

**Governing Party:** Nepali Congress

**Electoral System:** First-past-the-post

**Legislative System:** Bicameral Legislature: House of Representatives (lower) with 205 seats, and National Assembly (upper) with 60 seats

**Most Recent Legislative Election:** 1999 (parliament has been suspended since 2002)

**Public Campaign Funding:** None

**Largest Campaign Expenditure:** Rallies and events/Travel

## CURRENT POLITICAL AND LEGAL OVERVIEW

### POLITICAL PARTIES

Nepal returned to multiparty democracy in the early 1990s after decades of authoritarian rule. Thereafter, successive elections failed to award any single party a clear majority, leading to a series of short-lived coalition governments. In this environment, smaller parties took vital roles as coalition partners, and there was great opportunity for politicians to sell their votes and party memberships to the highest bidder. Although the Nepali Congress (NC) secured a majority in the 1999 elections, corruption scandals, internal divisions with the NC, the 2001 royal massacre, and the increased intensity of a Maoist insurgency created another crisis. Parliament has since been suspended and the King has installed his own administration.

Nepal's political parties have been operating openly in the current democratic system for almost the last fourteen years. The Nepali Congress Party and the opposition communist parties can trace their origins back to the early 1950s. However, for most of the intervening years until 1990, political parties were banned in Nepal, and the majority of their history has involved not governing, but underground activities, fomenting revolt against the monarchy.

Political parties securing at least three percent of the nationwide vote in national elections are considered national. They must also have given a minimum of five percent of their nominations to women candidates. Approximately 90 political parties are registered, only five of which are "national":

### SURVEY AT A GLANCE

Largest Campaign Expenditure	Rallies and Events /Travel	36%
Largest Candidate Campaign Expenditure	Rallies and Events	33%
Largest Sources of Party Funds	Funds Raised by Party	39%
Largest Source of Candidate Funds	Candidate's Personal Funds	33%
Greatest Political Party Challenge	Lack of Political Party Organization	44%

the Nepali Congress Party (NC); the Communist Party of Nepal–Unified Marxist-Leninist (CPN-UML); Rastriya Prajatantra Party (RPP); Nepal Sadbhawana Party (NSP); and the Nepali Congress-Democratic (NC-D).

### ELECTORAL SYSTEM

The 1990 constitution created a bicameral national legislature, the House of Representatives and National Council. The lower house, the House of Representatives, has 205 members, elected from 205 single member districts by popular vote. Members serve a five-year term. The last elections were held in 1999; elections scheduled for the spring of 2004 were not held, as the House of Representatives has been dissolved since 2002. Only the speaker and deputy speaker remain today from the last elected House of Representatives. The upper house, or National Council, has 60 seats: 35 seats appointed by the House of Representatives, 10 by the King, and 15 by an electoral college. One third of the members are elected every two years to serve six-year terms. The National Council still exists in law, but has not met since the dissolution of the lower house.

Nepal is a parliamentary democracy and constitutional monarchy: the head of state since June 2001 has been King Gyanendra Bir Bikram Shahhas. The King appoints the head of government, the prime minister, who is typically the leader of the majority party or coalition following legislative elections. In October 2002, King Gyanendra assumed executive powers by dismissing the then-prime minister, Sher Bahadur Deuba, who had earlier dissolved parliament in the midst of an escalating Maoist insurgency. Prime Min-

ister Deuba was unable to reach a consensus with political parties on how and when to hold new elections. Since then, three subsequent prime ministers have been appointed and two have resigned, and elections have been indefinitely postponed. In June 2004, the King again appointed Deuba to serve as prime minister, and Deuba has recently formed a government with representatives of the NC, CPN-UML, RPP and NSP; a date for new legislative elections has yet to be set.

## PARTY FINANCING LAWS

The political party financing regulatory framework is defined in the constitution, the Electoral Code of Conduct, the Political Parties Law, and anti-defection legislation. The Code of Conduct sets limits for all parties and candidates to the lower house. Parties and candidates are required to fully disclose expenses on penalty of a fine or nullification of an election. Under the 1997 anti-defection law, an MP's party membership can be irrevocably denied for joining another party, resigning his/her party, or voting against the party whip. The 2003 political party law requires all parties to reveal the names of contributors of more than 25,000 rupees (approximately US\$350). Parties can accept funds from businesses and unions, but not from foreign individuals or organizations.

## COMMON CAMPAIGN PRACTICES

The information below is taken from 16 interviews conducted in Nepal from July 13 to 21, 2003. Of the 16 interviewees, or respondents, 11 were elected officials, four were civil society representatives, and one was an elections official. Fourteen of the interviewees were men and two were women. Four respondents were affiliated with the ruling party and eight were from opposition parties.

## TYPICAL CAMPAIGN PRACTICES

There is a legally-defined campaign period of 30 days, although in practice campaigns generally last about 60 days. Candidates tend to travel extensively in their constituency to personally deliver their message to voters. Some respondents noted a culture of vote-buying in which parties provide meals and other goods for voters. The majority of respondents also noted the need to hire thugs to intimidate supporters of opponents; hence, there is a degree of violence associated with elections.

## TYPICAL SOURCES OF FUNDING

Campaigns are primarily financed by business interests (particularly for the larger parties) and private individuals. This applies to both political party funds and individual

campaign budgets, although in the case of the latter, contributions by private individuals are more significant. One interviewee admitted that his party receives funds from foreign sources. Although the amount varies depending on the party, most MPs must donate to the party on a monthly basis. As in many other countries, the candidates themselves bear primary responsibility for financing their campaigns. One interviewee indicated that his party's contribution amounted to less than seven percent of his entire campaign budget.

## TYPICAL EXPENDITURES

Respondents stated that a significant portion of campaign funds go to transportation and meals for voters; transport costs make rural campaigns more expensive than urban ones. With the exception of printed materials, paid media play only a limited role in electoral campaigns.

