



**REPUBLIC OF ALBANIA
CENTRAL ELECTION COMMISSION**

STATE ELECTION COMMISSIONER

Dear participants,

Honorable chair of the session,

I.

Entry

First of all, I would like to thank the hosts of this Conference for its excellent organization in the conditions of the Covid-19 pandemic.

Talking about the financing of political parties means addressing the integrity of the electoral process, as well as the credibility of the government that emerged from the respective elections.

The issue of the relationship between money and politics has long been the focus of political, media and civil society discussions.

There is a growing concern among citizens about how political parties and their election campaigns are funded. This growing concern is justified. The money that finances political parties, politicians and their campaigns, is more likely to make politicians more accountable to their funders than to their voters.

The history not only of Albania, but also that of countries with early consolidated democracies has presented us with many cases when politicians and even political leaders have been in those positions more as representatives of the interests of their financial sponsors than voters.

In the following I am introducing you to the Albanian model of financing political parties and their electoral campaigns.

II.

WHAT IS THE REGULATORY FRAMEWORK FOR FINANCING?

Perhaps, like very few other models, in Albanian legislation the rules for financing politics are found sanctioned in the Constitution.

In its article 9/3 is sanctioned the principle that, "The financial resources of the parties, as well as their expenses are always made public".

Detailed rules regarding the financing of political parties as well as election campaigns are set out in (i) the law on political parties and (ii) the Electoral Code.

The CEC has the right and obligation to adopt bylaws based on and for the implementation of two laws, especially the Electoral Code.

For the first time the rules for financing political parties were included in the law on political parties of 1991. We are at a time when the political system had just changed. It is interesting to say that in the conditions of the total absence of pluralistic elections and not to mention the financing of campaigns, someone paid attention to establish in the law on parties the rules for their financing.

Even at that time it was foreseen that there would be a body that would control the finances of the parties. It would be a parliamentary committee that would do that.

With the amendments to the law in 2000, the right to audit the finances of political parties was vested in the Supreme State Audit Office (KLSH).

In 2001 this responsibility passed to the CEC.

In 2009 the issue of financing of political parties became part of the Electoral Code.

The most important changes in the legal framework regarding the financing of political parties occurred in 2017.

The most important change consisted of the CEC's competence to monitor the political parties' election campaign, as well as the obligation of political parties to report immediately after the elections.

In 2019, for the first time, the obligation of financial reporting was imposed on the candidates themselves.

With the recent changes of 2020, the current legal framework in Albania regarding financing is complete in terms of:

- A). Who finances the parties and their campaigns (who has the right to give money to them)?
- B.) What are the funding limits and prohibitions?
- C). Which is the body responsible for controlling / supervising the financing. How is this process carried out?

- A). Who finances the parties and their campaigns (who has the right to give them money)?

According to Albanian legislation, political parties and their candidates can receive funding for the purposes of their election campaign only from:

- (1) Local, non-public natural and legal persons;
- (2) from the state budget .;
- (3) from the activity of the party itself.

Funding from foreign countries, from foreign legal or natural persons, as well as from local public legal entities is prohibited.

- B). What are the funding limits and conditions.

- (1) Financing from natural or legal persons. Limits, conditions and prohibitions.

- 1. For the purpose of the election campaign, natural or legal persons may donate to the electoral subject, including its candidates, a value not exceeding 1 million ALL (8,200 Euros) or equivalent in goods or services.
- 2. Provision of funds by a legal entity or any of its shareholders is prohibited if:

- a) Has benefited from public funds, public contracts or concessions in the last 3 years worth over 10 million ALL (82,000 Euros).
 - b) Exercises activities in the field of media.
 - c) Has been a partner with public funds in various projects
 - d) There are monetary obligations to the State Budget.
3. Natural or legal persons who have made donations may not benefit from public contracts, contracts with public-private partnerships or any other way of funds with a total value exceeding 10 million ALL, for a period of up to 3 years after the date of the elections.

(2) Financing from the state budget. Limits, conditions and prohibitions.

1). Who receives annual funding? Under what conditions? To what extent?

Every year in the State Budget is determined a fund that serves as public financial assistance for carrying out the annual activity of political parties. The financial assistance provided in the State Budget in non-election years, as a rule, can not be less than the assistance provided in the previous year.

This fund is divided according to the following rules:

- a) 70% of the budget is received by the parliamentary parties in accordance with the number of deputies they have;
- b) 20% of the budget is equally distributed to parties that have over 10 thousand votes;
- c) 10%, according to the percentage won among the political parties that have participated in the last parliamentary elections and have won over 1% of the votes nationwide.

The part that may remain undistributed by the 10-percent is added to the 70% fund.

The distribution is made by decision of the CEC.

The party that has not submitted the annual report does not receive funding for the following year.

In cases when a political party does not pay the obligations deriving from executive titles or from executable administrative acts, then the relevant amount is withheld from the annual state budget, which is provided for financial assistance of the respective party.

2). Who receives funding for the election campaign? Under what conditions? To what extent?

For the election campaign, the parties receive funds from the state budget, as well as from private natural or legal persons, in the amount and conditions determined by the Electoral Code.

From the state budget receive funds for the campaign the parties registered as electoral subjects and which have received not less than 1% of the votes in the last elections.

The distribution is made in accordance with the number of votes received. The fund distributed to the parties cannot be less than that of the last elections.

From the amount that the parties participating in the elections should receive, when it is the case, the fines or sanctions that have been imposed on you are withheld.

If the estimated amount is higher than the total election campaign expenses reported by the political party or is assessed as such by the CEC according to independent audits or its verifications, then the political party is obliged to return the difference. at the CEC.

In case the political party does not apply this definition, then it is excluded from the right to receive public funds for a period of not less than 5 years, except when it pays the obligation together with the fines.

