever approach is taken, the limit set must be reasonable. If it is set too high, it will have “no bite” and essentially be meaningless. If the limit is set too low, it may not allow for adequate electoral campaigning and could also tempt some contestants to circumvent the limit.

The law must clearly define the concept of electoral expense. This means that the types of activity covered must be clear and the length of the campaign (regulated) period specified in order to ensure the spending limit is effective. It is also important for there to be clarity about whose expenditures are subject to the limit - ideally limits should apply to all who are making election-related expenditure (e.g. political parties, candidates and non-party campaigners) although the limits need not all be set at the same level.

In addition to expenditure limits, some countries also include bans on certain types of spending. The most common are bans on the misuse of state resources, prohibitions on media advertising and vote-buying activities.

4. An in-kind donation is any form of goods or services provided for free or at below-market value.
In most countries, there is a prohibition on the misuse of state resources for party political and partisan electoral purposes. In some states, the ban may be part of the electoral code or election finance legislation; elsewhere it may be part of anti-corruption, administrative and/or civil service legislation. The underpinning concept is that there should be “a clear separation between the state and political parties”\(^5\). When the requisite separation does not exist, and the power of incumbency is abused, we lose the fundamental lynchpin to democratic governance, namely, equal treatment and equal opportunity to compete in the electoral process.

**Transparency rules**

Transparency is a central consideration of any political finance regime: information about where parties and candidates get their money and how they spend it shines light into potentially murky waters that can breed suspicion and obscure corruptive transactions. Reporting and disclosure requirements vary from country to country\(^6\) as do the approaches taken in implementing such requirements. The key elements, subject to country context, can be depicted as follows:

---

5. See the Copenhagen Document at paragraph 5.

6. Regular reporting obligations on political party finances exist in 89% of European countries and in 86% of Asian countries. In 90% of European countries and 71% of Asian countries, the information reported is to be made public. See IDEA (International Institute for Democracy and Electoral Assistance) (2012), “Political Finance Regulations Around the World: An Overview of the International IDEA Database”, and the IDEA Political Finance Database, [www.idea.int/data-tools/data/political-finance-database](http://www.idea.int/data-tools/data/political-finance-database) (accessed on 16 August 2017).
Transparency requires that reports are timely, detailed, comprehensive and comprehensible. There needs to be adequate information presented in a way that allows for meaningful oversight and compliance checking. At the same time, the needs of those having to comply with the reporting requirements must be considered. For example, the established deadlines should provide sufficient time to allow the reporting entity to assemble and confirm the information that must be submitted. Consideration must also be given to how much of the information reported to the oversight body will be made publicly available, when and in what format. Digital solutions may be used to help facilitate the entry, transmission and interrogation of the information that is to be reported.

The socio-legal-political context of each country influences all aspects of political finance regulation, but it is particularly evident in the area of reporting and publication of financial data. There may be constitutional constraints on what is to be reported to the oversight body. For example, in France, Article 4 of the Constitution is interpreted to prohibit mandatory reporting of general party finance information to the oversight body. There may be other legislative enactments that come into play, such as data protection of personal information, which may prohibit publication of certain donor information. In other countries, electronic signatures may not yet be legally recognised (or may need specific authorisation), which then impacts on using the electronic database for the filing of required information. In the United Kingdom, the law foresees the publication of donations to political parties over a certain threshold. However, donations to political parties of Northern Ireland are exempt from disclosure because of safety concerns for donors arising from years of conflict in the country.

Oversight and enforcement

The final component of any political finance regime is the need for an effective oversight mechanism. This means that there has to be an entity/entities that are tasked with overseeing compliance with the law and that there are sanctions that apply in the case of non-compliance.

There are different models of oversight bodies in use around the world. Some countries assign the oversight function to the election management body, some vest this role in a governmental ministry. Other options include allocating the oversight remit to a court, a state audit agency or a specialised body. As discussed more fully below, the oversight body must be impartial, independent, and have adequate resources. Regardless of which entity shoulders the oversight responsibility, the oversight body needs to have the right powers, policies, people and procedures to do its job. And, importantly, it must have the political will to fulfil its remit.