## CORRUPTION

Virtually all respondents talked about the dual role of "money and muscle" in the electoral arena, referring to the common use of hired thugs to intimidate and assault opponents' supporters. One interviewee talked openly about his need to hire "muscle" in response to his opponent's use of violence. A few interviewees indicated that arms increasingly play a more important role than money in Nepalese elections.

Although most party constitutions have codes of conduct and disciplinary committees, their enforcement mechanisms are weak and lack transparency. Some party leaders admit privately that while they do try to deal with charges of misconduct within their parties, they also try to spare their members public punishment or exposure in the press.

## ASSISTANCE OPPORTUNITIES

### POLITICAL PARTY FINANCING

Nepal's biggest obstacle in terms of democracy, and more specifically political party financing, is the dissolution of parliament and the King's assumption of executive powers. Political parties are trying to maintain their membership and call for a return to democracy, as they currently do not have an election to work towards. Additionally, the weakness in enforcing current legislation controlling political party financing is one important factor in corruption in Nepal. However, despite these obstacles impeding democracy in Nepal, political parties are beginning to recognize the need for enforcement, particularly of their own codes of conduct. Additionally, Nepal has comprehensive legislation

to regulate political parties, so the structures are in place, although not enforced.

### LEGAL AND REGULATORY REFORM

While there is general acknowledgement that the various regulatory mechanisms are well intended, there is almost unanimity that these laws are ineffectual and unenforceable. For instance, the spending limits set by the Electoral Code of Conduct are largely perceived to be unrealistically low. Generally, respondents agreed that victory in the campaign was not directly related to how much money was spent. Rather, the reverse is true: charismatic and well-organized candidates are more likely to win regardless of how much money they spend.

In the past, there has been no state funding for political parties. However, the budget announced by the current government proposed that each party receive 20 rupees for each vote cast in its favor. Since most parties are protesting the suspension of parliament, they also consider the budget unconstitutional, leaving the future of this provision uncertain.

# NEPAL BACKGROUND INFORMATION

## Electoral System

What is the electoral system?	First-Past-the-Post	
What is the legislative system?	Bicameral	
How many seats does the legislature have?	205 - House of Representatives; 60 - National Assembly	
What is the ruling party/coalition percentage in legislature?	37.3%	Nepali Congress (NC)
Date of the last legislative election?	1999	
Date of next scheduled legislative election?	Unknown	Parliament has been suspended by the King, who is now ruling by ordinance.

## Political Party Finance Laws

Is there a political party law (registration etc.)?	Yes	The Law on Political Parties was passed in April 2003. It addresses party finances, internal discipline, and the election commission.
Do parties or their officials have to declare assets and liabilities?	Yes	Parties must declare assets and liabilities. (Regulating Political Parties Act 2002 4(h), 4(k))
Are there laws regulating party finance?	Yes	The Law on Political Parties requires party audits and financial reporting, including names of the contributors of more than 25,000 rupees (\$333). There are no contribution or spending limitations.
Do those laws apply to campaigns?	Yes	
Do those laws apply to non-election periods?	Yes	

## State Funding

Does the state provide public funding for political parties?	No	The new budget suggests that parties will be allocated NR20 (US\$0.27) per vote received in the last election.
What type of public funding is provided?	None	
Do those funds cover election cycles?	No	
Do those funds cover non-election cycles?	No	

## Restrictions on Donations

Are there laws limiting contributions to political parties or candidates?	No				
For parties, do those laws apply to campaign periods?	No				
For parties, do those laws apply to non-election periods?	No				
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	Parties cannot accept donations from foreign individuals or organizations. Parties are not barred from owning businesses, but in practice it appears that none do.
	Can parties own businesses?	Yes	Foreign sources?	No	
Specify any other restrictions by source and/or by amount etc.					

<b>Spending Limits</b>		
Are there laws limiting political party or candidate spending?	Yes	Election Code of Conduct (3) Election Expenditure.
For parties, do those laws apply to campaign periods?	Yes	There is no provision to suggest that the laws cover any other period except the campaign period.
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

<b>Disclosure Regulations</b>		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	The Law on Political Parties requires all parties to reveal the names of contributors of over 25,000 rupees (\$333).
Are political parties or candidates required to disclose spending?	Yes	Section 3 of the Nepal Code of Conduct.
For parties, do disclosure laws apply to election funding?	Yes	Annual audits are conducted. (Regulating Political Parties Act Art. 11)
For parties, do disclosure laws apply to non-election funding?	Yes	
Are the reports made public?	No	
Are annual financial audits of party accounts required?	Yes	The Law on Political Parties requires parties to conduct annual audits and file financial reports with the election commission within six months after the expiration of each fiscal year.
Are audit results made public?	Yes	
What agencies are responsible for monitoring these laws?		The election commission.
What sanctions exist if political party or campaign finance laws are violated?		Possible intervention of enforcement authorities. (Nepal Code of Conduct, Section 6, Misc.)

<b>Other Anti-Corruption/Ethics Laws and Regulations</b>		
Do laws prohibit use of government resources for political campaigns?	Yes	Nepal Code of Conduct, Section 5.
Are officials at the national level required to declare their assets?	No	Internal party codes do require MPs, executive committee members, and sometimes lower level committee members to declare their assets and income sources. There is no public requirement for this. Certain bodies such as the Commission for Investigation of Abuse of Authority (CIAA) can access this internal party information if investigating a case.
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	Yes	The Commission for Investigation of Abuse of Authority is the only constitutionally mandated body with (limited) power to investigate corruption cases.
Is there Freedom of Information legislation?	Yes	Article 16 of the constitution guarantees the right to information.

