



Political Finance Regulations Around the World

An Overview of the International IDEA Database

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International IDEA resources on political participation

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This report is based on information collected up to February 2012. The data and maps are continuously updated on the International IDEA database. For the latest information, please see: <<http://www.idea.int/political-finance>>

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List of acronyms and abbreviations

EMB	Electoral Management Body
GRECO	Group of States against Corruption
I\$	International Dollar
PR	Proportional Representation
TI	Transparency International
UN	United Nations

Introduction

The International Institute for Democracy and Electoral Assistance (International IDEA) database on political finance regulation was originally created in 2003 and has since become the leading source of information on political finance regulation worldwide. During 2011, International IDEA decided to revise and update the database and to extend its coverage to additional areas, such as candidate finance, gender issues and abuse of state resources. The database on political finance regulations now provides up-to-date information on regulations used in 180 countries around the world.

This report is intended as an introduction to the database and to compare political finance regulations in different parts of the world. The analysis is divided into two chapters. The first chapter, 'Global and Regional Analysis', takes a global view of the regulations covered in the database as well as the situation in the different regions of the world. A series of world maps are included to show the spread of various regulations. The second chapter, 'Political Finance Regulations and Other Variables', introduces some variables that are not included in the database itself, and which are not directly related to political finance, to see if correlations can be found between factors such as the level of political freedom and the existence of different types of regulations.

As this paper is intended as a presentation of the data, this report does not draw extensive conclusions from the findings, nor seek in-depth explanations or implications of the information in the database. Instead, we hope that others will take up this task, whether they are interested in regulations globally or in a particular region or country. We look forward to seeing how the data is used in the future to explore and illustrate the many complicated issues relating to the role of money in politics.

Finally, we would like to thank the many researchers and experts who have contributed to the realization of this project. Special thanks go to Elin Falguera and Sam van der Staak for their oversight, quality control and review of this overview and to International IDEA's Publications Manager, Nadia Handal Zander, for ensuring a smooth production of this publication.

About the database

The revised International IDEA database on political finance regulations answers 43 separate questions on political financing. These questions are divided into three main parts: regulations on income, regulations on expenditure, and regulations on disclosure, enforcement and sanctions. For the purposes of this report, the 43 questions were broken down to create seven categories, detailed in Table 1. A full list of questions can be found in the appendix.

Table 1. Categories of questions

Category	Questions	Comment
Bans on donations	1–12	A series of questions regarding who is allowed (or rather not allowed) to make contributions to political parties and candidates.
Limits on donations	13–18	Questions regarding quantitative limits to allowed political contributions.
Provision of public funding	19–28	These questions all deal with the direct and indirect provision of state resources to political parties and candidates, including questions about provisions relating to gender equality.
Bans on expenditure	29–30	Two questions about bans on vote buying and the use of state resources for campaigning.
Limits on expenditure	31–34	Questions about spending limits for political parties and candidates.
Financial disclosure	35–39	Several questions concerning the requirements for political parties and candidates to submit financial reports.
Enforcement and sanctions	40–43	The final questions relate to the institutions that are engaged in political finance oversight and the sanctions that are available.

Chapter 1 analyses each of these categories in turn. Each section of this paper includes a regional table showing the results of the various questions broken down per region. The percentages therefore indicate the share of countries in each region for which a positive answer was recorded. It is important to note that this analysis only includes questions that were coded as either ‘yes’ or ‘no’, or else with only a limited number of coding options. In some cases, where the codes include further information, they have for the purposes of this report been reclassified as ‘yes’ or ‘no’. In these cases, additional information is available in the database.

The original International IDEA database from 2003 covered just over 100 countries and excluded countries coded as ‘not free’ in the Freedom in the World Index (see <<http://www.idea.int/parties/finance/methodology.cfm>>). However, subsequent research has showed that political finance regulations are sometimes as common in ‘not free’ countries as in others. In fact, the various types of data presented in this report suggest that a lower level of freedom does not necessarily lead to fewer political finance regulations. This is not to argue that the same regulation will necessarily have the same intention or impact in all countries. It was therefore decided to include ‘not free’ countries in order to provide the opportunity to compare regulations in different types of countries.

The definition of a ‘country’ was determined to include only United Nations (UN) member states and to exclude countries where:

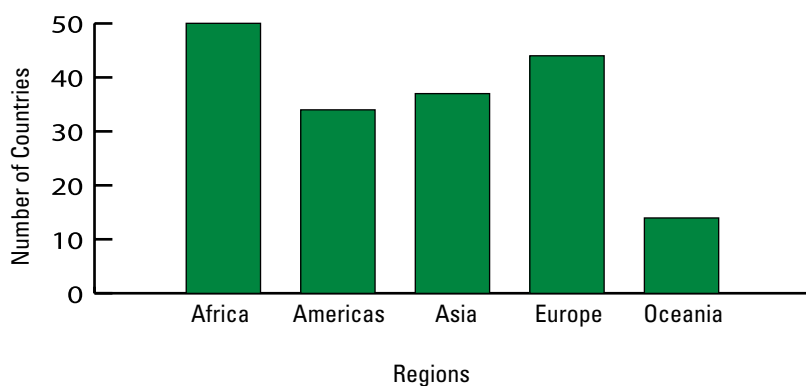
- Political parties are de jure not allowed to exist (that is, countries where parties are legally banned);
- Political parties are not allowed to register candidates in elections; or
- No elections have been held during the last 30 years.

The excluded countries are Brunei Darussalam, the People’s Republic of China (PRC, China), Cuba, Eritrea, Kuwait, Laos, the Democratic People’s Republic of Korea (DPRK, North Korea), Oman, Qatar, Saudi Arabia, Somalia, the United Arab Emirates (UAE) and Vietnam.

This left 180 countries, and for all of these at least some of the 43 questions posed in the database could be answered. By the end of 2011, the database included almost 7,000 pieces of data, or nearly 90 per cent of the total possible number of answers. In fact, fewer than 5 of the 43 questions remained unanswered in a total of 142 countries (or 80 per cent of the countries covered by the database).

As mentioned above, one purpose of this report is to compare political finance regulations in different parts of the world. The regions used—Africa, the Americas, Asia, Europe and Oceania—are those employed in the International IDEA Unified Integrated Database (see <<http://www.idea.int/uid>>), to which the new political finance database belongs. The number of countries in each region is shown in Figure 1. It should be noted that the small number of countries in the Oceania region means that the coding of individual countries can have a significant impact on the regional average.

Figure 1. Regions in the database



In assembling the data, the researchers used primarily the legislation from each country. If the relevant legislation could not be found, written sources such as election reports or political analyses were sought. Experts from various countries such as officials from electoral management bodies (EMBs), academics or independent observers also assisted researchers in finding relevant information. The extracts from legislation and other sources used in the coding are included in the database, and can be used in the conduct of further research at national, regional and global levels about the causes of and, most importantly, the impact of various types of regulation.

The old database from 2003 is still available on the International IDEA website. Users may want to compare the old and the new databases. However, it may be important to note here that the wording of both the questions and the coding instructions differ between the two databases, which can lead to discrepancies. Together with the expanded list of countries covered by the database in 2012, this means that differences in results between the two sets of data may not indicate changes in legislation that have occurred since the creation of the original database.

Two final points: firstly, while the database deals with the existence of formal regulation of political finance, it does not measure either the extent to which such regulations are enforced or the informal roles played by money in politics in different countries.

Secondly, the database is not a fixed set of answers; instead the intention is that it will be gradually amended and expanded as new and better information becomes available. This means that at no point in time will the data included be 'final'. Users are actively encouraged to point out any inaccuracies and provide updated information about the country codings. The analysis in this report is based on the data as it stood in February 2012.

It is our hope that the new database will be useful for many people working, in one way or another, with the regulation and control of money in politics. More information about the different questions covered by the database, including descriptions of the question categories and individual questions as well as the coding instructions used by the researchers, can be found at <http://www.idea.int/political-finance>.

Key findings

The analysis in the following chapters reveals a wealth of useful data about the regulation of political finances worldwide. While the analysis is necessarily of an on-going nature, the following are key initial findings as a stimulus for further discussion and research.

- Worldwide, the most common ban on political donations relates to government resources (excluding the provision of regulated public funding). A total of 85 per cent of countries for which data is available (to put it differently, 94 countries out of 110) ban such donations in order to counteract the abuse of state resources, although the effectiveness of such bans needs further study.
- Bans on donations from foreign sources are also common: 68 per cent of countries ban such donations to parties, while 51 per cent ban foreign donations to candidates.
- In contrast, only 22 per cent (36 countries) ban corporate donations, although candidates in the Americas are banned from doing so in 42 per cent of countries.
- Globally, 55 per cent (74 countries) do not limit the amount that can be donated to political parties or candidates. In Africa and Oceania, donation limits are almost non-existent, while in Europe they are more common.
- 68 per cent (116 countries) have provisions for direct public funding to political parties, although the figure varies from 27 per cent of countries in Oceania to 86 per cent of European countries.
- 69 per cent of all countries provide political parties with free or subsidised media access, with Africa standing out as the continent with the largest focus on such assistance.
- Only 29 per cent (49 countries) limit the amount of money that political parties are allowed to spend, although 44 per cent apply such limits to electoral candidates.
- Globally, 88 per cent (143 countries) require some form of financial reporting on the part of political parties or candidates. However, only 53 per cent of countries require reporting from both parties *and* candidates, suggesting a potential loophole where funds can be channelled through stakeholders that do not need to submit such reports.
- In 40 countries (25 per cent of countries covered by the database), no institution is given the formal role of examining submitted financial reports or investigating potential violations of political finance regulations.

- Finally, in more than 25 per cent of the countries that demand financial reports from political parties or candidates, there is no requirement for this information to be made available to the public.

1. Global and regional analysis

a) The world of political finance regulation at a glance

This chapter takes a global view of political finance regulations covered in the database while also examining the practice of regulation in different regions of the world. Each of the seven sections includes an overview and a list of questions asked, as well as further analysis and a table showing the results of the various questions broken down per region.

The first thing to note is that, according to our research, all countries in the world have some regulations regarding the role of money in politics, although in five countries—the Bahamas, Belize, Saint Vincent and the Grenadines, Samoa and Tuvalu—the only rule found was a ban on vote buying. While Djibouti and Saint Kitts and Nevis do not seem to have a ban on vote buying, they do use direct public funding and tax relief for political parties, respectively. These are all very small countries with an average population of fewer than 200,000, which may help to explain the low level of regulation. While political parties are not banned in any of these countries, parties as we normally know them do not in fact exist in some.

The average country in the database uses half the regulations included in the analysis. Among those that use the largest number of the regulations included in the database were mainly countries in Eastern Europe, such as Bulgaria, Croatia, Latvia, Poland and Romania. Other countries with many regulations include Bhutan, Canada, Ecuador, Israel, Portugal and the Republic of Korea (ROK, South Korea) but interestingly none of the first generation democracies in Europe. High levels of regulation may reflect a desire to regulate what is seen as an undesirable relationship between money and politics. It may also be that the influence of international actors during and after a transition to democracy has led some countries to introduce regulations. In either case we must of course acknowledge that the number of political finance regulations put in place bears no necessary relationship to the effectiveness in control and oversight.

Even the briefest look at the regional breakdown shows that the 14 countries under the heading ‘Oceania’ have not regulated political finance to any significant extent. For the 30 questions included in the regional analysis the countries of Oceania have a regulation on average in 21 per cent of the cases. This compares to 41 per cent for Africa, 54

per cent for the Americas, 56 per cent for Asia and a high of 60 per cent for Europe. In fact, if Australia and New Zealand were excluded, Oceania would score zero for most questions.