Sanctions may range from administrative penalties, forfeiture, mandatory corrective action, loss of public funding, de-registration and/or criminal punishment. The purpose of sanctions should be to redress wrongdoing, punish the offender so that they do not benefit from their malfeasance and to deter future non-compliance. There is an international consensus that sanctions should be “effective, proportionate and
dissuasive”. Of course, it is not enough that legislation provides for such sanctions unless they are used and used in an objective and non-partisan manner. It thus is important to ensure there is “an effective means of redress against administrative decisions”, such as the imposition of sanctions.  

7. See the Council of Europe Committee of Ministers Recommendation (2003)4, Article 16.

8. See the Copenhagen Agreement (1990) at 5.10.
2. Key principles and international standards

Political finance regulation starts with the premise that political parties and candidates play a vital role in a democracy and need adequate funding to be effective. It is also essential to recognise that regulation in this sensitive area requires a balancing of fundamental rights and freedoms. On the one hand, international agreements not only establish the right to participate in public affairs and to vote, they also recognise the right of association/assembly, the right of privacy and freedom of expression. These rights and freedoms are central in the context of political and electoral discourse. On the other hand, some regulation or infringement of these fundamental rights and freedoms are tolerated to ensure that the electoral process remains free and fair. For example, freedom of expression would weigh in favour of not limiting the amount of money an individual can contribute in support of or in opposition to a particular candidate or party. However, to allow unlimited contributions could foster undue influence of wealthy donors and thus undermine the fairness of an election campaign. The important question then is where to draw the line between these competing interests.

To assist in this task, it is important to identify the key principles that underpin political finance. Second, regulation should enhance equality so that parties/candidates without significant financial resources can compete in the electoral process. Third, transparency is of utmost importance, or in the words of one US Supreme Court Justice, “Sunlight is said to be the best of disinfectants.” The fourth principle is accountability, which means that political actors need to be held accountable through effective oversight and sanctions.

The formulation of these principles varies and is subject to seemingly endless academic debate, but all are pretty much universally accepted. Indeed, they form the backbone of international standards on political finance. The following chart provides context and background for these key principles. It highlights relevant regulatory issues associated with each principle, identifies international standards/other documented support and provides examples of commonly used approaches to address those issues.

