



**123rd ASSEMBLY OF THE INTER-PARLIAMENTARY UNION
AND RELATED MEETINGS**

Geneva, 4-6.10.2010

SUMMARY RECORDS

**ON THE PANEL DISCUSSION HELD DURING THE 123rd ASSEMBLY IN GENEVA
(OCTOBER 2010)**

on the subject item

**Transparency and accountability accountability in the funding
of political parties and election campaigns**

Chosen for debate by the Third Standing Committee
(Democracy and Human Rights)

during the 124th Assembly in April 2011 in Panama

Transparency and accountability in the funding of political parties and election campaigns

Item 3(c) of the agenda

*Panel discussion on the subject chosen for debate by the Third Standing Committee on
Democracy and Human Rights during the 124th Assembly in April 2011*

Sitting of Tuesday, 5 October

(Afternoon)

The meeting was called to order at 2.20 p.m. with the President of the Third Standing Committee, Mr. J.C. Mahía (Uruguay), in the Chair.

The MODERATOR explained that the meeting would consist of an informal debate to assist the co-Rapporteurs in finalizing the report to be discussed by the Third Standing Committee at the 124th IPU Assembly, to be held in Panama City, Panama, in April 2011.

Ms. M. KUBAYI (South Africa), *co-Rapporteur*, said that of the two reports currently before the Assembly and compiled by the two co-Rapporteurs, hers addressed the situation in Africa and Asia, while Mr. Moriau's focused on Europe and North America. For Latin America, comments from participants would be welcome and incorporated into the final version of the report, for presentation to the Third Standing Committee at the 124th Assembly.

Her contribution to the report defined public and private funding. With regard to public funding, the report addressed funding received from States and considered allocation and accountability of those funds. In many countries, public funding was granted on a proportional basis according to performance in elections. Some would argue that such a system was unfair, since it perpetuated inequalities between political parties, while others believed that inequality could not be exacerbated artificially, and the voice of the voters should be taken into account. The question arose as to whether governments should continue to fund political parties and at which level, since many African and Asian States did not have sufficient funds to look after their country's needs.

Promoting accountability in respect of private funding was a challenge. Problems could arise if a rule of disclosure was imposed, since companies funding political parties might not want to be publicly named. The question of foreign donors was complex, since they could exert pressure on policy directions through the amount of funding given. Efforts must be made to ensure that funding provisions did not undermine the voice of the voters. The question, therefore, arose as to how to find a balance between the need for disclosure and the interests of the country, while ensuring that the voice of the voters was not undermined. Foreign funding for political parties sometimes came through NGOs, which tried to influence election outcomes and policy directions.

Parliamentarians, as custodians of democracy, must ensure that mechanisms were put in place to safeguard against bias in voting. One particular cause for concern was when certain sources funded individual candidates, which raised important questions about accountability. Election campaigning was becoming increasingly expensive all over the world. In some countries where illiteracy rates were high and technology was lacking, it was difficult for parties to communicate with their constituents. Candidates, therefore, had to travel to remote areas to canvass votes. In South Africa, where there were 11 official languages, election campaign documents must be translated, which was costly. Mechanisms must be established to defend

democracy and the integrity of democratic institutions and political parties since there were currently very few countries with legislation in place to govern political party funding during elections.

Mr. P. MORIAU (Belgium), *co-Rapporteur*, said that in North America and Europe most of the countries under consideration had adopted different approaches to transparency in political party funding; it had, therefore, been difficult to find a common thread among them. The advent of advertising in the second half of the 20th century had led to new techniques for disseminating political propaganda. The 1960 televised debate between Kennedy and Nixon had revolutionized political publicity. Technological and advertising developments had led to an exponential growth in spending on political publicity, which had resulted in an increase in corruption.

In the 1980s and 1990s, many countries in those regions began to develop legislation on funding for political parties during electoral campaigns. In the majority of cases, such legislation was based on three pillars: funding for parties and campaigns; regulation of campaigns and funding; and monitoring and transparency. The situation of funding for political parties and campaigns differed from country to country, owing to differences in constitutional frameworks and electoral systems. Several funding systems were in place: direct public funding in the form of subsidies or reimbursement of campaign spending and indirect public funding, such as free advertising in the public media or tax reductions for campaign costs, which could result in corruption and protectionism for those elected.

Private funding was prohibited in some countries, such as Belgium and France, limited in others, such as Spain, and unlimited in others, such as Denmark, Germany and the United Kingdom. On the regulation of campaigns and spending, there was a fundamental difference between Europe, where funding tended to be capped, and the United States, where limits on funding were construed as a violation of freedom of expression. That situation raised the question of the balance between *de facto* and *de jure* freedoms. It also raised the issue of monitoring and responsibility, owing to the need for transparency. Funding must be monitored by independent auditors, who could apply financial or administrative sanctions when necessary. All legislative regulations included monitoring and sanctions, and likewise, legislation should be put in place to address the funding of political parties since laws and sanctions protected the weakest and most vulnerable in society. The establishment of the Group of States against Corruption (GRECO) in 1999 by the Council of Europe was an example of international cooperation, which had conducted inspections in 26 States, based on monitoring respect for international anti-corruption standards, and on the basis of relevant European recommendations.

