

HANDBOOK FOR MONITORING OF ELECTION CAMPAIGNS IN KOSOVO



This publication was created within the frame of “MEIKO” project of Kosova Democratic Institute and Transparency International Czech Republic in 2017. The creation was funded by the Ministry of Foreign Affairs of the Czech Republic – Transition Promotion Program.

Authors: Florent Spahija, Ondřej Čákl

© 2017 Transparency International ČR. All rights reserved.

www.transparency.cz/melko

Content

Introduction.....	4
1. Why and how to conduct monitoring	5
1.1 Purpose of monitoring.....	5
1.2 Monitoring strategy	5
1.3 Corrections.....	7
1.4 Publication	7
1.5 Monitoring framework	7
2. Monitoring the Election Campaigns in Kosovo 2017	8
2.1 General elections	8
2.2 Municipal elections	9
2.3 Lessons learned	11
3. Analysis of the legal framework	12
Conclusion	25
České shrnutí / The Czech Summary.....	26
Annex A: Possible questions for political parties	27
Annex B: Political Party Financing Process.....	1

Introduction

The purpose of this handbook is to increase transparency in the revenues and expenditures of political entities for election campaigns. The Handbook presents the strategies for monitoring of campaign finance, findings from monitoring of campaign finance from the general and local elections of the year 2017, and an analysis of the legal framework on financing of political entities.

Money plays an important role in the elections. Money determines how much a political entity can communicate with the public, how much media coverage and broadcast time it will have, and it can also have a significant impact on who will be elected. It is important to establish rules for funding of political entities in order to ensure equal competition. Also, it is important to have transparency in the financing of political entities, so that the public knows how the political entities are funded and how they spend the funds they own. Monitoring of the revenues and expenditures of political entities positively affects the applicability of the rules of transparency on finances of political entities. This handbook may be useful to civil society organizations, media and other stakeholders interested in monitoring the finances of political entities.

This handbook has been prepared in the framework of a joint project by the Kosovo Democratic Institute (KDI) and Transparency International from the Czech Republic (TI-CZ) for enhancing the transparency of political entities in Kosovo. A questionnaire was used as a method to measure the transparency of political entities in relation to the expenses foreseen for the election campaign. Monitoring has been conducted to test the readiness of political entities to be transparent and to promote transparency as a core value in democracy. Monitoring campaign expenditures is not a strict monitoring or having a particular ideological goal by which it is intended to achieve a certain outcome for a political entity or a particular group of political entities.

The handbook is divided into three main parts. [Part 1](#) describes the strategies that have been used to monitor campaign expenditures. [Part 2](#) outlines the results of monitoring of finances for general and local elections of the year 2017. [Part 3](#) contains a legal analysis of the funding of political entities. The handbook also contains two Annexes. [Annex A](#) presents the questionnaire used to monitor expenditures and that has been submitted to political parties. [Annex B](#) presents the scheme of the key processes of political parties financing.

1. Why and how to conduct monitoring

1.1 Purpose of monitoring

The purpose of the monitoring is to increase political entities' transparency on the revenues and expenditures for the electoral campaign. Political entities organize campaign activities to reach out to voters but are not always open to the public about their revenues and expenditures for the campaign.

Political entities have an obligation to provide unrestricted access to their revenues and expenditures so that the voter sees what sources the revenues are received from and how they are spent. Transparency is an international standard and a legal obligation that the political entities must respect, whereas non-transparency cases are considered as legal violations and non-compliance with basic democratic principles.

Monitoring of financing of entities is even more valuable when public funds are allocated to political entities. The political entities that are represented in the Assembly of Kosovo receive a considerable amount of money which the political entities can use according to their needs. This fund is allocated proportionally to the number of seats that political entities hold in the Assembly of Kosovo.

1.2 Monitoring strategy

In order for the monitoring to take effect, it is important to determine the main monitoring strategies. Some of the monitoring strategies are described below which have been used by KDI and TI-CZ to assess the expenditures of political entities for the general and local elections of the year 2017.

