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Legislation and Practices in the Financing of Political Parties

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Foreword

One of the central challenges for democratic governance is to assure transparency and accountability in political financing. Providing sustainable and sufficient financing for political parties is a challenge for every political system. The challenge is bigger in a new and developing society in transition with new political elites and even bigger during the political elections when politicians are keen to conduct vigorous and expensive election campaigns. Therefore, one of the biggest challenges for a society in transition and developing economy is to ensure transparency in political financing as a prerogative for avoiding creation of arrangements that may affect competitiveness and rule of law.

Regulation of party finance is essential to a healthy democracy. Money is a necessary element for a functioning democratic system. Political parties and candidates need resources for building solid organizations and canvassing public support. Yet money in politics, without proper regulation and practices, can seriously undermine a democracy. Electoral processes can be unduly influenced when sizeable and undisclosed amounts of money are provided to political parties and candidates by individuals and organizations with their own political agendas. Political parties and candidates may distort the electoral process by resorting to buying votes rather than focusing on the quality of their campaign messages. The quality of government is seriously compromised when decisions made by elected politicians benefit those who funded their ascent to power and not the broader public interest.

The single most important step towards regulating political finance and eliminating any undue influence posed by money is disclosure. Without disclosure we cannot know how much money is circulating in the political system, where it comes from or to whom it is given. Without disclosure, the ceiling on donations and spending cannot be enforced, nor can we prevent illicit money from finding its way into campaign coffers. Moreover, a lack of disclosure gives rise to public suspicion that donors are buying favours from politicians, and undermines public confidence in clean and legitimate elections and political representation.
1. Summary

Republic of Macedonia becomes an independent country in 1991 after separation from former Yugoslavia and it is considered to be a new democracy and country in transition. In following years, the political sphere of the Republic of Macedonia underwent significant changes after the new Constitution had been adopted (17 November 1991) introducing political pluralism, private ownership and competitive economy. Political parties started operating in 1991 and since then have become an integral part of the political scene. Since the adoption of the new Constitution in November 1991, five parliamentary, three presidential and five local elections have been held. All elections were held in a politically competitive environment having in mind the fact that in the Republic of Macedonia there are 39 officially registered political parties.

The legal framework for the financing of political parties in the Republic of Macedonia is well-developed. The main law governing party funding and its supervision is the Law on Financing of Political Parties (Official Gazette No 76/04) adopted in 2004 and last amended in September 2009. The provisions contained in the law are extensive and show the intention of the legislator to ensure transparency and accountability of political financing. The Law on Financing of Political Parties in particular, which was adopted as the result of a consensus reached among the political parties, contains a number of strong features, such as a ban on foreign and anonymous donations, caps and disclosure rules, including quarterly reports on private donations and a prohibition of “quid pro quo agreements”.

A decisive factor hampering the effective enforcement of legislation in this field is the number of bodies involved in the supervision of political parties and the fragmented attribution of competences to each of these bodies. As a

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1 The Law was additionally amended on 21 October 2011, Official Gazette 148/11
2 After October 2011 the reporting obligation was eased on only one report per year. Implementation of this provisions could not be part of the survey
3 With the October 2011 amendments the State Audit Office became the responsible body to oversight financial work of the political parties. However, due to the fact that the survey and scores have been
result, external supervision of political parties and election campaigns is extremely scattered and there are concerns that “this affects negatively not only the efficiency of the supervision itself, but also compliance with the legislation as a whole.”

Despite the legal emphasis on transparency, the general perception of the public is that in a country where cash economy still plays an important role, transparency is generally low in practice and that political parties and candidates for elections receive and spend much more money than the officially recorded amounts in their financial reports. Overspending is still prevalent, especially in the area of paid political advertisements and transparency in political financing will also ensure that elected officials and parties are accountable for their finances and aid in monitoring their integrity.

The Law on Financing of Political Parties No. 76/04 (LFPP), adopted in 2004, governs the funding of political parties. It covers the funding of the routine activities of political parties and their supervision and was last amended in July 2009. Some provisions on the financing of political parties are also contained in the Law on Political Parties, which was first adopted in 1994 and amended in 2007. Some provisions on the supervision of political parties financing are also contained in the laws governing the various supervisory institutions, especially the Law on Prevention of Corruption No. 28/2002, amended in 2004, 2006 and 2008 and the State Audit Law No. 66/10 from May 2010.

A percentage (0.06 %) of the annual budget of the State as well as of the budgets from the municipalities and the City of Skopje is devoted yearly to the funding of political parties. The 2009 State budget amounted to about 2.5 billion Euros, bringing the total amount of public funding of political parties, outside of election campaigns, to some 1.5 million Euros. For the bigger parties, this represents the main source of funding in years when there are no elections.

Political parties may only receive private funding in the form of: membership fees; donations in cash, assets or services, both from natural and legal persons; legacy of immovable or movable property; revenue from the sale of advertising goods; income from party property, bank accounts and activities completed before the amendments of the law in the text there will be analysis of the system as existed during the survey.

(such as ticket sales to events organized by the party). As regards the amount/size/periodicity of private contributions, the Law provides that contributions from any individual donor may, for natural persons, not exceed 75 times the average monthly salary in a given year and for legal persons, 150 times the average monthly salary. The donation ceilings are therefore of about MKD 1.5 millions (24,877 Euros) for natural persons and MKD 3 millions (49,754 Euros) for legal persons.

The Law establishes a general principle of publicity of political parties’ revenues and expenditures. For the sake of transparency, the recent amendments to this law have added further publication requirements: political parties have to publish their entire annual financial reports on their website, in the Official Gazette and in at least one daily newspaper. The registry of donations and the list of donors also have to be made public.

Political parties have to foresee in their statutes, or in another document, a mechanism for internal supervision and appoint a body to that effect.

However, the survey has shown legal and practical deficiency in proactive disclosure of political parties’ financial reports. The Ministry of Finance has provided templates for the financial reports of the political parties. A common template makes it easier and faster to get specific information and is especially helpful when making comparisons between parties.

The current practice of the State Audit Office is to disclose financial reports. However financial reports that are published do not contain itemized income and expenditure and it is difficult for the public to get accurate information related to the political party financial activities. The State Audit Office lacks financial and human resources to plan and conduct audits of the funds of political parties more regularly and effectively.

The legal framework does mandate political parties to provide official information of donors and vendors. The current practice is to provide the name of donors and political parties and in the absence of official identification there is no way to ensure the reliability of the information provided. Official identification of donors and vendors would increase the reliability of information provided and in turn increase public trust in parties and the political financing system; it would leave less room for misappropriation of party funds by making parties more accountable to members, supporters and
the general public; and it would also leave less room for parties to provide inaccurate and fraudulent information. At the same time it is necessary to provide for a legal protection against any inappropriate treatment of donors and exposure to threats or retaliations; be that from the government, other donors and businesses, or even from a powerful opposition, if such information is made public. Such exceptional situations must be clearly specified and explained in the law insofar as concessions to the degree of transparency are made.

Public trust in the efficiency of the relevant state oversight agencies and other state institutions towards irregularities in political financing has been evaluated to be very low. Therefore it is of crucial importance to strengthen existing legal practice and implementation of the existing penalties. Additionally where appropriate to introduce harsher punishments for non-compliance with the relevant legal measures towards ill practice related to donors. In this respect it is necessary to implement the GRECO recommendation related to authorization of one leading institution responsible for the supervising of the political finances instead of the today’s existing fragmented and inefficient system.

The survey results have confirmed that the main political parties follow an analytical system of accounting, with individually itemized records of income and expenses as well as that the more detailed information are sent to the State Audit Office as an annex to the financial reports. The local branches of the parties report on their income periodically at central level and payment of expenditure is made at central level, the parties having only one bank account. Local branches may have sub-accounts, but in this case, the reports of the party and all its branches have to be consolidated. These are the facts that are not known to the general public mainly due to the lack of information in this regard.

The current legislation mandates political parties to ensure that their accounts are public. However given the fact that reports published are not itemized and difficult to follow in principle, this information must be made available so that citizens can engage in effective public oversight; to support, put pressure and complement state oversight bodies, and take into consideration the private interests behind political parties and candidates when casting their votes. To this end, the public must be able to access complete, reliable and timely information on the resources managed by political parties.

The survey has shown the complexity of the legal framework regarding the scope of the reporting and the disclosure. In addition bookkeeping
requirements seems to be wider in practice than in the reality. This is direct result from the fragmentation of both, the relevant legislation and bodies authorized for control and supervision. Direct consequence from this legal and institutional environment is low level of depth and reliability in the reporting practice. This together with the non existing implementation of the legal sanctions in practice creates a perception that political parties are left with their own conciseness regarding the implementation of the legal rules and thus to lack of trust from the citizens in the institutions as well as in the political parties.

On the basis of the survey results one can argue that the state and public oversight exist more in the law than in the practice, regarding the fact that sanctions have not been implemented in spite the obvious situation of inconsistency in the reporting and transparency practices.
2. Introduction and Background to the study

The Republic of Macedonia is a small continental country on the Balkans neighbouring Greece, Bulgaria, Serbia, Kosovo and Albania with a population of 2,050,671 out of which 1,821,122 are voters. According to the 2002 census its ethnic composition is as follows 65.2% Macedonians, 24.2% Albanians, 3.9% Turks, 2.7% Roma and 4.0% others and unspecified. Republic of Macedonia became an independent country in 1991 after its separation from former Yugoslavia and it is considered to be a new democracy and a country in transition.

