

# **Money in Politics**

# Political Party and Election Campaign Financing

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#### **Definitions:**

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









### Why does political financing matter?

(discussion)









#### Why does political financing matter?

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













#### **Key issues**

- □ Transparency
- Monitoring
- ☐ Sanctions and Enforcement









### Transparency - why?

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









#### Transparency: sources of income

- □ Public funding
  - Direct: day-to-day operations; campaigns (qualifying thresholds, eg. X% of vote or # of elected members)
  - Indirect: eg. use of public offices, free broadcasting time
- ☐ Private donations
  - From individuals and organizations/businesses
  - Cash and non-cash (eg. free legal advice, broadcasting/advertising space, interest-free loans)
- ☐ Trend towards greater public funding why?
  - Pluralism allow smaller parties to compete effectively
  - Diminish influence of private interests (limits/caps)
  - Less regulation required









## **Transparency: Expenditure**

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





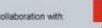






#### **Transparency**

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









#### **Monitoring**

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











#### Sanctions and enforcement

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













#### **Challenges**

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













# Questions?

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