Communication

Monitors should establish and maintain continuous communication with the political entities involved in the elections. Monitors should obtain electronic addresses of political entities, telephone numbers and names of persons responsible for financial or organizational matters. If these data are not available, the monitors must make an effort to find the most efficient method of communication.

It is recommended that political entities be contacted in advance and be informed that they will be part of the monitoring. Monitors should also inform political entities

about the monitoring methodology, as this may encourage political entities to respond to monitoring requests.

Questionnaire

A questionnaire in electronic or physical form should be sent to political entities that contains questions about the electoral campaign and their financial projections. The questionnaire may contain questions about revenues for the campaign of political entities, campaign activity plannings, spending plannings, allocation of funds for candidates, and publication of financial reports. Entities should be informed of the time available for the response and the date when the findings will be published.

Annex A presents the questionnaire used by KDI and TI-CZ to monitor expenditures on elections held in the year 2017. The purpose of the questionnaire is to motivate political entities to be open and report to the public (voters) their finances for electoral campaign. Through the questionnaire and direct communication with political entities, efforts have been made in increasing the financial transparency of the campaign. Political entities that have collaborated in this research were mentioned in a media conference and were encouraged to continue to be transparent.

Evaluation

From the responses received by the monitors, it should be assessed how transparent the political entity is. The ranking of entities that have accepted to be monitored will be conducted after the evaluation of all responses and criteria on which they are evaluated on.

Evaluation criteria and questions should not be negotiated with political entities that are contacted. Establishing contact and discussion with entities implies only clarifying the steps that monitors follow, and clarifying the questions so as to achieve the best answers. In order to have an accurate and responsible monitoring, neither the methodology nor the criteria used in the evaluation during the monitoring period should be negotiated with the entities.

Independent research

Monitoring should be carried out at once, so that questions for the reserach are sent to all political entities at the same time. The questionnaire should be the same for everyone. The questionnaire responses should be comparable, and the findings of the research can be validated also by an independent research from other sources of information.

Evaluation of transparency should not be affected by the failure of political entity to respond to some of the questions. It is important for both parties that the process is fair, safe and reliable.

1.3 Corrections

All political entities that have responded should be offered the opportunity to change or add to their responses if this is necessary to address any possible omissions in responses. The monitoring results should be made public before the elections are held, so that enough time is given to entities to react and make the corrections and provide the data that they may lack.

1.4 Publication

The criteria used for transparency assessment and methodology should be accessible to the public during the campaign period. It is recommended that regular media conferences are held in order to inform the public, civil society and voters about the transparency of political entities during the campaign. Media conferences also increase political entities' readiness to be more transparent, because non-transparency can harm their credibility and public trust.

1.5 Monitoring framework

Monitoring should be done by respecting the legal framework and international standards for financing of political entities.

The monitor should base its transparency and accountability requirements on legislation. The monitor should evaluate what the legislation requires regarding the publication of financial reports, methods and timelines of publication and types of data to be published. On the basis of legal requirements, the monitor should pose questions to political entities in order to assess whether they have complied with the legal obligations.

Among other things, it is good to take into account also the international standards and practices on issues of financing of political parties. For example, the Czech Republic does not have the best legislation on financing of political entities, but the overseeing of political entities spendings by civil society organizations places the Czech Republic as an example for monitoring transparency of political parties financing.

Transparency requirements should also be in line with the needs of the public/voters to know more about campaign spendings. These requests come into play in cases when the law on finances of parties or the law on election campaigns is not inclusive or does not exist at all, so they are based on concerns raised by civil society and voters.

2. Monitoring the Election Campaigns in Kosovo 2017

The Kosovo Democratic Institute (KDI) in cooperation with Transparency International from the Czech Republic (TI-CZ) conducted the survey on the expenditures of political entities for the electoral campaign in the General Elections and Municipal Elections in 2017.