In following years, the political sphere of the Republic of Macedonia underwent significant changes after the new Constitution had been adopted (17 November 1991) introducing political pluralism, private ownership and competitive economy. Political parties started operating in 1991 and since then political parties have become an integral part of the political scene. Since the adoption of the new Constitution in November 1991, five parliamentary, three presidential and five local elections have been held. All elections were held in a politically competitive environment having in mind the fact that in the Republic of Macedonia there are 39 officially registered political parties.

Through all this period it has been speculated occasionally that political parties do not function very transparently in electoral and non-electoral periods and their operation involves corruption. This is not the case only in the Republic of Macedonia. According to the Global Corruption Barometer 2010\(^8\), published by Transparency International, across the globe, the organizations or institutions believed to be the most corrupted are political parties. About 80 percent of participants in the study believed that political parties are corrupt or extremely corrupt compared to other sectors or institutions such as non-governmental organizations, the military and media. Furthermore, the report also highlights that over the years (between 2004 and 2010), around the globe, there was an increase in the number of people who perceived that political parties as the most corrupt institution in political states.

\(^8\) Global Corruption Barometer 2010
http://www.transparency.org/policy_research/surveys_indices/gcb/2010
In the Republic of Macedonia 32.4% of the respondents considered political parties as the most corrupt, and in total 87% of the respondents considered political parties to have problems with corruption. These results are followed by the high score for the Parliament with the 27.7% of the respondents. A general conclusion may be that there is a high percentage of Macedonian citizens who claimed to have experienced political corruption.

A key reason for this perception is the general lack of transparency in political financing by political parties and electoral candidates during both electoral and non-electoral periods. Given that political parties receive both direct and indirect public subsidies and political parties rely on the citizenry for support, it is vital that the public is aware of how and more importantly from where political parties and candidates receive their income, and how it is utilized. Transparency in political financing will allow people to make informed choices when becoming a member of a political party or when voting for an electoral candidate. It will also ensure that elected officials and parties are accountable for their finances and aid in monitoring their integrity.

The amendments to the Law on Financing of Political Parties (Official Gazette No 76/04) from September 2009 law have remedied a number of shortcomings that existed previously, and to assess their effectiveness was among the project objectives together with other deficiencies in respect of transparency, the details of which will be examined in the analysis chapter. In contrast to the rather robust legal framework, there is, in practice, not a single major case of a party or candidate prosecuted or sanctioned for violations of the rules on political financing, even though several official reports referred to irregularities, for instance as regards the transparency of donations or the caps on expenditure during election campaigns.

A decisive factor hampering the effective enforcement of legislation in this field was the multiple bodies involved in the supervision of political parties and the fragmented attribution of competences to each of these bodies. As a result, external supervision of political parties and election campaigns is extremely scattered and there are concerns that “this affects negatively not

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9 On the scale 1 – 5 the 5 is high and 1 law score. Only 4.5% of the respondents gave the score 1, and 8.9% the score 2. 28.5% gave the score 3, 18.1% the score 4.

http://www.transparency.org/policy_research/surveys_indices/gcb/2010

10 After the October 2011 amendments the State Audit Office is the body responsible for oversight financial activities of the political parties (Article 7 of the Law for amending the Law for the financing of the political parties).
only the efficiency of the supervision itself, but also compliance with the legislation as a whole.”\(^{11}\)

Despite the legal emphasis on transparency, the general perception of the public is that in a country where cash economy still plays an important role, transparency is generally low in practice and that political parties and election candidates receive and spend much more money than appears in their financial reports. Overspending is still prevalent, especially in the area of paid political advertisements and transparency in political financing will also ensure that elected officials and parties are accountable for their finances and aid in monitoring their integrity.

In 2006 and 2007, Transparency International successfully piloted the CRINIS, a research, benchmarking, and advocacy tool, in eight Latin American countries, triggering a series of debates and reforms at country and regional levels. “CRINIS” is a Latin word meaning “ray of light”. The project assessed levels of transparency and accountability in political party and election finances looking at laws and practices in the participating countries. Following its success with the diagnostic work performed on political financing in Latin America, the CRINIS Pilot Project in Asia Pacific was launched to explore the possibility of replicating the same in the region. The Asia Pacific Project was first implemented in Bangladesh, Indonesia and Nepal.

In the Republic of Macedonia although much public discourse goes on about politics and political parties, there is hardly any public debate about the specific topic of political financing. This maybe due the fact that political influence is widespread and it controls every segment such as economy, employment policies, legislature and media. Findings of this study will be used for the purpose of advocating for the reform of legislative framework to facilitate and enforce sound and transparent practices in political party financing.

Transparency International Macedonia worked in collaboration with the State Electoral Commission, State Audit Office, Tax Revenue Office, State Broadcasting Council, State Commission for the Prevention of Corruption, and political parties in order to make sufficient amendments to the current legislative framework on political party financing, to raise the awareness and to initiate a wider public debate on the political financing, both for the election and everyday function. This project results that are based on self assessment of

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the political parties, relevant institutions, civil society and academia, will contribute to providing more accurate assessment and will enable further advocacy towards appropriate and more efficient transparency policies.
3. General Context on Political Financing

In the Republic of Macedonia, political financing of parties is regulated by the following set of laws and regulations:

1. Law on Financing Political Parties, Official Gazette No. 76 date: 27.10.2004
2. Law Amending the Law on Financing Political Parties, Official Gazette No. 86 date: 14.07.2008
5. Accounting Law of Non-profit Organizations, Official Gazette No. 24 date: 04.04.2003
6. Law on Donations and Sponsorships in the Public Domain, Official Gazette No. 47/06

Republic of Macedonia has a uni-cameral Parliament, the Sobranie, composed of 123 members elected for a four-year term by universal and direct vote, following a model of proportional representation. The President of the Republic is elected by direct popular vote for a five-year term, with a maximum of two consecutive terms in office. Lists of candidates for the office of President of the Republic may be submitted by at least 10,000 voters or 30 members of the Parliament. Any registered political party or group of parties as well as any group of at least 1,000 voters has the right to propose a list of candidates to the Parliament. For the purposes of the parliamentary elections, the territory of the country is divided into six electoral districts, in each of which 20 members of the Parliament are elected. The remaining 3 members of the Parliament represent citizens living abroad and are elected by proportional representation, one from each of the three districts of Europe and Africa; North and South America; and Australia and Asia. Local elections are held every four years and follow a majority electoral mode.

12 Article 59, Electoral Code, Official Gazette 40/06
13 Articles 60 and 61, Electoral Code, Official Gazette 40/06
The Law on Financing of Political Parties No. 76/04 (LFPP), adopted in 2004, governs the funding of political parties. It covers the funding of the routine activities of political parties and their supervision. Some provisions on the financing of political parties are also contained in the Law on Political Parties, which was first adopted in 1994 and amended in 2007. Some provisions on the supervision of political parties financing are also contained in the laws governing the various supervisory institutions, especially the Law on Prevention of Corruption No. 28/2002, amended in 2004, 2006 and 2008 and the State Audit Law No. 66/10 from May 2010.

**Public Funding**

A percentage (0.06 %) of the annual budget of the State as well as of the budgets from the municipalities and the city of Skopje is devoted yearly to the funding of political parties. These funds are distributed periodically – quarterly, bi-annually or annually depending on the available liquidities - according to the following formula: 30 % is distributed equally between all parties that won at least 1% of the votes cast at the last parliamentary or local elections. The remaining 70% is distributed among the political parties in proportion to the number of their elected representatives in the Parliament or in the Municipal Councils. The Ministry of Finance calculates the amount due to each political party on the basis of the information sent by the State Electoral Commission on their respective number of votes and seats in the last elections.

The 2010 State budget amounts to about 2.5 billion Euros, bringing the total amount of public funding of political parties, outside of election campaigns, to some 1.5 million Euros. For the bigger parties, this represents the main source of funding in years when no election is taking place.

**Private Funding**

Political parties may only receive private funding in the form of: membership fees; donations in cash, assets or services, both from natural and legal persons;

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14 Law on Financing of Political Parties Article 9  
15 According to the October 2011 amendments in the future it will be once per year.  
16 Law on Financing of Political Parties Article 10  
17 Guidance for distributing funds from the budget of the Republic of Macedonia for financing of the political parties, Official Gazette 52/10
legacy of immovable or movable property; revenue from the sale of advertising goods; income from party property, bank accounts and activities (such as ticket sales to events organized by the party).\textsuperscript{18} Regarding the amount/size/periodicity of private contributions, the Law provides that contributions from any individual donor may, for natural persons, not exceed 75 times the average monthly salary in a given year and for legal persons, 150 times the average monthly salary. The donation ceilings are therefore of about MKD 1.5 millions (24,877 Euros) for natural persons and MKD 3 millions (49,754 Euros) for legal persons.\textsuperscript{19}

A number of restrictions apply to the sources of private funding. Political parties may not receive funding from: foreign governments, natural and legal persons, as well as international organizations and institutions; companies controlled by foreign investors; state and local government bodies, other than those allocated to direct public funding as explained above; public institutions, enterprises and funds who manage state funds; public institutions, enterprises and funds created by municipalities; public institutions and companies of which the state owns 20\% or more of the shares; private companies providing goods or services to state bodies; non-governmental organizations, religious communities and groups; anonymous or unidentified sources.\textsuperscript{20}

Membership fees paid by each party member may not amount to more than one average monthly salary.\textsuperscript{21} This is an important source of funding for parties, especially outside of election periods.

