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**TRANSPARENCY AND ACCOUNTABILITY IN THE FUNDING OF
POLITICAL PARTIES AND ELECTION CAMPAIGNS**

***Preliminary draft resolution submitted by the co-Rapporteurs
Mr. P. Moriau (Belgium) and Ms. M.T. Kubayi (South Africa)***

The 124th Assembly of the Inter-Parliamentary Union,

- (1) *Considering* that representative and participatory democracies function largely within the political party system as essential expressions of the political will of the people,
- (2) *Recognizing* that political parties need to generate funds to finance not just their election campaigns, but also their operational costs,
- (3) *Also recognizing* that the funding of political parties may comprise both public and private funding and encompass both direct and indirect forms, such as free broadcasting time on television and radio, tax subsidies, use of public buildings and public election billboards and that in order to mitigate the risks associated with the financing of political parties, measures have been put in place in many countries to regulate spending on elections and ensure transparency and accountability in the funding of political parties generally,
- (4) *Mindful* that it is to the benefit of the public, and to democracy as a whole, that political parties are adequately funded within an agreed framework of accountability and transparency mechanisms,
- (5) *Noting* that in systems where there is limited public funding of political parties, the importance of private funding increases and vice versa,
- (6) *Also noting* that the concerns surrounding the private funding of political parties are often viewed as a question of political equality and can be divided into three main areas of concern: inadequate resources that result in political parties and candidates pursuing relationships with donors who expect certain gains should those parties come into power; some political parties are better resourced than others; and cases where campaign finances come from compromised sources that expect a legislative or other benefit,
- (7) *Recognizing* that the aspects of private funding that need to be addressed concern the admissibility of anonymous donations, cash donations, donations by foreign natural and legal entities, foreign international organizations, non-governmental organizations (NGOs), State-owned enterprises and enterprises responding to a call to tender,

(8) *Noting* that while codes of conduct for members of parliament and the executive have addressed accountability issues as they apply to elected representatives individually, there has been growing concern over the funding of political parties and the associated accountability of political parties, as a whole, to the people,

(9) *Recalling* that Article 7.3 of the United Nations Convention against Corruption, which entered into force on 14 December 2005, provides that "Each State Party shall also consider taking appropriate legislative and administrative measures, consistent with the objectives of the Convention and in accordance with the fundamental principles of its domestic law, to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties",

(10) *Considering* that political parties and election campaigns in all countries should aim to prevent and fight corruption and that inadequate resources can result in political parties entering into relationships with donors, who may expect legislative or other benefits for their support, which would ultimately undermine the democratic process,

(11) *Recognizing* that the State should provide reasonable support to political parties in a fair and objective manner in accordance with a set of agreed criteria in order to promote equal access to resources,

(12) *Noting* that public funding does not necessarily reduce the need for private funding, but should be used to mitigate the negative effects of excessive reliance on the former,

(13) *Underscoring* that campaign finance has been identified as a central component for achieving gender equity in parliaments and for increasing women's political participation,

(14) *Reiterating* that gender equality and the empowerment of women are crucial components of any democratic system and that access to public funding can help promote gender equality in politics,

(15) *Recognizing* that in many countries, measures such as bans or limits on private political contributions, expenditure limits for election campaigns, increased public funding of political parties and controls over political expenditure have been taken,

(16) *Noting* that some States have enacted legislation ranging from requiring political parties to put in place financial controls, public disclosure of funding sources and an array of criminal, administrative or financial sanctions to ensure compliance with the law,

(17) *Recognizing* that public confidence in the democratic process could be undermined by political funding mechanisms that are not accountable and transparent, and that this should not only be a cause for concern for governments and parliaments, but also for international organizations working to enhance world democracy, and for political parties,

(18) *Noting* that the reasons for regulating the funding of political parties include the need to promote the democratic principles of transparency and accountability, to prevent corruption, enhance competition among a broad range of political parties, and strengthen political parties and empower citizens to make informed decisions,

(19) *Convinced* that corruption represents a serious threat to the rule of law, democracy, human rights, equity and social justice,

(20) *Recognizing* that while mandatory disclosure of the funding of political parties contributes to greater transparency and gives the public an opportunity to understand what factors might inform the actions of a political party, it might also discourage donors from funding political parties,

(21) *Mindful* that while disclosure laws and other regulations seek to limit the negative impact of anonymous, foreign or business sources of funds to political parties, these laws have proven difficult to enforce,

1. *Invites* States to consider putting in place measures aimed at ensuring the independence of political parties and avoiding corruption and excessive spending on election campaigns;
2. *Recommends* that the call for reducing spending on elections and election campaigns take into account low levels of income, literacy, access to information and technology and vast distances between urban and rural areas in some countries;
3. *Considers* that the funding of political parties should aim primarily to give a voice to the people in the political and democratic process;
4. *Is convinced* that raising public awareness of the funding of political parties enhances the functioning of democratic institutions and limits the negative impact of corruption;
5. *Recognizes* the difficulty of setting universal accountability mechanisms for the funding of political parties due to different democratic and constitutional systems and political parties; nevertheless, *encourages* Member Parliaments, through the IPU, to continue to ensure accountability and transparency in keeping with the prevailing realities in different countries;
6. *Recommends* that parliaments, civil society organizations and the media serve as watchdogs to educate citizens about the funding of political parties and continuously monitor the exercise of power in order to build a culture of transparency and responsibility in political life;
7. *Encourages* political parties to be part of the solution and become agents of change in a transparent and accountable manner;
8. *Recommends* the use of self-regulatory mechanisms, including internal codes of conduct and integrity for political parties;
9. *Invites* Member Parliaments to consider putting in place measures to limit, prohibit or regulate funding by NGOs, corporate bodies and foreign sources so as to ensure that they do not impact on political outcomes in recipient party countries;.

10. *Recommends* that governments and political parties ensure that mechanisms are put in place that require political parties and candidates to establish internal and financial controls with a view to greater financial accountability;
11. *Encourages* Member Parliaments to adopt, in their legislative frameworks, anti-corruption regulations regarding the funding of political parties and election campaigns, in cases where specific laws, procedures or systems that provide for the regulation of the funding of political parties do not already exist;
12. *Calls upon* the Inter Parliamentary Union to develop a technical assistance and training programme for political parties on financial accounting systems and codes of conduct for political parties.