# NIGERIA

## FEDERAL REPUBLIC OF NIGERIA

**Governing Party:** People's Democratic Party

**Electoral System:** First-past-the-post

**Legislative System:** Bicameral legislature: Senate with 109 seats, and the House of Representatives with 360 seats

**Most Recent Legislative Election:** 2003

**Public Campaign Funding:** Direct, cash

**Largest Campaign Expenditure:** Mass media

### SURVEY AT A GLANCE

Largest Campaign Expenditure	Mass Media (only 3 respondents answered) 33%
Largest Candidate Campaign Expenditure	Money and Direct Benefits 50%
Largest Sources of Party Funds	Funds Raised by Party (only 3 respondents answered) 89%
Largest Source of Candidate Funds	Candidate's Personal Funds 65%
Greatest Political Party Challenge	Weak Civil Society 41%

## CURRENT POLITICAL AND LEGAL OVERVIEW

### POLITICAL PARTIES

Nigeria transitioned from military to civilian rule in 1999, and since then procedures for political party registration have been evolving. The Independent National Electoral Commission (INEC) registered parties for the 1998-1999 transition elections based on requirements that they be multiethnic and have national scope (demonstrated by the presence of offices in at least 24 of the 36 states). Just three out of 29 parties qualified to contest the transition elections: the People's Democratic Party (PDP), the Alliance for Democracy (AD), and the APP (now referred to as the All Nigeria People's Party, or ANPP). The INEC's party registration guidelines were challenged and struck down in federal court in 2002, resulting in registration of 27 new parties for the 2003 national elections.

The PDP is Nigeria's largest party. It currently controls the executive, both houses of the National Assembly, and a majority of governorships and state legislatures. The ANPP remains Nigeria's second largest party, controlling many elected offices in the north. Though it exhibited a strong base in Nigeria's Yoruba community in the 1998-1999 election, particularly among the Afenifere, the AD made a poor showing in 2003, retaining only one of its six governorships. There was no AD candidate among the 20 seeking the presidency. Most political parties in Nigeria today seem to be personality-driven, rather than rooted in any distinct set of ideas or ideologies.

### ELECTORAL SYSTEM

Nigeria has a bicameral National Assembly with a Senate (1,097 seats) and House of Representatives (36,360) whose members are elected by popular vote to serve four-year terms. All citizens 18 years of age and older are eligible to vote. The PDP holds a majority in both Houses.

The most recent presidential and legislative elections were held in 2003, and the next elections are scheduled for 2007. Following a three-year delay stemming from disagreements between the state and federal governments, local elections finally occurred in March 2004.

### PARTY FINANCING LAWS

The constitution and 2002 Electoral Act mandate public disclosure of party assets and expenditures; however, parties have neither adhered to these laws nor have there been significant efforts undertaken to enforce them. The constitution permits the federal government to provide public funding to political parties on a fair and equitable basis, and prohibits foreign funding of parties; there are no laws limiting private contributions to political parties or candidates. Whether parties can own businesses is not expressly prohibited or allowed.

In 2003, Anambra state suffered a campaign finance scandal indicative of Nigerian "godfather" politics. The godfather in this case was Chris Uba, who purportedly funded the campaigns of Governor Chris Ngige Ngige and

a majority of the members of the state House of Assembly. Following his election, Governor Ngige apparently refused to honor some agreements he had made with Uba regarding state contracts. Uba used his connections to abduct the governor and remove him from office. The governor was rescued and reinstated, and a debate followed on public policy approaches to campaign. The Senate held a public hearing on the issue, and both houses set up ad-hoc committees to investigate and make recommendations on how to curtail such occurrences.

## POLITICAL PARTY FINANCING PRACTICES

The information below is distilled from 21 interviews conducted in Nigeria during the month of October 2003. The 21 interviewees, or respondents, included representatives of Nigeria's National Assembly, political party leaders from opposition and ruling parties, former legislators, academicians, and civil society leaders. Respondents exhibited a high degree of candor, acknowledged the daunting state of party politics, and made suggestions about ways to improve it. At the same time, the fear factor keeps them anchored as participants in a system that can breed corruption and poor representation.

### TYPICAL CAMPAIGN PRACTICES

Interviewees thought that most political parties in Nigeria today are not rooted in any distinct set of ideas or ideologies, but rather are personality-driven. During the 2003 national elections, campaigns offered Nigerians scant information on substantive issues by which to compare candidates and their parties. Nigeria's political parties have tended to use violence, intimidation, and bribery to leverage voters, rather than build popular support through articulated party platforms. Parties prefer to make broad campaign promises than to offer specifics.

### TYPICAL SOURCES OF FUNDING

The majority of campaign funding comes from personal resources and financial assistance from friends and close associates. Some candidates paid for their campaigns entirely out of their own pockets, while others received the bulk of their assistance from friends and associates.

The main sources of funds for the party are its members. Funds are raised primarily through membership dues; sales of membership cards, the party constitution, party manifestos and party souvenirs; and monthly contributions. Parties with representation do receive some funding from the government, although "disbursement is now being manipulated to favor the majority party over other parties."

## TYPICAL EXPENDITURES

The largest amounts were usually spent on donations and gifts to party leaders, and on providing "incentives" to people and other officials. Respondents felt that if they did not provide these incentives they would not be able to win elections. Other significant expense categories include advertisements/publicity, party conventions, transport/logistics, office space, and security.

## CORRUPTION

Elections have become exceedingly expensive in recent years due to vote-buying and corruption. Even poorer candidates who are able to surmount formidable obstacles and win elections may find their tenure short-lived because, despite making major contributions to their constituencies, they are unable to keep pace with the financial requirements of seeking and staying in office. Several elected officials liken their status to that of "walking wallets" or "ATM machines on two legs." In comparing the 1999 and 2003 elections, respondents indicated that expenditures increased ten-fold or more.

Respondents generally felt that the level of corruption in politics has grown to the point where virtually all political offices are available to the highest bidder. Party nominations are pre-ordained in back rooms or hotel suites, through processes that often limit the prospects of women or candidates from less than conventional backgrounds. Those who finance candidates or elections are increasingly restive about repayment, either in *naira* or in influence. Money is used to influence everyone involved in the election process, from INEC officials to party agents, security agents, and the electorate.