\textit{Tax Incentives}

There are no tax incentives for private donations to political parties or election campaigns.\textsuperscript{22} There are no general restrictions on the expenditure of political parties. Political parties have to keep accounts of their income and expenditure and as regards accounting obligations; parties are subject to the Law on Accounting for Non-profit Organisations. Income must be recorded according to type, amount and source.

\begin{itemize}
\item \textsuperscript{18} Law on Financing of Political Parties Article 13
\item \textsuperscript{19} Law on Financing of Political Parties Article 16
\item \textsuperscript{20} Law on Financing of Political Parties Article 20
\item \textsuperscript{21} Law on Financing of Political Parties Article 14
\item \textsuperscript{22} Law on donations and sponsorships in the public domain No 47/06 and 86/06 Article 17
\end{itemize}
Bookkeeping

The main political parties follow an analytical system of accounting, with individually itemized records of income and expenses. The local branches of the parties report on their income periodically at central level and payment of expenditure is made at central level, the parties having only one bank account. Local branches may have sub-accounts, but in this case, the reports of the party and all its branches have to be consolidated. Books and accounts are to be kept for specific lengths of time depending on the type of documents: documents relating to sales and invoices are kept for 3 years; accounting documents on the basis of which data is entered into the books are kept for 5 years; documents and data relating to employees’ salaries are kept permanently.

In addition, political parties have to keep a register of donations received, with information about the name of each donor, the type and amount of the donation and the date it was received. A Rulebook and a template for the registration of donations were issued by the Ministry of Finance on 9 November 2009.

Reporting obligations

Political parties have to prepare an annual report by 31 March every year on the operations of the party and its branches for the previous year. This report includes data on the various assets and sources of income (overall revenue, grants, money, material means, equipment, services, own revenue, membership fees) and on overall expenditure. This report is submitted to the State Audit Office, the Public Revenue Office, the Ministry of Finance and the Central Registry. In addition according to the Article 17 of the Accounting Law of Non-profit Organizations political parties are obliged to submit financial report that contains income and expenditure balance sheet.

Parties are also subject to specific reporting obligations regarding private funding, namely, according to the Law parties have to draw up a quarterly

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23 Law on Financing of Political Parties Article 26
24 Law on Accounting of the Budgets and the Budget Users Article 13
25 Law on Financing of Political Parties Article 17
26 Law on Financing of Political Parties Article 27
27 Law on Financing of Political Parties Article 26
28 Official Gazette No.24, 04.04.2003
report on donations received, on the basis of data contained in the registry of donations.\textsuperscript{29} Such reports are submitted to the Ministry of Finance and the State Audit Office and since the July 2009 amendments to the LFPP, they are also sent to the Public Revenue Office.

Transparency

The Law on financing of the political parties establishes a general principle of publicity of political parties’ revenues and expenditures.\textsuperscript{30} For the sake of transparency, the recent amendments to this law have added further publication requirements: political parties have to publish their entire annual financial reports on their website, in the Official Gazette and in at least one daily newspaper.\textsuperscript{31} The registry of donations and the list of donors also have to be made public.

Political parties have to foresee in their statutes, or in another document, a mechanism for internal supervision and appoint a body to that effect.\textsuperscript{32} Representatives of the major political parties informed the research team that they had met this obligation by establishing a hierarchical mechanism of approval of the accounts and financial reports. These accounts and financial reports, drawn up by professional accountants employed by the parties, are reviewed by an internal monitoring body and then endorsed by the party’s general assembly or central committee.

External supervision

Responsibilities regarding the external supervision of political parties are distributed among a number of bodies.

1. State Audit Office

Public funding of political parties and election campaigns is subject to external supervision by the State Audit Office.\textsuperscript{33} The State Audit Office is an independent institution, whose head and deputy head are appointed by the

\textsuperscript{29} Law on Financing of Political Parties Articles 17 and 25  
\textsuperscript{30} Law on Financing of Political Parties Article 23  
\textsuperscript{31} Law on Financing of Political Parties Articles 26 and 27-a  
\textsuperscript{32} Law on Financing of Political Parties Article 24  
\textsuperscript{33} Law on State Audit Article 1; LFPP Article 26; Electoral Code Article 85
Parliament for a term of 9 years. The state auditors must be independent from the party that they are checking (deleted with the article 7 of the 2011 amendments) The State Audit Office performs audits annually among all institutions and bodies that are subject to its control based on an Annual Programme. Pursuant to Article 6 of the Law on State Audit, political parties receiving public funding are among the bodies that should be audited at least once a year by the State Audit Office, according to its annual programme. Competence of the State Audit Office over the public funding of political parties was introduced in 2005 and during that year, the State Audit Office checked the accounts of four political parties. In the Annual Programme for 2011 the SAO plans to conduct 17 controls of the political parties.

The State Audit Office could decide to perform a specific audit on the accounts of a political party if it receives a complaint, but this has not been the case. All reports containing finances are submitted to the Ministry of Finance and the State Audit Office should also send its final reports to the Parliament. If, in the course of the audit, the State Audit Office has reasonable grounds to suspect that a criminal offence has been committed, it must inform the public prosecutor (wit the new amendments SAO has to inform the Public Prosecutor within 30 days after the establishing of the irregularities.

2. State Commission for Preventing Corruption (SCPC)

The State Commission for Preventing Corruption (SCPC) is authorized to monitor the financial activities of the parties, both during election campaigns and in respect of their regular activities, in particular to ensure that they do not obtain and use anonymous or illegal sources of funding or public funds other than those specifically allocated for the funding of political parties and election campaigns. The SCPC is an independent institution, composed of 7 members appointed by the Parliament for a non-renewable term of 5 years. They are assisted by a Secretariat of 14 persons. The SCPC may act upon reports by citizens, media, and anonymous reports and on its own initiative.

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34 Law on State Audit from 2010 Official Gazette 66 and Official Gazette 145
35 Law on Financing of Political Parties Article 26
36 Law on State Audit Article 23
37 Law on State Audit Article 24-a
38 Law on State Audit Article 33 p.4
39 Law on the Prevention of Corruption Article 13(1)
40 Law on the Prevention of Corruption Article 10
On the basis of its findings, the Commission may submit a report to the Parliament.\textsuperscript{41}

3. Public Revenue Office

The mandate of the Ministry of Finance to monitor the financial activities of political parties is exercised by the Public Revenue Office,\textsuperscript{42} which is a governmental body placed under its authority. Although the main mission of the Public Revenue lies with the implementation of tax policy and the collection of taxes, it is also competent to monitor the financial activities of political parties. It has a staff of 1200 persons, 300 of which are working on external audits. Inspectors are independent from the party they are monitoring.\textsuperscript{43}

The supervision of the Public Revenue Office focuses on the expenditure of political parties, both in the framework of their regular activities and during election campaigns, on the basis of the parties’ annual reports and accounts, as well as the election campaign accounts. The Public Revenue Office operates following an action plan, according to which it monitors one party per year. The Public Revenue Office has no investigative powers. If it suspects irregularities, it reports them to the Financial Police for further investigation. On the basis of its findings, it may also report to the competent authorities in order for them to initiate misdemeanour proceedings.

4. Other bodies

Several other bodies have a more remote role in the supervision of political parties: the State Election Commission, which is in charge of organizing and monitoring elections, has the duty to receive the financial reports submitted by election campaign organizers and to publish them on its website. The Broadcasting Council monitors, inter alia, compliance of political parties and campaign organizers with the rules regarding paid political advertisement during election campaigns.

\textit{Sanctions}

The laws governing the financing of political parties contain several provisions on fines that can be imposed upon political parties, persons in charge of the

\begin{footnotesize}
\begin{enumerate}
\item Law on the Prevention of Corruption Article 12
\item Law on Financing of Political Parties Article 26
\item Ibid
\end{enumerate}
\end{footnotesize}
financial management within the parties and donors for violations, qualified as misdemeanours, of the provisions of these laws.

The sanctions foreseen by the Law on the Financing of Political Parties were reinforced as a result of the July 2009 amendments.\textsuperscript{44}

In addition, if the party obtains and uses funds from illegal or anonymous sources, it may lose its right to public funding the following year.\textsuperscript{45} If the party fails to meet the various reporting and publishing requirements it is liable to a fine of 5,000 Euros to 10,000 Euros in MKD counter value.\textsuperscript{46}

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\textsuperscript{44} Law on Financing of Political Parties Article 28: If donors exceed the ceilings on donations, natural persons are subject to a fine of 1,000 Euros to 2,000 Euros in MKD counter value and legal entities to a fine of 5,000 Euros to 10,000 Euros in MKD counter value; in the case of excess of donation ceilings, if the party fails to return the excess funds to the donor, it is liable to a fine from five to ten times the amount of the difference between the amount allowed and the donated amount; if the party fails to transfer funds from anonymous or unidentified sources to the state budget, it is liable to a fine from ten to twenty times the amount of the donation

\textsuperscript{45} Law on Financing of Political Parties Article 20 (3). [This provision has been annulled with a decision by the Constitutional Court]

\textsuperscript{46} Law on Financing of Political Parties Article 29
4. Methodology

The CRINIS methodology entails assessment of two different types of political financing: non-electoral finances of political parties and election campaign funding for legislative and where applicable, presidential elections. This report looks only at the assessment of funding of annual activities of political parties in the Republic of Macedonia in 2010, whereby resources were mobilized to support the party structure and its activities during this non-election year.