TI-CZ has shared with KDI their experience in monitoring expenditures for the public entities campaign. TI-CZ is an organization that has developed the strategy outlined above and has actively contributed to this part and in mentoring how the research should be conducted. Political entities' responses are evaluated jointly by TI-CZ and KDI. In order to increase the finance monitoring capacities during political entities' campaigns, TI-CZ and KDI have also held trainings for other civil society organizations that are part of the coalition for election monitoring "Democracy in Action".

2.1 General elections

The Kosovo Assembly voted the no-confidence motion against the government, and by the decision of the President of the Republic of Kosovo the general elections were announced in June 2017. Since they were early elections, the Central Election Commission (CEC) decided to narrow the campaign period to 10 days.

TI-CZ and KDI have sent a questionnaire containing eight questions on pre-electoral campaign expenditures (Annex A) to political entities. KDI contacted 39 political entities whose contacts were public on the CEC website, and that some of these entities were part of the pre-electoral coalitions.

Only 6 out of 39 (15%) political entities to which the questionnaire was sent have responded. Political entities had 6 days from the delivery date to respond to the questionnaire. The questionnaire was sent on May 20th, while the answers were received until 26th of May 2017. Political entities to which the questionnaire was sent were contacted separately by KDI researchers to ensure that they have received the questionnaire. Of the 6 political entities that had responded, two of them stated that they had no funds and would be part of other partner's campaigns, while four entities responded to the questionnaire questions.

The political parties that provided their responses to the questionnaire are: KDTP (Kosova Demokratik Türk Partisi), CDU (Centar Demokratska Stranka) from Coalition *Vakat*, Nova Demokratska Stranka and Pokret Za Gora (PG). Conservative Party and the Social Democratic Party of Kosovo declared that they

had no funds because they are part of the coalitions. Major political entities like Democratic Party of Kosovo, Democratic League of Kosovo, Vetëvendosje Movement, Alliance for the Future of Kosovo, NISMA and Srpska List have not responded to the questionnaire.

The answers received by political entities were analyzed and evaluated by KDI and TI-CZ. A press conference was held in which the findings of the research were presented. The conference was held on 2nd of June 2017, where present was the Ambassador of the Czech Republic and a large number of media which broadcasted these findings in their media.

All political entities that responded are small political entities and their campaign budget did not exceed 35,000 euros, whereas the lowest budget was 3,000 euros. Expenses of these entities were concentrated in the organization of public events, TV commercials, billboards and social networks. Coalition Vakaf stated that they supported their candidates with 100% of campaign spendings of the candidates, whereas KDTP and Pokret za Gora have not used the funds to support any of their candidates for MPs, but have campaigned for the entire political entity. Nova Demokratska Stranka stated that they allocated 50% of the budget for the campaign of their candidates for MP's to the Assembly of Kosovo.

Three of the four political entities that responded to the questionnaire disclosed the source of funding for their entity, whereas Nova Demokratska Stranka responded only as to the amount of the budget, but not about the source of funding. None of the political entities that provided their responses had any company that dealt with their election campaign. All political entities have responded that they will submit the financial report to the CEC within the legal deadline, and that they are willing to publish it online.

2.2 Municipal elections

In October and November 2017, municipal elections for mayors and municipal assemblies were held. Since they were regular elections, the election campaign period for political entities was 30 days.

Even in Municipal Elections 2017, KDI and TI-CZ conducted the survey/research on finances of political parties for the electoral campaign. Again, the research was conducted by sending the same questionnaire to political entities with eight questions on pre-electoral campaign spendings. The questionnaire was sent on 22nd of September, whereas political entities had time to respond to the questionnaire until 7th of October.

A total of 20 political entities were contacted, whose contacts have been public on the CEC website. Only 6 out of 20 (30%) political entities that were contacted responded to the questionnaire on campaign fundings. Political entities responded only after they were contacted by phone.

Entities that responded to the questionnaire are Lëvizja për Bashkim (Movement for Unification), NISMA (The Initiative for Kosovo), the Democratic League of Kosovo (LDK), Fjala Party, the Social Democratic Party of Kosovo and Pokret za Gora. Unlike the case with general elections, some of the major political entities have also responded this time.

