

Promo-LEX presented the Report on monitoring of the funding of political parties in the first half of 2018



The Promo-LEX Association analyzed the financial statements of political parties for the first half of 2018, submitted to the Central Electoral Commission, and conducted the civic monitoring of the political parties funding for the same reporting period.

At the round table on 'Funding of political parties in the first half of 2018. Progress, regress or stagnation?', held on Wednesday, 24 October 2018, Promo-LEX experts presented the findings from the *'Monitoring of the funding of political parties in the first half of 2018'* Report.

During the reporting period, the legal framework on the funding of political parties underwent substantial changes through the introduction of amendments that govern cash donations made by individuals, introduction of special measures aimed at providing financial support to political parties that observe the quota of at least 40% of women candidates from the total number of candidates proposed for all single-member constituencies, in parliamentary elections.

Selective attitude of the Central Electoral Commission towards political parties

Promo-LEX reiterates in this report that public interest as regards the identification data of the parties' donors, in

this case, the donors' work place, which overlapped with the donated amount of money, prevails in the 'Personal data protection' equation. For the sake of transparency of the political party funding, these data are worth made public. According to Promo-LEX, the law expressly obliges the CEC to publish the donor's residence and work place in the annual report, since by hiding these data, confidentiality is actually protected unreasonably.

Promo-LEX also raises the alarm about the CEC's selective attitude towards political parties. So, the CEC deservedly imposes contraventional sanctions against parties, which fail to timely submit the financial statements for the first half of 2018. However, the attitude for the ruling parties is completely different, taking into account the situations widely reported in the media involving the possible simulation of collecting fees and donations.

Financial reporting by political parties to the CEC in the first half of 2018

The **Promo-LEX Association** notes that in the first half of 2018, **38 of 46 political formations submitted financial statements to the CEC**, which is 83% of the number of political formations registered with the Public Services Agency. State subsidies are the main source of political parties funding in the first half of 2018, amounting to 19 908 403 MDL. The next funding sources are **donations from individuals** in the amount of 12 859 884 MDL and membership fees – 12 964 729 MDL.

Estimation of unreported expenses

Thanks to the monitoring of both central offices and territorial branches of political parties, Promo-LEX found that **14 political parties had under their management at least 212 offices, 226 employees and 49 vehicles in use and at least 1716 volunteers**. At the same time, **these parties conducted at least 1645 promotional activities and events**. At least 4

political parties incurred expenses for the organization of 78 concerts, entertainment activities, including movie projection, social campaigns. According to estimates, four political parties (PPS, PDM, PN and PPPDA), about which the data were managed, failed to report the expenses amounting to at least 8 845 270 MDL for the organization of events.

Promo-LEX identified misstatement of the reported expenses and estimated undeclared expenses for work remuneration, public events, trips within the country and abroad for public events. The total amount of unreported expenses, estimated by Promo-LEX, on operating activities of political parties and political promotion in the first half of 2018, makes up at least 12 851 514 MDL, by 12 parties.

Charity or image transfer?

PDM, PSRM, PPS used the tool of transferring the image in promotional activities, from charity foundations or limited liability companies named after or associated with politicians. On their behalf, at least 95 charity events were carried out with the estimated expenses of at least 2 480 000 MDL – amounts of money that political parties failed to report to the CEC, but collected dividends from them. Promo-LEX considers it necessary to regulate the activity of foundations in terms of their involvement in politically-oriented events and the transfer of images in favor of political parties or their members.

To conclude, Promo-LEX found that the quality of reporting is still imperfect in the first half of 2018. At the same time, the model of financial statement proposed by CEC does not grant full access to the financial information of political parties. The lack of certain expenses categories, as well as the lack in the statements of certain fields allow the subjects of reporting to generalize data, thus minimizing the transparency of expenses incurred under the above-mentioned categories.

The full report can be access here.

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