The exact reason for this is unclear, but it is likely to be connected to the fact that 9 of the 14 countries are microstates with fewer than 500,000 inhabitants, and two more have populations of fewer than one million. It is quite likely that the informal nature of politics in places such as Nauru (population 9,000) and Tuvalu (population 11,000) means that political finance regulations are not introduced.

The overall focus on candidate finance in the Americas, while surprising (given that the electoral systems in that region tend to focus more on political parties), may be due to the high number of presidential systems in the region.

b) Bans on donations (questions 1-12)

Comments on data:

- High response rate, 84% average with ten out of twelve questions at or above 85%.
- Exceptions are the questions about a ban on anonymous donations to candidates and about state resources being given to parties or candidates, which in many countries is not explicitly stated. The response rates for these questions were 72% and 61%, respectively.
- Data is available for all twelve questions in 79 countries (44%) and missing for all in ten countries (6%).
- An overall concern is that in some countries it seems to be assumed that regulations about political parties also concern their candidates, although without this being stated explicitly, and with the actual legal situation remaining unclear. In such cases, some interpretation has been required.

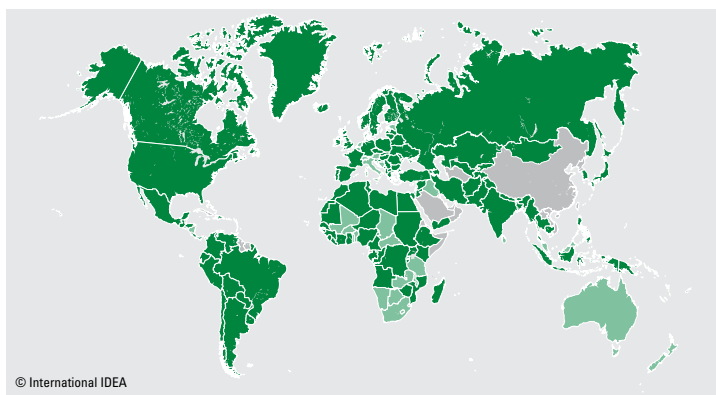
Question: Is there a ban on foreign donations to political parties?

Key:

Green: Yes

Light green: No

Grey: No data



This map is based on data collected up to February 2012. Maps are continuously updated on the database. See <<http://www.idea.int/political-finance/question.cfm?id=246>>

Overview

The first section of the database looks at bans—sometimes referred to as qualitative limits—on contributions or donations to political parties and candidates. If we exclude the ten countries in the world for which no data is available on donation bans, we find that at least one such ban exists in 72 per cent of all countries.

Three forms of restriction exist in a majority of countries (using the average of parties and candidates): donations from (a) *foreign interests*, (b) *anonymous sources* and (c) *state resources* (the latter excluding the provision of regulated public funding).

The prohibition of providing state resources to political parties or candidates is the most common ban of all, existing in 85 per cent of countries for which data is available. As noted above, the response rate for this question was unusually low, at 61 per cent. However, even in the unlikely scenario that such a ban does not exist in any of the countries with missing data, this ban would still be in existence in a majority of the countries in the world. It seems therefore that a concern with the potential abuse of state resources is the most common consideration in the creation of contribution bans. Such a ban does not necessarily translate into an effective prohibition of such practices.

Many countries also ban donations from companies with partial government ownership or with government contracts (46 per cent for political parties and 38 per cent for candidates). However, while the first component of that question (companies with partial government ownership) is related to abuse of state resources, the latter (companies with government contracts) relates instead to the risk of kickbacks or donations made by companies with an expectation of reward or other favourable considerations.

Foreign donations are also generally seen as unwanted, with 68 per cent of countries banning such contributions to political parties and 51 per cent placing a ban on these kinds of contributions to candidates. Bans on anonymous donations to political parties and candidates are also common (55 per cent and 42 per cent respectively). However, in one way it is surprising that these figures are not higher. For example, it is unclear how a ban on foreign funding can be enforced if anonymous donations are allowed, as is the case in the Dominican Republic and Malta. Admittedly, most countries that do not have a ban on anonymous donations have no other donation bans either.

Further, around 15 per cent of countries do not have an outright ban on anonymous donations but allow such donations only up to a certain limit. The argument often made in favour of such a solution—and expressed by opposition politicians in many countries—is that it provides for transparency regarding larger donations, while providing protection for small donors who could face harassment if their political sympathies became known. Whether such solutions provide a balance

between transparency and the right to privacy, or whether they open loopholes where large donations are hidden by being broken up into smaller ones, is an issue that deserves to be studied in individual countries.

A connection is often made between the regulation of corporate and trade union donations. The argument is that if corporate interests are more likely to contribute to parties to the right of the political spectrum, the balance is maintained if a ban on corporate donations is accompanied by a ban on trade union donations, given that unions tend to support political parties to the left of the political spectrum. The database indicates that this thinking is reflected in legislation in many countries where such bans often go together: while the share of countries that have bans on trade union donations is somewhat higher, both lie around 22–26 per cent.

For all the questions in the database, the share of countries placing qualitative limits on contributions or donations is higher in the current database than in the one created in 2003. In some cases the share of cases has more than doubled. This could indicate that regulations of this kind have become increasingly popular during the decade since the database was created. However, significant caution should be exercised when interpreting this data, especially since the new database includes 79 more countries and features different questions and coding instructions.

Question 12 asks about any bans on donations other than those covered in the preceding questions. The purpose of this question (see also questions 26 and 42 in Section 1.c and 1.g, respectively) is to capture regulations not considered when the database was originally designed. In this case, the most common additional donation ban applies to legal entities—in other words, all types of organisations and institutions with a legal status. Other examples are Croatia, Kyrgyzstan and Mongolia, which ban corporations and individuals with unresolved tax debts from making donations, while charitable and religious organisations are banned from making political donations in some countries including Armenia, Belgium, East Timor, Ecuador and Russia.

Other bans are likely to have been introduced to stop indirect or hidden donations. For example, some countries ban donations from entities that have not existed for at least a stipulated period, in order to stop them from being set up shortly before elections to channel funds. Bans on underage citizens making donations are also more likely to have been instituted to stop adults channelling donations through their children, than out of a concern for children's pocket money.

Some more unusual bans were also recorded. For example, five countries—Argentina, Bulgaria, Colombia, Honduras and Paraguay—ban organisations involved in gambling from making political donations, possibly to prevent them from betting on the electoral

outcome. Sporting clubs are not allowed to make donations in Brazil, while militias cannot do so in Iraq. Liberian banks and Malagasy and Ugandan terrorist groups are also banned from making donations.

Germany explicitly bans donations made in expectation of political or financial advantage. The ban in several countries on donations of illicit funds may prove particularly difficult to enforce, as will the rule in Indonesia that donations must be based on the 'principle of honesty, volunteerism, fairness, transparency, accountability as well as sovereignty and independency of political parties'.

Finally, some regimes are extremely restrictive. In Sierra Leone, only those eligible to be registered as voters are allowed to make contributions, while in Guinea-Bissau and Bhutan only party members may do so. Table 2 summarises the global data on bans on political donations.

Table 2. Results regarding bans on donations

No.	Question	Yes	No	No, but special limit	Yes in old DB	R rate
1	Is there a ban on donations from foreign interests to political parties?	68%	28%	N/A	36%	90%
2	Is there a ban on donations from foreign interests to candidates?	51%	41%	N/A	N/A	85%
3	Is there a ban on corporate donations to political parties?	22%	78%	N/A	19%	92%
4	Is there a ban on corporate donations to candidates?	22%	78%	N/A	N/A	87%
5	Is there a ban on donations from corporations with government contracts or partial government ownership to political parties?	46%	54%	N/A	24%	91%
6	Is there a ban on donations from corporations with government contracts or partial government ownership to candidates?	38%	62%	N/A	N/A	85%
7	Is there a ban on donations from trade unions to political parties?	26%	74%	N/A	15%	89%
8	Is there a ban on donations from trade unions to candidates?	24%	76%	N/A	N/A	85%
9	Is there a ban on anonymous donations to political parties?	55%	32%	13%	41%	85%
10	Is there a ban on anonymous donations to candidates?	44%	15%	N/A	72%	42%
11	Is there a ban on state resources being given to or received by political parties or candidates (excluding regulated public funding)?	85%	15%	N/A	N/A	61%
12	Is there a ban on any other form of donation?	49%	51%	N/A	26%	88%

Note: The percentages given in this table are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

Political parties and candidates

The current database makes a distinction between regulations concerning political parties and candidates. There are several reasons for this distinction, one of the most important ones is the concern that a lack of regulation concerning either political parties or candidates can create a loophole reducing the value of a regulation regarding the other. If, for example, corporate donations to political parties are banned but there is no corresponding regulation regarding candidates, political parties may find it easy to get around the restriction by asking corporate actors to donate funds directly to candidates.

Another reason is that in some countries the electoral focus lies much more on individual candidates than on political parties, and the aim from the database is to have a coverage that was true to all situations. The data shows that there is sometimes a significant difference between political parties and candidates. Across all forms of donation bans, the restrictions are more common for political parties than for candidates. While anonymous donations to parties are banned in 55 per cent of countries, a corresponding ban for candidates only exists in 42 per cent. Similarly, bans on foreign donations to political parties exist in 68 per cent of countries but only in 51 per cent do they apply to candidates.

On the other hand, when it comes to some types of regulation political parties and candidates are generally treated equally. For instance, the differences between parties and candidates regarding bans on corporate and trade union donations do not exceed 2 per cent.

Regional analysis

Overall, donation bans are applied in just over half of all countries in the Americas, Asia and Europe, are less common in Africa (around 30 per cent of countries) and significantly more rare in Oceania (9 per cent). Table 3 summarises the regional differences between bans on political financing. One factor that varies notably between regions is in the application of donation bans to political parties and candidates, respectively. In Asia and Europe, the frequency of a particular ban for political parties corresponds with how common that ban is for donations to candidates. In Africa, however, bans are much more common in relation to political parties than to candidates.

For example, foreign, corporate and anonymous donations are banned in twice as many African countries in relation to political parties as they are to candidates. It is reasonable to assume that the focus of such bans will lie more on political parties when the electoral system emphasises political parties rather than candidates, as is the case with proportional representation (PR) electoral systems. However, this explanation does not hold for Africa, since PR electoral systems are less common there than in the rest of the world.

Indeed, there are strong indications that electoral finance in many African countries is mainly channelled through candidates as opposed to political parties, with the exception of during presidential elections. Applying donation bans to political parties but not candidates is therefore unlikely to have a significant impact on the financial aspect of African electoral politics. In fact, regulations may be introduced to give the appearance of wishing to control the role of money in politics but designed so that they will not hinder the ambitions of the politicians who introduce them.