KDI and TI-CZ held a press conference in which the findings of the research were presented. The conference was held on 9th of October 2017 and the conference was attended by the Ambassador of the Czech Republic and a large number of media outlets who broadcasted the findings in their media.

Amount of the Budget and funding sources were given by 5 out of the 6 entities that provided their responses. LDK has stated that it has a budget of 450,000 - 500,000 euros from public sources. NISMA has stated that it has a budget of 67,000 euros, of which 70.26% comes from public sources, 22.3% from corporate sponsorships and 7.43% percent from donations. Political entity Pokret za Gora has stated that the 3,000 euros for the campaign came all from public resources. The Movement for Unification (Lëvizja për Bashkim) has declared a budget of 5,000 euros from donations, but has not disclosed the names of donors. Political Entity Fjala stated that for the 2,000 euros for the campaign the source of income was the membership. The Social Democratic Party of Kosovo did not disclose the budget or the source of the budget.

The way of spending the funds dedicated for the campaign differs from entity to entity. LDK stated that it will spend 50% of the budget in public events, 30% in media ads, 5% billboards, 10% in online media, and 5% in social networks. Other political entities have also reported similarly that they have planned to spend most of their spending on public events and online media and social networking ads. LDK had contracted two companies to organize the campaign, whereas others said they had not contracted any company to conduct their campaign. The Movement for Unification (Lëvizja për Bashkim) has stated that it supports the candidates with 50% of the budget in their spending. Others have declared that they do not financially support the candidates. Finally, all the entities stated that they are ready to submit their financial report to the CEC.

2.3 Lessons learned

Positive sides

Transparency for political entities is a long way which must be followed by all political entities. The first steps towards the opening of political entities were made with their initial contact during the general elections. Positive changes with regards to transparency have been noted in the municipal elections, since there is observed a willingness of large political entities, such as the LDK and the Nisma, which have responded to the questionnaire and have demonstrated greater transparency by declaring the financial expenses for their campaigns.

Exchange of experiences was also positive for KDI monitors since they worked closely with TI-CZ at all stages of monitoring including questionnaires, establishing contacts, sending questionnaires, communicating with political entities, analyzing data, and exchanging information experiences with experts in the field of transparency.

Another important element of the monitoring process was the media coverage. Media reporting has not only increased the reporting on transparency of political entities, but has also caused larger political entities to begin responding to questionnaires in order to avoid reporting on non-transparency. Transparency of political entities and their willingness to be open to the public or voters can put them in a better position compared to those who are unwilling to be transparent.

Negative sides

During the research/survey it was noted that not all political parties have the willingness to respond to a short questionnaire about their campaign expenses. Each of the entities that received the questionnaire by email had to be contacted by telephone to remind them that there is a deadline and that a questionnaire has been sent. Many entities on the phone responded that they will complete the questionnaire but many others have not expressed willingness to cooperate.

Lack of direct contact could have been an indicator why political entities did not respond to the questionnaire. Thus in other researches, apart from submitting the questionnaire, the researcher should engage in a personal meeting with representatives of political entities, which may increase the number of responses to the research.

3. Analysis of the legal framework

This section of the report provides an analysis of political and campaign finance legislation in Kosovo. The analysis makes reference to various laws and secondary legislation that govern political and campaign finances issues in Kosovo.

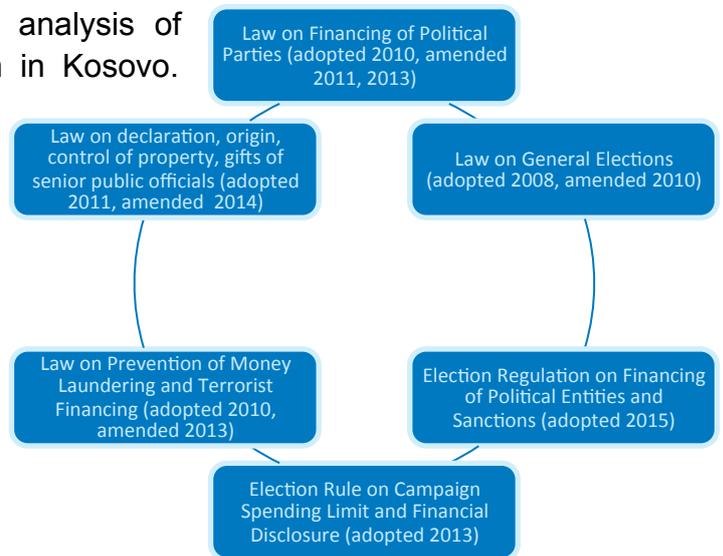
The legislation is analyzed on the extent to which it meets the five broadly accepted international principles of political and campaign finance.