## ASSISTANCE OPPORTUNITIES

### POLITICAL PARTY STRENGTHENING

One of the greatest weaknesses of Nigerian politics is a lack of truly national parties with clear political ideologies. The good news is that well-organized parties with distinct and credible policy positions will be able to attract committed members. Moreover, the structures are already in place for managing political party finances; the vicious cycle of ignoring laws needs to be broken with a new approach to enforcement.

## LEGAL AND REGULATORY REFORM

The body vested with the constitutional power to implement the Electoral Act—the INEC—is weak and not independent from the central government. Respondents suggested several reforms to the electoral code to improve

the INEC's autonomy and transparency. Political parties should be able to nominate candidates to serve on the Commission. Also, the INEC should establish a separate agency to govern party financing, so that it can concentrate on elections administration.

The law governing political party registration should be strengthened to ensure that official parties are sufficiently qualified. Registration should be restricted to fewer parties. Regarding changes to public financing of political parties, respondents' views were mixed: opponents said that government should not be involved so that individuals can organize, finance and support the parties of their choice. Proponents said government subsidies would prevent the parties from being hijacked by single wealthy contributors. Additionally, some were favorable to the idea of limitations on candidate's personal contributions to their campaign. Many believed parties should be compelled by law to disclose their sources of funds and how the money is expended.

## CIVIC/VOTER EDUCATION

Corruption is rampant throughout Nigeria, and in order to create the conditions to pursue reform, the electorate must understand and come to expect good governance at all levels. Poverty alleviation and improving employment opportunities are also essential ingredients to counteracting vote-buying and corruption in electoral processes, allowing good governance practices to take root on all levels. Civic education focusing on democracy and voters' rights was identified as an effective vehicle for counterbalancing voter demands for pay-offs that only perpetuate the cycle.

# NIGERIA BACKGROUND INFORMATION

## Electoral System

What is the electoral system?	First-Past-the-Post	
What is the legislative system?	Bicameral	
How many seats does the legislature have?	109 - Senate; 360 - House Representatives	
What is the ruling party/coalition percentage in legislature?	75%	People's Democratic Party (PDP)
Date of the last legislative election?	2003	
Date of next scheduled legislative election?	2007	

## Political Party Finance Laws

Is there a political party law (registration etc.)?	Yes	Section 222 of the constitution and Sections 68 – 70 of Electoral Act 2002.
Do parties or their officials have to declare assets and liabilities?	Yes	Section 225(1) of the constitution mandated this, but it is not enforced.
Are there laws regulating party finance?	Yes	Sections 80 - 84, Electoral Act and Sections 225-226 of the constitution. Not fully implemented.
Do those laws apply to campaigns?	Yes	They are not implemented.
Do those laws apply to non-election periods?	No	The laws are not clear on this.

## State Funding

Does the state provide public funding for political parties?	Yes	Sections 80-81, Electoral Act 2002.
What type of public funding is provided?	Cash	
Do those funds cover election cycles?	Yes	Section 81(1) Electoral Act 2002 gives details of the disbursement.
Do those funds cover non-election cycles?	No	

## Restrictions on Donations

Are there laws limiting contributions to political parties or candidates?	No	INEC is empowered by Section 82 of Electoral Act 2002 to set the ceiling, but it has not.			
For parties, do those laws apply to campaign periods?	n/a				
For parties, do those laws apply to non-election periods?	n/a				
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	It is not expressly stated anywhere whether parties can own a business or not. One of the parties expressed interest in going into income generating ventures to raise funds, but this has not been the practice.
	Can parties own businesses?	Yes	Foreign sources?	No	
Specify any other restrictions by source and/or amount etc.					

Spending Limits		
Are there laws limiting political party or candidate spending?	No	
For parties, do those laws apply to campaign periods?	n/a	
For parties, do those laws apply to non-election periods?	n/a	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	Section 225(2) of the constitution stipulated this, but it is not being implemented.
Are political parties or candidates required to disclose spending?	Yes	See above.
For parties, do disclosure laws apply to election funding?	Yes	
For parties, do disclosure laws apply to non-election funding?	Yes	
Are the reports made public?	No	Section 84(5), Electoral Act 2002 mandated this, but it is not being complied with nor enforced.
Are annual financial audits of party accounts required?	Yes	
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		Independent National Electoral Commission (INEC).
What sanctions exist if political party or campaign finance laws are violated?		Electoral Act of 2002, Art. 84(6) states: "Any political party which incurs election expenses beyond the limit stipulated in this Act is guilty of an offence and shall be liable on conviction to a fine of N500,000." Other articles stipulate prison sentences for violations.

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	No	
Are officials at the national level required to declare their assets?	Yes	
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	No	Freedom of Information Bill is with the national assembly. It has not been passed.

**Governing Party:** Peru Posible

**Electoral System:** Proportional representation

**Legislative System:** Unicameral legislature, 120 seats

**Most Recent Legislative Election:** 2001

**Public Campaign Funding:** Direct and in-kind (will begin in 2007)

**Largest Campaign Expenditure:** Rallies and events

### SURVEY AT A GLANCE

Largest Campaign Expenditure	Rallies and Events (only 4 interviews responded)	67%
Largest Candidate Campaign Expenditure	Travel, Mass Media or Rallies and Events	33%
Largest Sources of Party Funds	Funds Raised by Party	54%
Largest Source of Candidate Funds	Candidate's Personal Funds	59%
Greatest Political Party Challenge	Lack of Political Party Organization	49%

## CURRENT POLITICAL AND LEGAL OVERVIEW

### POLITICAL PARTIES

The current Peruvian political context is one of instability as new parties coalesce and others appear to flounder. Historically, there have been three main political parties—APRA, Acción Popular (AP), and Partido Popular Cristiano (PPC)—which are considered traditional because they date back to the 1930s and 1950s. Recently others have emerged, although they have been either largely personality-driven or temporary electoral organizations with little continuity. This is the case of the current governing party, Peru Posible (PP), which was created in 1995 and represented the anti-Fujimori sentiment in the country. There is a strong likelihood that PP will not survive its founder (President Alejandro Toledo), and that this will contribute to the continuing instability and volatility of the party system in Peru. There is another important political organization on the scene now: National Unity (*Unidad Nacional*, UN). This is not a party, but rather a coalition of center-right parties, which has become the third largest political force in Peru today. Unidad Nacional is undergoing an internal debate around the issue of remaining a coalition or taking steps toward becoming a political party.