It was clear that transparency in political party funding was the most effective counterweight to corruption, but could only be guaranteed in a system of good governance with strict respect for ethics. In situations of corruption there were usually several corrupt and corrupting elements. Efforts must be made to ensure that corruption was not allowed to spread. The media had a crucial role to play, and could be particularly influential, as could the Internet and other information and communication technologies (ICTs). The specific situation in each country must be taken into consideration when examining the means of ensuring transparency in political party funding in order to promote democracy.

Mr. A. BRADLEY, *Director of Global Programmes, International Institute for Democracy and Electoral Assistance (International IDEA), Panellist*, said that political parties performed essential functions in democratic systems, protecting citizens' interests, recruiting and training candidates for public office, mobilizing voters, drafting policy proposals, providing the main link between citizens and government and providing the basis for parliamentary organization. International IDEA shared the view that political parties and their competition for political

power were essential for sustainable democracy and good governance. Financial resources were an essential part of that process, as political parties needed adequate funds to function in the political process, and research complex social and economic realities, experts to develop policy proposals and access to the media to disseminate such proposals to their electorates. They also needed permanent professional staff to interact with their membership and prepare dialogue and consultative processes. The funding of political activities by parties and candidates should, therefore, be made an issue of public debate. It was clear that financial resources in politics required a legislative framework of rules and regulations for raising funds, managing funds and accounting for them, and reporting for accountability, transparency and disclosure.

Parliament had an important role to play in identifying and approving legislation and overseeing the establishment and functioning of institutions for the operation of finance in politics. There was also a need to establish a space for debate on issues of political financial reform. Parliaments could also help avoid corruption in the channelling of funds through development programmes. That notwithstanding, parliamentarians from new democracies often failed to live up to their accountability role owing to a lack of incentives or insurmountable barriers. Parliaments must take measures to ensure that politicians lived up to the highest ethical standards by adopting codes of conduct.

There were a number of strategic options for addressing the issue of money in politics. In order to curb corruption, emphasis must be placed on rules and regulations for the financial conduct of parties, candidates and their supporters. In order to level the playing field and ensure that parties were funded, emphasis should be placed on distributive measures. An important aspect of controlling party and campaign finance was to ensure public confidence in political institutions and processes, starting by ensuring that political actors and parties adhered to a transparent disclosure of donations and reports of income and expenditure, debts and assets.

Since problems and solutions varied from country to country, flexibility was crucial. There was a close connection between political funding and the characteristics of a political system in general and the political party system in particular. Each reform of the funding system should be analysed as an integral part of overall political and electoral reforms. Furthermore, it was more effective to focus on incentives, such as encouraging parties to develop a sustainable funding base, rather than focusing on constraints and penalties. Rules and subsidies should aim to improve equal opportunities for all parties. It must be recognized that lack of finance was an obstacle to the election of women to parliament and other representative institutions. To counter women's lack of access to political resources, some countries had established provisions to promote or guarantee women's participation.

Different channels for political fundraising should be opened, in order to avoid excessive reliance on income from one source. There must also be a balance between public subsidies and the risk of parties disconnecting themselves from the voter base and private donations, to avoid the risk of illicit influence by a few. Political corruption went beyond national borders, and transnational criminal networks were channelling illicit funding to political parties. It was, therefore difficult for national authorities to effectively fight the spread of illicit funds. That problem affected the image and integrity of political parties, and permeated electoral processes, the integrity of legislators and the delivery of services. There had been positive attempts at the international level to enhance cooperation between countries and limit transnational criminal influences on political processes and democracy development at large through the adoption of international instruments against corruption and transnational organized crime.

International IDEA was an intergovernmental organization with 25 Member States spanning all the continents with a mandate to support sustainable democracy, gather and share knowledge on democratic institutions and processes, and provide assistance to reform and

facilitate policy debates on democracy building. Since 2003, International IDEA had undertaken global comparative research in the area of political finance and hosted the political finance laws and regulations database, which was currently the most comprehensive collection of legislation on the funding of political parties, and included information from over 100 countries.

Debate

Mr. S.S. AHLUWALIA (India) said that an entire chapter of the Indian Constitution was devoted to electoral processes. The Election Commission of India had earned a reputation for conducting fair and free elections, and the Indian Parliament had always been at the forefront of efforts to ensure that election processes were fair and transparent, and, whenever necessary, had passed legislation to streamline election processes. All political parties in India must raise their own funds for election campaigns, since State funding was not provided. The State provided copies of electoral registers free of charge, and free airtime for campaigning on State-run media. All election candidates were required to follow certain rules and procedures relating to election expenditure.