1. See the UN Human Rights Committee General Comment No. 25 and the Copenhagen Document (1990), Article 1.
<table>
<thead>
<tr>
<th>Principle</th>
<th>Associated regulatory issue</th>
<th>Key international/European standards</th>
<th>Approaches to issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equality</td>
<td>Public funding</td>
<td>CoE Committee of Ministers Rec (2003)4, Article 1: “The state should provide support to political parties. State support should be limited to reasonable contributions. State support may be financial. Objective, fair and reasonable criteria should be applied regarding the distribution of state support.”</td>
<td>- Fair criteria for calculating and allocating public funding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CoE (Venice Commission) Guidelines on the Financing of Political Parties, Paragraph XX: “In order, however, to ensure the equality of opportunities for the different political forces, public financing could also be extended to political bodies representing a significant section of the electoral body. The level of funding could be fixed by a legislator on a periodic basis, according to objective criteria.”</td>
<td>- Gender equality regulations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CoE Committee of Ministers Rec (2003)4, Articles 3, 5, and 7: “States should consider the possibility of introducing rules limiting the value of donations to political parties... take measures aimed at limiting, prohibiting or otherwise strictly regulating donations from legal entities which provide goods or services from any public administration... prohibit legal entities under the control of the state or of other public authorities from making donations to political parties... specifically limit, prohibit or otherwise regulate donations from foreign donors.”</td>
<td>- Minority regulation</td>
</tr>
<tr>
<td></td>
<td>Private funding</td>
<td>UN Human Rights Committee, General Comment 25 (1996): “Reasonable limitations on campaign expenditure may be justified where this is necessary to ensure the free choice of voters is not undermined or the democratic process distorted by the disproportionate expenditure on behalf of any candidate or party.”</td>
<td>- Qualitative regulations (ban on anonymous, foreign, corporate donations)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CoE Committee of Ministers Rec (2003)4, Article 9: “States should consider adopting measures to prevent excessive funding needs of political parties, such as establishing limits on expenditure on electoral campaigns.”</td>
<td>- Quantitative regulations (limits on the amount given to candidates/political parties)</td>
</tr>
<tr>
<td></td>
<td>Spending caps and expenditure bans for campaigns</td>
<td>- Specified limit on campaign expenditure by parties, candidates and non-party campaigners</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Media spending restrictions</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Ban on some types of campaign expenditure</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>CoE Committee of Ministers Rec (2003)4, Article 2-3: “Equality of opportunity must be guaranteed for parties and candidates alike. This entails a neutral attitude by state authorities, in particular with regard to: the election campaign; coverage by the media, in particular by the publicly owned media; public funding of parties and campaigns.”</td>
<td>- Prohibition of the use of state/administrative resources during election campaigns (compelling staff to attend rallies, use of state facilities for campaign purposes, equal time required in news coverage)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Parliamentary Assembly of the Coe Rec 1561(2001): “ Financing of political parties must be fully transparent, which requires political parties, in particular, to keep strict accounts of all income and expenditure, which must be accurate and easily verifiable.”</td>
<td>- Accounting guidance and templates prescribed or made available</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Appointment of person responsible</td>
<td></td>
</tr>
</tbody>
</table>
### 2. KEY PRINCIPLES AND INTERNATIONAL STANDARDS

<table>
<thead>
<tr>
<th>Principle</th>
<th>Associated regulatory issue</th>
<th>Key international/European standards</th>
<th>Approaches to issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure</td>
<td>be submitted, at least once a year, to an independent auditing authority and be made public.”</td>
<td>CoE Committee of Ministers Rec (2003)4, Article 12: “States should require political parties and entities connected with [them] to keep proper books and accounts.” CoE Committee of Ministers Rec (2003)4, Article 12: “States should require political parties to present the accounts .... to the independent authority.”</td>
<td>for party/candidate finances (opening bank account, maintaining accounts, filing reports, etc.) Filing deadlines</td>
</tr>
<tr>
<td>Accountability</td>
<td>UN Convention Against Corruption, Art.7.3.19 “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.” OSCE/ODIHR (Venice Commission) Guidelines on the Financing of Political Parties, Paragraph XX: “The transparency of electoral expenses should be achieved through the publication of campaign accounts.”</td>
<td>CoE Committee of Ministers Rec (2003)4, Articles 14: “States should provide for independent monitoring in respect of funding of political parties and electoral campaigns.” OSCE/ODIHR (Venice Commission) Guidelines on the Financing of Political Parties at Paragraph 212: “[E]ffective measures should be taken...to ensure the body’s independence from political pressure and commitment to impartiality.”</td>
<td>Duty to make information public Deadlines for publication Prescribing methods for disclosure Provisions guaranteeing independence of oversight body Appointment process Employment qualifications/restrictions Adequate resources Powers of oversight body Suite of sanctions Sanctioning procedures Right to appeal sanctioning decisions</td>
</tr>
<tr>
<td>Sanctions</td>
<td>CoE Committee of Ministers Rec (2003)4, Articles 16: “States should require the infringement of rules...to be subject to effective, proportionate and dissuasive sanctions.”</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Developing a solid legislative framework

Very often an upcoming election contest or a major political scandal is the catalyst for enacting political finance reform. Neither is an inherently negative impetus, but both can easily overshadow and dislodge a more methodical approach to creating/modifying a political finance system. However, a methodical approach is exactly what is needed in order to produce a robust and workable regulatory regime. This is particularly true in political finance regulation arena because, unlike social programmes or other forms of economic regulation, party and campaign finance law sets the rules for gaining access to power. There are several guiding factors to consider when drafting legislation.