### ELECTORAL SYSTEM

Peru has a unicameral legislature of 120 seats, and members are elected for five-year terms based on proportional representation. During the last congressional election in 2001 an open-list system, or preferential voting, was introduced, leading to intra-party competition over district

representation. The next congressional elections will be held in 2006.

The president is elected for a five-year term by a two-round majority system. The last presidential election coincided with the 2001 legislative elections; the next presidential election will occur in 2006.

### PARTY FINANCING LAWS

On September 10, 2003 the Peruvian legislature approved a Political Party Law, of which Section VI stipulates that a party treasurer and bookkeeping office must keep records of assets. Political parties may receive public and private funds according to the regulations stipulated in this law, and they may be sanctioned for infractions.

Only parties with legislative representation receive direct public monies from the National General Budget. The party fund is divided into five portions: one portion for each year until the following election. Each year, 40 percent of the fund is distributed on an equal basis among the parties that obtained congressional representation (each party receives an equal amount regardless of the number of votes obtained in the election). Sixty percent of the fund is distributed on a proportional basis, according to the number of votes received by each party in the legislative election. Parties may use this money for training and research activities during the five years after the election, and for the daily functioning of the party. The distribution of public funds will begin in January 2007 in accordance with the last electoral legislative results, the national budget, and the economic conditions of the country.

Parties may receive private funding through membership fees and contributions, party activities, and legacies or donations in money and in kind. Contributions from a single person may not exceed sixty UIT annually. Parties may not receive contributions from religious orders, public entities, state companies, or companies with state participation. Foreign political parties and foreign government agencies cannot provide funds unless they are destined for training and research activities. Candidates may receive direct contributions only if the political party is aware of this transaction and if the financial assistance respects the limits established by law.

Parties have six months after the end of each fiscal year to present a financial report to the Office Monitoring Party Funds. If the party has broken the law, the Office will apply the appropriate sanctions. The fine may range between a minimum of 10 to a maximum of 50 times the amount of the contribution received. A fine may also be applied to political parties that receive individual or anonymous contributions that exceed the limits established by the law. In these cases, fines range between 10 and 30 times the amount of the contributions received.

Political parties may use public or private radio and television to promote their candidates and platforms up until 48 hours before an election. This access is free for a 30-day pre-moratorium period, but must respect a specific electoral timeframe (*franja electoral*). State-owned media are obligated to provide parties that have congressional representation five minutes of media time every month. The Office Monitoring Party Funds is responsible for determining these slots.

## POLITICAL PARTY FINANCING PRACTICES

The information below is taken from 13 interviews conducted from June 30 to July 9, 2003<sup>1</sup>. Of the 13 interviewees, or respondents, 6 were elected officials, 1 was a political party official, 11 were male, 2 female, 3 from ruling party coalitions, 3 from opposition parties, and 5 were classified as “other.” Information obtained from the interviews tended to be very general in some areas; for example, information concerning the nature of campaigns was not specific regarding campaign expenses.

### TYPICAL CAMPAIGN PRACTICES

Peru has a legally-defined campaign period, usually six months from the time the elections are called by the National Electoral Tribunal (*Jurado Nacional Electoral*, JNE). Political

campaigns in Peru rely heavily on the support of volunteers and networks of family and friends; parties do not generally finance campaigns. Occasionally national party leaders will make appearances at campaign events.

### TYPICAL SOURCES OF FUNDING

Candidates are primarily responsible for providing their own funding. A large percentage of individual campaign costs are covered by in-kind contributions such as paint cans for publicity, paper, food, lodging, and donations to volunteers. Candidates often have to take out personal loans from banks and sell their own property to cover campaign expenses. Most businesses contribute directly to parties, but a small minority may choose to bypass the party structure and contribute cash straight to candidates. In both instances contributions are made anonymously and without receipts. Candidates rely on family and friends in their regions to help finance their campaigns.

### TYPICAL EXPENDITURES

In general, most campaign spending is for travel and related logistical and operational costs such as gasoline, food, and vehicles. In many rural districts, candidates have to cover large distances and difficult terrain to reach their constituencies. One interviewee said that a lack of resources and logistical difficulties allowed him to campaign in only 5 of his province’s 11 districts. A significant proportion of respondents campaigning in urban areas, however, indicated that they spent most of their resources on media-related materials such as campaign leaflets, brochures, posters, billboards, and radio time.

### CORRUPTION

There is an evident, and perhaps growing, influence on politics from illegitimate sources of finance, specifically from the drug trafficking industry, contraband, and political lobbying groups. The public perceives political parties, and public officials in general, as corrupt, and does not trust them to manage public funds. This is based on specific examples of extreme levels of corruption in government in the past ten years, and political parties have been discredited for their association with a corrupt regime or for their inability to challenge the situation.

## ASSISTANCE OPPORTUNITIES

### POLITICAL PARTY STRENGTHENING

The high level of corruption and lack of transparency presents many problems for political parties in Peru. Parties

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1. In July 2004 NDI did additional research pertaining to political party legislation passed in 2003.

are not seen as valid intermediaries between citizens and the state but instead are thought to be temporary electoral organizations. The public holds a common perception that most parties lack legitimacy and candidates who stand for elections are not always the best-qualified people, but those with connections. New legislation passed in 2003 requires that each party install an accounting system and treasurer, but most have neither. Because there is intra-party competition, it is impossible for a central party to finance all of its candidates on a list for a given district, or for all candidates nationwide. Intra-party competition also means that candidates must have access to large sums of money in order to compete with each other. Parties must undertake internal strengthening measures if they are to change their public image.