India had an electorate of over 714 million people. Measures had been taken to monitor the spending of election candidates and political parties, using the Electoral Commission's code of conduct. Checks were run on the parties in power. Guidelines had been issued, including regulations prohibiting official campaign tours and the use of official aircraft, as well as providing for equal access to public places. No political advertising could be done with public funds. Regarding political access for women and persons with disabilities, India had granted women the right to vote in 1950, and had provided separate voting facilities for them, with security checks conducted by female security officers. All polling stations were on the ground floor in order to guarantee disabled access, and Braille ballot papers were available for blind voters. Corruption had been contained and controlled through legislation.

Mr. Z. AZMI (Egypt) said that the issue of transparency and accountability was an important aspect of the work and functioning of political parties. The funding of political parties must be based on well established mechanisms. Funding must be regulated to prevent the poor use of resources and to ensure fair competition between political parties. The resources of political parties must be based on legitimate activities that must be declared. Political parties must not be the object of bribes or corruption. Funding must be legitimate and transparent, and should not come from sources or individuals involved in politics, since there could be an attempt to influence political trends. In Egypt, an auditing system was in place to monitor funds of political parties during election campaigns in order to ensure transparency. The parliament had prohibited by law any foreign funding of political parties by individuals or States. Transparency of electoral campaigns and transparency of political parties were interdependent.

Mr. E.S. EL SIDDIG (Sudan) said that the section of the report addressing the situation in Africa was based on studies published in 2002, 2003 and 2005, which were not representative of the present situation. The studies and information used in compiling such reports should not be more than two years old in order for the report to reflect current realities. Turning to the situation in Sudan, he said that the adoption of the Constitution in 2005 had led to a review of all legislation, including electoral law. The revised electoral law permitted the funding of political parties from the national budget, as well as donations from private companies and non-governmental sources. Foreign funding of any kind for national political parties was strictly prohibited. The funding limit for each party or candidate was based on geographical representation, and each candidate must account for the funding they had received at the end

of the election campaign. Bribes and gifts of any sort were strictly prohibited. The electoral commission and the parliament monitored transparency and accountability of funding. The principles of responsibility and accountability were enshrined in the Constitution, and any violations were reported and taken straight to court.

Mr. E. AOUN (Lebanon) said that consideration should be given to religious and political diversity when considering the situation of political parties in Lebanon. The country was a special example of religious diversity, and was a consensual democracy. Monitoring and control mechanisms were specific to Lebanon's situation. The difficulties Lebanon faced owing to its geographic proximity to Israel meant that it had a very specific political situation. Legislation had been adopted in 2009 to protect democracy. Owing to measures taken by parliament in 2008, regulations on election procedures and funding for political parties had been established, which protected the principle of transparency in political party funding. Obligations and restrictions were in place to force election candidates and parties to respect funding limits, and their spending was checked by a senior electoral committee, chaired by a judge and with the participation of auditors. Following the audit, a report would be submitted to the Constitutional Council, which was the supreme judicial authority of Lebanon. Elections were conducted in one day. Although Lebanon still faced many challenges and problems caused by external pressures, it had made considerable progress in ensuring transparency and accountability in the funding of its political parties; it remained fully committed to monitoring and upholding the principles of democracy.

Mr. G. VARNAVA (Cyprus) said that funding had always been regarded as essential and advantageous for candidates for political parties when participating in political procedures. Efforts to guarantee transparency in the financing of political parties did not aim to restrict financing, but rather to ensure that funding came from uncorrupted sources. Governments had a variety of tools to control the flow of money in politics and to prevent political parties from depending on their contributors. Legislatures could reduce the need for funding by shortening campaign periods. Another approach to addressing the corruption of party financing was to regulate funding by prohibiting donations from specific entities, such as convicted criminal groups or networks, and by placing a ceiling on private contributions. Increased transparency of financing for election campaigns served as a means of tackling corruption, primarily by initiating disclosure procedures, whereby the public was informed of all details regarding the funding of political parties.

In Cyprus, political parties that received government grants were obliged to submit audited accounts to the Speaker of the House of Representatives within three months of the close of the financial year. All aspects pertaining to the legal definition and interpretation of "political party", including its financing rights and obligations, were the subject of ongoing debate in the House, and would soon be regulated within a new legal framework. The establishment of political finance regulations alone, however, was insufficient. Efficient and effective enforcement required oversight bodies with the capacity to monitor and scrutinize, and where necessary, institute legal proceedings in cases of negligence or irregularities. Unfortunately, there were many cases where the political will to award those powers to supervisory agencies was lacking. In addition to the procedures regulating political finance in each country, candidates and political parties themselves must ensure that the donations they received were not corrupt, and should ensure that information on the source of the funds was made available.