The methodology involves examining the regulatory framework on transparency of political financing, so as to compare it to internationally recognized principles. Through different research methods, it also examines what happens in practice. By providing thorough diagnosis of the legal framework and actual practice, it provides strong empirical evidence to create a clear picture of areas in the need of reform.

The information collected during the research was used to build an index on the transparency of political party funding. The level of transparency is quantified taking into consideration the following ten dimensions (Table 1).

Internal bookkeeping (dimension 1) ties in to the way in which political parties internally manage their financial resources. Reporting to the state oversight agency (dimension 2) evaluates the extent to which parties or candidates report to a government oversight body. Three dimensions – comprehensiveness of reporting (dimension 3), depth of reporting (dimension 4) and reliability of reporting (dimension 5) – centre around the nature of data furnished in the financial reports and help to determine the quality of the information submitted to the oversight bodies. These evaluate crucial areas like all relevant finance activity, including cash, in-kind and other transactions, identity of the donor, credibility of submitted data and the perception of credibility of reports by key actors. Disclosure of information to the public (dimension 6) takes a look at the public’s access to political finance information. A third group of dimensions encompassing prevention (dimension 7), sanctions (dimension 8) and state oversight (dimension 9) addresses monitoring compliance with established rules and regulations. This includes preventive measures to facilitate effective oversight, the existence of sanctions that can be imposed and the
institutions and actors in charge of performing oversight functions. Finally, public oversight (dimension 10) addresses monitoring and oversight role of the civil society and media irrespective of the formal state oversight body with regard to political financing issues.

Table 1: Ten Dimensions of Transparency in Political Finance

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Generic questions for building indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Internal bookkeeping of parties</td>
<td>Is bookkeeping mandatory by law? How professional is the staff in practice?</td>
</tr>
<tr>
<td>2. Reporting to state oversight agency</td>
<td>By law, do parties, service providers, donors and media render accounts on their role in political finance? When and in what format?</td>
</tr>
<tr>
<td>3. Comprehensiveness or scope of reporting</td>
<td>Do reports include public and private sources? Do they cover income and expenses? Do they cover monetary contributions, in-kind contributions, rebates etc?</td>
</tr>
<tr>
<td>4. Depth of reporting</td>
<td>By law, do reports include information on individual donations? Do they clearly identify the donor of each donation?</td>
</tr>
<tr>
<td>5. Reliability of reporting</td>
<td>Do different actors disclose all resources in reports? How accurate are reports, to the knowledge of experts?</td>
</tr>
<tr>
<td>6. Disclosure to the public</td>
<td>Is it mandatory for state agencies/parties to disclose information on political finance? In practice, how accessible is such information to experts, journalists and ordinary citizens?</td>
</tr>
<tr>
<td>7. Preventive measures</td>
<td>Are donations channelled exclusively through official bank accounts? Are there any loopholes for anonymous donations?</td>
</tr>
<tr>
<td>8. Sanctions</td>
<td>What are the existing sanctions - civil, criminal and political – according to the law? In practice, are the existing laws strictly enforced?</td>
</tr>
<tr>
<td>9. State oversight</td>
<td>Do experts evaluate institutions of state oversight as independent? Are they considered efficient? From the perspective of self-evaluations, do they lack human resources? Do they lack training?</td>
</tr>
<tr>
<td>10. Public oversight</td>
<td>Do civil society organisations monitoring political finance exist? In which areas of political finance do they develop activities? Do experts evaluate organizations of public oversight as independent?</td>
</tr>
</tbody>
</table>
The information collected through the involvement of a broad spectrum of sources and different research methods, brings together over 75 evaluation indicators (law and practice). Questions feeding into each indicator have different range of answers, which translates into different weights for the final score for each indicator.

The scale for each indicator ranges from 0 to 10, where 10 indicates that a country has met all criteria expected in terms of transparency and accountability and 0 indicates that none of these criteria has been met.

Scores between 0 and 10 are grouped into three evaluation categories: insufficient (0 to 3.3), average (3.4 to 6.7) and good (6.8 to 10).

Table 2. Quantitative index of transparency in political party funding
Dimensions, indicators and weighting of law and practice

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Number of indicators</th>
<th>Weight Law/Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Internal bookkeeping</td>
<td>Total 7</td>
<td>50% Law 50% Practice</td>
</tr>
<tr>
<td></td>
<td>3 Law 4 Practice</td>
<td></td>
</tr>
<tr>
<td>2. Reporting to state oversight agency</td>
<td>Total 9</td>
<td>50% Law 50% Practice</td>
</tr>
<tr>
<td></td>
<td>5 Law 4 Practice</td>
<td></td>
</tr>
<tr>
<td>3. Scope of reporting</td>
<td>Total 4</td>
<td>50% Law 50% Practice</td>
</tr>
<tr>
<td></td>
<td>2 Law 2 Practice</td>
<td></td>
</tr>
<tr>
<td>4. Depth of reporting</td>
<td>Total 5</td>
<td>50% Law 50% Practice</td>
</tr>
<tr>
<td></td>
<td>3 Law 2 Practice</td>
<td></td>
</tr>
<tr>
<td>5. Reliability of reporting</td>
<td>Total 3</td>
<td>100% practice</td>
</tr>
<tr>
<td>6. Disclosure to the public</td>
<td>Total 15</td>
<td>50% Law 50% Practice</td>
</tr>
<tr>
<td></td>
<td>6 Law 9 Practice</td>
<td></td>
</tr>
<tr>
<td>7. Preventive measures</td>
<td>Total 10</td>
<td>50% Law 50% Practice</td>
</tr>
<tr>
<td></td>
<td>5 Law 5 Practice</td>
<td></td>
</tr>
<tr>
<td>8. Sanctions</td>
<td>Total 12</td>
<td>50% Law 50% Practice</td>
</tr>
<tr>
<td></td>
<td>6 Law 6 Practice</td>
<td></td>
</tr>
<tr>
<td>9. State oversight</td>
<td>Total 5</td>
<td>50% Law 50% Practice</td>
</tr>
<tr>
<td></td>
<td>2 Law 3 Practice</td>
<td></td>
</tr>
<tr>
<td>10. Public oversight</td>
<td>Total 5</td>
<td>100% practice</td>
</tr>
</tbody>
</table>
Data Sources

This study utilized both primary and secondary sources for collecting data. For evaluation of the legislation, relevant laws and regulations were examined for the assessment of the legislative framework. For analyzing the practices, the research team examined the reports from the political parties and oversight bodies and interviewed various stakeholders to get insights on the operation of the party funding system and its oversight. Key actors surveyed included, 10 political parties, selected on the basis of the number of seats obtained in the last legislative election (see Appendix A), one new political party and one non-parliamentarian political party. Fourteen parliament members from eight parties represented in the Parliament also participated in the survey\(^47\).

The State Audit Office, as the major state oversight body, served as a primary source which also provided access to some of the secondary sources such as parties’ financial reports.

Field tests were conducted to measure how easy it is for citizens to access information on funding of political parties and thereby evaluate rates of response from different institutions, including parties, state oversight agencies, media and donors. Accesses to information tests were conducted by a research team using a standard procedure to contact various actors. The second tests were conducted by a group of volunteers of average citizens. The aim was to contrast the ability to access the same set of information by actors with different levels of knowledge and contacts.

Data Collection Methods

Stakeholders, including the State Audit Office and the Tax Revenue Office, party accountants and donors contributing money to the parties were personally interviewed based on the survey questionnaires. Media companies, donors and parties were primarily contacted through letters, requesting income and expenditure reports and details of airtime given or sold to parties. In the citizen experiment, mentioned above, participants were given a list of specific information to be obtained regarding regular political party funding, using

\(^{47}\) MP’s from three of the selected parliamentarian political parties that have been communicated in the beginning of the survey have not responded to the request for interview and to the submitted questionnaires
different mediums of communication including internet, phone or official letters requesting information.

Table 3 summarizes the type of information collected, the source of information and the data collection method used

**Table 3: Type and Sources of Information**

<table>
<thead>
<tr>
<th>Type of Information</th>
<th>Source of Information</th>
<th>Data Collection Method</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal Framework</strong></td>
<td>Relevant laws and regulations</td>
<td>Legal review</td>
</tr>
<tr>
<td><strong>Internal party practices on financial issues</strong></td>
<td>Party reports, official records and public information</td>
<td>Team analysis, complemented by interviews of party accountants and experts</td>
</tr>
<tr>
<td><strong>Disclosure of information</strong></td>
<td>Political parties, oversight agencies, donors, media agencies</td>
<td>Research of publicly available information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Testing availability of information from various stakeholders through written requests</td>
</tr>
<tr>
<td><strong>Income and expenditure of political parties</strong></td>
<td>Parties, oversight agencies, donors, watchdogs</td>
<td>Interviews</td>
</tr>
<tr>
<td><strong>General Practice on political finance</strong></td>
<td>Parties, MPs, SAO, TRO, CSOs, experts</td>
<td>Interviews</td>
</tr>
</tbody>
</table>

**Scope of the Study**

This study analyzes only the data related to the political party financing. For the purpose of this study, the year 2010 was chosen as the last year for financial reporting of the political parties. This survey does not cover electoral financing due to one crucial reason: the amendments of the Electoral Code related to financing of the political campaigns took place after the last parliamentary elections held in 2008. Therefore it would have been methodologically incorrect to analyze the situation on the basis of the law that is not in place anymore.

Originally it was envisaged that there will be no elections before 2012 and the project aimed in conducting a separate survey for collecting data and analyzing the forthcoming regular parliamentary elections. It was due to the
political circumstances that early parliamentary elections were held in June 2011. This will enable to conduct the second part of the survey in 2011/2012.