Clarity of purpose

There must be clarity about what the law is designed to achieve. If the goal is to ensure that political parties are well resourced, it might be appropriate, for example, to allow donors to make large donations and to set a high threshold for public disclosure of donations - the theory being that donors are more likely to contribute if their identities are shielded from public scrutiny. On the other hand, if the goal is to increase the level of transparency, a higher disclosure threshold would not deliver that objective. In short, clarity of purpose helps lawmakers choose between conflicting objectives. It also provides guidance to those who ultimately will have to construe and apply the law, be it political parties, the oversight body or the judiciary.

Enforceability

Any legislative proposal should be assessed for enforceability during the drafting phase. There are several aspects of enforceability to consider. The first is whether there are any legal loopholes that will make it easy to circumvent the legislation and/or undermine its purpose. Let’s assume, for example, the legislative goal is to limit the influence associated with large donations. To achieve this goal, it would be insufficient simply to impose a cap on donations to political parties without also imposing a cap on donations to candidates. A donor otherwise could make unlimited donations lawfully to the party’s candidates and defeat the purpose of the law. Another potential loophole with contribution limits arises when the law fails to include a broad definition of what constitutes a contribution. For example, if the law failed to include loans in the definition, nothing would prohibit donors from making large, unreportable loans to their preferred party. Finally, a donor who has contributed the statutory maximum may seek to give money to friends and relatives with the understanding that they, in turn, will make the donation to the desired recipient. To avoid this loophole, the law should explicitly prohibit the making of donations in the name of another person.

The second enforceability consideration is whether the legislative framework provides the necessary means to detect breaches of the law. For example, if there are limits on donations or expenditures, then donors and suppliers should be readily identifiable. The
law should prescribe the information that must be recorded and reported. The level of detail required must be sufficient to allow the oversight body to confirm the identity and amounts involved in the transactions. For suppliers, it would make sense to know the identity, address, nature and quantity of goods supplied and their costs. For donations, the law could require, as it does in the United States, that the occupation and employer of donors be reported. This publication of such information has proven to be a fruitful evidential basis for detecting circumvention schemes.

A third enforceability consideration is whether the oversight body has adequate statutory powers to detect/investigate allegations of non-compliance properly. In countries where the oversight body is vested with the responsibility for detecting and/or investigating failures to comply with the law, it must be empowered to seek information from those with knowledge of what transpired. The law must also provide a remedy for the oversight body to use when responses to requests for information are not forthcoming. In some countries, the refusal to comply with informational requests are treated as criminal offences and handled by the state’s prosecutor. An alternative and perhaps more effective route is to authorise the oversight body, itself, to seek enforcement through a judicial process.

**Level of burden imposed by legislation**

Political parties and candidates primarily exist to engage in the political and electoral process, and thus the regulatory regime should impose the least amount of burden on them whilst still achieving the defined regulatory goals. The level of detail to be reported for donations is a good example. In some countries, every donation of any size must be recorded in the party’s books and then reported to the oversight body. In other countries, small donations are exempt from such requirements. This means that the identities of people giving small donations are not disclosed, which may incentivise some people to donate. In addition, the administrative burden on parties is reduced, as they don’t have to keep an itemised record of the small donations. Similarly, some countries exempt parties with minimal financial transactions from having to submit annual accounts or from having their accounts independently audited.

The issue of burden also manifests itself in filing deadlines. Some campaign finance groups argue that parties should disclose their finances throughout the election campaign period. Others argue that such a requirement would not be meaningful, as invoices for services may not be rendered until after the election and because partial reporting during this peak period would be disproportionately burdensome.
4. Effective oversight: Implementing political finance regulation

The challenges in implementing political finance legislation are many, and their relative importance will depend upon the goals of regulatory option adopted, the country’s electoral and governmental systems and its political context. However, there are good regulatory practices that apply or can be adapted to suit most situations.