Table 3. Regional analysis of bans on donations

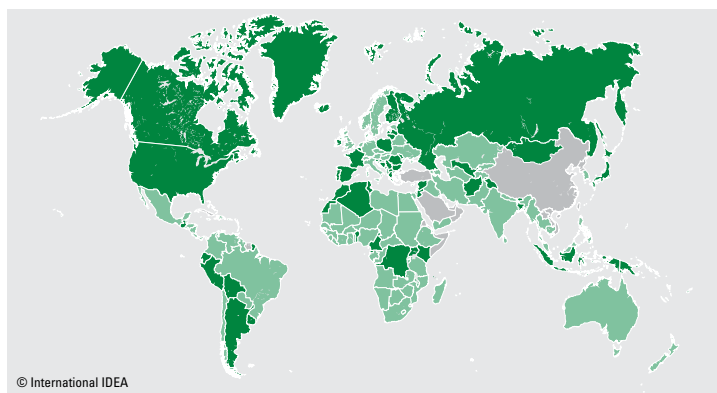
No	Question	Africa	Americas	Asia	Europe	Oceania
1	Is there a ban on donations from foreign interests to political parties?	64%	72%	89%	69%	9%
2	Is there a ban on donations from foreign interests to candidates?	35%	64%	65%	60%	10%
3	Is there a ban on corporate donations to political parties?	22%	23%	28%	23%	0%
4	Is there a ban on corporate donations to candidates?	9%	42%	31%	23%	0%
5	Is there a ban on donations from corporations with government contracts or partial government ownership to political parties?	28%	56%	51%	70%	0%
6	Is there a ban on donations from corporations with government contracts or partial government ownership to candidates?	17%	63%	44%	51%	0%
7	Is there a ban on donations from trade unions to political parties?	15%	33%	34%	33%	0%
8	Is there a ban on donations from trade unions to candidates?	11%	52%	27%	28%	0%
9	Is there a ban on anonymous donations to political parties?	51%	72%	81%	71%	9%
10	Is there a ban on anonymous donations to candidates?	24%	68%	60%	59%	13%
11	Is there a ban on state resources being given to or received by political parties or candidates (excluding regulated public funding)?	79%	74%	93%	92%	50%
12	Is there a ban on any other form of donation?	23%	72%	66%	63%	15%

Note: The percentages in this table indicate the share of countries in each region for which a positive answer was recorded. These percentages are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

c) Limits on donations (questions 13-18)

Comments on data:

- Very high response rate: 94% average with all questions above 90%.¹
- For 161 countries (90%) data was available for all questions, while there was a complete lack of information on these questions for seven countries (4%).
- Overall these questions presented few difficulties in terms of data interpretation, although the distinction between electoral and non-electoral donation limits was not always entirely clear.



Question: Is there a limit on the amount a donor can contribute to a political party over a time period (not election specific)?

Key:
Green: Yes
Light green: No
Grey: No data

This map is based on data collected up to February 2012. Maps are continuously updated on the database. See <http://www.idea.int/political-finance/question.cfm?field=263®ion=-1>

Overview

The second set of questions in the database concerns regulations under which donations to political parties and candidates are not directly banned but subject to quantitative limits. Three forms of such limits are referred to in the database: (a) ceilings on the amount a donor may give to a political party over a particular time period (normally one year); (b) ceilings on allowed donations to political parties in relation to an election; and (c) limits to the donations that may be made to candidates.

A majority of countries (55 per cent) apply no quantitative limits on donations at all. There may be several reasons for this. In some cases arguments prevail that donations are a form of free speech that should not be limited, apart from the banning of donations from 'undesirable' sources. In other cases there may be an understanding

¹ For questions 14, 16 and 18 the response rate figures include the countries for which this particular question did not apply, due to the same country's answer to questions 13, 15 and 17 respectively. For example, if the answer for a country was that there are no donation limits to a political party over a time period (question 13), the answer to question 14 ('If there is a limit on the amount a donor can contribute to a political party over a time period (not election specific), what is the limit?') is 'not applicable'.

that until effective oversight exists in the form of financial reports that are actually scrutinised by a capable agency, it is highly unlikely that donation limits will be respected—and rules that cannot be monitored may be worse than no rules at all. A third possibility, of course, is that political finance regulations are generally passed by politicians who may be unwilling to set limits on the amount of funds available to themselves.

Among the countries that do set donation limits, it is equally common that such limits for political parties are expressed either as a maximum amount over a period of time or in relation to individual election campaigns (31 per cent in each case, and a number of countries use both types).² Such donation limits are only marginally less common in relation to election candidates (29 per cent).

Users of the database will also be able to compare the *level* of donations limits used in different countries and regions. To facilitate comparisons, all amounts are expressed both in the national currency and in international dollars (I\$).³ These limits will not be examined in detail here, but a few points can be noted. The first is that there are two main ways of expressing donation limits: either as a fixed sum of money or as a multiple of the national minimum salary.

Expressing donation limits as a multiple of the national minimum salary has the advantage of being protected against inflation, meaning that the limit is not gradually devalued over time unless the amount is constantly revised. Another point is that it is common (though not universal) to apply a higher limit for legal entities (assuming that they are supposed to make donations at all) than for private individuals.

Other alternatives include tying the limit to an average salary amount (a method used in Serbia, where official data is used to establish that amount) or as a percentage of the total amount that parties can receive or spend (as practised in Guatemala, the Maldives and Mauritania). In Kenya, to take another example, a party cannot receive an amount from any donor exceeding 5 per cent of its total expenditure in the preceding year.

Some especially high and low donation limits can be noted. For example, legal entities in Uzbekistan are allowed to donate the equivalent of 5,000 minimum salaries per year to political parties, while the same limit in Portugal is only 25 minimum salaries, and in Poland just 15.

However, the record is surely held by Russia, with an annual donation

² In the latter case, countries were included where there are no specific limits to campaign donations, but where annual contributions limits apply.

³ A hypothetical unit of currency that has the same purchasing power that the U.S. dollar had in the United States at a given point in time. It is based on the concept of purchasing power parities (PPP) of currencies and the international average prices of commodities and is used to make comparisons both between countries and over time. For further information, see <<http://www.idea.int/political-finance/international-dollars.cfm>>.

limit for legal entities of 100,000 minimum salaries. Such a limit is unlikely to have any impact at all on limiting the influence of wealthy donors. In contrast, in Bosnia and Herzegovina, private individuals can only contribute the equivalent of eight average salaries per year to a political party.

When it comes to countries that express limits as fixed amounts in the national currency, the annual maximum of I\$600 for private individuals in Belgium is particularly low compared with Indonesia, where individuals can donate more than 300 times that amount (I\$184,000). Meanwhile the annual limit for donations in Papua New Guinea translates to a staggering I\$471,000.

Table 4. Results regarding donation limits

No	Question	Yes	No	Yes in old DB	R rate
13	Is there a limit on the amount a donor can contribute to a political party over a time period (not election specific)?	31%	69%	36%	95%
14	If there is a limit on the amount a donor can contribute to a political party over a time period (not election specific), what is the limit?	N/A	N/A	N/A	95%
15	Is there a limit on the amount a donor can contribute to a political party in relation to an election?	31%	69%	19%	94%
16	If there is a limit on the amount a donor can contribute to a political party in relation to an election, what is the limit?	N/A	N/A	N/A	94%
17	Is there a limit on the amount a donor can contribute to a candidate?	29%	71%	24%	94%
18	If there is a limit on the amount a donor can contribute to a candidate, what is the limit?	N/A	N/A	N/A	92%

Note: The percentages given in this table are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

Political parties and candidates

As mentioned above, there is generally little difference between limits on donations to political parties and limits on donations to candidates (31 per cent and 29 per cent respectively). This is potentially a very important issue, since if only one category is affected by a limit, this could be circumvented by donors making their contributions to the other. A total of 15 countries apply a limit to campaign contributions to political parties but not to candidates, or vice versa.

The exact contribution limits with regards to candidates often vary according to the type of elected position for which the candidates are competing. This makes sense, since presidential candidates have more voters to persuade than candidates for local council elections. Again, users of the database will be able to study these limits in detail, both through the answers to question 18 and through the supporting quotes for individual countries. Note also that quite a few countries use the same limit for candidates as they do for political parties.

Regional analysis

Countries in Africa and Oceania seldom limit donations to political parties and candidates. With the exception of annual donation limits to African political parties, none of the regulations exist in more than 10 per cent of the countries in either region. In contrast, such limits exist in around half the countries in Europe and about a third of the countries in the Americas and Asia.

Table 5. Regional analysis of limits on donations

No	Question	Africa	Americas	Asia	Europe	Oceania
13	Is there a limit on the amount a donor can contribute to a political party over a time period (not election specific)?	19%	25%	36%	49%	8%
14	Is there a limit on the amount a donor can contribute to a political party in relation to an election?*	9%	38%	37%	53%	0%
15	Is there a limit on the amount a donor can contribute to a candidate?	9%	38%	40%	43%	9%

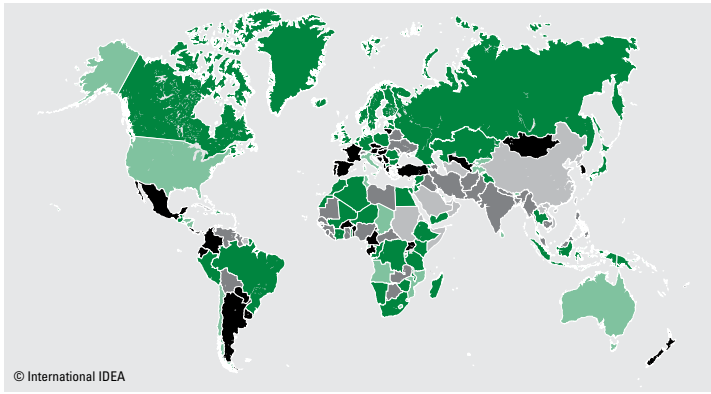
*Note that for this question, the figures for ‘yes’ include the countries that have been coded as ‘regular limit applies’.

Note: The percentages in this table indicate the share of countries in each region for which a positive answer was recorded. These percentages are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

d) The provision of public funding (questions 19-28)

Comments on data:

- Very high response rate: 92% average with all questions above 90%.
- For 141 countries (79%) data was available for all questions, while there was a complete lack of information on these questions for five countries (3%).
- The question that posed the most difficulty (question 28) referred to other financial advantages given to encourage gender equality.
- The possibility cannot be excluded that there may be regulations on this issue in sources not available to the database researchers.



Question: Direct public funding of political parties

Key:

Dark green: Yes, regularly provided funding, in relation to campaigns,
Light green: Yes, in relation to campaigns,
Black: Both.
Dark grey: No,
Light grey: No data,

This map is based on data collected up to February 2012. Maps are continuously updated on the database. See <http://www.idea.int/political-finance/question.cfm?field=270®ion=-1>

Overview

While the questions in the previous section all deal with limitations on private funding, questions 19–28 all deal with the provision of state resources to political parties and candidates. The general idea behind public funding is that political activities are not possible without money, and that providing ‘regulated’ funds can help to encourage political pluralism while counteracting the negative role of money in politics.

Questions 19 to 22 relate to regulations concerning *direct* public funding (effectively the provision of money). It was decided to focus on direct funding to political parties in an effort to limit the number of questions in the database. While there are countries where individual candidates receive direct public funding (for example US presidential candidates) it seems that such systems are significantly less common than those where funds are provided to political parties.

The main finding from the initial analysis of the data is that 68 per cent (116 countries) have provisions for direct public funding to political parties. This figure represents the share of countries that have been coded as ‘yes, regularly provided funding’ and/or ‘yes, in relation to campaigns’. This is somewhat higher than the 60% reported in Ohman (2011) based on a personal data collection including 176 countries.

Two main purposes of public funding can be to assist political parties to function as institutions or to help them to run effective electoral campaigns. In line with such considerations, direct public funding can be distributed regularly (often annually or monthly) or specifically during election campaigns. The database shows that out of the countries with provisions for public funding, regular distribution is the most common (recorded in 60 countries), while 19 countries only provide funding in relation to election campaigns and 37 countries have provisions for both regular and election-specific distribution.

It should be noted that the timing of the distribution is technically different from the intended use of these funds. For example, where funds are distributed on an annual basis they may still be used for campaign purposes, whereas unused amounts of funds distributed in relation to election campaigns may be used for other party purposes (assuming that the public funds are not earmarked—see question 22). Nonetheless, where funds are distributed on a regular basis, it is more likely that they will (at least partly) be used for non-electoral purposes.

The data suggests that a series of questions need to be answered when designing a system of public funding, the three most important of which are addressed in the database, namely:

1. Which political parties should be eligible to receive funds?
2. How should the available funds be allocated between eligible parties?
3. Are some or all of the funds earmarked for a particular purpose or purposes?