1. Established rules for income and contributions
2. Campaign expenditure ceiling
3. Public funding and subsidies
4. Disclosure and transparency
5. Enforcement and sanctions

These international standards were drawn from various international instruments and soft-law guidelines and resources. While they may not appear entirely as in the form presented in this report, references to one or some of these standards may be found in at least the following instruments:

- Venice Commission, Code of Good Practice in Electoral Matters (2002)
- Venice Commission, Guidelines on Political Party Regulation (2010)
- Council of Europe, Parliamentary Assembly Resolution 1516 (2001)
- Council of Europe, Committee of Ministers Recommendation Rec (2003) 4
- UN Commission on Human Rights, General Comment No. 25
- Organization for Security and Cooperation in Europe (OSCE), 1990 Copenhagen Document.

There are also a number of other international guidelines and comparative research reports issued by organizations such as Transparency International, Organization for Security and Cooperation in Europe, International IDEA, and International Foundation for Electoral Systems, which refer to these standards and were used as a basis for this report.



4. Established rules for income and contributions

Establishing rules for income and contributions requires from the law to provide a clear definition of what constitutes a contribution, to set a limit on the amount of material or financial assistance that political entities may receive, and to define the sources from which political entities may or may not receive contributions. Regulation in such areas is generally applied to ensure that political parties are balanced in terms of the funding that they receive to run political and campaign activities, to ensure that parties do not receive contributions from sources which would constitute a conflict of interest or which could have undue influence on political issues.

In Kosovo the Law on Financing of Political Parties (LFPP) defines the term contribution [see box]. The reference in the definition to `any kind of assistance` broadens the interpretation of what constitutes a contribution, and in practice in-kind contribution are included within this definition.

Contributions - gifts (donations) or any kind of assistance that implies a conscious act of donating economic or similar economic goods to political entity, whether in cash, services, sale of items below the market price, delivery of services below market price or other material goods.

[Article 2, Law on Financing of Political Parties](#)

This definition supersedes the previous definition of the term `contribution` established in the Law on General Elections (LGE).

The LFPP provides that political entities may receive financial and material assistance from the following sources: membership dues, contributions, budget of Kosovo, party assets, income from activities such as publications, editions, advertisings, posters and other such sources [Art. 6 (1) LFPP]. With the exception of membership dues which can be received in cash, all other sources of income must be completed through a single bank account in one of the commercial banks in Kosovo. The LFPP also requires that membership dues are deposited in the bank account of the political entity within five days from receipt of such dues.

The LFPP sets restrictions on the sources from which political entities may receive financial and material assistance. The ban on financial and material assistance is applied to: foreign governments, organizations, natural and legal persons; unknown sources, persons, donors; gambling and betting institutions; public institutions and enterprises; private enterprises in contractual relationship with the institutions of Kosovo (including past three years); non-governmental organizations, religious organizations and trade unions; debtors to the institutions of Kosovo against whom proceedings are initiated, and youth organizations, foundations or similar bodies created by or having ties with political parties [Art. 11 (1 and 2) LFPP].