Mr. L. RAMATLAKANE (South Africa) said that the draft report highlighted the challenges posed by unevenness, inconsistency and vulnerability, which were dangerous and could undermine the electoral mandate. The world's parliaments must act to enhance democracy

and increase the trust of civil society in political parties, while promoting participatory democracy. The use, by national parliaments, of undisclosed private donor funding interests could compromise and weaken the government's capacity to deliver quality services. It was clear that public funding for election campaigns was a critical contributor to the promotion of multiparty democracy. The IPU should establish a mechanism to ensure uniform standards were set for the management of political party funding while upholding the principles of accountability and transparency. Political parties would adhere to procedures that did not disadvantage them financially. A balance must, therefore, be struck between monitoring, evaluating and regulating funds, with special attention to self-regulation within the agreed rules on donor funding of election campaigns as a first step towards legislation on disclosure by political parties. The starting point would be to advocate uniformity of requirements for IPU Member Parliaments through the establishment of a code of conduct for political accountability. Non-punitive measures should be used as an incentive for political parties to self-regulate. The IPU should recommend that all its Member Parliaments debate the adoption of a uniform regulation that promoted multiparty democracy free of corruption, and that by the forthcoming Assembly, all parliaments should have discussed transparency and accountability in the funding of political parties and elections.

Mr. S. ABDULRAHMAN (Bahrain) said that accountability and transparency were essential for overcoming all forms of corruption. The United Nations Convention against Corruption stated that the prevention of and fight against corruption were the duty of all States. Corruption was a scourge, which affected many. Transparency and accountability in the funding of political parties required a legal framework to regulate funding and prevent corruption in all forms. Each country should establish a body to supervise the funding of political parties, which should submit an annual report to parliament. Political parties must be obliged to reveal the sources of their funding, and the law should set maximum limits on the donations that those parties could receive. Foreign funding must be prohibited. In Bahrain, several measures had been taken to strengthen accountability and transparency in the funding of political parties, including ratification of the United Nations Convention against Corruption and the adoption of a number of laws.

Mr. O. KYEI-MENSAH-BONSU (Ghana) said that inclusiveness in electoral processes was necessary to ensure openness in elections. Political pluralism, which allowed for choice, was a cardinal principle for guarding against single-party regimes and one president for life. Almost all constitutions provided for political pluralism. In Ghana, parliament was forbidden from legislating for a one-party State, and the President could not remain in office for longer than two terms. Specific provisions were in place on human rights, including freedom of speech, freedom of association and freedom of the press. There was one provision that obliged the State media to grant equal access to all parties, and a Supreme Court ruling compelled adherence to that principle. However, no matter how noble the policies and programmes of a political party were, they would remain on paper if means were not available to transmit them to the voting public. In countries such as Ghana, where illiteracy levels were high, and transport and ICTs were rudimentary, getting political party messages to voters' doorsteps was paramount. In many countries, governments operated a "winner takes all" policy, awarding contracts to the party faithful and people appropriately positioned to pay back to the ruling party, especially during election campaigns. In many cases, in Africa, ruling parties were the only users of public funds and assets, and the remaining parties were thus left "orphaned" and voters were not in a position to make an informed choice. It was, therefore, important to devise innovative schemes for political party election campaign funding. Political corruption could erode trust in democracy. Means of funding political parties from the public purse must be devised.

Mr. Q. ABDELKARIM (Palestine) said that the question of transparency and accountability in the funding of political parties was at the centre of democracy, since those who could acquire funding and were free to determine the spending for their electoral campaigns could have a considerable impact on politics. Palestine had taken that into account when drafting legislation on electoral campaigns, which prohibited foreign funding and set a cap on spending for those campaigns, as well as obliging candidates to submit financial reports detailing their expenses. That legislation also established sanctions in the event that electoral law was violated. Efforts to fight corruption in general in Palestine included ratification of the United Nations Convention against Corruption and the adoption of legislation to combat corruption and money laundering.

Unfortunately the political regime in Palestine was limited by continual interference from Israel, which had invaded Ramallah and taken control of the bank accounts of charities and NGOs, under the pretext that those organizations had links to terrorism. The Occupying Power was not subject to accountability, and was preventing the citizens of Palestine from exercising their right to self-determination.

Mrs. Z. ELAHIAN (Islamic Republic of Iran) said that transparency in the funding of political parties was an essential component of democracy. Society could only develop independently with the establishment of political, cultural and intellectual institutions, and the establishment of political parties contributed to the development of political culture. The establishment of a multi-party system with active public participation would prevent the domination of exclusive groups over society. Although the Islamic Republic of Iran had a long history of multi-party democracy, funding of political parties remained problematic. The Islamic Parliament of Iran had, therefore, adopted a series of legislative measures to ensure that political parties' activities were not restricted by lack of funds. All parliaments must pass appropriate legislation to ensure transparent funding of political parties, in order to prevent corruption, including regulations obliging parties to report regularly to the executive on their income and spending.