Regarding the first question, some countries do not use a threshold for accessing direct public funding. In 15 countries registration as a political party is sufficient for accessing all or some of the funds available, while in a further 19 countries participation in elections is the only criterion. El Salvador and Panama represent overlaps between these two categories, as in both countries some funds are available to all registered political parties and some to those that participate in elections. Such systems are undoubtedly very inclusive but critics argue that they encourage fragmentation of the political party system and, potentially, the creation of political parties whose only purpose is to access state funds.

Most countries therefore use some form of threshold whereby political parties need to show a minimum of popular support in order to qualify

for direct public funding. The most common ways of measuring such support include counting the number of either votes or seats won by each party, or restricting funding to parties that have gained representation in an elected body (normally the national parliament). A breakdown of countries using such criteria is shown in Table 6. It should be noted that the eligibility criteria are not mutually exclusive, since different criteria may be used for different portions of public funding in the same country.

Table 6. Types of eligibility criteria for direct public funding

Eligibility criterion	Number of countries	Comment
Share of votes won on preceding election	57	Only political parties that received a particular share of the popular vote in the previous election are eligible for public funding. Often (though not always) this threshold is set lower than that for parliamentary representation.
Share of votes won in next election	8	Similar to the above but used in some cases when funds are distributed before an election; parties that do not reach the threshold have to return the funds.
Representation in elected body	58	Only political parties with representation in a particular elected body (normally parliament) are eligible for funding. Critics argue that such a threshold can make it difficult for new political forces to successfully enter the electoral arena.
Share of seats won in preceding election	9	In these countries it is not sufficient to have gained political representation; parties must also have gained a particular number or share of seats to qualify.
Share of seats won in next election	2	As above, this criterion is used in some cases where funding is distributed before an election and the parties that do not win the required number of seats have to return the funds they received.
Number of candidates presented	9	These countries stipulate that only parties which present a certain number of candidates, or which present candidates in a certain share of all electoral districts, are participating in the electoral process sufficiently to warrant receiving public funding.
Number of members	2	Political parties must have a certain number of registered members to qualify for funding.

Table 6 shows that the most common form of eligibility criterion is a share (or number) of votes that political parties must gain either in the preceding or next election, although the latter is less common. The exact threshold varies from 100 votes for certain elections in Denmark to 10 per cent for certain elections in Benin, Bhutan, Chad, Côte d’Ivoire and Malawi. The latter threshold is arguably not conducive to political pluralism.

Regarding the second question listed above, once it has been established which political parties are eligible to receive funds, the next step is to calculate how the total amount of funds available should be distributed. One extreme approach is to give each eligible political party the same amount. This approach is very inclusive but can be criticized for not taking into account the popular support of each party, and for potentially leading to fragmentation of the party system. Governments may prefer a system of this kind as it provides a financial disincentive for opposition parties to merge.

The other extreme is to provide the funds fully proportionally in accordance with the popular support of each party, normally expressed by the share of votes or seats won. Such a system rewards the parties favoured by the voters but often leads to the government party receiving the bulk of the funds when it may be the political party least in need of additional funding.

Eight countries use a completely equal distribution, while in a further 51 countries all funds are distributed proportionally. The latter approach is therefore more frequent than the practice in 41 countries of allocating part of the funds equally and the rest proportionally.

Table 7 shows the frequency of different allocation criteria. Note that since most countries use more than one criterion, the sum of the figures in the table exceeds the total number of countries with direct public funding. The table shows that the most common criteria for proportional allocation is the number of votes received, followed by the number of seats. The two tend to be similar in PR electoral systems but the latter approach will normally favour larger parties in single member district style electoral systems. The system of reimbursing a share of the funds spent in the election campaign, which is common practice for candidates in elections in the United States, is only used for political party assistance in a handful of other countries.

Table 7. Types of allocation criteria for direct public funding

Allocation criterion	Number of countries	Comment
Equal	48	All eligible political parties receive the same amount.
Proportional to seats received	36	Funds are distributed in proportion to the seats won (so if a party won 15% of the seats it will receive 15% of the direct public funding available).
Proportional to votes received	54	Funds are distributed in proportion to the votes won (so if a party won 15% of the votes it will receive 15% of the direct public funding available).
Flat rate by votes received	17	A party receives a certain amount of money for each person who voted for the party. For example, if the flat rate is IS\$1 per voter, a party that gains 500,000 votes would receive IS\$500,000.
Proportional to candidates fielded	6	The allocation is based on the number of candidates fielded. A party may receive a flat rate per candidate. Alternatively, it may receive a share of the total amount available corresponding to the percentage its candidates represent in relation to all participating candidates (so if a party represents 100 candidates and there are 1,000 candidates in total, the party receives 10% of the funds available).
Share of expenses reimbursed	3	The party receives state funds corresponding to all or a percentage of the funds it has spent (often up to a certain amount).
Number of members	2	The party receives a certain amount per registered party member.

In relation to the third and final question listed above, a small majority of countries make no special provisions for the way in which public funds should be used (otherwise known as earmarking). Out of the 111 countries for which data is available, 52 per cent do not earmark public funds. Of those countries that do, 22 earmark some public funds for campaign purposes and some for ongoing activities. A total of 16 countries only allow public funds to be used for campaigning, while nine only allow the use of such funds for non-electoral activities.

There are also other forms of earmarking, for instance requiring that funds be used only for international relations, civic education or research purposes. Some countries also require that some of the funds provided be used to strengthen certain institutions within political parties, such as the women's wing (see 'Public funding and gender equality' below).

The database also includes information about *indirect* public funding—that is, support given by governments to political parties in non-monetary forms. Given the increasing role of media in election

campaigns around the world, the provision of free or subsidised media access to political parties and candidates was specifically included. More than two thirds of countries provide such access to political parties, while half of all countries for whom data is available do so in relation to candidates, although it should be noted that political parties would in most cases be allowed to distribute received airtime between their various candidates.

Another issue addressed is how time is allocated between different political parties. In relation to candidates, free or subsidised media access will normally be provided on an equal basis. As with direct public funding, time can be allocated equally or by taking into account each party's proven popular support. If all parties receive the same airtime and there are a lot of registered political parties, the subsequent broadcasts may fail to catch the attention of the viewers.

The database shows that 61 per cent of the countries that provide free or subsidised media access allocate this access equally, with 24 per cent allocating it fully proportionally and the rest using a mix. In terms of the criteria used for proportional allocation, 16 countries use each party's share of seats, while a further 14 use the number of candidates presented by each party. Eight countries base allocation on the votes won by each party in the preceding election. These criteria are not mutually exclusive as some countries use different criteria for different parts of the media access provided.

Apart from free or subsidised media access, the database includes information on other types of indirect public funding. Such measures are used in some form in 68 per cent of all countries for which data is available. Table 8 shows the most common forms of such assistance.

Table 8. Forms of indirect public funding

Form of indirect public funding	Number of countries
Tax relief for political parties or for those making donations to political parties	61
Premises for campaign meetings	28
Space for the placement of campaign materials	20
Free or subsidised postage	13
Free or subsidised transport facilities	9

The database reveals some interesting examples of indirect funding. In Bhutan, Papua New Guinea and Japan, the EMB prints posters for the political parties, while political parties in East Timor are exempt from court costs. Finally, Ugandan law provides political parties with access to unspecified 'public resources'.

Public funding and gender equality

Two questions in the database directly address efforts to use formal political finance regulations to increase gender equality among electoral candidates and within political parties. Question 27 asks if the provision of direct public funding is related to gender equality among candidates, whereby parties that respect gender equality are rewarded and those that do not are penalised. This type of approach to gender equality can be carried out by ‘reducing the public funding to parties that do not fulfil established criteria; [or by] providing additional funding to parties that meet such criteria (the difference between these two options may be small)’ (Ohman 2011: 7). In some cases parties that do not meet the requirements may be denied public funding altogether. The criteria referred to is expressed either as a minimum share of candidates from each gender or a maximum gap between the two genders.

Globally, 16 countries have provisions tying the level of direct public funding to gender equality amongst candidates: Bosnia and Herzegovina, Colombia, Croatia, Ethiopia, France, Georgia, Haiti, Italy, Kenya, South Korea, Mali, Niger, Papua New Guinea, Portugal, Romania and Serbia. These countries make up 9 per cent of all the countries in the database and 13 per cent of those that use direct public funding. This may not seem like a very large number of countries but it is a tool for increasing gender equality that is gaining in popularity in most regions.

In addition, there is a question on whether other financial incentives are used to increase gender equality in political parties. The research revealed that several countries provide such incentives, the most common being the earmarking of public funding for activities relating to gender equality in Brazil, Colombia, Italy, South Korea, Mexico, Morocco and Panama. Meanwhile in Finland funding is given directly to the parties’ women’s wings, while in Honduras parties have to submit gender discrimination policies to the EMB or else risk losing public funding. In Costa Rica, parties must certify that they spend equal amounts on training for each gender.

Table 9 shows that in the countries with these types of regulation the share of women MPs is slightly lower than the regional average, although the difference is small (3 per cent on average). However, this does not necessarily say anything about the impact of such regulations, as in most countries these kinds of reforms are very new, with one or two electoral cycles at most having passed since their introduction. Looking at it another way, it is possible that policies of this kind are more likely to be introduced in countries experiencing greater gender inequality in elected bodies.

The extent to which such provisions actually increase gender equality among candidates can only be discovered through more in-depth research; and it may not be possible to draw any definite conclusions

until several electoral cycles have passed. Logically, however, the relative dependency of political parties on public as compared to private funding is likely to be an important factor in explaining the effectiveness of reforms of this kind.

Table 9. Share of women in parliament where public funding is connected to gender equality

	Is the provision of direct public funding to political parties related to gender equality among candidates?	Are there provisions for other financial advantages to encourage gender equality in political parties?	Share of women in parliament as of 31 December 2011	Regional average
Bosnia and Herzegovina	Yes	No	21%	21%
Brazil	No	Yes	9%	23%
Colombia	Yes	Yes	12%	23%
Croatia	Yes	No	24%	21%
Ethiopia	Yes	No	28%	20%
Finland	No	Yes	43%	21%
France	Yes	No	19%	21%
Haiti	Yes	No	4%	23%
Honduras	No	Yes	20%	23%
Italy	Yes	Yes	22%	21%
Kenya	Yes	No	10%	20%
South Korea	Yes	Yes	15%	18%
Mali	Yes	No	10%	20%
Mexico	No	Yes	26%	23%
Morocco	No	Yes	17%	11%
Niger	Yes	No	13%	20%
Panama	No	Yes	9%	23%
Papua New Guinea	Yes	No	1%	12%
Portugal	Yes	No	29%	21%
Romania	Yes	No	11%	21%
Serbia	Yes	No	22%	21%

Table 10 shows global responses to the questions regarding public funding. More detailed information is available in the database.

Table 10. Results regarding the provision of public funding

No	Question	Yes	No	Yes in old DB	R rate
19	Are there provisions for direct public funding to political parties?	68%	32%	58%	96%
20	If there are provisions for direct public funding to political parties, what are the eligibility criteria?	N/A	N/A	N/A	92%
21	If there are provisions for direct public funding to political parties, what is the allocation calculation?	N/A	N/A	N/A	91%
22	If there are provisions for direct public funding to political parties, are there provisions for how it should be used ('earmarking')?	48%	52%	N/A	93%
23	Are there provisions for free or subsidized access to media for political parties?	69%	31%	63%	92%
24	If there are provisions for political parties' free or subsidized access to media, what criteria determine access allocation?	N/A	N/A	N/A	91%
25	Are there provisions for free or subsidized access to media for candidates?	50%	50%	N/A	91%
26	Are there provisions for any other form of indirect public funding?	68%	32%	N/A	90%
27	Is the provision of direct public funding to political parties related to gender equality among candidates?	13%	87%	N/A	94%
28	Are there provisions for other financial advantages to encourage gender equality in political parties?	7%	93%	N/A	91%

Note: The percentages given in this table are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

Regional analysis

Direct public funding of political parties occurs in a majority of countries in all regions apart from Oceania. Interestingly, after Europe, Africa has the highest share of countries with direct public funding, while the Americas is lagging behind despite being the region where such provisions were first introduced. However, the existence of direct public funding must not be confused with the level of dependency on public funds; in many African countries the amount of public funding provided is so low that it has little or no impact on national politics.