Income allowed	Income not allowed
<ul style="list-style-type: none"> membership dues; 	<ul style="list-style-type: none"> foreign governments, organizations, natural and legal persons;

<ul style="list-style-type: none"> • contributions and donations; • budget of Kosovo in accordance with the law; • party assets; • income from activities such as publications, ads, posters and other such sources. 	<ul style="list-style-type: none"> • unknown sources, persons, donors; • gambling and betting institutions; • public institutions, public enterprises; • private enterprises in contractual relationship with the institutions of Kosovo (including contracts in past three years); • NGOs, religious organizations and trade unions; • debtors of Kosovo institutions; • youth organizations or foundations with ties to parties.
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

There are also regulations in place to prevent political entities from receiving contributions from unknown sources. A political entity receiving such contributions is under obligation to notify the competent authority within two weeks for verification of the origin of respective contribution [Art. 5 (2) LFPP]. If the origin of the contribution cannot be proved, the respective amount remains in the Budget of Kosovo [Art. 5 (3) LFPP].

The LFPP sets limits on the amount of contributions that political entities may receive [Art. 5 (1) LFPP]:

- Individuals not exceeding 2,000 euros per calendar year;
- Businesses and private enterprises (legal entities) not exceeding 10,000 euros per calendar year.

The financing of political and campaign activities, including the campaigns of political entity candidates must be completed through the political entity. The law provides that candidates can not receive donations, and that donations for candidates must pass through the political entity [Art. 11 (4) LFPP].

In summary, the legislation in Kosovo provides a definition of contributions, defines the sources from which political entities may or may not receive income, requires from political entities to channel the income through a single bank account, sets a limit on the amount that can be contributed, and bans candidates from receiving donations directly. Such established rules pertaining to income and contributions meet the generally accepted international standards and practices. However there are a number of ways in which parties find ways to work around the rules.

Run activities in cash: Civil society organizations have consistently claimed that parties receive donations and carry expenditures in cash, and the cash is not registered or tracked in party finance reports. Technically, while the finance reports may indicate that the parties comply with the rules established for contributions (i.e. do not receive donations above the limit), the parties in practice run political and campaign activities with money that is not even recorded in the papers. Running activities in cash is eased by weaknesses in other areas such as high rates of informal economic and financial activity in Kosovo, lack of audit of political and campaign finance reports in the past years, and inadequate investigation and interest of rule of law authorities.

Large contributions broken down in pieces: Though individuals and private enterprises are limited in the amount that they can contribute to political entities, there are ways to work around these limits if large chunks of money are broken into pieces. For example, a private enterprise that intends to donate 30,000 euros to a political entity but is prevented by the limit of 10,000 per calendar year can still donate the money if the donation in the value of 30,000 euros is channeled through 15 individuals who can donate 2,000 euros each.

5. Campaign expenditure ceiling

Campaign spending limits promote fair and competitive elections. The limits to campaign expenditure are applied to prevent rich parties or candidates from dominating the communication channels. Unregulated spending may give an unfair advantage to parties and candidates that have money to pay for public gatherings, video broadcasts, media, airtime, billboards and other campaign activities. Spending limits also help prevent political parties and candidates from buying votes.

In Kosovo the campaign expenditure ceiling is not regulated by law but rather by a regulation of the Central Election Commission (CEC). The Law on General Elections (LGE) opens way for the CEC to determine the maximum campaign expenditures based on the total number of voters registered in the voter list [Art. 39 (2) LGE]. The CEC regulation on Campaign Spending Limit and Financial Disclosure (2013) provides that the campaign spending limit for all elections is 0.50 euro per registered voter. The CEC determined that the campaign spending limit for the parties in 2017 elections for the Assembly of Kosovo is 942,573.50 euro (1,885,147 voters).

The LGE provides that the maximum campaign expenditures applies to any

3.1 Campaign spending limits for both party elections for the Municipal Assembly and Mayoral in a municipality would be 0.5 euros per registered voter in the municipality. Campaign spending limits for the Assembly elections would be 0.5 euros per registered voter. [...]