### LEGAL AND REGULATORY REFORM

All respondents were supportive of the political party law that was passed in 2003, although one informant thought that the law should be more progressive and that the state should not finance (partially or entirely) political parties. Respondents thought that public opinion would be highly averse to any state financing of political parties, since it will mean redirecting public funds from other social programs. Some informants suggested that all financial contributions made by private business should go to the party, and not individual candidates; the number of television and radio advertisements be limited and printing materials and media interviews be limited per candidate or per party. Clearly, the job of legal infrastructure for fair and transparent elections is not complete.

# PERU BACKGROUND INFORMATION

## Electoral System

What is the electoral system?	Proportional Representation	
What is the legislative system?	Unicameral	
How many seats does the legislature have?	120	
What is the ruling party/coalition percentage in legislature?	44%	Peru Posible
Date of the last legislative election?	2001	
Date of next scheduled legislative election?	2006	

## Political Party Finance Laws

Is there a political party law (registration etc.)?	Yes	Political Party Law, No. 28094, 2003.
Do parties or their officials have to declare assets and liabilities?	Yes	Article 34.
Are there laws regulating party finance?	Yes	According to legislation parties must state their sources of funding and may be sanctioned for receiving funds from prohibited sources of finance. The party statute must specify the assets and financial regime of the party. Parties must have a treasury or accounting office, a treasurer and accounting books, which must be kept for 10 years. The statutes must also state the method for selecting the treasurer. Political parties may receive public and private funds according to the regulations stipulated in this law and they may be sanctioned if parties do not respect them.
Do those laws apply to campaigns?	No	
Do those laws apply to non-election periods?	Yes	

## State Funding

Does the state provide public funding for political parties?	Yes	The distribution of public funds will begin in January 2007.
What type of public funding is provided?	Cash & In-Kind	The state pays for 30 minutes of time a day on state channels for each party for their political propaganda during campaign periods. This space is available to parties and coalitions from one month until 24 hours before the election. Only parties with congressional representation will receive direct public funds from the State. A special fund is formed within the National General Budget, which a portion of it is distributed on a proportional basis, in terms of the number of votes received by each party in the legislative election.
Do those funds cover election cycles?	Yes	
Do those funds cover non-election cycles?	No	

## Restrictions on Donations

Are there laws limiting contributions to political parties or candidates?	No			
For parties, do those laws apply to campaign periods?	No			
For parties, do those laws apply to non-election periods?	No			
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes
	Can parties own businesses?	No	Foreign sources?	No
Specify any other restrictions by source and/or by amount etc.				

Spending Limits		
Are there laws limiting political party or candidate spending?	Yes	Candidates may receive direct contributions only if the political party is aware of this transaction and if the financial assistance respects the limits established by the law. Contributions that have not been declared by the political parties will be considered illegal, unless the party presents proof on the contrary.
For parties, do those laws apply to campaign periods?	No	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	Yes	Political parties have 30 days until 2 days before the election to use radio and television time, private and public owned, to promote their candidates and platforms. This access is free but must respect a specific electoral time frame ( <i>franja electoral</i> ). The electoral time frame starts at 7pm and ends at 10pm. Also, the law specifies the total of daily minutes of radio and television that can be reserved for electoral campaign purposes. Radio stations and television channels must dedicate 10 minutes daily to all political campaign 30 to 15 days before the election; 20 minutes daily between 14 to 6 days before the election; and 30 minutes daily between 5 to 2 days before the election.

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	According to the language of article 34. All parties are required to submit a financial report once a year and the head of supervision of party funds can request a more detailed disclosure if necessary.
Are political parties or candidates required to disclose spending?	Yes	According to article 24, parties are required to present verification of their spending six months after the end of each election cycle to the head of supervision of party funds.
For parties, do disclosure laws apply to election funding?	Yes	
For parties, do disclosure laws apply to non-election funding?	Yes	
Are the reports made public?	No	
Are annual financial audits of party accounts required?	No	
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		The chief of the national office of electoral processes and the manager of the supervision party funds (article 36).
What sanctions exist if political party or campaign finance laws are violated?		The fine may range between a minimum of 10 to a maximum of 50 times the amount of the contribution received. A fine may also be applied to political parties that receive individual or anonymous contributions that exceed the limits established by the law. In these cases, fines range between 10 and 30 times the amount of the contributions received. Political parties may contest the sanctions at the National Tribunal of Elections within 5 days after they have been notified of the sanction.

Other Anti-Corruption/Ethics Laws and Regulations		
Do laws prohibit use of government resources for political campaigns?	No	It is not explicitly clear. Government Resources can be used for political campaigns.
Are officials at the national level required to declare their assets?	No	
Are these declarations made public?	No	
Is there conflict of interest legislation for elected officials at the national level?	No	
Is there Freedom of Information legislation?	Yes	

**Governing Party:** National Union PSD + PUR

**Electoral System:** Proportional representation

**Legislative System:** Bicameral legislature: Senate with 140 seats and Chamber of Deputies with 345 seats

**Most Recent Legislative Election:** 2004

**Public Campaign Funding:** Direct; annual subsidies given to political parties with parliamentary representation

**Largest Campaign Expenditure:** Rallies and events

### SURVEY AT A GLANCE

Largest Campaign Expenditure	Rallies and Events 31%
Largest Candidate Campaign Expenditure	Mass Media & Rallies and Events 35%
Largest Sources of Party Funds	Funds Raised by Party 37%
Largest Source of Candidate Funds	Candidate's Personal Funds 53%
Greatest Political Party Challenge	Weak Civil Society 37%

## CURRENT POLITICAL AND LEGAL OVERVIEW

### POLITICAL PARTIES

The number of registered political parties in Romania has fallen from 200 in 1990 to nine in 2003. Currently, six parties hold seats in the two chambers of the Romanian parliament: Social Democratic Party (PSD), Greater Romania Party (PRM), Democratic Party (PD), National Liberal Party (PNL), Hungarian Democratic Union of Romania (UDMR, not a political party from the legal point of view but behaves as one), and the Humanist Party of Romania—Social-Liberal. The Social Democratic Party (PSD) is the ruling party; it ran jointly with the Humanist Party of Romania—Social-Liberal in the 2004 legislative elections. The coalition of the PSD and Humanist Party is called the National Union PSD + PUR.