Ms. P.K. FONG (Malaysia) said that Malaysia was in the category of Asian countries that did not have specific legislation to regulate funding for political parties and election campaigns. Neither was there any provision of State funding for political parties. As a result, political parties had to source their own funds for their daily operations and election campaigns. There was no obligation to disclose the source of funds or the identity of donors to the public. Opposition parties in Malaysia were dependent on public donations and contributions from their members. Funds were used to cover the expenses of running a party office and conducting election campaigns. Similarly, candidates standing for election must seek their own funds for campaigning. It could be particularly challenging for first-time candidates, particularly women, to do so. The ruling party, on the other hand, had established networks of funding and State funding provisions. Although political parties did not receive State funding for campaigning purposes, a law was in place limiting the expenditure allowed per candidate in an election campaign, and mandated the submission of election expenses to the election commission after the conclusion of the campaign. There was no mechanism in place, however, to verify whether a candidate had spent within the specified limits during the campaign, since the submission of accounts to the election commission within the specified time limit was deemed sufficient to satisfy the law. State funding should be provided in order to ensure a fair and equal playing field for all political parties vying for seats in an election. There should be clear laws governing political funding and an independent mechanism established to provide checks and balances on funds received by political parties from the private sector to ensure that the agendas of large companies did not undermine the interests of the public at large. The

principle of transparency and accountability in political party funding required fair elections and media freedom.

Mr A. JASSIM (United Arab Emirates) said that it was particularly important to reveal the sources of funding for political parties, especially in developing countries. The IPU had a vital role to play in raising awareness of the importance of transparency in political party funding, particularly in countries where democracy was not well understood. In the United Arab Emirates, monitoring and control mechanisms were in place to ensure that political party funding was in line with the law. Funding should not be given to those parties whose interests did not represent those of the public.

Mr. C.W. KIM (Republic of Korea) said that in the Republic of Korea, the law regulated transparent financing of political parties and candidates for public office through accounting provisions and the mandatory reporting of sources of funding, while placing caps on spending. Political parties could receive both public subsidies and private donations. Public funding was granted according to the number of elected seats the party held in the National Assembly. Individual candidates could raise private funds. Donations from illegal or criminal entities were strictly prohibited. According to regulations, 30 per cent of financing for political parties should be allocated to policy development activities, and more than 10 per cent should be allocated to policy on issues related to women. International regulations should be set on the financing of political parties and electoral candidates.

Mr. H. FAUZI (Indonesia) said that funding for political parties depended on three things: survival, credibility and accountability. Like all associations, political parties required funding to be able to perform their daily tasks between elections, such as maintaining links with their constituents and performing basic administrative tasks. During the run-up to elections, political parties needed considerable amounts of funding to finance their election campaigns. Thus, financing was essential. Democracy must be implemented through elections that were credible, transparent and accountable, by regulating the funds provided to political parties. Campaign financing and public financing for political parties were generally intended to be empowering measures, giving parties an equal opportunity to participate in elections and ensure fair competition among them.

Legislation had been adopted in 2008 in Indonesia stipulating the need for transparency, accountability and gender equality, particularly in the context of contests for party leadership. That regulation was expected to increase people's awareness of their political rights and obligations, thereby effectively enhancing political participation and public scrutiny. Direct funding from the government was limited to supporting party activities to promote the political education of citizens and the administrative work of the party secretariat. Limited amounts of funding could be received from individuals or corporations. Political parties were prohibited from receiving funds from State-owned enterprises and foreign sources. Political parties were also prohibited from running commercial businesses. Indonesia had also established an oversight board, which was responsible for overseeing general election processes and ensuring that all parties complied with the electoral law.

Indonesia had ratified the United Nations Convention against Corruption, and established an anti-corruption commission. While not directly related to funding of political parties, a number of corruption cases had been brought to justice, thus demonstrating that accountability mechanisms functioned effectively in Indonesia. He asked how transparency could be ensured when political figures were also businessmen.

Mr. R. BELHASSINE (Tunisia) said that subject of funding of political parties had been debated in Tunisia for 10 years, mainly on improving governance. Legislation had been

adopted on public funding of parties, while guaranteeing pluralism, and amended in 2001 and 2006. The central electoral and legislative processes, as well as the departmental and provincial electoral processes, were regulated by legislation. Electoral campaigns were expensive owing to the use of the mass media, and legislation therefore provided for new sources of funding. There was a trend for small parties in particular to seek their own funds. Party and candidate funding were audited through a follow-up mechanism and legislation on monitoring, which placed additional responsibility on parties to ensure accountability of their funding, and helped strengthen fairness and equality in Tunisian politics.