In spite of the significance of the media in most Latin American election campaigns, relatively few Latin American countries provide free or subsidised media access, at least when compared to countries in Africa, Asia and Europe. While candidates in the Americas are seldom provided with free airtime, it should be remembered that they may also benefit from airtime received and distributed by their nominating political parties. It is also interesting that Africa is the continent with the highest

share of countries providing media time to political parties, as well as to candidates. This could be seen as surprising, given that the dominance of the media in election campaigns is arguably lower in Africa than in most other regions, although part of the explanation could lie in the fact that this is a comparatively inexpensive form of public funding.

Other forms of indirect public funding such as tax relief and subsidised meeting places are now so commonplace in Europe. The database shows that only three countries are lacking such provisions. In contrast, such provisions only exist in half of the countries in both Africa and Asia.

In terms of political finance regulations and gender equality (questions 27 and 28), Oceania and the Americas stand out as having more than twice as many positive responses as any other region. In the case of Oceania, this is just a quirk of the statistics since out of the three countries in the region for which data is available, one (Papua New Guinea) ties the provision of public funding to gender equality among candidates. In other words, in spite of the percentage in Table 11, the Oceania region is not unusually favourable to regulations connecting political finance and gender equality.

In the case of the Americas, it really does seem that this region has come further than most, since we find here half of the countries globally that use other financial advantages to encourage gender equality, in particular through earmarking parts of the provided public funds for gender-related activities. In many cases these reforms also go back further in time than similar provisions in other regions.

Table 11. Regional analysis of the provision of public funding

No	Question	Africa	Americas	Asia	Europe	Oceania
19	Are there provisions for direct public funding to political parties?*	71%	63%	58%	86%	27%
23	Are there provisions for free or subsidized access to media for political parties?	79%	60%	65%	77%	13%
25	Are there provisions for free or subsidized access to media for candidates?	67%	23%	54%	55%	13%
26	Are there provisions for any other form of indirect public funding?	52%	65%	51%	93%	14%
27	Is the provision of direct public funding to political parties related to gender equality among candidates?	11%	10%	5%	18%	33%
28	Are there provisions for other financial advantages to encourage gender equality in political parties?	2%	18%	3%	7%	0%

* For this question, the percentages show the share of countries in each region that have been coded as 'yes, regularly provided funding' and/or 'yes, in relation to campaigns'.

Note: The percentages in this table indicate the share of countries in each region for which a positive answer was recorded. These percentages are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

e) Bans on expenditure (questions 29-30)

Comments on data:

- Varied response rate: 94% for question 29 on vote buying but only 67% for question 30 on the use of state resources in election campaigns.
- The low response rate for question 30 is a result of extra caution used in the coding, since it was judged that it was particularly likely that provisions may exist in legislation other than that related to elections or political parties (and may therefore have been missed by the researchers). For further information, see <<http://www.idea.int/political-finance/methodology.cfm>>.

Overview

While there are many types of bans on donations (see questions 1–12 in section 1.b above), bans on spending are less frequent. For the purposes of the database, the focus was on discovering which countries ban vote buying, and whether there is a ban on using state resources in election campaigns.

Not surprisingly, 94 per cent of countries have instituted some form of ban on vote buying. Users of the database will be able to study how these bans have been worded in different countries but the main versions include explicit cases of purchasing votes and bans on handing out money or gifts even if intent or success in gaining extra votes cannot be proven. Further, the quotes in the database show how some but not all countries also ban the *selling* of votes. Given the information available about how vote buying remains rampant in many parts of the world, the main question for further research should be why these legal provisions seem ineffective in so many countries.

The second question on spending bans relates to the use of public resources, otherwise referred to as ‘state resources’ or ‘administrative resources’. Question 11 in the database relates a ban on resources being *given* to political parties or candidates, and such regulations therefore qualify as donation bans. In contrast question 30 concerns a ban on state resources being used directly or indirectly *in favour* of a political party or candidate, even if these resources are not directly handed over to a party or candidates (for example, if a ministry places ads in different newspapers urging people to vote for the government party). A broad definition of state resources was used, and countries were coded as ‘yes’ if the researcher found any of the following:

- A general ban on using state resources in favour of a political party or candidate;
- A ban on government vehicles being used in election campaigns;
- A ban on campaigning taking place at government facilities (unless the same access is given to all contestants);

- A ban on civil servants or state employees to campaign while on duty/during office hours; or
- A ban on public media giving biased coverage in relation to political parties or elections, or a requirement for public media to be neutral in its reporting (regulations of private media are not relevant in this regard).

The database shows that 93 per cent of countries for which data is available maintain such a ban, although it is quite possible that this figure would be lower if information from more countries could be included. As with the issue of vote buying, there is ample evidence that abuse of state resources remains a major problem in many countries in the world. It seems, therefore, that what is lacking in most areas when it comes to combating the abuse of state resources is not additional legislation but effective implementation.

Undoubtedly, one difficulty in this regard is that while regulation requires the support of the parliamentary majority, this group is normally the main target of such regulation. In general, this problem will not go away until public awareness is raised and civil servants refuse to engage in activities of this kind. As noted by Speck and Fontana:

... when abuse is widespread, a long-term strategy is necessary, namely strengthening the professionalism and independence of the civil service. To the extent that members of the civil service are independent from political appointment and obey standards of efficiency and public interest, the abuse of supplies becomes more difficult. (Speck and Fontana 2011: 11)

Users of the database can use the quotes supplied for each country to study the different regulations employed to ban the abuse of state resources in different countries.

Table 12. Results regarding spending bans

No	Question	Yes	No	Yes in old DB	R rate
29	Is there a ban on vote buying?	68%	32%	N/A	94%
30	Are there bans on state resources being used in favour or against a political party or candidate?	N/A	N/A	N/A	67%

Note: The percentages given in this table are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

Regional analysis

There is no noticeable regional variation for either of these questions. Admittedly, bans on vote buying and on the use of state resources in campaigns seem somewhat less common in the Americas and Europe, but this should be interpreted with care. This is particularly true in the case of Europe, as blatant abuse of state resources is less common in older West European democracies and regulations on this issue may be indirect and therefore not captured in the database.

Table 13. Regional analysis of spending bans

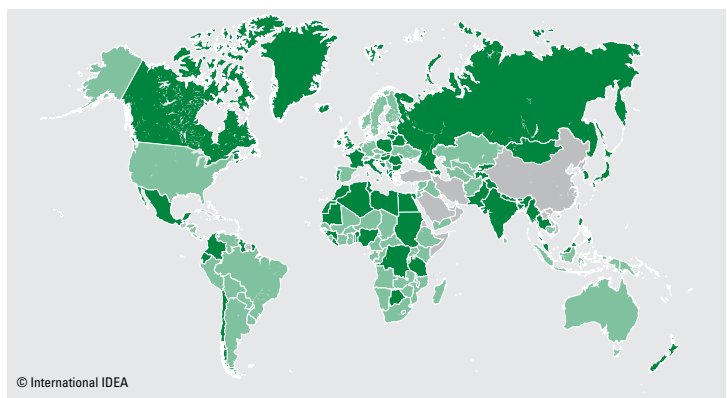
No	Question	Africa	Americas	Asia	Europe	Oceania
29	Is there a ban on vote buying?	96%	87%	97%	93%	100%
30	Are there bans on state resources being used in favour or against a political party or candidate?	90%	100%	100%	87%	75%

Note: The percentages in this table indicate the share of countries in each region for which a positive answer was recorded. These percentages are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

f) Limits on expenditure (questions 31-34)

Comments on data:

- Very high response rate: 94% average with all questions above 90%.
- For 162 countries (91%) data was available for all questions, while there was a complete lack of information on these questions for six countries (3%).



Question: Spending limits for candidates.

Key:
 Green: Yes
 Light green: No
 Grey: No data

This map is based on data collected up to February 2012. Maps are continuously updated on the database. See <<http://www.idea.int/political-finance/question.cfm?field=286®ion=-1>>

Overview

In many countries there are some who argue that election campaigns cost too much money and are becoming increasingly expensive, and that measures must therefore be employed to counteract this trend. Another argument is that limiting the amount that can be spent may help to reduce the advantages of those political parties and candidates with more access to resources. This database does not include information about the cost of election campaigns but it does cover limits that have been imposed on spending by political parties and electoral candidates.

To some extent, both donation limits and spending limits can help fulfil the goal of reducing the advantages of those with more access to resources. Donation limits are arguably more effective because they do not discourage the raising of smaller amounts from many people. In countries lacking oversight, however, spending limits may be more advantageous, because spending can be more easily monitored than donations, making it easier to detect and sanction violations.

It is noticeable that only 29 per cent of countries impose limits on how much political parties are allowed to spend, either annually or in relation to an election campaign. In contrast, 44 per cent of countries impose such limits on electoral candidates. This is one of very few cases covered by the database where candidate finance is more regulated than that of political parties. It is not clear why this should be the case, as political party spending arguably distorts the political and electoral process as much as (if not more than) candidate spending. Of course, if rules are not enforced then such limits will have no impact in either case.

Users of the database can study the specific spending limits in different countries in detail. Some countries express spending limits as a total amount, others as a multiple of the minimum salary or a similar amount. For candidates (and sometimes for political parties as well), quite a few countries set the limit as a certain amount per inhabitant or registered voter in the particular electoral area. This allows for higher limits in larger electoral areas, where contestants arguably need more funds to reach potential voters.

Other countries express the allowed spending as a multiple of the public funds being provided to each party, while in countries such as Azerbaijan, Bangladesh, Botswana and Hungary, the amount each party is allowed to spend depends on the number of candidates that it fields in each election.

In Botswana, parties are allowed to spend I\$13,000, which means that for a parliamentary election the maximum amount is less than I\$750,000. In contrast, in elections for the House of Representatives in Liberia, a party fielding a full set of candidates is allowed to spend over I\$29 million.

To take a more extreme example, political parties in Kyrgyzstan are allowed to spend as much as the equivalent of one million monthly salaries in any election. This means that the eight main political parties that participated in the 2010 parliamentary elections in Kyrgyzstan

were together allowed to spend almost six weeks' worth of the hypothetical salary of every person in the country. If the equivalent limit were used for political parties in the USA, they would be allowed to spend over US\$25 billion each.

Table 14. Results regarding spending limits for political parties and candidates

No	Question	Yes	No	Yes in old DB	R rate
31	Are there limits on the amount a political party can spend?	29%	71%	24%	94%
32	If there are limits on the amount a political party can spend, what is the limit?	N/A	N/A	N/A	94%
33	Are there limits on the amount a candidate can spend?	44%	56%	N/A	94%
34	If there are limits on the amount a candidate can spend what is the limit for spending?	N/A	N/A	N/A	94%

Note: The percentages given in this table are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

Regional analysis

Spending limits for political parties seem to be a predominantly European phenomenon, as half the European countries apply such limits while less than a third of countries do so in any other region. Spending limits for candidates are more common than for political parties in every region, opening a potential loophole where funds are channelled through political parties to avoid the limits imposed on candidates (see sections 1.f and 2.c for further discussion of this loophole). In Africa, Asia and Oceania the difference is particularly marked, with spending limits for candidates being around twice as common as for political parties. Asia also stands out as having the largest share of countries with spending limits for candidates.