(3) Financing from the party itself. Limits and conditions.

Financing by the political party itself includes membership fees, sale of newspapers, publications, etc., rental of their properties, income from the sale of their movable and immovable property.

C). Which is the body responsible for controlling / supervising the financing and how is this process carried out

The body responsible for controlling / supervising the financing of political parties is the Central Election Commission.

There is a special structure in the CEC which carries out this responsibility of the CEC.

(1).

Control and supervision of annual funding.

For annual funding, political parties must submit a report to the CEC, no later than March 31 of the following year

The report contains:

- a) sources of funding based on a standardized format, approved by the Central Election Commission;
- b) expenditures based on the standardized format, approved by the Central Election Commission;
- c) entities related, directly or indirectly, to political parties or controlled by them, which are declared by the political party itself

Each political party must record in a special register, according to the format approved by the Central Election Commission, the amount of funds received from each natural or legal person, as well as data related to the clear identification of the donor. In any case, the donor, at the time of donation, must sign a donation declaration, according to the format approved by the Central Election Commission. The list of persons who donate amounts not less than 100 thousand ALL, as well as the respective value, must always be made public.

Political parties submit the annual financial report, together with the audit report, performed by licensed accounting experts (statutory auditors).

During the election year, the party's financial reports must be submitted along with the election campaign financial report.

The CEC verifies prima facie whether the report submitted by the political party has been completed in accordance with the bylaws adopted by the CEC.

If the verification shows that there is a discrepancy, the CEC returns it to the political party for review. The latter has the obligation to submit the revised report within 72 hours.

The CEC audits the annual financial activity of political parties through licensed accounting experts. The CEC appoints by lot one or more licensed accounting experts to audit the funds received and spent during the calendar year by the political party.

The CEC, after receiving the audit reports from the licensed accounting experts, prepares a summary material with the findings of the report.



In cases where violations of legal provisions regarding the financing of political parties are found, the CEC imposes sanctions.

All types of financial reports and those of auditors are published.

(2).

Control and monitoring of election campaign funding.

Electoral subjects are obliged to submit a financial report for the election campaign to the CEC within 60 days from the announcement of the election results.

The report, as a rule, should contain information on:

- a) any donation, loan or credit given to the party and its candidates during the election campaign, six months before the campaign, as well as its source, including donations or services in kind;
- b) income for election campaign purposes from all other permitted sources;
- c) all items of expenditure for the purposes of the election campaign;
- ç) the balance of assets and liabilities of the political party for the period from the decree of the election date to the election date.

Each political party that participates in the elections keeps and preserves in the archive for a period of 7 years the complete and detailed documentation of its financial status.

The CEC verifies prima facie whether the report submitted by the electoral subject has been completed in accordance with the bylaws approved by the CEC.

The CEC audits the financial activity for the election campaign of electoral subjects through licensed accounting experts. At the beginning of the election year, the CEC competitively selects a list of licensed accounting experts who will audit the funds received and spent by electoral subjects, their candidates and branches for the election campaign.

Licensed accounting experts draft an audit report according to standardized formats by the CEC and submit it within 30 days from the moment of entering into the contract with the CEC. The report is published within 48 hours on the official website of the CEC.

Also, 6 months before the election date, the CEC appoints a significant number of monitors to monitor the fulfillment of the obligations of electoral subjects regarding the financing of the election campaign.

Monitors compile periodic reports, every 10 days.

In cases when violations of legal provisions regarding the financing of political parties during the election campaign are found, the CEC imposes administrative measures with fines according to legal provisions. The decision of the CEC is public.

III.

CLOSING

(1)

Money in politics, or the financing of political parties, is related to and directly influences key aspects of any society. How money goes to politics, how it affects it, so is the standard of elections, so is consequently the standard of democracy and social development of a country.



If legality, transparency, accountability characterize the system of financing politics, then the government will be more accountable to its own voters and consequently society will have more progress.

In one way or another the primary problem of money in politics has to do with the breakdown of voter relations and ties with those who are elected or want to vote.

The main characteristics and problems of the illegal and non-transparent relationship of money with politics, consist mainly in:

1. The wealthy interests of economically powerful groups that can influence politics and political decision-making in ways that undermine democracy.
2. Non-transparent business contributions to the campaign can lead to corruption of public finances;
3. Abuses of state resources for electoral interests;
4. Foreign funding that may threaten the sovereignty of national policy;
5. Sale of votes;
6. High levels of campaign spending, which discourage the emergence of new political forces.

All these together give their negative impact on the development of free and fair elections and the subsequent consolidation of institutions.

Financing politics illegally by legitimate businesses is a problem. But it is even more of a problem when funding in politics comes from the underworld. In this case democracy and the rule of law are in great existential danger.

(2)

The CEC, civil society, but also politics themselves will soon be involved in a discussion on improvements to the financing system of political parties and their campaigns.

Civil society and the media should also play a very important role in monitoring how money moves in and out of the political system. Especially in cases where the money coming from criminal activities sponsors politics.

In this time of crisis that accompanies this pandemic, we are obliged to lead, guide voters and politics towards elections with integrity. This is a task and as such I am convinced that the contribution of all will make possible the successful realization of this goal, because we all lose something when money dominates politics.

Illegal financing of politics by business is a problem. But it is more than a problem when money in politics comes from crime.

Civil society and the media (and, of course, the relevant institutions (which have a duty to do so) must be seriously engaged in a campaign to make voters aware, especially of the effects of vote-buying.

It is very easy for each of the factors in this venture to judge the other, but at the moment this is not necessary. Everyone should be in accordance with the institutional profile that has to contribute to this venture.

Thank you!

=====Valbona Ballgjini=====