The scores presented in this study are only for the transparency in financing of political parties. The score arising from the two components, political party financing and political campaign financing will be presented after the second survey is completed.

**Limitations of the Study**

There are several limitations of this study, including challenges that the research team faced during the project. Example: The area of study - political financing - is not new in the context of the Republic of Macedonia but it is considered to be the less transparent and the less controlled area. Transparency International Macedonia had conducted a previous monitoring of political campaign expenditures. However, there are no any previous researches on financing of the political parties rather than media stories. In the Republic of Macedonia there is limited public dialogue on the issue. This lead to various challenges as the research team had limited number of secondary data sources and expertise available on the subject matter.

**Although it is not a serious limitation, but one have to add that the scores for different dimensions are independent one of each other and there is no correlation.**

1. **Research Findings**

The survey has shown the complexity of the legal framework regarding the scope of reporting and disclosure. In addition bookkeeping requirements seems to be wider in practice than in the reality. This is direct result from the fragmentation of both, the relevant legislation and bodies authorized for control and supervision. Direct consequence from this legal and institutional environment is low level of depth and reliability in the reporting practice. This together with the non existing implementation of the legal sanctions in practice creates a perception that political parties are left with their own conciseness regarding implementation of legal rules and thus lack of trust from the citizens in the institutions as well as in the political parties.
One can argue that the state oversight does exist in practice, which evidently is somewhat correct regarding the fact that sanctions have not been implemented in spite the obvious situation of inconsistency in the reporting.

**Graph 1: CRINIS Index: Graph showing overall findings with aggregated averages**

![Graph showing overall findings with aggregated averages](image)

**Dimension 1: Internal bookkeeping**

The first stage of reporting by parties is internal bookkeeping. Legal obligations in the area of bookkeeping and the political culture of the parties are factors that can influence this dimension. For parties to comply with legal regulations and uphold their own values and principles, it is essential for them to have a functioning administration, with the necessary capabilities.

In this study, the internal bookkeeping of parties was measured with five general indicators. These include legal requirements for parties to keep books on income, expenditure and assets and their actual practice in this regard. Other indicators address questions of disclosure of this information to party members, the standard of accounting procedures followed, authorized individuals to sign financial accounting reports and whether financial records are kept for a prescribed length of time.
The Law on Financing of Political Parties, which governs the conduct and financial matters of political parties, requires all political parties to maintain accounting books on all income and expenses.\textsuperscript{48} The Law also requires parties to regulate in its Statute or with another legal act the appointment of a specific entity \textbf{or a person} to take on this responsibility.\textsuperscript{49} Regarding the accounting obligations, parties are subject to the Law on Accounting for Non-profit Organizations.\textsuperscript{50} The research team was able to verify that all 10 parties participating in the survey kept records of their finances for the year 2010.\textsuperscript{51} As parties are required to submit annual financial reports to the State Audit Office, parties would, in practice, have to update their books at least annually. In addition political parties are obliged to submit to the State Audit office and to the Ministry of Finance a report for the received donations on quarterly basis. This suggests that political parties would have to update their books on a quarterly basis. However, only four of the political parties have followed this obligation on regular basis. Legally, party members have the right to access financial records from their respective parties and the information on income and expenditure of the political parties is public.\textsuperscript{52} However, the only way they can receive this information is the official party web site and media, where the information is not very detailed but gives overall view on the types of the expenditures. Another possibility is if a party member goes to the accountants’

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{book-keeping}
\caption{Book-Keeping}
\end{figure}

\textsuperscript{48}Article 23 (1): Every party shall maintain books of account on all income received and all expenditure incurred.
\textsuperscript{49} The Law on Financing of Political Parties No 76/04 article 24 (3 and 4)
\textsuperscript{50} Article 23 (3)
\textsuperscript{51} Two political parties, the leading from Macedonian camp (VMRO DPMNE) and United for Macedonia (OM) did not respond to any of the request and questionnaire.
\textsuperscript{52} Law on Financing of Political Parties Article 23
office and checks the detailed reports on incomes and expenditures and the register of donations.

The Law does not require party accounting reports to be signed by a certified accountant or an external auditor. However, according to Article 12 of the Law on the Accounts of the Non-profit Organizations, the political parties can also entrust their accounts to a certified accounting organization. In addition the financial reports are to be signed by a responsible person appointed by the political party. However, that does not need to be a senior member of the party, let alone a member of the party. Though, in practice, most parties had their accounting reports signed by a senior member of the party, when they were submitted to the State Audit Office.

According to the Law, books and accounts are to be kept for specific lengths of time depending on the type of documents: documents relating to sales and invoices are kept for 3 years; accounting documents on the basis of which data is entered into the books are kept for 5 years; documents and data relating to employees’ salaries are kept permanently.

In addition, political parties are also subject to specific reporting obligations regarding private funding and they have to keep a register of donations received, with information about the name of each donor, the type and amount of the donation and the date it was received. Rulebook and a template for the registration of donations were issued by the Ministry of Finance in November 2009.

The recent amendments to this law have added further publication requirements: political parties have to publish their entire annual financial reports on their website, in the Official Gazette and in at least one daily newspaper. The research team requested the 12 political parties to share a copy of their accounting reports and 9 responses have been received.

Regarding the professional level of administration of party finances, the parties which the research team had the opportunity to meet with, all had accountants in charge of their finances, and that has been the case for a long time. Political parties seem to have professional system of financial administration in place.

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53 Official Gazette 24/03
54 Law on Accounting of the Budgets and the Budget Users Article 13
55 Law on Financing of Political Parties Article 17
56 Law on Financing of Political Parties Articles 26 and 27-a
The Law does not require individual candidates to keep a copy of their accounting reports on file. Considering that in the Macedonian practice it is not unknown that in the Parliament there are parliamentarians that are elected as independent candidates, with this research we have recognized this as a shortcoming that will need to be addressed by the legislator.

Dimension 2: Reporting to the Oversight Agency

According to the law, parties were required to render their financial reports to the State Audit Office, the Public Revenue Office, the Ministry of Finance and the Central Registry.\textsuperscript{57} Political parties have to prepare an annual report by 31 March every year on the operations of the party and its branches for the previous year.\textsuperscript{58}

The law requires parties to submit reports in a standardized format and parties are required to include in their reports the details of funds and assets received, the sources of these funds and assets, how these funds and assets were procured, the amount of money spent, how it was spent and the purpose for which it was spent. The standardized format is defined by the Minister of Finance.\textsuperscript{59}

The Law does not require donors to report their political donations. However they are obliged to keep a copy of their accounting reports on file.

\textsuperscript{57} Law on Financing of Political Parties Article 26
\textsuperscript{58} Law on Financing of Political Parties Article 27
\textsuperscript{59} Law on Financing of Political Parties Article 27
Political parties are obliged on quarterly basis\textsuperscript{60} to report to the State Audit Office and the Ministry of Finance the donations they received. However, so far, only 4 of the political parties have complied with this obligation on regular basis and there have been no sanctions imposed for those that have not.

**Dimension 3: Scope of Reporting**

Scope of reporting looks into two main indicators: what types of funding sources are included in the reports (e.g., donations and public funding) and what expenses are included in the reports (e.g., expenses from private donations and expenses from public subsidies).

Annual Financial Reports of the political parties must include data on the various assets and sources of income (overall revenues, grants, money, material means, equipment, services, own revenues, membership fees) and on overall expenditure.\textsuperscript{61}

In addition to reporting the income from public funding, parties are also subject to specific reporting obligations regarding private funding. Namely, parties have to draw up a quarterly report on donations received on the basis of data contained in the registry of donations.\textsuperscript{62} Such reports are to be submitted to the Ministry of Finance and the State Audit Office and since the July 2009 Amendments to the LFPP, they are also sent to the Public Revenue Office.

\textsuperscript{60} With the Amendments from October 2011 political parties are obliged to submit annual report latest on 31 March to the SAO and to the Public revenue office.
\textsuperscript{61} Law on Financing of Political Parties Article 27
\textsuperscript{62} Law on Financing of Political Parties Articles 17 and 25
While the Law on Financing of Political Parties requires the accounts of political parties’ local branches to be reflected in the party’s accounts,\textsuperscript{63} it makes no reference to the accounts of entities established by the parties.\textsuperscript{64}

Parties have to report on expenses undertaken both from public funding and private donations; however, the reports on expenses are not very detailed in reality.

**Dimension 4: Depth of Reporting**

The detail or depth of information provided is just as important as the comprehensiveness of the reporting. The usefulness of financial reports depends largely on the information included in them. Therefore, reports should identify each donor, the amount and the date of each donation, and similarly itemize expenditures. This depth of information allows oversight bodies, civil society groups and voters in general to examine the accuracy of information provided, identify parties who depend excessively on a few selected donors and monitor future representatives for any potential action that may benefit their donors at the expense of the public. This dimension was measured by aggregating multiple indicators such as how detailed income and expenditure reports are and whether there is a threshold for disclosure of income in financial reports.

\textsuperscript{63} Ibid
\textsuperscript{64} This issue is one of the recommendations issued to the Republic of Macedonia by GRECO (Group of States Against Corruption) in its III Evaluation Round Report: GRECO recommends to increase the transparency of the accounts and activities of entities related, directly or indirectly, to political parties, or otherwise under their control, and to include, as appropriate, the accounts of such entities in the accounts of political parties.
This dimension has scored the second lowest among other measures categories. This is due to the fact that even though the law provides solid basis for transparency in political financing there is a deep culture of secrecy which results in avoiding presentation of any specific and more detailed information related to political funding sources and expenditures.