Table 15. Regional analysis of spending limits for political parties and candidates

No	Question	Africa	Americas	Asia	Europe	Oceania
31	Are there limits on the amount a political party can spend?	17%	26%	32%	48%	8%
33	Are there limits on the amount a candidate can spend?	31%	32%	62%	57%	27%

Note: The percentages in this table indicate the share of countries in each region for which a positive answer was recorded. These percentages are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

g) Financial disclosure (questions 35-39)

Comments on data:

- Very high response rate: 91% average with only one question below 90% (question 39, with 88%).
- For 148 countries (83%) data was available for all questions, while there was a complete lack of information on these questions for eight countries (4%).
- Question 39, on whether financial reports must identify the donors required, sometimes complicated interpretations as many countries do not provide clear legal guidance on this issue.

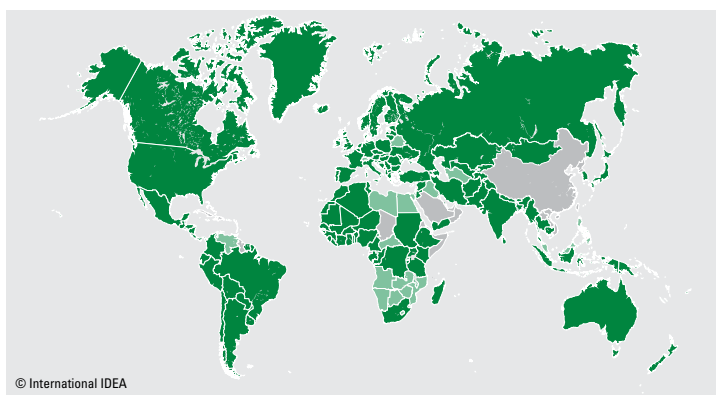
Question: Regular reporting requirements for political parties.

Key:

Green: Yes

Light green: No

Grey: No data



This map is based on data collected up to February 2012. Maps are continuously updated on the database. See <<http://www.idea.int/political-finance/question.cfm?field=288®ion=-1>>

Overview

This set of questions deals with one of the most important issues in political finance regulation, namely the requirement that political parties and election candidates submit formal reports about their finances. Without such requirements, many other regulations such as donation or spending limits make little sense since there is no way of knowing if they are adhered to or not.

At least some form of reporting obligation exists in 88 per cent of the countries for which data is available. This is encouraging in terms of transparency but there are some worrying signs. It is frequently claimed that unless both political parties and their candidates have to submit financial reports, a loophole can be opened whereby funds can be channelled through the stakeholder that does not have to report. In this context, it is of concern that 47 per cent of countries do not require reports from both parties and candidates. In some cases the financial transactions of candidates are included in the financial reports of their political parties but this is a problematic approach in countries where

accurate financial record-keeping or internal party communication may be lacking or where the number of candidates is large.

Table 16. Reporting requirements for political parties and candidates

Reporting requirements	Number of countries	Comment
Both political parties and candidates	82	Both political parties and candidates have to submit financial reports, either regularly or in relation to election campaigns, or both.
Only political parties	44	Political parties, but not candidates, have to submit financial reports, either regularly or in relation to election campaigns, or both.
Only candidates	10	Candidates have to submit financial reports.
Neither political parties or candidates	19	Neither political parties nor candidates have to submit financial reports.

The submission of financial reports will not aid transparency unless these reports include key information that is then made available to the public. The database therefore includes questions about whether these financial reports are made available to the public, and if they must include information about the identity of donors.

Some argue that public disclosure is not necessary; that it is sufficient for a government agency to receive the reports and study their accuracy. Others argue that formal financial reporting is unlikely to lead to transparency in the absence of active scrutiny by stakeholders such as civil society and the media (see, for example, Ohman and Zainbulhai 2009: 20).

The United Nations Convention Against Corruption (<<http://www.unodc.org/unodc/en/treaties/CAC/>>) also calls on countries to introduce rules that enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties (Art 7.3). Even so, more than a quarter of the countries that require some form of financial report have no rules obligating either those who submit reports or the receiving agency to make the information public.

The identification of donors is important since it relates to people's right to know how political parties and election campaigns are financed. In some countries, however, critics argue that naming donors may expose these individuals or entities to harassment, in particular from the government. Certain countries have therefore made a compromise whereby the identity of donors is revealed only in certain circumstances, normally if they donate above a certain amount. Table 17 shows that half the countries requiring financial reports demand

that the identity should be revealed; while over a fifth have no such obligation. In 28 per cent of countries, reports must identify donors in only certain cases.

Table 17. Results regarding disclosure requirements

No	Question	Yes	No	Some-times	Yes in old DB	R rate
35	Do political parties have to report regularly on their finances?	74%	26%	N/A	24%	93%
36	Do political parties have to report on their finances in relation to election campaigns?	52%	48%	N/A	N/A	92%
37	Do candidates have to report on their campaign finances?	60%	40%	N/A	N/A	92%
38	Is information in reports from political parties and/or candidates to be made public?	72%	28%	N/A	N/A	92%
39	Must reports from political parties and/or candidates reveal the identity of donors?	51%	21%	28%	N/A	88%

Note: The percentages given in this table are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

Regional analysis

In terms of regional comparison, Oceania is once again the statistical outlier as it is the only region allocated a score of less than 50 per cent for all questions in this section. Reporting requirements are particularly common in Europe, as are provisions for reports revealing the identities of donors and for the information in the reports to be made public. The publication of reports is required in almost all European countries but in only 60–70 per cent of the countries in Africa, the Americas and Asia.

Table 18. Regional analysis of disclosure requirements

No	Question	Africa	Americas	Asia	Europe	Oceania
35	Do political parties have to report regularly on their finances?	69%	64%	86%	89%	25%
36	Do political parties have to report on their finances in relation to election campaigns?	49%	64%	43%	66%	17%
37	Do candidates have to report on their campaign finances?	49%	57%	71%	68%	50%
38	Is information in reports from political parties and/or candidates to be made public?	59%	72%	71%	90%	43%
39	Must reports from political parties and/or candidates reveal the identity of donors?	68%	80%	86%	88%	50%

Note: The percentages in this table indicate the share of countries in each region for which a positive answer was recorded. These percentages are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

h) Enforcement and sanctions (questions 40-43)

Comments on data:

- High response rate: 89% average, with the lowest response rate being 87% for question 42.
- For 142 countries (79%) data was available for all questions, while there was a complete lack of information on these questions for eight countries (4%).
- For questions 42 and 43, there is no guarantee that all possible codes have been included since regulations on those issues may be spread over a wide range of legislative documents.

Overview

Rather than dealing directly with different forms of regulations, the last group of questions concerns institutions responsible for the enforcement of existing regulations and the availability of sanctions in case of violations.

The most striking result is that 40 countries (25 per cent of the countries for which data is available) lack regulations obliging *any* agency to examine financial reports or to investigate potential political finance violations. This represents a crucial weakness in any process aimed at enhancing a transparent and controlled role for money in politics.

Where there are institutions involved, identifying the type of body that has a particular mandate can be very important. For example, government ministries may have significant capacity but may lack the independence needed for ensuring credible oversight, whereas EMBs may have good contacts with political parties but be unwilling to engage in work they see as outside their main remit.

Table 19 compares the types of institutions responsible for receiving and examining received financial reports from political parties and candidates, as well as other types of institutions that play a formal role (for example in imposing sanctions or hearing appeals). While the data from the original database is also presented, it is not strictly comparable since it rather vaguely noted which body was responsible for the ‘administration and enforcement of the regulations’. Note also that this table only includes the countries for which at least one institution has been recorded for each question.

Table 19. Types of institutions involved in political finance oversight

Institution	Receiving reports	Examining reports/ investigating violations	Other formal role	Old db
Electoral Management Body	42%	34%	4%	48%
Ministry*	15%	10%	15%	22%
Auditing agency	10%	14%	10%	N/A
Institution for this purpose	8%	10%	0%	10%
Court	7%	13%	32%	N/A
Other	16%	19%	39%	19%

*The original database used the term ‘government institution’.

The above table shows that the most common institution receiving financial reports is the EMB. However, review of reports and investigations of potential violations are often carried out by a government ministry, an auditing agency or a court. Where courts are not involved in the reception or review of reports they often have another formal role to play. In most cases this includes the imposition of sanctions.

The final question in the database concerns the sanctions available in cases of political finance violations. Of the countries for which data was available, 96 per cent had some form of sanctions, even though for some the only political finance violation with a sanction attached to it was vote buying. Table 20 outlines the frequency of various sanctions in the legislation of different countries. Since many countries use a wide variety of sanctions, the sum in Table 18 exceeds 100 per cent.

Table 20. Sanctions available in different countries

Sanction	Share of countries	Comment
Fine	75%	Financial penalty
Loss of public funding	30%	Political party loses (partial) right to public funding
Forfeiture	29%	Funds that have been acquired against regulations must be returned or transferred to particular institution
Suspension of political party	9%	A political party loses its entitlement to function temporarily
Deregistration of party	20%	A political party loses its entitlement to function permanently
Prison	52%	Prison sentence for severe violations
Loss of nomination of candidate	13%	A person who has been nominated as a candidate is taken off the ballot
Loss of elected office	6%	A person who has won an election is deprived of her/his seat
Loss of political rights	14%	A person is deprived of her/his right to vote, hold or run for office or enjoy other political rights
Other	28%	Other forms of sanctions, including warnings and loss of citizenship

Fines are by far the most common sanctions available, with 75 per cent of countries using them as a potential penalty against political finance violations, although this does not necessarily mean that any fines are actually imposed. While the second most common sanction is prison sentences, it should be noted that in most countries such penalties are only applicable to the most serious offences such as vote buying or intentional fraud.

It is notable that a majority of countries do not have rules for forfeiture (meaning that parties or candidates have to return or transfer funds they have received against existing rules). Where the sanction of forfeiture is missing, stakeholders may be willing to repeatedly accept large fines as long as they are allowed to retain even larger illegal donations. An example of this kind of behaviour occurs in France, where the report from the Group of States against Corruption (GRECO) noted that ‘The French authorities confirmed . . . that there is currently no legal possibility to confiscate illegal donations to political parties . . .’ (GRECO 2009a: 33).

Table 21 shows the results from the final questions (question 40 to 43).

Table 21. Results regarding enforcement and sanctions

No	Question	Yes	No	Yes in old DB	R rate
40	What institution(s) receives financial reports from political parties and/or candidates?	N/A	N/A	N/A	92%
41	Is it specified that a particular institution(s) is responsible for examining financial reports and/or investigating violations?	75%	25%	N/A	89%
42	What other institutions have a formal role in political finance oversight?	49%*	51%	N/A	87%
43	What sanctions are provided for political finance infractions?	96%**	4%	N/A	90%

*For this question another institution was identified in 49% of the countries, while for 51% no institution other than the one receiving financial reports was recorded as having a formal role in political finance oversight.

**For this question, some form of sanction was included in the regulations of 96% of countries, while the remaining 4% had no such regulations at all.

Note: The percentages given in this table are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

2. Political finance regulations, key issues and other variables

This first part of this chapter examines the information in the International IDEA database in relation to a number of variables, in order to begin the process of looking at the context of political finance regulations. The discussion in this chapter should be seen as a preliminary analysis, which we hope will inspire others to study issues of this kind in a more in-depth manner. Variables considered relate to two areas closely connected to the role of money in politics, namely: the level of democracy (or freedom) and the level of corruption. The second part of the chapter discusses two key issues in political finance regulations: the relationship between political parties and candidates, and the transparency of political finance.

a) Levels of freedom and regulation of political finance

It is sometimes argued that political finance regulations belong to a 'second generation' of reforms, which countries can only introduce once they have sorted out more urgent issues such as electoral administration and the general nature of elite competition in the political sphere. As a country becomes more politically 'developed' it can turn to the issue of regulating money in politics.