Defining overarching principles and objectives

Enabling legislation generally details the composition and appointment process for the oversight body members, and sets out the body’s remit and powers. Such legislation is usually silent about how the oversight body will approach its work. It can be extremely helpful both internally and for external stakeholders for the oversight body to agree its guiding principles and objectives. Internally, the principles and objectives help guide decision making at all levels. They will help inform internal, administrative decisions such as where to focus the agency’s resources and which activities will take priority. They also provide a frame of reference to support the agency in reaching positions on substantive issues. From an external perspective, an articulated set of principles and objectives helps set expectations and provides a basis for holding the body to account.

Although this sounds like an easy task, in reality, it can be challenging. The UK Electoral Commission was created as the country’s political finance regulator with responsibility for setting standards for election administration (as opposed to actually administering elections). After much discussion, the Commission Board agreed and published the following principles for free elections that support a healthy democracy:

- **Trust**: People should be able to trust the way our elections and our political finance system work.
- **Participation**: It should be straightforward for people to participate in our elections and our political finance system, whether voting or campaigning, and people should be confident that their vote counts.
- **No undue influence**: There should be no undue influence in the way our elections and our political finance system work.\(^1\)

The Commission Board then defined its objective for its political finance role as “transparency in party and election finance, with high levels of compliance”, and amplified it as follows:

---

We want people throughout the United Kingdom to be confident that:

- There is transparency about party and election finance, so that people know where money comes from and how it is spent.
- People who want to stand for election, and people and organisations that want to campaign at elections, can easily find out how to get involved, what the rules are and what they need to do to comply with those rules.
- The rules on party and election finance are followed, and those who do not follow them are dealt with appropriately and effectively.\(^2\)
- Political parties, candidates and campaigners can participate in elections without unnecessary barriers.

**Operational policy documents**

One tool to help achieve consistency and impartiality is to have developed and published policies that the oversight body will follow in performing its functions. The operational policies might include:

- Document retention policy: What documents the regulator will retain and for how long.
- Disclosure policy: What information the regulator will disclose, to whom it will make such disclosure and when it will do so.
- Enforcement policy: Guidance on how the regulator fulfils its role and uses its powers.

These policies, which should be developed in consultation with stakeholders, help establish the “rules of the game” for both the oversight body and the regulated community. They also provide guidelines that can be used by civil society groups and parliamentary oversight committees in monitoring and holding the regulator to account.

An enforcement policy, for example, should set out the criteria for how the oversight body will handle instances of non-compliance. In Canada, the published policy explains that some cases are better handled through administrative measures. It sets out the guiding principles and criteria for channelling cases in this direction. The factors listed include: no adverse impact on the integrity and fair administration of the political finance regime; public censure not warranted; lack of intentionality by the party committing the violation; and no prior referral pending against by party for other breaches.\(^3\)

The same principle applies to the sanctioning phase. Again, taking the Canadian approach as an example, referral for prosecution is usually reserved for the more serious

\(^2\) Ibid, p. 6.

cases. According to the published policy, the Commissioner will consider whether the administration of justice is best served by committing the level of resources required to have a prosecution. The decision to prosecute will also depend on the specific factors of the case, including whether:

- In view of the seriousness of the alleged offence and/or the conduct of the subject of the investigation, a prosecution would best maintain public confidence in the electoral system.
- The person who is the subject of the complaint is relatively sophisticated in respect of electoral matters.
- The allegations suggest the existence of a deliberate scheme rather than an isolated event.
- The person who is the subject of the complaint has a history of non-compliance with the provisions of the Act.
- There is a need for specific or general deterrence.  

Having well-considered operational policies help establish, from the outset, that the oversight body will be exercising discretion but in a structured way. And, where the oversight body takes decisions that are consistent with the articulated policy, it has a defence against allegations of impartial application of the law.

Work to written procedures

In addition to having broad operational policies as mentioned above, oversight bodies should have detailed procedures that guide staff in how they perform their work. The procedures should spell out what steps are to be taken, by whom, when and how. Adherence to the procedures should be internally audited.