The Macedonian legal framework sets no threshold for reporting income in the financial reports. On contrary, there is a general principle of transparency of political income and expenditure. However, despite strong legal requirements on reporting income, the financial reports of political parties submitted to the oversight bodies do not identify each donor, the amount and date of each donation. Similarly, they do not contain itemized information on expenditures. However, together with the financial report the obliged reporting bodies (including political parties) have to submit an annex that contains additional and detailed information on incomes and expenditures. This practice does allow the SAO as an oversight body to examine accuracy of information provided, but it makes it impossible for the civil society groups and voters in general. Usually there is a need for knowing additional information if to establish the accuracy or the legality of the funds obtained and the way they have been spent.

**Dimension 5: Reliability of Reporting**

One key element of reporting - due to its close ties to transparency - is its reliability, or the belief that the data contained in a report is accurate. This dimension, therefore, is perception based and there are no law indicators (see graph below). The reliability of a report is related to how accessible it is to the public and to what extent the public controls its veracity. If the reliability of the data is questionable, the public’s interest in monitoring will naturally wane.

Measuring the reliability of data is difficult. The Crinis methodology relies on data from surveys with key actors in this thematic area such as party accountants, officials of oversight agencies and members of civil society.

Multiple indicators processed the responses to questions such as: how accurate reports are (e.g., in terms of the percentage of donations likely to be reported),

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65 During the validation the SAO has explained that all this information is submitted to the SAO in the annex of the financial report. This makes it available only to SAO and not to the membership and the public
favouritism and fear as well as whether it is possible to obtain an accurate idea of parties financing by looking into the official accounting statements.

When respondents to the survey were asked for their opinion on the reliability of political party and candidate reports, the average total score yielded a not satisfactory score of 4.1 (see graph above).

More specifically, it was perceived that it is somewhat possible (on scale 0-10 the index is 4.1) to obtain an accurate idea of the financing of parties by looking at the official accounting. Also the respondents have strong perception that the government favours the ruling parties through abuse of the administrative resources. There is almost a unanimous opinion that legally defined penalties are not enforced in practice.

When it comes to reliability of disclosed information related to the donations the respondents are of the opinion that donors don’t want to be disclosed because the donations’ real purpose is to promote future favours and the donors fear finding themselves involved in political scandals.

**Dimension 6: Public Disclosure**

The disclosure of financial information is a key element in ensuring that the media, civil society organizations, citizens and aspirants to public office can engage in monitoring party finances. This dimension is based on indicators, which describe the types of requirements to which the parties are subject: the disclosure of information on public subsidies; the disclosure of information on private financing received, the frequency of disclosure; and the channels through which the public is made aware of such information (visits to the party, the electoral management body, internet access, etc.).
Furthermore, additional indicators based on the findings of field tests were used to measure practices of disclosure. This included the citizen experiment, in which a group of citizens, journalists and students, requested information addressed to various stakeholders (such as political parties, donors, TV stations). These indicators are based on the following questions: what information was obtained by way of field tests conducted by volunteers? What was the rate of response achieved with requests for information submitted by local research teams? And whether parties voluntarily disclose financial information?

The registry of donations and the list of donors also have to be made public. However some of the political parties have reported to the research team that after publishing the names of the donors they were exposed to more frequent controls by various state inspections. Therefore they had to withdraw the lists from their web site.

The Law provides that a percentage (0.06 %) of the annual budget of the State as well as of the budgets of the municipalities and the city of Skopje is devoted yearly to the funding of political parties. These funds are to be distributed periodically – quarterly, bi-annually or annually depending on the available liquidities - according to the following formula: 30 % is distributed equally between all parties that won at least 1% of the votes cast in the last parliamentary or local elections.

The remaining 70% is distributed among the political parties in proportion to the number of their elected representatives in the Parliament or in the municipal councils. According to the Law the Ministry of Finance calculates

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66 Law on Financing of Political Parties Article 9
67 Law on Financing of Political Parties Article 10
the amount due to each political party on the basis of the information sent by the State Electoral Commission on their respective number of votes and seats obtained in the last elections.\(^\text{68}\)

Public funding to the political parties is not appropriately disclosed and it is even unclear for the political parties which methodology is used for calculating the disbursement of public funds. As follow up to the Crinis research team finding in January 2011 TI Macedonia has presented to the Constitutional Court three initiatives for challenging the constitutionality and legality of the Guidelines for distributing funds from the budget of the Republic of Macedonia for financing of the political parties, Official Gazette 52/10.\(^\text{69}\)

Moreover, the Budget does not have a separate subsection on financing political parties\(^\text{70}\) and the Ministry of Finance does not publish, nor does it provide information on the amount of budgetary assets allocated for financing political parties and for the amount that every party receives, whereas the criteria for distribution are not clear and even contradict the law.\(^\text{71}\)

The Law provides two grounds for the division of these assets. According to the first one, 30% of the assets should be divided according to the number of votes received at the last parliamentary elections, or the last local elections with a 1% census. According to the second one, 70% from the assets are to be

\(^{68}\) Guidelines for distributing funds from the budget of the Republic of Macedonia for financing of the political parties, Official Gazette 52/10

\(^{69}\) The initiatives are impugning the constitutionality and legality of the Directive for distribution of funds from the Budget of RM for annual financing of political parties (Official Gazette of RM, No. 59/05, 76/07, 52/10) due to violation of the constitutional division of powers (legislative, executive, judiciary) and for breaches of the constitutional regulation that all laws should be in accordance with the Constitution of the Republic of Macedonia and that all other legal documents should be in accordance with the Constitution and the laws of the Republic of Macedonia.

The Constitutional Court brought a Decision to anile the Directive for distribution of funds from the Budget of RM for annual financing of political parties (Official Gazette of RM, No. 59/05, 76/07, 52/10)

\(^{70}\) With the October 2011 amendments it will be a subsection in the budget of the Ministry of Justice

\(^{71}\) According to the LFPP, 0.06\% from the total amount of the Budget is being provided on annual basis. According to the Law for Execution of the Budget of the Republic of Macedonia for the year 2010 these assets are not separated, and are part of subsection 09002-20-463. According to our calculations, for the year 2010, from the Budget of RM 81,955,200.00 MKD or 1,332,305.00 EUR, were intended for this purpose, where as for the year 2011 83,040,600.00 MKD or 1,350,254.00 EUR, were intended for this purpose. Overview 2005-2011 (in thousands Euros)

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
<th>09002-20-463</th>
<th>0.06%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1,644,570</td>
<td>5,252</td>
<td>987</td>
</tr>
<tr>
<td>2007</td>
<td>1,733,005</td>
<td>2,488</td>
<td>1,040</td>
</tr>
<tr>
<td>2008</td>
<td>2,049,849</td>
<td>2,195</td>
<td>1,230</td>
</tr>
<tr>
<td>2009</td>
<td>2,400,488</td>
<td>2,195</td>
<td>1,440</td>
</tr>
<tr>
<td>2010</td>
<td>2,221,008</td>
<td>2,520</td>
<td>1,333</td>
</tr>
<tr>
<td>2011</td>
<td>2,250,423</td>
<td>2,520</td>
<td>1,350</td>
</tr>
</tbody>
</table>
divided among political parties that have members of parliament, mayors and councillors elected in the last elections, where the census for division is according to the number of MPs in the Parliament of the Republic of Macedonia, and according to the number of councillors elected to the municipal councils.

According to this Law, the Minister of Finance adopted the Guidelines for regulating the procedure for distribution of these assets. These Guidelines should regulate based on the data necessary for verification of the censuses by political parties, and the Decision of the Minister for distribution of assets to the parties.

Legally political parties are not entitled to free airtime in the state media. According to the Electoral Code the public media is not allowed to provide free political advertisement, with the exception of the free air time which is allocated on an equal basis to all candidates in the elections, in order for them to present themselves and their programme.\textsuperscript{72}

The research team was able to obtain the annual party financial reports from 9 parties that were selected for the survey. Of the 12 parties selected for the survey, only 3 parties did not share their financial reports with the team. Officially submitted financial reports were also posted on the political parties web sites.

The rate of response achieved with requests for information submitted by local research teams was satisfactory. Out of 12 political parties 10 participated in the survey by providing the requested data. However, only 3 out of 13 civil society participants in the survey were able to obtain information related to the financing of the political parties, and the information was supplied on web sites of the political parties.

**Dimension 7: Preventive measures**

This study assesses the dimension of preventive mechanisms in political party funding by using six indicators. These include existence of a centralized system of bank transactions (known as a “single account”) and a ban on cash deposits which could prevent identification of the origin of donations. Furthermore, this dimension looks into the existence of preventive measures against abuse of government resources and whether fiscal incentives are

\textsuperscript{72} Electoral Code, Article 75
present for disclosure of donations. Another indicator focuses on whether there are media regulations on preventing potential abuse of political influence.

<table>
<thead>
<tr>
<th>Prevention</th>
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<tbody>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Law</td>
</tr>
<tr>
<td>Practice</td>
</tr>
<tr>
<td>Party</td>
</tr>
<tr>
<td>3.5</td>
</tr>
<tr>
<td>3.3</td>
</tr>
<tr>
<td>3.7</td>
</tr>
<tr>
<td>3.5</td>
</tr>
</tbody>
</table>

The Political Parties Regulation does not require political parties to conduct their financial transactions through a bank account; nor is there a provision in the law, prohibiting the acceptance of cash donations. Moreover, cash donations are allowed. During the validation it was additionally clarified that this issue is regulated with the Law for Payment Turnover. According to that Law (article 10) political parties are obliged to conduct all their financial transaction through the commercial banks, including daily deposit of the cash payments on any basis. However, there are no indications on the compliance of political parties with this regulation.