### ELECTORAL SYSTEM

The legislature is bicameral with proportional representation. The Senate has 140 seats, with each seat representing approximately 160,000 citizens. The Chamber of Deputies has 345 seats, with each seat representing about 70,000 citizens (this number may be reduced slightly in 2004 due to a decrease in population). The president is elected by popular vote for a maximum of two four-year terms.

Over the past 13 years, legislative and presidential elections have been organized five times (1990, 1992, 1996, 2000 and 2004) and local elections have taken place four times (1992, 1996, 2000, and 2004). The legislative and

presidential elections take place at the same time, while local elections take place separately. The next legislative election will be in 2008.

The senators, deputies, county councils, and local councils are elected through a proportional list system. The system is considered very “party-centered,” and responsible for the creation of an oligarchy at the top of each political party. Though people vote for a party, not a person, the appeal of the party chairman has a lot to do with overall support. In some cases, candidates need only to appear on a poster near the chairman in order to win voters’ support.

### PARTY FINANCING LAWS

In January 2003, parliament adopted a new law on political party financing (43/2003) which increased the amount of money every physical or legal person can offer to a political party and placed new limits on the amount of money a political party is allowed to spend for elections.

Political parties are not required to separate ordinary financing from campaign financing, although there are regulations that place limits on extra-budgetary sources of funding for political parties and groups. According to the current regulations, a party’s income sources can include membership fees, donations, income from its own activities, and state subsidies. The total sum received by a political party in confidential donations cannot exceed 15 percent of the maximum subsidy allocated from the state budget to a political party in the respective year.

Criteria used to allocate state subsidies for parties include party representation in parliament and percentages of the vote. The non-parliamentary parties receive subsidies if they obtained at least one percent under the electoral threshold (which now is five percent). The legislation introduced through Law 43 limits expenditures related to electoral campaigns and requires parties to disclose their expenditures.

Before 2000, public authorities, mass media, and civic organizations were not concerned with the issue of political party financing. After *Asociatia Pro Democratia* (APD) presented its report on campaign financing during the 2000 elections, there was a large debate on the issue in the mass media and among politicians. As a result of the report and ensuing debate, MPs decided to adopt new legislation to regulate political party financing.

## POLITICAL PARTY FINANCING PRACTICES

The information below is distilled from 20 interviews conducted from October 24 to November 3, 2003. Of the 20 interviewees, or respondents, 12 were elected officials and 5 were political party officials. Sixteen were men, and 4 were women. Four were from the ruling party (two were from UDMR, which supports the ruling party) and ten from opposition parties.

### TYPICAL CAMPAIGN PRACTICES

Due to the electoral system, which makes campaigns very party-focused, a great deal of effort and money is spent to improve the image of the party during campaigns through mass media. This is somewhat reversed in local elections, where vote-buying by a candidate rather than a party is more common. Some interviewees noted that the ruling party manipulates state resources for its own benefit, via the media and other state machinery. One interviewee noted that one form of vote-buying was to delay the payment of social assurances for the two months preceding elections, and then pay them two days before the election to raise the profile of the party in the minds of voters.

### TYPICAL SOURCES OF FUNDING

Funds for parties come from three main sources: membership fees, private donations, and state subsidies. For some parties, most of the money during the electoral year comes from budget subsidies; for others, membership fees play a more important role. Candidates typically provide a large portion of funds for their own campaigns, but party contributions, private donations, as well as in-kind donations by business leaders are also important. Private donations were identified as most important by a few interviewees. One in-

terviewee commented on the effect of the law as, “the Law 161/2003 prohibits politicians having their own businesses, which made electors very happy, but makes politicians vulnerable to other financing sources.”

### TYPICAL EXPENDITURES

The highest cost of campaigning is mass media publicity, mostly TV air time for political speeches, which is considered essential to a campaign’s success. The next highest cost seems to be transportation. Other significant expenses are campaign materials (posters, flyers, etc.), personnel, and administrative costs.

### CORRUPTION

It is commonly held that “politics is for the rich people” because candidates must contribute generously to their own campaigns. There is a very negative public perception of politicians and campaign financing because of the high expense of campaigns and the dominance of wealthier candidates who can sponsor themselves. Political parties have begun to fund themselves from “obscure sources, or to professionally and politically promote corrupted persons.” The electorate also believes that individuals who have obtained wealth illegally attempt to legitimize themselves through public office. Most Romanians believe there is always “black” money involved in campaigns, or that donors have hidden (mainly economic) interests.

Organized crime undoubtedly has connections with politics in Romania. The former president of Romania believes that the election law has no practical application; he stated that it is “manipulative” and will never be put into practice in Romania, because of the Mafia system. He also stated that all private TV networks belong to people who can be blackmailed by the government at any time.

## ASSISTANCE OPPORTUNITIES

### POLITICAL PARTY FINANCING

The political party financing law adopted in 2003 seems to have many gaps, and it is too early to determine how well the law will be enforced. There are now stronger regulations and controls in place, but there are also ways to circumvent them; receiving donations from associations and foundations, which can be used to hide the identity of the real donor, is one method. Concern over the ease with which parties can use covert sources of funds is something that political parties should address internally to start building public support and belief in their integrity.

It is generally felt that the ruling party has many unfair advantages, including influence over the media (especially TV), and access to government. The party in power has more of a burden to show that it is playing on a level field.