Mr. F.K. KUNDI (Pakistan) said that transparency and accountability of political parties were crucial to the effectiveness of democracy and the functioning of democratic institutions, and key to public confidence in elected parties and representatives. Political parties must generate funds in order to reach out to the public during election campaigns, and to strengthen their capacities. The provision of funds, however, could limit the political independence of parties and distort the public's voice. Transparency and accountability were, therefore, essential to ensure public trust and guarantee the legitimacy of democratic processes.

In order for democracy to develop, political parties must have sufficient funds to canvas and reach out to the public. Worldwide, election campaign costs had risen, and were impacting developing countries where access to information and media were limited. Pragmatic and realistic mechanisms must be found to check the influence of money on politics. In Pakistan, parliamentarians were duty-bound to report annually on their assets. The Constitution had recently been amended to ensure that 50 per cent of the membership of the Election Commission in Pakistan would be representatives of the opposition parties in order to ensure neutrality and freedom. There was no legislation in the country governing political donations, since an alliance had been formed in 1990 to counter the Pakistan People's Party. There was also a case pending in the Supreme Court of Pakistan, relating to the misappropriation of public money for political purposes.

The weak financial situation of political parties hindered their activities at all levels, and constituted an obstacle to democracy. Regulations on public funding for political parties and election campaigns should be adapted to national situations. The issue of financing politics was an essential aspect of ensuring a sustainable democratic system. Major political parties should establish taskforces to consider the issue of funding, and should include a financial aspect in their election manifestos. Civil society organizations should also examine the issue, which should be debated exhaustively in the media. Public funding should not be used as a substitute for private funding in developing countries with fiscal deficits. The world's parliamentarians should work together to share best practices in respect of transparency, which was an issue of paramount importance.

The delegate of MEXICO said that transparency and accountability of political funding was a key issue for democracy. Funding sources varied from country to country, owing to different levels of political development, and Latin America had its own experience. Funding of parties had been addressed in Mexico, where 90 per cent of political party finance came from public sources, and 10 per cent from private donations. Foreign funding from any source was prohibited, which should be a general rule for all countries. The influence of the television and electronic media in advancing individuals to positions of power should be taken into consideration. Legitimate companies were trying to illegally influence government decisions by providing funding to political parties. Such funding must be addressed. While all countries had laws on electoral systems, some were more developed than others. Public funding was crucial for all parties, not just ruling parties.

The delegate of SAUDI ARABIA said that although democracy, freedom of expression, and human rights were noble values to which the world aspired, violations, such as wars, were occurring in the name of democracy, and innocent victims were losing their lives. Many people were attacking Islam in the name of freedom of expression. However, the freedom of one person ended where the freedom of another began, and democracy should never be a pretext for violating the rights and freedoms of others. Democracy and human rights were the pillars of dialogue, based on mutual respect and tolerance, and in that regard, it was essential to respect the religion and sacred values of others. Democracy was being flouted around the world, which was fuelling violence. The United Nations should call for respect for all religions and all beliefs.

Mrs. P. TAMTHAI (Thailand) said that it was important for political parties to receive funding from both the public and private sectors, particularly in countries where democracy was still developing. Specific laws and measures were required to ensure transparency and accountability, in order to guarantee democracy, which was a sound basis for the sustainable development of a nation, where people's rights and freedoms were valued and respected. It was fair for parties with the most votes and seats in parliament to receive more public funding, since they worked the hardest to win the trust of the voters. In Thailand, political parties were allowed to receive funding from the State and the private sector. Public funding was direct, allocated by the election commission and calculated on the basis of the number of party members and the number of seats in parliament. State funding came from tax revenue, allocated by individuals on their tax return forms, to a total of no more than US\$ 3 per person. Private funding had a contribution cap, which was revised annually, for individuals, companies and organizations. As in many other countries, political parties in Thailand were prohibited from receiving funding, property or other benefits from any person or organization not of Thai nationality.

Mr. M.I. RASALIU (Romania) said that with regard to international cooperation, the United Nations Convention against Corruption was an essential instrument, which should be ratified by all IPU Members. The Convention stipulated that countries must enhance transparency in the funding of candidates for elected public office, and where applicable, the funding of political parties. Many States parties to the Convention, however, were yet to establish formal disclosure procedures for political party income and many of them lacked effective oversight mechanisms. One way to remedy that situation would be through the Convention review mechanism. Parliaments had an important role to play in that regard. With regard to political financing, he said it was the responsibility of political parties to ensure that their funding was legal and to publicly disclose its sources. The implementation of legislation on political party funding and oversight measures must be complemented by party standards for campaign financing and effective monitoring by civil society.