“Campaign Expenditure” shall mean any payment made for goods or purchase of goods, materials, labour, services whether tangible or intangible, made for the purpose of influencing an election, regardless of whether incurred in support of a specific candidate, political party, coalition, or citizens' initiative, such as the cost of print media advertisements; production of broadcast spots; campaign materials, including pamphlets, posters, buttons; display advertisements, including billboards and their production; inkind contributions. [...]

goods and services purchased for campaign purposes regardless of the time of purchase or provision of service [Art. 39 (3) LGE]. The intention of this provision is to regulate situations in which the parties carry campaign expenses in a time other than the campaign period and exclude such transactions from campaign reporting to exceed the allowed expenditure limit. The legal framework also requires from the political parties to submit statements of expenditures, and to provide supporting documents and invoices for all expenditures to the Central Election Commission.

In summary, the legal framework in Kosovo establishes a ceiling for campaign expenses, provides a detailed definition of what constitutes a campaign expense, and requires from parties to disclose their expenditures and supporting documents such as invoices. Generally, the legal framework meets the international standards and practices pertaining to limitations of campaign expenses. Consideration may be given to establishing limits in the law instead of the regulation, to avoid possible arbitrary changes of election rules by the Central Election Commission which is composed mainly of representatives of political parties. As with issues pertaining to contributions, there are also issues in enforcing the campaign expenditure ceiling.

Use of public resources: In its election observation reports of 2013 municipal and 2014 general elections, Democracy in Action raised concerns that political parties that govern at central or local level use public resources such as public servants, public facilities, transport and equipment for the purpose of running campaign activities. The use of public resources for campaign purposes, although prohibited and sanctioned by the Law on General Elections, is generally difficult to track when the public service relies on client ties with the political parties that govern. The use of public resources creates unfair advantages to the parties that govern and is not traceable in the annual and campaign finance reports of political entities.

Candidates pay campaign expenses on their own: In addition to the funds that candidates may receive from political entities for campaign purposes, the open list preferential system in Kosovo incentivizes candidates to run campaigns even at their own cost to increase their chances of being elected. Spending own money for campaign purposes is worth the investment for corporate and business owners in Kosovo, who are able to influence political decisions in favor of their economic activity once they gain political power. It is visible how for the 2017 Kosovo Assembly elections candidates who are financially well-off have developed and broadcast expensive TV spots, organized outreach activities and continuously sponsor their advertisement in the social media. Consideration should be given as to whether such expenses are included within the political entity finance reports, or whether they go unnoticed at the cost of the candidates. The section on disclosure [below] includes more details of how the election candidates submit the candidate finance reports to the Central Election Commission, and how elected officials report to the Anti-Corruption Agency of Kosovo, but campaign expenses of candidates are hardly traceable. In addition, similar to the section on contributions, it is difficult to track

campaign expenses when activities of political entities and candidates are completed in cash and go unreported.

6. Provision of public funding

Providing public funding to political parties promotes equality in the race, enables even the underfunded political parties to function and conduct campaign activities, helps keep political parties away from business interests, and increases the importance of values such as accountability and transparency in political finance.

The legal framework in Kosovo provides that public funds are allocated among the political entities represented in the Assembly of Kosovo (AoK) according to the number of seats that they hold [Art. 9 (1) LFPP]. The law also provides that 10% of the allocated amount is delivered for the support of each member of the parliament [Art. 9 (4) LFPP].

CEC DISTRIBUTION OF PUBLIC FUNDS BY POLITICAL ENTITY FOR 2015 AND 2016			
Political Entity	Seats in AoK	2015 Total	2016 Total
Partia Demokratike e Kosovës	37	1,295,000	1,295,000
Lidhja Demokratike e Kosovës	30	1,050,000	1,050,000
Lëvizja Vetëvendosje	16	560,000	560,000
Aleanca për Ardhmërinë e Kosovës	11	385,000	385,000
Lista Srpska	9	315,000	315,000
NISMA	6	210,000	210,000
Kosova Demokratik Turk Partisi	2	70,000	70,000
VAKAT	2	70,000	70,000
Other small parliamentary groups	7	245,000	245,000
TOTAL	120	4,200,000	4,200,000

There are also provisions for the purpose of financing political entity campaigns for municipal and national assembly elections. These funds are distributed by the Assembly of Kosovo upon proposal from the Government of Kosovo and can not

exceed 0.05% of the Budget of Kosovo [Art. 10 (1) LFPP], of which 90% are allocated to political entities in proportion to the seats that they hold in the Assembly of Kosovo or municipal assembly, and 10% are allocated for other political entities certified to run in the respective elections [Art. 10 (2) LFPP]. This fund provides opportunities even for the underfunded parties to run campaign activities.

