



Monitoring of Political Parties Finance:

The Light at the End of the Tunnel

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In BiH the monitoring system is being done by the Central Election Commission (CEC), which itself is facing a variety of shortcomings, which hinder a quality monitoring of political parties. On one side there are about 90 political parties, each party has its organizational parts, some even over a hundred, while on the other hand there is the CEC, which performs the monitoring and its six employees. From this relationship it is very clear that the CEC will not be able to find most of the cases that are contrary to the Law on financing political parties of Bosnia and Herzegovina.

How to strengthen the monitoring of political parties finances without changing the legislation? This policy brief will provide an answer to this question but it will also give the arguments why we need to strengthen the monitoring process.

Why the monitoring of political parties finances should be enhanced?

The way in which the monitoring of political parties is carried out leads to distrust of the data contained in the annual financial reports of political parties as well as the annual audit reports of the Audit Office for Finance of Political Parties of the Central Election Commission (Audit Office). The mistrust comes from the fact that in the current process of monitoring we have an unfair relationship between the subject and the object of monitoring. On one side there is the Audit office which employs 6 auditors, while on the other side there is about 90 political parties that are subject to monitoring. In addition, the major parties have over 100 organizational units (e.g. the biggest political party, in sense of its funding,

Summary

This policy brief is based on a study sponsored by Soros, "Availability of data on political parties finance" done by Amra Fetahovic, in which was the monitoring of the political parties finance highlighted as one of the problems. The importance of monitoring arises not only from the fact that there is a possibility of illegal financing of the parties by private individuals, but also because from the budgets of all levels of government it annually allocates a total of about 19 million KM and it increases from year to year. Since political parties are, indirectly, financed by citizens too, the system of financing political parties became the subject of public concern and interest, which is not the case in BiH.

Weak monitoring of political parties finance is caused by:

- Lack of employed auditors in the Audit Office (CEC)
- Financial reports submitted by political parties to CEC are in hard copy
- Absence of a database of political parties finance
- Absence of a database of legal entities to which Law forbids to finance political parties
- Small powers which has the Auditing Office
- Low level of participation of NGOs in the field of financing of political parties

Causes

- Lower level of credibility of the Audit Office reports (CEC)
- Greater opportunity for Law violation to remain undetected and unpunished
- Lack of information of citizens about political parties financing

Facts about the budget financing of political parties

- Around 55 political parties (of total 90) was partly financed from the budget in 2009
- Annual funding sources of political parties (2009) from the budget range from 914 KM to 3.7 million KM
- The total funds paid to political parties from the budget in 2009 amounted 19 million
- Allocations from the budget record a real annual growth of 27,06% 2010.y./2005.y.
- Out of 19 million KM paid in 2009, 8 political parties got 15 million and the remaining 4 million was donated to around 45 parties
- 15 million represents an average of 85% of total incomes for the 8 political parties (ranging from 69% to 98%)

has 135 organizational units), which additionally burdens the monitoring system. The monitoring itself is designed so that each party must complete and submit the financial report for the previous year until March 31st each year. Financial reports consist of five forms related to the main board of the party and 15 forms that are related to each organizational part of the party.

Such a large volume of work for employees in the Audit Office leads to the fact that it is impossible to ask the Central Election Commission (CEC) to improve the audit of financing of political parties, which would be targeted towards the process of continuous monitoring, and not hitherto checks, defined by the Law on Political Party Finance (the Law) if the report has been submitted on the respective forms defined by the Book of Rules, if the forms have been correctly completed, if the forms have been comprehensive; if the report has contained all changes, if the analytical evidences have been correctly collected, if the report has been submitted in a timely manner.

The monitoring implies continuous (not just annual) and thorough monitoring of whether the political party comply in accordance with the provisions of the Law.

The reports submitted by the political parties are not in electronic form thus there is no database on incomes and expenses of the political parties. In addition, there are no databases of the legal entities to which the Law forbids donations to political parties. Creating a database includes not only a financial investment in creating the databases, but also in the training of future analysts that are to be looked for primarily in non-governmental organizations, journalists and academics.

Synergy between the CEC and civil society

Better quality monitoring would also lead to the detection of more irregularities in the financing of political parties, then what only CEC manages to do.

In support of this assertion is the fact that the Center for Investigative Journalism in BiH (CIN), managed to uncover the violations of the Law on financing political parties in BiH, which have remained unnoticed for the CEC. On this project worked 6-7 CIN's journalists covering the seven most influential parties, in financial terms for the period 2005-2009. Each journalist was given the task to collect the financial reports of one political party, which was enabled in CEC's premises. The CEC does not allow taking out the reports, but allows them to be analyzed in their premises. So CIN photographed each page of the reports and then in their premises analyzed 5000 documents for just seven parties for the period from 2005-2009.



One of the results of this study is that CIN informed the public through the media about violations of the Law on financing political parties of Bosnia and Herzegovina. After that, at



the request of the CEC, CIN submitted a list of 70 private companies that have donated to the parties even though they previously had contracts with public institutions and the list of 40 donor companies to the parties who had contracts with public enterprises.

The problem is that CIN's engagement stopped because it is a press agency, which depends on donors. Additionally, CIN is not a nongovernment organization (NGO), which would use the findings and continuously raise the awareness of voters on funding political parties, and not after the election results, which is the case here. Anyway, in BiH at present there is no nongovernmental organization which is actively and continuously involved in monitoring the issue of financing political parties.

The role of non-governmental organizations, journalists, academics and analysts should be the monitoring of political parties and impartial public reporting on their findings. They should be the ones who will offer the public the answers to questions such as:

Is the adoption or non-adoption of the law caused by some political party donation? Are the results of public tenders biased towards the donors of political parties? How political parties spend their money, especially those parties that are financed mostly through the budget?

This whole process involves a long-term and stable correlation between NGOs, the CEC donors and media.

One example of an active role of a non-governmental organization is the Slovak NGO, Fair Play Alliance, which monitors the financing of political parties in the country and promotes a transparency in party financing and public procurements. The Alliance has developed and maintains a database on the financial situation of the parties and the donors. The Alliance also works with the journalists who on the basis of the database investigate the cases of abuse of public funds by political party. It further develops the rules on political funding aimed at pro-

moting the transparency in party financing by introducing the effective mechanisms of public control.

The need for a more active role of civil society in raising public awareness about the political parties financing is inevitable because the citizens in general are not familiar with the details about the sources nor any expenditures of political parties, which also showed the field test, conducted within the Study. The test also showed that the voters do not even know how or where to look for the information on political parties financing, and one of the volunteers even said: "... It was a frustrating attempt to find the details on political parties financing. I had a feeling that everyone has something to hide ... "

Light...

We need a resolute donor that would primarily support the creation of a database on the political parties finance, at least for the 8 biggest parties in terms of funding.

Given that the CIN have already created a database on financial status of the politicians, it is assumed that they would gladly cooperate in creating a database of political parties finances, as well as public tenders. The basis for the creation of such databases would be the documentation collected by the CIN, which includes seven political parties and the period from 2005-2009. Analyzing assumes knowledge of the legal framework of the system of financing political parties and for this purpose it is necessary to organize the training for the future analysts. Once formed the base would be continuously updated with the fresh data. The databases would be available only for those who completed their training in order to prevent their misuse. All findings should be available on a web page, which would contain the results of the analysis of financing political parties. Thus, all the information would be contained in one place, which would represent a source of information in that field for the media and NGOs.



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