## LEGAL AND REGULATORY REFORM

The 2003 legislative requirements governing oversight of political party accounts and financing sources are one of the law's weakest points. Oversight should be moved from under the jurisdiction of the Court of Accounts to a specialized and independent structure under the control of parliament. Further work needs to be done on defining and applying the law, which is not uniformly observed by all the parties; in fact, each party, as well as the Court of Accounts, (which is not truly independent) can interpret the law differently.

The law does not provide sufficient financing for political parties to conduct elections campaigns, and state funding for political parties from the national budget has decreased. The cost of elections and how to legitimately raise funds needs further legal attention. Specifically, there should be more effective mechanisms to determine whether a person or a company is entitled to finance a political party, and if so, how.

## CIVIC/VOTER EDUCATION

The electorate is very vulnerable to vote-buying because of poverty and low levels of education about the democratic process. The electorate should become more aware of civic norms for democratic and transparent elections, so they can play their own oversight and participatory roles.

# ROMANIA BACKGROUND INFORMATION

## Electoral System

What is the electoral system?	Proportional Representation	
What is the legislative system?	Bicameral	
How many seats does the legislature have?	140 - Senate; 345 - Chamber of Deputies	
What is the ruling party/coalition percentage in legislature?	37%	National Union PSD + PUR
Date of the last legislative election?	2004	
Date of next scheduled legislative election?	2008	

## Political Party Finance Laws

Is there a political party law (registration etc.)?	Yes	Law no. 19/2003.
Do parties or their officials have to declare assets and liabilities?	No	
Are there laws regulating party finance?	Yes	
Do those laws apply to campaigns?	Yes	
Do those laws apply to non-election periods?	Yes	

## State Funding

Does the state provide public funding for political parties?	Yes	
What type of public funding is provided?	Cash	Law No. 43 of January 21, 2003 regarding the funding of the activity of the political parties and the electoral campaigns: Annual subsidies; access to radio and television during the electoral campaign.
Do those funds cover election cycles?	Yes	
Do those funds cover non-election cycles?	Yes	

## Restrictions on Donations

Are there laws limiting contributions to political parties or candidates?	Yes				
For parties, do those laws apply to campaign periods?	Yes				
For parties, do those laws apply to non-election periods?	Yes				
Can political parties accept contributions from:	Businesses?	Yes	Unions?	Yes	Only in-kind donations or services are allowed from unions (and NGOs) and only in non-electoral periods. From foreign sources, only in-kind donations and only if the party is affiliated to an international organization and if they are not propaganda materials.
	Can parties own businesses?	No	Foreign sources?	No	
Specify any other restrictions by source and/or amount etc.	Contributions from state companies or state institutions are strictly forbidden. The NGOs are not allowed to make donations during the electoral period.				

Spending Limits		
Are there laws limiting political party or candidate spending?	Yes	Article 21(1) says "The maximum limit that can be reached by a political party in each electoral campaign is calculated by summing up the maximum allowed values for each candidate put forward for the office."
For parties, do those laws apply to campaign periods?	Yes	
For parties, do those laws apply to non-election periods?	No	
Are there limits on paid televised advertising?	No	

Disclosure Regulations		
Are political parties or candidates required to file reports disclosing funding sources?	Yes	
Are political parties or candidates required to disclose spending?	Yes	Article 25(1) says "Within 15 days from the publishing of the outcome of the elections, the electoral treasurer is held to declare a detailed report of the electoral income and expenditure for each party or independent candidate at the Court of Accounts."
For parties, do disclosure laws apply to election funding?	Yes	
For parties, do disclosure laws apply to non-election funding?	No	
Are the reports made public?	Yes	
Are annual financial audits of party accounts required?	Yes	The Court of Accounts has to audit every year if the political parties have respected the financial regulations.
Are audit results made public?	No	
What agencies are responsible for monitoring these laws?		Court of Accounts (SAI).
What sanctions exist if political party or campaign finance laws are violated?		<p>Article 27 (1) Lists the following as minor offenses sanctioned with a fine between 30,000 and 300,000 lei:</p> <ul style="list-style-type: none"> <li>a) not publishing in the Official Gazette of Romania, Part III, donations received, as well as the donations accepted according to art.6 paragraph (2);</li> <li>b) receiving subsidies for election campaigns other than through an electoral treasurer or the latter's infringement of obligations according to the present law;</li> <li>c) accepting membership fees or donations by infringing the stipulations of art. 4 paragraph (3), art. 5 or 6;</li> <li>d) accepting or making donations or free services with the obvious purpose of obtaining an economic or political advantage;</li> <li>e) Not registering the amounts or the assets under any title in the party's patrimony;</li> <li>f) Not filing on time the electoral financial report and the further documents at the Court of Accounts;</li> <li>g) Printing and distributing flyers, posters and other propaganda materials by breaking the provisions of art.20 paragraph (2);</li> <li>h) Subsidizing directly or indirectly the elections campaign by natural or legal foreign persons;</li> <li>i) Subsidizing in any way the elections campaign by public authorities or institutions, national companies or public or private companies;</li> <li>j) Not returning the state budget subsidy under the terms and within the period of time stipulated by art.13 paragraph (2);</li> <li>k) Getting material support for the activity of the party by other means than those stipulated by the present law;</li> </ul> <p>(2) Sanctions can be applied either to the electoral treasurer, the political party or to the donor who infringed the above-mentioned legal provisions.</p>

### Other Anti-Corruption/Ethics Laws and Regulations

Do laws prohibit use of government resources for political campaigns?	Yes	
Are officials at the national level required to declare their assets?	Yes	Law no. 161/2003 regarding some measures to ensure transparency in statesmen, public servants, and business activities, to prevent and sanction corruption.
Are these declarations made public?	Yes	
Is there conflict of interest legislation for elected officials at the national level?	Yes	Law no. 161/2003.
Is there Freedom of Information legislation?	Yes	Law no. 544/2001.