Having such a system in place serves several purposes. First, it provides clarity to all staff as to what is expected. Second, it encourages continuous improvement as it encompasses a means to systematically identify and track proposed changes to current procedures. Third, such a system can increase the confidence of stakeholders that the regulator is operating consistently and impartially.

Defining work streams and appropriate staffing

There are a variety of activities or work streams that any political finance regulator should undertake in fulfilling its mandate. They include advisory services, publication of party financial information, monitoring or supervision activities, enforcement and policy.

work. For each relevant workstream, the oversight body will need to consider the type of staffing required, both in terms of number, experience and qualifications. 5

**Advisory services**

Detecting and addressing violations of the law may be considered as the primary function of the political finance regulator. However, the focus arguably should be on ensuring compliance with the law from the outset. This requires helping those who wish to comply with the law to do so and then holding those who fail to comply to account. Targeted and user-friendly guidance, training seminars and hotlines are types of advisory services used to help inform and educate those who are subject to regulation as well as other stakeholders such as the media, NGOs and the general public. The skillsets required include:

- the ability to translate legal requirements in layperson’s language (both orally and in writing)
- good interpersonal skills to field questions from stakeholders with varying degrees of sophistication
- technical expertise in the substantive area of political finance
- drafting guidance materials
- training experience and ability.

**Publication of financial information**

With transparency being a central component in virtually every political finance regulatory system, the way the financial data is made available has great importance. Advancements in information technology (IT) have revolutionised options for the reporting and publication of political finance information. Although some countries have e-filing systems in place and/or IT-enabled systems for internal purposes, there is an overall lack of information reported and published electronically in a format that enables the viewer to undertake systematic searches of published information. This undermines the ability of the public, the media and civil society to analyse the operation of the legislation, monitor compliance with it and/or hold the regulator to account.

A well-designed IT system can make the reporting and publication easier for parties, candidates, oversight and enforcement bodies. The development and maintenance of such a system will require:

- IT expertise
- knowledge of legal framework and requirements

---

5. In addition to the specialised skill sets highlighted here, the successful oversight body will need to have developed strong planning and communication strategies.
• ability to engage in consultation with all users (e.g. parties, media, CSOs and agency staff) to determine/address their needs
• ability to draft guidance for those who will use the system
• thorough understanding of desired outputs
• project management experience.

**Monitoring compliance**

Monitoring compliance can encompass a variety of activities. It would include reminding political parties when reports are due, checking reports submitted for accuracy and querying problems with parties. It could also entail collecting data during the election campaign. The benefits of “real-time” monitoring range from incentivising good behaviour (the political entities know they are being monitored and thus may be deterred from under-reporting spending), providing an opportunity for the regulator to spot potentially improper behaviour that it can raise with the political entity before a violation actually occurs, and establishing an evidential basis against which to assess submitted reports.

The way real-time monitoring is structured and carried out is important. One approach is to cover all such activity on an equal basis. This requires significant resources, and the costs can outweigh the benefits. Good regulatory practice would be to undertake monitoring activity on the basis of robust risk assessment. This requires the regulator to develop and implement a risk assessment policy whereby it identifies the areas that most warrant attention. These might be substantive areas, (e.g. the potential for under-reporting of a specific type of expenditure or potential types of misuse of state resources) or the policy might be geared to which types of parties warrant more support. For example, certain parties may be rated as warranting greater support and attention because of factors such as size, the significance of their resources or turnover of key staff.

The skills required for monitoring compliance include:

• ability to liaise with political parties to address queries about compliance with the rules
• ability to check the accuracy of reports and prepare them for publication
• financial auditing.

**Enforcement**

When issues of non-compliance are identified through the oversight body’s monitoring programme and/or alleged complaints filed with the agency, they will need to be assessed and, where appropriate, investigated. In some countries, the oversight body may be authorised to investigate matters fully, whereas in others countries the oversight body will only conduct a preliminary review and then forward matters to another entity (e.g. prosecutor’s office, administrative division or a judicial office). Depending on the legislative framework, the oversight body may also have the authority
to sanction those who fail to comply with the law. To perform this function, staff should have:

- knowledge of the legislation
- understanding of regulatory procedures and practice
- investigative skills, including the ability to formulate requests for documents and to conduct interviews
- ability to analyse and apply the law to various factual scenarios
- writing skills to draft reports and conclusions.

