

# Promo-LEX: State Subsidies are a Source Used for Enhancement of the Political Parties' Core Activities, While Financial Reporting is Still Faulty



Promo-LEX Association presented the 'Political Party Financing in the Republic of Moldova. 2016 Retrospective'

**Report** on Wednesday, 3 May, during the debate entitled 'Moldovan Political Party Finances in 2016: Transparency and Control?'. In its report made public, Promo-LEX finds that **subsidies from the state budget became a source used for enhancement of the Moldovan political parties' core activities**. On the other hand, **the reporting is still faulty** in terms of following the requirements of filling in the financial statement. **Only 28** of 45 political parties registered **submitted their statements to Central Electoral Commission**, whereas 17 political formations did not submit

their annual financial statements.

**5 of 27 parties are punishable by contraventional sanctions**, because they reported about rented and owned offices, without reporting expenses related to their maintenance. **Other 8 political formations risk being sanctioned and/or forced to pay into the state budget or to reimburse the cash donations above the set thresholds (MDL 5 050 currently), amounting to MDL 30 423 862. PDM should pay a record amount of MDL 29 076 000 to the state budget or to reimburse it**, followed at long distance by PL, which should pay to the state budget or to reimburse MDL 458 548, PP PN – MDL 441 350, PCRM – MDL 214 550, PP PDA – MDL 169 700, PPEM – MDL 24 300, PSP – MDL 23 950, PSRM – MDL 15 464.

Only 2 political parties (PPPN, PPPAS) included significant campaign expenses of MDL 2 128 644 and MDL 1 511 392, respectively, in their annual financial statements for 2016. **The other political parties included insignificant expenses:** PPPDA – MDL 450, PSRM – MDL 58 864, PDM – MDL 6 246, PL – MDL 14 648, PPD – MDL 340.

In 2016, **26 political parties had to receive subsidies** from the state budget. **The main funding source were donations**, amounting to MDL 48 172 775, of which 49% were contributions from individuals and 1% – from legal entities, **the following category was subsidies from the state budget amounting to MDL 37 850 883** (39% of the total revenues) and **membership fees amounting to MDL 10 326 459** (11% of the total amount), while other revenues were insignificant – MDL 1 713, constituting 0.002%.

According to the annual statements submitted to CEC, **19 of 28 concerned parties reported the revenues of MDL 96 905 367**. Promo-LEX analysis shows that although 26 of 28 parties reported that they have members, **only 11 formations mentioned membership fees**. Promo-LEX Association found numerous internal irregularities of parties in terms of collection of fees and

**the risk of losing funding from the state budget in 2018.** Only 2 political formations (PSRM and PPPN) comply with these legal requirements, i.e. more than a half of members pay these fees.

Promo-LEX analysis shows that **the majority of expenses are that for print media and promotional materials – 69%** of the total expenses; the second largest category being **expenses for party offices and their maintenance – 9%**; staff expenses accounted for (just as during the previous reporting period) 6% – being the third largest category, followed by the election campaign expenses – 5%; expenses for national and international travel – 4%; expenses for telecommunications – 2%; expenses for meetings and events – 2%; payment of membership fees in international organisations – 1% and other expenses – 1% of the total.

Promo-LEX estimated the parties' total amount of **unreported expenses** for 2016 – **at least MDL 4 493 442, by 14 political parties** (PDM – MDL 1 059 207, PL – 907 877 lei, PCRM – MDL 791 832, PPPN – MDL 712 116, PPS – MDL 443 081, PPEM – MDL 252 379, PSRM – MDL 183 549, PP PDA – MDL 66 839, PPRM – MDL 23 800, PLDM – MDL 11 901, PPCD – MDL 25 200, PVE – MDL 10 932, PNL – MDL 3 552, PPPAS – MDL 1 117).

## **OTHER RELEVANT FIGURES**

**Parties that submitted financial statements in 2016 – 28**

**Citizens, party members – 228 692**

**Parties lost 39 414 party members**

**Paid fees – MDL 10.33 million**

**State budget subsidies – MDL 37.85 million**

**Donations – MDL 48.41 million**

**Party branches – 437**

**Rented offices – 179**

**Owned offices – 14**

**Employed staff – 87**

**Estimates of the unreported operational expenses:**

- according to Promo-LEX monitoring at central and territorial branches of political parties, in 2016, 14 political parties had under management 171 offices, 106 employees and 42 transport units in use, of which 38 cars of the parties and 4 private cars;
- unreported expenses for *offices' rental and maintenance* – 7 political formations, total amount of MDL 2 769 826. PDM did not report at least MDL 939 619; PPPVE – MDL 10 000; PPRM – MDL 23 800; PPPPEM – MDL – 116 879; PCRM – MDL 783 350; PPS – MDL 378 751; PL – MDL 517 427;
- unreported expenses for *telecommunications* – 7 formations (PCRM, PPPDA, PL, PPEM, PNL, PPS, PPPAS), total amount of MDL 81 842. PCRM – MDL 37 994;
- expenses for *work remuneration* – 3 political formations (PPPN, PPEM, PL), total amount of MDL 967 019.

#### **Estimates of the expenses for promotional events:**

- according to the data provided by Promo-LEX monitors, for the 1 054 events held in 2016 by the Moldovan political parties – at least 172 004 km were travelled across the country and over 30 000 km were travelled abroad by air;
- at least 6 political parties incurred expenses for organizing 26 concerts (where at least 24 artists performed), 37 protests, 18 marches, 5 party congresses, etc.;
- unreported expenses for *public manifestations* – 2 political parties (PL, PPPDA), total amount of MDL 30 275;
- unreported expenses for *press and promotional materials* – 2 political parties (PLDM, PPEM), total amount of MDL 30 800;
- unreported expenses for *trips within the country and abroad* – 6 political parties (PSRM, PCRM, PPEM, PL, PPS, PPPN), amounting MDL 171 491;
- unreported expenses for *other expenses* estimated by

Promo-LEX – gifts and donations provided by 6 political parties (PPPN, PDM, PL, PSRM, PPPDA, PPEM), total amount of MDL 442 189.

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