If this argument were correct, it would be expected to find a correlation between the existence of different types of regulations and the level of democracy or 'political development' in each country. While the Freedom House (<http://www.freedomhouse.org/report-types/freedom-world>) ranking of freedom may not be an exact measurement of this phenomenon, its data should work as a useful proxy variable. The first task will therefore be to see if the level of freedom of each country is related to the regulations that have been put in place. For this, the Freedom House designations of countries are used as 'free', 'partly free' and 'not free'. Of the countries in the database, 87 fall within the first category, with 58 in the second and 34 in the third category. The 13 countries excluded from the database all fall within the 'not free' category.

Overall it can be said that level of freedom is a poor predictor of the existence of political finance regulations. Admittedly, the regulations in the database (more precisely the 30 studied in this section) are more common in 'free' than in 'not free' countries. However, the difference is not large: 53% on average for 'free' countries against 42 per cent for 'not free' (and 52 per cent for 'partly free'). In addition, there seem to be few logical patterns in the deviations related to level of freedom. This report will not go into multivariate analysis but it seems clear that more research is needed taking into account other variables.

In terms of donation bans and limits and public funding, the differences are generally small. Countries classified as ‘not free’ are more likely to ban foreign donations, which may be logical. In contrast they are less likely to ban donations from government contractors to political parties and candidates.

As has been pointed out elsewhere, there is no connection between the level of freedom in a country and the probability that it will apply direct public funding to political parties (Ohman 2011: 4). For some reason, however, ‘partly free’ and in particular ‘not free’ countries are significantly more likely to provide free media access to election candidates than ‘free’ countries, although there is no such difference in relation to political parties.

Countries designated as ‘not free’ are somewhat less likely to use limits on donations and expenditure but the differences are not large, especially when it comes to donation limits. In some undemocratic countries governments may actually prefer limits on private funding, especially if they themselves engage in widespread abuse of state resources.

There might be a vague relationship between level of freedom and financial disclosure. Political parties and candidates in ‘not free’ countries are required to submit financial reports much less often in relation to elections, although the difference does not exist for regular party reports. It is also twice as common in ‘free’ as in ‘not free’ countries for such financial reports to be made public. Exactly what the nature of such a relationship could be requires further study.

Table 22. Breakdown of results by level of freedom in each country

No	Question	Free	Partly Free	Not Free
Bans on donations				
1	Is there a ban on donations from foreign interests to political parties?	61%	71%	81%
2	Is there a ban on donations from foreign interests to candidates?	52%	51%	50%
3	Is there a ban on corporate donations to political parties?	22%	23%	20%
4	Is there a ban on corporate donations to candidates?	26%	22%	13%
5	Is there a ban on donations from corporations with government contracts or partial government ownership to political parties?	57%	42%	27%
6	Is there a ban on donations from corporations with government contracts or partial government ownership to candidates?	44%	37%	27%

7	Is there a ban on donations from trade unions to political parties?	32%	22%	16%
8	Is there a ban on donations from trade unions to candidates?	32%	22%	10%
9	Is there a ban on anonymous donations to political parties?	63%	72%	64%
10	Is there a ban on anonymous donations to candidates?	61%	61%	39%
11	Is there a ban on state resources being given to or received by political parties or candidates (excluding regulated public funding)?	85%	89%	79%
12	Is there a ban on any other form of donation?	53%	50%	40%
Limits on donations				
13	Is there a limit on the amount a donor can contribute to a political party over a time period (not election specific)?	36%	26%	25%
15	Is there a limit on the amount a donor can contribute to a political party in relation to an election?*	21%	34%	19%
17	Is there a limit on the amount a donor can contribute to a candidate?	33%	25%	26%
Public funding				
19	Are there provisions for direct public funding to political parties?***	73%	59%	68%
23	Are there provisions for free or subsidized access to media for political parties?	69%	71%	65%
25	Are there provisions for free or subsidized access to media for candidates?	38%	58%	67%
26	Are there provisions for any other form of indirect public funding?	79%	62%	52%
27	Is the provision of direct public funding to political parties related to gender equality among candidates?	13%	18%	4%
28	Are there provisions for other financial advantages to encourage gender equality in political parties?	9%	8%	0%
Bans on expenditure				
29	Is there a ban on vote buying?	95%	96%	88%
30	Are there bans on state resources being used in favour or against a political party or candidate?	85%	100%	92%
Limits on donations				
31	Are there limits on the amount a political party can spend?	37%	34%	3%
33	Are there limits on the amount a candidate can spend?	48%	50%	26%

Financial disclosure				
35	Do political parties have to report regularly on their finances?	74%	75%	74%
36	Do political parties have to report on their finances in relation to election campaigns?	57%	61%	23%
37	Do candidates have to report on their campaigns finances?	66%	64%	37%
38	Is information in reports from political parties and/or candidates to be made public?	85%	69%	40%
39	Must reports from political parties and/or candidates reveal the identity of donors?	81%	75%	82%

* Note that for this question the figure for 'yes' includes the countries that have been coded as 'regular limit applies'.

** For this question, the percentages refer to the share of countries in each region that have been coded as 'yes, regularly provided funding' and/or 'yes, in relation to campaigns'.

Note: The percentages in this table indicate a positive answer (yes reply). These percentages are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

b) Perceptions of corruption and regulation of political finance

Several theories can be considered regarding the connection between corruption and the existence of political finance regulations. More regulations regarding money in politics may exist in countries where issues of corruption are taken seriously. In very corrupt societies, politicians would be reluctant to pass regulations controlling their own access to money.

Alternatively, political finance regulations could function as indicators that a country is facing particularly severe problems regarding money in its political system and is trying to correct these with legislation. A high level of political finance regulations could perhaps be a temporary phenomenon employed in times of particularly high levels of corruption.

This report can only skim the surface of these issues and unfortunately—although hardly surprisingly given the illegal nature of corruption—there is no index of the level of corruption in different countries. The closest to such index is the Transparency International (TI) Corruption Perception Index, which measures 'the perceived levels of public-sector corruption'.

A review of TI's methodology indicates that there should be no overlap between their index and the variables in the International IDEA database. The possible exception is an inclusion in the TI index of a question from the Economist Intelligence Unit about 'clear procedures and accountability governing the allocation and use of public funds', which means that questions 11 and 30 are to be interpreted with care in this context.

The Corruption Perception Index uses a scale from one (perceived as ‘highly corrupt’) to ten (perceived as ‘very clean’). To facilitate comparison, The scale in the database was divided into three groups: 1–3 (‘high level’ of perceived corruption); 3.1–6 (‘medium level’ of perceived corruption); and 6.1–10 (‘low level’ of perceived corruption). TI does not code all countries in the political finance database, leaving us with a group of 161 countries, but the missing countries are mainly small island states.

Overall, perception of corruption does not seem to be a better predictor of the existence of regulations than level of freedom. The average difference (positive or negative) between a ‘free’ and a ‘not free’ country is 15 per cent, whereas the average difference between countries with low levels and high levels of perceived corruption is 12 per cent.

Most of the individual variations are also difficult to interpret. Countries with high levels of corruption are more likely to ban foreign donations but significantly less likely to ban donations from trade unions. They are also less likely to limit donations and to provide direct public funding to political parties but more likely to relate public funding to gender equality. For some reason, countries with low levels of perceived corruption are much less likely to provide free media access to candidates (but not to political parties).

As with the study of levels of freedom in section 2.a, there is perhaps a hint of a pattern regarding financial disclosure. With the exception of reporting requirements for political parties in relation to elections, countries with a high level of perceived corruption are consistently less likely to demand financial reports or to require that these reports include information about donors and are made public. While we can naturally say nothing about causality, it seems that there is a correlation between lower levels of (at least perceived) corruption and stricter disclosure rules.

Comparing the existence of political finance regulations and level of freedom and perceptions of corruption, respectively, shows that there are few obvious links. Nevertheless, we hope that these two brief studies have helped to raise questions that need to be answered through more elaborate investigations, and to show ways in which the information in the International IDEA database can be used.

Table 23. Breakdown of results by level of perceived corruption in each country

No	Question	Low level	Medium level	High level
Bans on donations				
1	Is there a ban on donations from foreign interests to political parties?	54%	67%	73%
2	Is there a ban on donations from foreign interests to candidates?	42%	52%	54%
3	Is there a ban on corporate donations to political parties?	23%	24%	20%
4	Is there a ban on corporate donations to candidates?	24%	27%	18%
5	Is there a ban on donations from corporations with government contracts or partial government ownership to political parties?	52%	60%	36%
6	Is there a ban on donations from corporations with government contracts or partial government ownership to candidates?	36%	47%	33%
7	Is there a ban on donations from Trade Unions to political parties?	33%	35%	18%
8	Is there a ban on donations from Trade Unions to candidates?	33%	33%	16%
9	Is there a ban on anonymous donations to political parties?	75%	69%	65%
10	Is there a ban on anonymous donations to candidates?	65%	57%	53%
11	Is there a ban on state resources being given to or received by political parties or candidates (excluding regulated public funding)?	85%	80%	90%
12	Is there a ban on any other form of donation?	52%	50%	48%
Limits on donations				
13	Is there a limit on the amount a donor can contribute to a political party over a time period (not election specific)?	41%	33%	26%
15	Is there a limit on the amount a donor can contribute to a political party in relation to an election?*	37%	33%	27%
17	Is there a limit on the amount a donor can contribute to a candidate?	33%	32%	26%
Public funding				
19	Are there provisions for direct public funding to political parties?***	85%	74%	59%
23	Are there provisions for free or subsidized access to media for political parties?	62%	82%	63%
25	Are there provisions for free or subsidized access to media for candidates?	19%	50%	60%

26	Are there provisions for any other form of indirect public funding?	88%	67%	63%
27	Is the provision of direct public funding to political parties related to gender equality among candidates?	4%	20%	11%
28	Are there provisions for other financial advantages to encourage gender equality in political parties?	8%	14%	2%
Bans on expenditure				
29	Is there a ban on vote buying?	100%	93%	93%
30	Are there bans on state resources being used in favour or against a political party or candidate?	80%	92%	95%
Limits on donations				
31	Are there limits on the amount a political party can spend?	22%	42%	24%
33	Are there limits on the amount a candidate can spend?	41%	56%	38%
Financial disclosure				
35	Do political parties have to report regularly on their finances?	92%	69%	72%
36	Do political parties have to report on their finances in relation to election campaigns?	50%	57%	50%
37	Do candidates have to report on their campaigns finances?	68%	67%	54%
38	Is information in reports from political parties and/or candidates to be made public?	88%	80%	61%
39	Must reports from political parties and/or candidates reveal the identity of donors?	88%	83%	72%

* Note that for this question the figures for 'yes' includes the countries that have been coded as 'regular limit applies'.

** For this question, the percentages show the share of countries in each region that have been coded as 'yes, regularly provided funding' and/or 'yes, in relation to campaigns'.

Note: The percentages in this table indicate a positive answer (yes reply). These percentages are based on the total number of valid answers obtained for each question and not necessarily on the total number of countries included in the database.

c) Political parties versus candidates

This report concludes with a brief further discussion about two themes that are of special importance and which are highlighted by the information in the database.

The question of the relationship between political parties and candidates is a vital one. Unless both political parties and their candidates have to submit financial reports, a loophole can be opened whereby funds can be channelled through the stakeholder that does not have to report. In this respect it is troubling that 47 per cent of countries do not require financial reports from both parties and candidates. The database also

shows that bans on certain types of donations are often more common for political parties than for candidates, while a number of countries impose spending limits on candidates but not on political parties.