**Policy work**

Policy work can range from the development of operational policies and internal processes to reviewing the legal framework with a view to making suggestions for improvements. It can also encompass the assessment of statistical data to help define trends in party and election finance. Those working in this area will need skills and experience in:

- analysing data
- horizon scanning
- understanding the politico-socio context
- ability to identify, relate to and communicate with stakeholders.

**Stakeholder engagement**

We should expect oversight bodies to have the power, capacity and willingness to engage with external stakeholders. These would include political parties, candidates, third parties and campaigning organisations, government officials, voters, the media and civil society organisations. And, the outreach to stakeholders should be meaningful. For example, consultation on disclosure or enforcement policy should start early in the process and have continuity.

Some countries have created working groups for various stakeholder representatives. If well managed (e.g. with agreed Terms of Reference, regularly scheduled meetings and set agendas), these working groups can provide an excellent vehicle for exchanging views and information. A working group consisting of political party representatives, for example, can provide the oversight body with a clearer understanding of the practical impact of the rules and procedures, which might then be tailored to fit the regulated community’s needs whilst still achieving the regulatory objective. Similarly, such meetings are a means for the oversight body to communicate expectations, remind parties of upcoming filing deadlines or address issues that have arisen.
Working groups with representatives from civil society organisations (CSOs) can also be beneficial. Some CSOs have experience in monitoring election activity and may have insights to offer the oversight body.\(^6\) The oversight body can also use CSO working groups to convey information about the operation of the law, resourcing issues and seek informal feedback about policies and approach. However, it would be inappropriate to share information about ongoing cases or to involve the CSOs in case-related decision making.

**Oversight body as role model for transparency**

The universal core principle underpinning political finance regulation is transparency. Political finance oversight bodies can serve as role models for transparency by having mechanisms in place that provide transparency about how they undertake their role and the decisions the oversight body makes. However, a cursory review of websites shows that this is a lesson yet to be learned by many political finance regulators around the world.

At a minimum, the oversight body should include the following on its website:

- information about its role, principles and objectives
- written guidance developed to assist those who are subject to the regulation
- key policies
- a listing of decisions taken including issue, outcome and rationale for decision
- information about where to get more information/whom to contact
- easily accessible political finance data required to be published.

---

6. CSOs vary in their focus, effectiveness and degree of impartiality and the oversight body will have to make some judgments about which ones are the most reliable.
5. Implementation challenges and tools to address them

The role of the political finance regulator is a difficult one given the political ramifications that can result from its decisions. Even if many of the accusations made against oversight bodies are not entirely preventable, many can be refuted or minimised by proactive action. In addition to external accusations, there are challenges that arise from the nature of the work itself – its cyclical nature, staffing needs and limited funding. The following chart highlights some of the most common challenges and tools used to address them.