Mr. J.-J. EKINDI (Cameroon) said that political activity was unique, since it was fundamental for balance, peace and the effective functioning of society. Although there were various systems for political party funding in different countries, there were three main types of finance. The first was private or civil funding, provided by individual citizens. The second was self-funding, in which those who had established the party invested in it with the expectation of results for the benefit of society. The third was State funding. All three types must co-exist. Funding was required for the general running of the party as well as for election campaigns. Elections were vital to the renewal of State leadership and public policy, and the State should, therefore, be the primary contributor of funds for that aspect of political party activity, in order to ensure that there was no discrimination between those that could afford to lead an election

campaign and those that could not. Regulation was, however, necessary, since public funding for all would open the floodgates to thousands of parties being established.

Ms. J. LABOSO (Kenya) said that in Kenya, considerable attention had been paid as to how to make parties more nation-oriented, promote their commitment to justice and democracy, and increase their responsiveness to their constituents. Political parties' activities in Kenya were regulated by the Political Parties Act, 2007, which provided for State funding for political parties that were properly constituted and certified by the Registrar. The Constitution discouraged State officials from receiving gifts or donations on public or official occasions except gifts for the Republic, which must be surrendered to the State, and prohibited the receipt of funds from foreign sources. The Constitution required that State officials not hold bank accounts outside Kenya, unless ordered by an act of Parliament. They were also discouraged from seeking or accepting personal loans or benefits in circumstances that compromised their integrity.

The Political Parties Act provided that the Registrar of political parties was charged with the responsibility of curbing corrupt fundraising, as well as determining the allocation of party funding according to the party's strengths and the number of seats it held in parliament. The Registrar could cancel the registration of any political party that did not meet transparency requirements. After registration for participation in elections, political parties were obliged to submit statements of their assets to the Registrar. Transparency of campaign finance could be enhanced by the introduction of a disclosure requirement, and effective legal regulation enforcement requiring oversight mechanisms with the authority to supervise, investigate and institute legal proceedings in the event of malpractice. Affirmative action measures had been taken in Kenya to promote the participation of women. Measures had also been taken to cap political spending, and to impose sanctions on election candidates involved in violence.

Mr. J.A. COLOMA (Chile) said that investment in politics resulted in better social and public services for all. The question of the legitimacy of private funding for political parties was a subject of considerable debate. Funding must be regulated in order to prevent abuse of power. The IPU should consider conducting a study on the limits on political party spending in each Member Parliament, broken down to show the total public spending for each vote. Making that information public could help enhance legislation and investigate the relationship between spending and the quality of politics.

Mr. F. RABBI (Bangladesh) said that transparency and accountability in the funding of political parties was a fundamental aspect of democracy and a powerful tool for controlling the influence of money in politics and thus reducing corruption. Citizens had the right to know about the ties between their representatives and those who provided them with financial support in order to choose not to vote for candidates who received funds from illegitimate sources. Publicly accessible information on funding sources was a precondition for monitoring the integrity of politicians. Political finance was a sensitive issue, which in some countries was hardly discussed in the public domain. In Bangladesh, very few political parties disclosed financial information. Party funds were usually generated by party members, leaders and members of parliament, as well as collected directly from businessmen. Such funds were often distributed with vested interests. Each political party should have a transparent and organized financial system as a reflection of democratic practice. All information on income, spending and assets should be disclosed through annual reports. Parties should make a genuine effort to shift from a current culture of secrecy to one of openness. They must be democratic, and the flow of funds into politics must be regulated. Political will was crucial to attain those objectives.

Mr. N. TOURE (Senegal) said that accountability and transparency had been the subject of considerable debate in Senegal. A consensus had not been reached, although parties were in general agreement on the principle. Senegal had become a multiparty democracy with about 70 political parties. The report addressed the case of 15 African countries, and he asked whether the information on those countries related to presidential, legislative or local elections. In Senegal, all parties were entitled to funding, irrespective of whether they held seats in parliament. Media regulations were in place to ensure equal media coverage of party activities before, during and after elections.

Mr. A. ALEVRAS (Greece) said that there was no "one-size-fits-all" model to ensure transparency and accountability of political party funding, owing to differences in national political systems. In countries with poor democratic values, for example, disclosing financial contributions to political parties could constitute an obstacle to party freedom. In countries with developed political systems, however, disclosure could be an obligation. Greece had recently reformed its funding system and obliged all political parties to disclose the financial contributions they received. He asked what penalties should be imposed on a political party that failed to comply with disclosure obligations. Common guidelines should be established for public and private broadcasting channels in order to ensure that political parties had equal access to the media in order to publicize their activities. The importance of independent auditing of political party expenses should be provided for in legislation.

Mr. L.A. HEBER (Uruguay) said that accountability and transparency in political party funding was one of the most significant issues on the IPU agenda. In Uruguay, political parties had spilt blood to defend democracy and electoral rights. Political parties received continuous funding, rather than simply for electoral campaigns. IPU Member Parliaments should provide information on their party funding systems to the IPU. Despite considerable debate, an agreement had not been reached in Uruguay on limiting political party television appearances. In his country, political parties were currently required to pay for television coverage per minute. Consideration had been given to prohibiting party advertising altogether or allocating a certain amount of airtime for that purpose. Private funding should be controlled and regulated. State channels should be equally accessible to all parties in order to prevent a race for media coverage.