There is no upper limit to cash donations which parties are allowed to accept, above which donations should be conducted as bank transactions. In principle, all assets, as well as those paid in cash, should be recorded and paid on the account of the political party.

The parties can have only one bank account and the local branches of the parties report on their income periodically at central level and payment of expenditure is made at central level. Local branches may have sub-accounts, but in this case, the reports of the party and all its branches have to be consolidated.73

However, the main political parties follow an analytical system of accounting, with individually itemised records of income and expenses. Since parties are not required to conduct all its transactions through a bank account; there is no

73 Law on Financing of Political Parties, Article 26
way for the State Audit Office to verify that parties have reported all its income and expenditures, nor can any of the relevant official bodies verify that parties have not accepted certain types of income, even if it is not allowed by law.

Donors are not required by law to report donations they make to parties nor are there any fiscal incentives for them in place, such as tax exemptions, for donors to encourage disclosure. The onus of reporting donations lies solely with the political parties. There are no fiscal incentives for parties to file financial reports. However, the possibility that parties might get penalized for not reporting, acts as an incentive.

The Law says nothing about penalties for abusing public resources by political parties and candidates. However, the Law makes it illegal to use government resources or employees for political party benefits.

Some forms of indirect public funding are foreseen in the Electoral Code only for the election campaigns. There are no laws pertaining to media time for parties during non-electoral periods.

**Dimension 8: Sanctions**

As with most other dimensions, multiple indicators that focused on both the legal framework and practices were used to evaluate the dimension of sanctions. Questions included: are existing laws on annual funding of political parties adhered to in practice? Is current legislation in this area adequate? Are sanctions for violation of established rules appropriate? In order to verify if sanctions are applied, media reports and court cases were reviewed.

The law allows for the penalization of political parties that accept monetary and other contributions—either assets or in-kind contributions—forbidden by law.

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74 Law on Financing of Political Parties, Article 26
- Political parties have to keep a register of donations received, with information about the name of each donor, the type and amount of the donation and the date it was received

75 Law on Financing of Political Parties, Article 20
Political parties may not receive funding from:
- foreign governments, natural and legal persons, as well as international organizations and institutions;
- companies controlled by foreign investors;
- state and local government bodies, other than those allocated to direct public funding,
- public institutions, enterprises and funds who manage state funds;
- public institutions, enterprises and funds created by municipalities;
- public institutions and companies of which the state owns 20% or more of the shares;
The law also allows for the imposition of a fine to parties, for non-submission of reports or the failure to maintain the financial records. In addition to this, penalties are allowed for the person who is in charge of handling finances.

The sanctions foreseen by the Law on the Financing of Political Parties were strengthened as a result of the July 2009 amendments, as detailed:

- if donors exceed the ceilings on donations, natural persons are subject to a fine of 1,000 Euros to 2,000 Euros in MKD counter value and legal persons to a fine of 5,000 Euros to 10,000 Euros in MKD counter value;

- in the case of excess of donation ceilings, if the party fails to return the excess funds to the donor, it is liable to a fine from five to ten times the amount of the difference between the amount allowed and the donated amount;

- if the party fails to transfer funds from anonymous or unidentified sources to the state budget, it is liable to a fine from ten to twenty times the amount of the donation.\(^76\)

In addition to the above sanctions, if the party obtains and uses funds from illegal or anonymous sources, it may lose its right to public funding the following year.\(^77\)

\(^76\) Law on Financing of Political Parties, Article 28
\(^77\) Law on Financing of Political Parties, Article 20 (3)
If the party fails to meet the various reporting and publishing requirements set out by the LFPP, it is liable to a fine of 5,000 Euros to 10,000 Euros in MKD counter value.\footnote{Law on Financing of Political Parties, Article 29}

These sanctions may be imposed by the first instance court in the jurisdiction of which the political party has its seat.\footnote{Law on Financing of Political Parties, Article 31}

This survey unlike the GRECO evaluation has shown the legislation to be comprehensive but not adequate. However the conclusion related to non-existing legal practice in this domain remains.\footnote{“There is no legal practice in sanctioning political leaders or donors for non-compliance with the legal restrictions, accounting rules and reporting mechanism. There are no recorded cases where any political party has been penalized for not respecting the provisions of the Law on Financing of the Political Parties”. Third Evaluation Round Evaluation Report on “the former Yugoslav Republic of Macedonia” Transparency of Party Funding” Strasbourg, 26 March 2010 Greco Eval III Rep (2009) 6E p}

Since the score is still quite low for the legal part of sanctions here, more explanation needs to be provided on why this is the case. Perhaps because sanctions seem to be only financial and do not foresee harsher punishment, like criminal sanctions or political responsibility (loosing the right to run in the elections, etc.).

As regards the loss of public funding\footnote{Law on Financing of Political Parties, Article 32 and Electoral Code, Article 87} the Constitutional Court had repealed Article 32 of the Law on Funding of Political Parties concerning the loss of public funding in case of repeated violations of the LFPP, on the grounds that no procedure was foreseen in law for processing a motion for loss of public funding, although the court did not object to the substance of this sanction. According to the information provided Article 20 LFPP and Article 87 of the Electoral Code were not repealed, although they similarly lack procedural provisions.\footnote{In the opinion of GRECO, sanction such as the loss of public funding is without doubt dissuasive and it is unfortunate that it cannot currently be applied in practice. In light this opinion GRECO recommended: (i) to ensure that the mechanism by which sanctions are imposed for violations of the rules on political funding works effectively in practice, and (ii) to ensure, in particular, that the sanction of loss of public funding by political parties and election campaign organizers can be applied in practice.}

**Dimension 9: State Oversight**

State oversight is an indispensable element in strengthening the systems that regulates political financing. The independence and clear mandate of the oversight body is necessary for its effective functioning. It is also vital that the
institution has sufficient resources and technical capacity to carry out its duties. The three indicators used in this study include questions on legal mandate and institutional arrangement to evaluate whether the body has necessary legal powers to carry out independent oversight of political party funding. Other questions focus on examining actual practices, such as, how independent is the electoral governing body, as evaluated by relevant actors in the field? What are its capacities and shortcomings in terms of its resources?

Survey results are somewhat opposite to the well known practice on insufficient implementation of the existing legislation. Looking at the results it seems that there is more implemented in practice than required by law. This happened as a result of the very fragmented supervisory system composed by different state institutions that have specific mandates for supervising the political parties financing in different situation.

In reality the lack of effective supervision of the legal regulations on political financing is the biggest challenge within the area of political financing. There are six different bodies, all of which play a part in the supervision of the financing of political parties: the State Audit Office, which is authorized to supervise the public funding of political parties; the State Commission for Preventing Corruption, which focuses its control on possible illegal or anonymous sources of funding received by political parties and the use of illegally obtained funds, both within the framework of parties’ routine activities and during election campaigns; the Public Revenue Office, which forms part of the Ministry of Finance and monitors the expenditure of political parties; the Ministry of Justice, that has a general responsibility to oversee the implementation of the Law on Financing of Political Parties.\footnote{Law on Financing of Political Parties, Article 36}
This extreme fragmentation of powers can only be detrimental to the efficiency of state oversight. Some of the bodies mentioned above have a very narrow role, cautious not to exceed the boundaries of their mandates and powers. Still, there is the risk of duplication. While conferring a supervisory role onto several bodies could be an asset by ensuring complementarities, but GRECO is of the clear opinion that “the multiplicity of these bodies rather has counter-productive effects, as it prevents any of these bodies from being in charge of the process. Instead they rely on the others – waiting for their reports or findings. The gaps in monitoring and the overall lack of substantive supervision are most apparent as regards political parties’ routine activities.”

However, following the GRECO recommendation, the new amendments from October 2011 of the Law for Financing of political parties the State Audit Office has been authorised to be the responsible institution for oversight over the financial activities of the political parties.

The State Audit Office is an independent institution, whose head and deputy head are appointed by the Parliament for a term of 9 years. State auditors are specialized in economy or law and have work experience in accounting or financial operations. They must be independent from the party that they are checking. Because the impartiality of the auditors has been already established with the Law for the SAO this provision (Article 25 p. 2 is deleted with the new amendments.

The State Audit Office performs about 90 audits per year among all institutions and bodies that are subject to its control. Pursuant to Article 6 of the Law on State Audit, political parties receiving public funding are among the bodies that should be audited at least once a year by the State Audit Office, according to its annual programme. Competence of the State Audit Office over the public funding of political parties was introduced in 2005 and the State Audit Office checked the accounts of some political parties. Since then, however, political parties have not been audited, as the State Audit Office operates on the basis of its annual programme that contains criteria for

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84 Consequently, the GRECO recommends providing a leading independent body assisted, if appropriate, by other authorities, with a mandate and adequate powers and resources to carry out a proactive and effective supervision, investigation and enforcement of political financing regulations.
85 Article 7 of the Law for amendments to the Law for Financing of the political parties, Official Gazette 148/11
86 Law on State Audit
87 Law on Financing of Political Parties, Article 26
88 This according to the SAO representatives is in fact the majority of the public funds.
selecting the entities subject to audit. Although the State Audit Office is one of the recipients of the annual financial reports and the quarterly reports on donations, political parties have not so far been subject to checks. The State Audit Office could decide to perform a specific audit on the accounts of a political party if it receives a complaint, but this has not yet materialized.