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Tools to address challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accusations of political partiality</td>
<td>• Written policies that establish how the oversight body will approach issues</td>
</tr>
<tr>
<td></td>
<td>• Clear procedures to guide staff in performing their work</td>
</tr>
<tr>
<td></td>
<td>• Proper documentation for case decisions</td>
</tr>
<tr>
<td></td>
<td>• Quality assurance reviews to ensure that the procedures have been followed</td>
</tr>
<tr>
<td></td>
<td>• Proactive communication strategy</td>
</tr>
<tr>
<td>Delay in performing statutory functions</td>
<td>• All procedures should have established deadlines for each stage of the process</td>
</tr>
<tr>
<td></td>
<td>• Monitoring of adherence to deadlines</td>
</tr>
<tr>
<td></td>
<td>• Anticipate and plan for peaks in workload (e.g. around filing deadlines)</td>
</tr>
<tr>
<td></td>
<td>• Risk assessment analysis</td>
</tr>
<tr>
<td></td>
<td>• Definition of success (e.g. increased compliance)</td>
</tr>
<tr>
<td></td>
<td>• Maintain statistics of activity undertaken (e.g. helpline calls answered, training sessions provided, number of reports reviewed, etc.)</td>
</tr>
<tr>
<td></td>
<td>• Good communication strategy</td>
</tr>
<tr>
<td></td>
<td>• Stakeholder outreach</td>
</tr>
<tr>
<td>Accusations that oversight body is useless in the absence of significant enforcement action</td>
<td></td>
</tr>
<tr>
<td>Poor rate of compliance by regulated community</td>
<td>• Address common errors in targeted guidance</td>
</tr>
<tr>
<td></td>
<td>• Proactive outreach and training</td>
</tr>
<tr>
<td></td>
<td>• Warnings for first-time offenders of minor breaches with the threat of sanction if breach recurs. Carry through on the threat.</td>
</tr>
<tr>
<td>Gap or problems with the law</td>
<td>• Undertake periodic review of how law is working</td>
</tr>
<tr>
<td></td>
<td>• Outreach to officials (governmental/legislative) about problem and proposed solutions</td>
</tr>
<tr>
<td>Allegation that complaints filed with oversight body get lost in a “black hole”</td>
<td>• Complaint-processing procedure should address what communication will occur with complainants and at what stage of the process</td>
</tr>
<tr>
<td></td>
<td>• Establish time targets for completing action on complaints</td>
</tr>
<tr>
<td></td>
<td>• Develop a policy on what information will be released about complaint and follow it</td>
</tr>
<tr>
<td>Accusation of holding back or rushing an enforcement matter because of an election</td>
<td>• Written policy about case handling during sensitive periods</td>
</tr>
<tr>
<td>Lack of funding for oversight body to do its job</td>
<td>• Risk analysis and prioritisation of work</td>
</tr>
<tr>
<td>Recruitment issues</td>
<td>• Ensure political neutrality of staff</td>
</tr>
<tr>
<td></td>
<td>• Enhance skill sets through internal training and development</td>
</tr>
<tr>
<td></td>
<td>• Staff peak periods through temporary recruitment (university work experience) and/or reallocation of staff</td>
</tr>
</tbody>
</table>
Annex A

Workshop PowerPoints
Annex B

Additional reference material

References for Political Finance Website Information

1. Reporting Templates

   a. UK: forms and explanatory material can be found at: https://www.electoralcommission.org.uk/our-work/publications/forms.

   b. USA: https://www.fec.gov/help-candidates-and-committees/forms/

2. Political finance database:

   a. UK: http://search.electoralcommission.org.uk/?currentPage=0&rows=10&sort=AcceptedDate&order=desc&tab=1&et=pp&et=ppm&et=tp&et=perpar&et=rd&prePoll=false&postPoll=true&optCols=CampaigningName&optCols=AccountingUnitsAsCentralParty&optCols=IsSponsorship&optCols=RegulatedDoneeType&optCols=CompanyRegistrationNumber&optCols=Postcode&optCols=NatureOfDonation&optCols=PurposeOfVisit&optCols=DonationAction&optCols=ReportedDate&optCols=IsReportedPrePoll&optCols=ReportingPeriodName&optCols=IsBequest&optCols=IsAggregation

   b. USA: https://www.fec.gov/data/

   c. Georgia: http://monitoring.sao.ge/en

3. Guidance:

   a. UK Guidance for political parties at: https://www.electoralcommission.org.uk/i-am-a/party-or-campaigner/guidance-for-political-parties.

   b. USA: https://www.fec.gov/help-candidates-and-committees/
ANNEX B. QUESTIONNAIRE DISTRIBUTED TO GREEK INSTITUTIONS RESPONSIBLE FOR MANAGING COMPLAINTS

MAPPING OF CORRUPTION COMPLAINTS MECHANISMS IN GREECE

oecd.org/corruption