The delegate of KUWAIT said that transparency and accountability in the funding of political parties were essential for effective democracy. All parties should have equal access to funding. Consultations should be held to consider funding options in a transparent manner. Kuwait intended to establish political parties that would represent the voice of the public in parliament, and uphold the ideals of the State. The funding of parties was capped, and was based on the principles of democracy.

The delegate of COLOMBIA said that it could be difficult to distinguish between party members who had been elected democratically and those whose election had been influenced by illegal funds. Parties must select candidates on the basis of their politics. Parties often did not take responsibility for the actions of candidates. There should be greater equity in media access, public and private alike, for political party broadcasting and media coverage, and the State must regulate political advertising. Campaign limits must be set in order to ensure fair competition between all candidates. Private investment should be limited in order to safeguard democracy. An electoral council or commission must be put in place to monitor public investment in a timely manner.

Mr. R. VINCENT (Canada) said that the financing of political parties in Canada was currently regulated through strict legislation. Measures had been taken to limit the influence of large businesses. In 2003, legislation had been drafted to place caps on private funding donations from businesses to political parties. To compensate for losses in private funding, the government provided funds to political parties every quarter, calculated on the basis of the number of votes received in the previous election. That system ensured greater fairness between political parties, and had been successful in preventing corruption. Each party could use its State funding freely. In 2006, a cap had been placed on private funding from individuals, thus enhancing transparency in political party funding. The Conservative Party of Canada wished to repeal legislation that restricted private funding, which would constitute a step backwards in the safeguarding of democracy.

Mr. K. KAURA (Namibia) said that Namibia had been one of the last colonies in Africa to achieve independence, at which time a Committee had been established to investigate political party funding. Since 1997, there had been five national elections, which had all taken place without any political violence. There were currently eight political parties represented in the Namibian Parliament. He wondered how the playing field could become level, given that during elections, the party in power continued to use the government machinery, giving them an advantage over other parties. Although external funding was prohibited, donations could be made via the Internet, which could be easily hidden and difficult to quantify. Despite the fact that the population was showered with propaganda, the public was able to distinguish between right and wrong, and could decide who should be elected to power. Incumbent political parties in Africa had been replaced through democratic means. Africa must have confidence in democracy to bring about change, and transparency in political party funding was crucial in that regard.

Mr. U.N. BAYERO (Nigeria) said that Nigeria had been a sustained democracy for 12 years. An independent national electoral commission had been established, which governed the activities of the 63 registered political parties. The commission regulated party funding and allocated subsidies to parties on a pro rata basis, based on the strength of the party. The amount of funding allocated was relative to the contribution made by the party, thus parties with larger membership and representing the most states received the most funds. The independence of the electoral commission was paramount, since it was responsible for monitoring the transparency of political parties.

Ms. M. KUBAYI (South Africa), *co-Rapporteur*, thanked the participants for their contributions and said that the comments made and issues raised would be incorporated into the report. The debate had shown a general agreement on the need for legislation as a means of monitoring political party funding. There had also been general agreement on the need to prohibit foreign funding for political parties. The report had dealt with the situation in 15 African countries that had legislation on political party funding. Public broadcasting was part of canvassing during election campaigns and was an essential part of voter education. She hoped that the resolution to be adopted in Panama would include guidance on how to manage transparency when politicians were also involved in private enterprises. The data used in the report dated back several years, since it was being used for comparative purposes.

Mr. P. MORIAU (Belgium), *co-Rapporteur*, said that while access to media coverage during election campaigns was an important element of party publicity, it was not simply through appearing on television that candidates would be elected. Political party funds were calculated on the basis of the results of legislative elections. He did not believe that placing restrictions on political party funding would have a negative impact on the quality of

democracy. There had been general agreement during the debate on the need for regulation and control and a combination of public and private funding sources. Public financing could be used as a means of regulating other types of funding, since it could be cut in order to sanction abuses of other sources. Democracy carried a cost. Regulations and codes of ethics were essential in order to advance democracy.

Mr. A. BRADLEY, *Director of Global Programmes, International Institute for Democracy and Electoral Assistance (International IDEA), Panellist*, said that good examples and lessons had been illustrated during the debate, which should be applied and developed. Those lessons must, however, be adapted to national contexts. Furthermore, in order to ensure transparency, accountability and disclosure, non-State actors such as civil society and the media had an important role to play. Illegal funding must be addressed in the report. International IDEA stood ready to assist the co-Rapporteurs in finalizing the draft report before the 124th Assembly of the IPU.

The meeting rose at 5.25 p.m.