The second state oversight agency in regard to financing of the political parties is the Public Revenue Office (PRO). There are pre-requisites of professional qualification of the candidate heading the PRO. However, the Director of the Public Revenue Office is a functionary appointed by the Government without a selection process, which strongly affects its independence.

The state oversight agencies have demonstrated independence during the last five years. However, the participants in the survey are of the opinion that the head of the PRO is not protected against removal from office due to political motives. Also, the probability of PRO taking action against false or incomplete reports can possibly be affected by the fact if the culprit is in the Government or not.

Both state oversight agencies have necessary legal powers such as access to records of donors. However, they do not have access to the bank records. In practice, they analyze received reports with focus on expenses, and do not necessarily focus so much on income sources.

These state oversight agencies need more resources in order to strengthen their effectiveness. This is especially the case with the SAO as resources affect its ability to conduct audits on a more regular basis.

**Dimension 10: Public oversight**

In addition to the oversight functions performed by state bodies, other actors such as the media, academics, civil society organizations and citizens and at times, political parties themselves may engage in monitoring funding of political parties. Monitoring may include activities such as reporting irregularities to government bodies, analyzing financial reports to inform the public and pressuring authorities to ensure that their oversight is functioning and effective. This study addressed this dimension by focusing on the oversight activities performed mostly by civil society organizations and media. The specific questions included: whether there are organizations that oversee political financing, whether they are independent, active and influential in their activities. Another indicator also looks into the question of whether civil
society, citizens or political parties report irregularities to the state oversight body.

The only organization which has conducted organized monitoring of the financing of political campaigns is Transparency International Macedonia. The monitoring was conducted during the 2006 parliamentary elections. Until then there had been no other organized monitoring of the financing of political campaigns and electoral costs. This is a pity because transparency in political financing is still very low.

However, apart from monitoring of the electoral costs there is no project, an NGO or other public organization involved in monitoring of the regular political financing. Public opinion regarding the financing of political parties is based on media reports rather then official reports or surveys.

Transparency International Macedonia is conducting this survey for the first time.

Regarding the media activities in overseeing political funding general impression is the lack of interest in this issue. The only media who is constantly interested in this issue is the weakly magazine “Focus”. However they are regularly reporting the absence of information and both from the over side institutions and political parties. The provisions from the Law for the Free Access to official Information are not directly obliging for the political parties but, as explained above, there are provisions in the Law for the financing of the political parties. There is no involvement and citizens activity in this issue, and parties themselves are not interested to watch out on how other parties are reporting.
Conclusions

Transparent political financing is not a one-stop solution to all issues related to political corruption. Nonetheless, it is one of the most pivotal elements in addressing problems related to political corruption and in assisting to build public trust in politics and politicians. This is one of the central premises of the CRINIS project.

Republic of Macedonia is a new democracy and it is important to build strong foundations of political pluralism based on transparency and rule of law. In this respect, working toward enhancing transparency of political financing, especially the way how political parties are supported by the membership and donors for their everyday work is critical to support democracy and competition.

Political parties and candidates constitute the primary vehicles utilized by citizens to channel their participation in the political process, and must therefore have the highest standards of democracy. However in Macedonian legislation there are no rules for transparency of the candidates that are elected as independent political candidates.

The starting point for strengthening the foundation upon which political parties rests, is a regulatory and social consensus on public’s right to knowledge about political financing activities. In principle, this information must be made available so that citizens can engage in effective public oversight; to support, put pressure on and complement state oversight bodies, and take into consideration the private interests behind political parties and candidates when casting their votes.

The state oversight need to be more efficient and more transparent with providing timely and regular oversight supported by transparency and dissuasive and efficient sanctions. The diversity of the oversight institutions has been proven as a weakness of the system that has been addressed with the new legal amendments. However, the system will remain inefficient and weak if there is no efficient processing of the failures and sanctioning.

Public oversight must not replace but rather complement the oversight by the state. It is as such an indispensable element in promoting change towards modern and efficient political finance systems. To this end, the public must be able to access complete, reliable and timely information on the resources managed by political parties and electoral candidates.
On rare occasions, this right conflicts with other values, such as safety of donors and political freedom. It is possible that parties may be at a disadvantage since potential donors may be subjected to threats or retaliations; be it from the government, other donors and businesses, or even from a powerful opposition, if such information is made public. Such exceptional situations must be clearly specified and explained in the law insofar as concessions to the degree of transparency made.

However, this should not be used as an excuse to deny the public’s right to information on political party financing and the general rule should continue to give priority to the public’s right to know how political parties and campaigns are financed.
5. Recommendations

1. *Proactively disclose financial reports of political parties.*

This is the single most important step in battling corruption in political financing and building trust in political actors and activities. Only when information is made available, can voters make an informed decision when casting their vote; can media carry out its reporting and scrutinizing function; can watchdogs carry out its oversight function; and can the public engage in scrutinizing party and campaign finances and complement the State Audit Office (SAO) and the Public Revenue Office’s (PRO) oversight function.

The current practice of the State Audit Office is to disclose financial reports. However, financial reports do not contain itemized income and expenditure and it is difficult for the public to get accurate information related to the political party financial activities.

An additional feature that could be employed would be to provide some information online in a searchable format. This would be especially helpful since different parties provide information in different formats.

The State Audit Office needs more financial and human resources to be able to plan and conduct audits of the funds of political parties more regularly and effectively.

With the newest changes in the Law on State Audit from October 2011, SAO became central body for control over the financing of the political parties. This additionally is strengthening the need for institutional and human recourses.

2. *The Ministry of Finance should provide general itemized templates for filing financial accounting reports, in order to encourage depth in reporting, by political parties.*
The Ministry of Finance provided templates for financial reports of the political parties. A common template makes it easier and faster to get specific information and is especially helpful when making comparisons between parties. The Ministry of Finance shall provide more itemized and detailed template in order to enable more accurate disclosure of income and expenditures.

A common template would also be handy when the State Audit Office is auditing submitted reports, since a template would considerably speed up the process. It would also be useful when, and if, the State Audit Office decides to go for a searchable data base, as the information is already collected and categorized in a systematic manner making the job of entering information into the database easier and less time consuming.

3. Mandate parties and candidates to submit official identification on donors and vendors.

The current legal framework does mandate political parties to provide official identification of donors and vendors. The current practice is to provide the name of donors and political parties and in the absence of official identification there is no way to ensure the reliability of the information provided.

Mandating parties to provide official identification of donors and vendors would increase the reliability of information provided and in turn increase public trust in parties and the political financing system; it would leave less room for misappropriation of party funds by making parties more accountable to members, supporters and the general public; and it would also leave less room for parties to provide inaccurate and fraudulent information.

At the same time it is necessary to provide for a legal protection against any inappropriate treatment of the donors to threats or retaliations; be that from the government, other donors and businesses, or even from a powerful opposition, if such information is made public. Such exceptional situations must be clearly specified and explained in the law insofar as concessions to the degree of transparency are made.
4. *Implement and strengthen the sanctions.*

In order to strengthen public trust in the efficiency of the relevant state oversight agencies and other state institutions towards irregularities in political financing it is of crucial importance to strengthen existing legal practice and implementation of the existing penalties.

Additionally, where appropriate to introduce harsher punishments for non-compliance with legal penalties and relevant measures towards ill practice related to donors. In this respect it is necessary to implement the GRECO recommendation related to authorization of one leading institution responsible for the supervising of political finances instead of today’s existing fragmented and inefficient system. Given that, this has been realized with the amendments in the Law on financing of the political parties from October 2011, the way this institution is caring out its statutory responsibilities should be followed.

5. *Mandate political parties to make financial information available.*

The current legislation mandates political parties to ensure that their accounts are public.

However, given the fact that reports provided are not itemized and difficult to follow in principle, this information must be made available so that citizens can engage in effective public oversight; to support, put pressure and complement state oversight bodies, and take into consideration the private interests behind political parties and candidates when casting their votes.

Public oversight is an indispensable element in promoting change toward modern and efficient political finance systems. To this end, the public must be able to access complete, reliable and timely information on the resources managed by political parties.
6. Annexes

Annex 1: List of political parties participating in the project

I. VMRO – DPMNE
II. Social Democratic Union of Macedonia (SDSM)
III. Democratic Union for Integration (DUI)
IV. Democratic Party of Albanians (DPA)
V. Liberal Party of Macedonia (LP)
VI. Liberal Democratic Party (LDP)
VII. New Social Democratic Party in the Republic of Macedonia (NSDP)
VIII. United for Macedonia (OM)
IX. Internal Macedonian Revolutionary Organization– People's Party (VMRO-NP)
X. New Democracy (ND)
XI. Socialist Party of Macedonia (SPM)
XII. The Democratic Union (DS)

Annex 2: List of institution participating in the project

I. Public Revenue Office (PRO)
II. State Audit Office (SAO)
Annex 3: List of other categories of participants in the project Crinis

I. Media
   - A1 TV, Dnevnik and Sitel TV

II. NGO
   - Transparency International Macedonia
   - Foundation Open Society Macedonia

III. Members of the academic community
   - Five members with experience in this topic

IV. Residents
   - Seven people: students, managers…

V. Donors
   - Five donors

VI. Potential donors
   - Five potential donors

VII. Reporters
   - Five reporters