These findings mirrors those of TI and the Carter Center regarding Latin America, whose studies:

. . . show that resources managed by candidates often bypass financial reports submitted to electoral management bodies. As a result, candidates' resources are disclosed to the public less frequently than resources managed by parties . . . Both the comprehensiveness and depth of reporting was scant . . . The lack of transparency in the resources handled by candidates is a major weakness in the political finance systems in the region. The risks increase due to the fact that fundraising done by an individual candidate tends to commit that candidate more to the wishes of donors than fundraising by the party would do. This ensues a higher risk of undue influence of private interests in public affairs. (Transparency International and the Carter Center 2007: 12)

This issue is not unique to Latin America. In many African countries, election money is often channelled through candidates rather than their political parties. The fact that donation bans for African political parties are in many cases not accompanied by similar bans for candidates is therefore problematic for African electoral politics. The issue is also relevant for older democracies. As the Group of States Against Corruption (GRECO) country study concerning Germany noted:

The German system in place being focused on political parties, there are little opportunities for independent candidates to participate in election campaigns. But in any event, nothing prevents a candidate presented by his/her party or an elected member of parliament from receiving financial support from private donors. Direct donations to candidates who are not members of the Bundestag are not addressed by the PPA [Political Parties Act] at all . . . There is thus a distortion in the legal treatment of candidates who are newcomers and parliamentarians standing again for an election . . . it is left to the parliamentarian to decide to transfer or not to his/her political party donations received. . . . In terms of transparency of financing . . . there seems to be a marked imbalance between the strict provisions applicable to political parties under the PPA on the one hand, and those applicable to candidates and elected officials on the other hand; this is likely to affect the efficiency of the PPA. (GRECO 2009b: 22f)

Regulators need to take a comprehensive view of the role that money plays in their political system. While it is not possible to create regulatory systems without any loopholes at all—and indeed there is a significant risk that even trying to do so would seriously undermine political liberties—all major types of stakeholders and their respective roles in the political system must be taken into account.

d) Transparency in political finance

Effective oversight of the role of money in politics requires transparency. In this regard it is reassuring that 88 per cent of all countries have at least some reporting requirements. To the extent that comparisons with the previous International IDEA database indicate a change over time, it seems that such disclosure rules are becoming increasingly common.

However, there are several serious causes for concern. It is unlikely that political parties and candidates in many countries will be willing to provide accurate information about their finances if they are aware that inaccuracies will not be detected, and that there is no risk of sanctions. The most notable finding in this review of the International IDEA database is that 40 countries—that is, one quarter of all countries in the database, and 29 per cent of those that have formal reporting obligations—lack any rules identifying a particular institution as responsible for the examination of financial reports or the investigation of potential violations. These countries are far from adhering to the call in the United Nations Convention Against Corruption that countries should strive to ‘ . . . enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties’ (Art 7.3).

In some situations, a vigilant civil society and media can alleviate the problems caused by weak formal oversight. However, in most cases it will be very difficult for these actors to effectively monitor political finance if they do not have access to the financial records submitted by political parties and candidates. It is a concern in this context that in 21 per cent of countries, financial reports need give no information as to the source of income for political parties and election campaigns. Even worse, in 28 per cent of countries submitted financial reports need not be made public by either the parties or candidates themselves or by the agency receiving them. In such cases, transparency in political finance is likely to prove highly elusive.

While each country has to design its own system of political finance regulations, four components need to be in place:

1. *Financial statements.* Political parties and electoral candidates should be required to submit financial statements whose exact requirements must be devised so as not to overburden these important stakeholders.

2. *Understanding money flows.* These financial statements must include enough relevant information to provide an understanding of how money flows through the political system. While smaller donors may have a legitimate interest in contributing without having their identities revealed, in the case of larger donations the right of the electorate to know where the money is coming from outweighs such considerations.
3. *Mandate for independent review.* An independent and capable institution should have a clear mandate to review such financial statements and to investigate potential violations. Dissuasive and proportional sanctions should be available, although the primary aim should be to encourage transparency and compliance.
4. *Making the information public.* The information in submitted financial statements should be made public in as user-friendly a manner as possible in each situation. Without this last step transparency will not be achieved.

Introducing the four components above is no guarantee for transparency regarding money in the political system. Stakeholders often have a vested interest in concealing certain information and they will seek loopholes in any system. However, a well designed disclosure system is an indispensable step in strengthening democratic control over political finance.

Conclusion

This report has been intended as an introduction to the International IDEA database on political finance regulations worldwide, presenting overall trends in the data contained within the database. Just like the database itself, this report aims to inspire and facilitate further research into the causes, use and impact of political finance regulations. While the database is global, the data can of course equally be used for research at regional and national levels.

Chapter 1 examined the database according to seven groups of questions on political finance regulations, with an emphasis on regional comparisons. This examination is based on the approximately 7,000 data points from 180 countries that are included in the database. Various options chosen in different countries to address similar problems were discussed, and areas of concern identified.

The main outcomes of this analysis are provided in the section 'Key findings', pointing to both global and regional trends. It is hoped that this initial analysis will provide encouragement for researchers wishing to pursue these comparisons further.

In Chapter 2, a comparison between the existence of political finance regulations and level of freedom and perceptions of corruption, respectively, was carried out to illustrate ways in which the database can be combined with other data sources to further our understanding about political finance regulations. Level of freedom and perceptions of corruption were chosen to examine whether there is a connection between political finance regulations and political development on the one hand, and between regulations and level of corruption on the other. The preliminary analysis showed that there are few obvious links, and that further research is needed to understand the role of regulations in relation to political finance. Other methods must also be employed in examinations of possible casual relationships between political finance regulations and other phenomena in society.

The second part of Chapter 2 focused on two important themes: the relationship between political party and candidate finance, and the level of transparency in the role of money in every country. It was argued that countries should consider political party and candidate finance jointly when introducing limits on donations and spending, as well as in relation to disclosure.

Further, it was argued that transparency is a cornerstone of any system for political finance oversight, and that four components are necessary in order to achieve transparency in the role that money plays in national politics, although full transparency cannot always be guaranteed.

Information about regulations in other parts of the world can be of great use in reform processes taking place in various countries. Naturally, however, no country should unquestioningly adopt regulations used

elsewhere. In each case, regulators need to take a comprehensive view of the role that money plays in their political system, and to adopt regulations that are suitable for the country in question.

While the two databases are not directly comparable, a comparison between the original International IDEA database created in 2003 and the new database indicates that regulation of political finance worldwide is becoming more widespread and increasingly complex. The original database is available on the IDEA website, and those interested can study the differences in regulations, especially at the national level.

We hope that this brief introduction has helped to raise questions that need to be answered through more elaborate investigations, and to show ways in which the information in the database can be used. It should be remembered that apart from the answers for each question in the database, the coding includes relevant quotes from legislation and other sources that can be of additional use for further research. We encourage all readers to explore the database itself, which is available at <<http://www.idea.int/political-finance>>.

Appendix: full list of questions contained in the database

The International IDEA database on political finance regulations contains data from 180 countries based on responses to 43 specific questions. This Appendix lists the questions used in the 2011 update of the database. More information about the different questions covered by the database, including descriptions of the question categories and individual questions as well as the coding instructions used by the researchers, can be found at <http://www.idea.int/political-finance>.

Bans on donations

1. Is there a ban on donations from foreign interests to political parties?
2. Is there a ban on donations from foreign interests to candidates?
3. Is there a ban on corporate donations to political parties?
4. Is there a ban on corporate donations to candidates?
5. Is there a ban on donations from corporations with government contracts or partial government ownership to political parties?
6. Is there a ban on donations from corporations with government contracts or partial government ownership to candidates?
7. Is there a ban on donations from trade unions to political parties?
8. Is there a ban on donations from trade unions to candidates?
9. Is there a ban on anonymous donations to political parties?
10. Is there a ban on anonymous donations to candidates?
11. Is there a ban on state resources being given to or received by political parties or candidates (excluding regulated public funding)?
12. Is there a ban on any other form of donation?

Limits on donations

13. Is there a limit on the amount a donor can contribute to a political party over a time period (not election specific)?
14. If there is a limit on the amount a donor can contribute to a political party over a time period (not election specific), what is the limit?
15. Is there a limit on the amount a donor can contribute to a political party in relation to an election?
16. If there is a limit on the amount a donor can contribute to a political party in relation to an election, what is the limit?
17. Is there a limit on the amount a donor can contribute to a candidate?

18. If there is a limit on the amount a donor can contribute to a candidate, what is the limit?

Public funding

19. Are there provisions for direct public funding to political parties?
20. If there are provisions for direct public funding to political parties, what are the eligibility criteria?
21. If there are provisions for direct public funding to political parties, what is the allocation calculation?
22. If there are provisions for direct public funding to political parties, are there provisions for how it should be used (earmarking)?
23. Are there provisions for free or subsidized access to media for political parties?
24. If there are provisions for political parties' free or subsidized access to media, what criteria determine access allocation?
25. Are there provisions for free or subsidized access to media for candidates?
26. Are there provisions for any other form of indirect public funding?
27. Is the provision of direct public funding to political parties related to gender equality among candidates?
28. Are there provisions for other financial advantages to encourage gender equality in political parties?

Bans on expenditure

29. Is there a ban on vote buying?
30. Are there bans on state resources being used in favour or against a political party or candidate?

Limits on Expenditures

31. Are there limits on the amount a political party can spend?
32. If there are limits on the amount a political party can spend, what is the limit?
33. Are there limits on the amount a candidate can spend?
34. If there are limits on the amount a candidate can spend, what is the limit for spending?

Financial disclosure

35. Do political parties have to report regularly on their finances?
36. Do political parties have to report on their finances in relation to election campaigns?
37. Do candidates have to report on their campaigns finances?

38. Is information in reports from political parties and/or candidates to be made public?
39. Must reports from political parties and/or candidates reveal the identity of donors?

Enforcement and sanctions

40. What institution(s) receives financial reports from political parties and/or candidates?
41. Is it specified that a particular institution(s) is responsible for examining financial reports and/or investigating violations?
42. What other institutions have a formal role in political finance oversight?
43. What sanctions are provided for political finance infractions?

References and further reading

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International IDEA at a glance

What is International IDEA?

The International Institute for Democracy and Electoral Assistance (International IDEA) is an intergovernmental organization with a mission to support sustainable democracy worldwide.

The objectives of the Institute are to support stronger democratic institutions and processes, and more sustainable, effective and legitimate democracy.

International IDEA is the only global intergovernmental organization with the sole mandate of supporting democracy; IDEA's vision is to be the primary global actor in sharing comparative knowledge and experience in support of democracy.

What does International IDEA do?

International IDEA produces comparative knowledge in its key areas of expertise: electoral processes, constitution building, political participation and representation, and democracy and development, as well as on democracy as it relates to gender, diversity, and conflict and security.

IDEA brings this knowledge to national and local actors who are working for democratic reform, and facilitates dialogue in support of democratic change.

In its work, IDEA aims for:

- Increased capacity, legitimacy and credibility of democracy
- More inclusive participation and accountable representation
- More effective and legitimate democracy cooperation

How does International IDEA work?

Because democracy grows from within societies, it is constantly evolving. There is no single and universally applicable model of democracy; the critical choices are best made, and the quality of democracy best gauged, by the citizens themselves. IDEA's work reflects this; the Institute's work is organized at global, regional and country level, focusing on the citizen as the driver of change.

IDEA's work is non-prescriptive and IDEA takes an impartial and collaborative approach to democracy cooperation; emphasizing diversity in democracy, equal political participation, representation of women and men in politics and decision making, and helping to enhance the political will required for change.

The Institute brings together a wide range of political entities and opinion leaders. By convening seminars, conferences and capacity building workshops, IDEA facilitates the exchange of knowledge and experience at global, regional and national levels.

Where does International IDEA work?

International IDEA works worldwide. Based in Stockholm, Sweden, the Institute has offices in the Africa, Asia and the Pacific, Latin America and the Caribbean, and West Asia and North Africa regions. International IDEA is also a Permanent Observer to the United Nations.