The law also defines the kind of activities that political entities can finance through the public funds, and this includes regular activities of political parties, branches of political entities, respective units of organization of women and youth, pre-election and election activities, and activities of the parliamentary groups. From the stand point of international principles, the legal framework in Kosovo meets the standards by providing public funds to political parties, and defining the kind of activities for which political parties may use public funds.

How much of public funding goes for women candidates: There were complaints particularly among women members of political parties that parties are not distributing funds to women candidates to run campaigns as the parties are of the view that women candidates will be elected regardless by means of gender quota. Consideration should be given to including a provision in the law to encourage political parties to distribute a fair and equal share of funding to men and women candidates.

Indirect public funding by political appointees: It is allowed by law and it is a common practice that political party representatives who are appointed in and are paid by public institutions donate a part of their salary to the political party. The largest individual contributors of political parties are typically elected or appointed party members including members of parliament, members of institutional boards, public institutions and public enterprises. While this is allowed by law and party members who are elected or appointed in public positions may submit donations to the party, it nonetheless raises the question of whether parties are using public positions to receive additional public funds in an indirect manner.

7. Disclosure of political and campaign finance

The disclosure of political and campaign finance typically requires from political entities to make their finance report publicly available. This includes publishing of financial statements, income, expenditure, assets and liabilities. Transparency in political and campaign finance informs the public of how parties make money and how they spend the money that they make. This is particularly important if public funding is available to political entities.

Disclosure requirements in Kosovo laws

Who discloses	Political Entities, Candidates, Elected Representatives
To whom	<ul style="list-style-type: none"> Political entities and candidates to the Central Election Commission Elected representatives to the Anti-Corruption Agency
What reports are disclosed and when	<p>Political entity <u>Annual Finance Reports</u> to the CEC by 1 March of the every year</p> <p>Political entity <u>Campaign Finance Report</u> no later than 45 days after election day</p> <p><u>Candidate Finance Reports</u> during the candidate application/certification period</p> <p>Elected representatives to Anti-Corruption Agency</p>
What is disclosed	<p><u>Political entities:</u> income, expenditure, assets/capital/obligations, register of contributions above 100 euro and source of contribution</p> <p><u>Candidates:</u> sources and amount of income, property, assets, financial obligations</p> <p><u>Elected representatives:</u> real estate, movable property in value over 5,000 euros, possession of shares in commercial enterprises, savings in the bank and other annual revenues</p>
What are the publication requirements	<p>The CEC is required to publish all audited annual finance reports in the website no later than 30 June of each year, and campaign finance reports.</p> <p>Parties are required to publish and keep published annual reports on website, and a shorter version on newspaper by July 30 of each year.</p>

The LFPP requires from the registered political entities to submit to the CEC the annual financial report by March 1 of each year [Art. 15 (1)ç. Political entities certified to participate in the election are also required to submit the campaign financial disclosure report to the Central Election Commission no later than 45 calendar days after the day of the election [Art. 40 (1) LGE]. These reports include: balance statement which shows assets, obligations and capital of the party; statement of income and expenditure of the party; statement showing every



payment in the value that exceeds 5,000 euros [Art. 15 (2) LFPP], copies of invoices of all expenditures and register of contributions above 100 euro including the value of contribution, date, name and personal number of contributor [Art. 15 (3) LFPP].

There is ambiguity in the law as it pertains to the disclosure of finances by each individual candidate. The law does not provide an explicit requirement for candidates to disclose their finances, but the law requires from the CEC to publish the copies of all candidate financial disclosure forms. In practice, inversely, the candidates submit the candidate finance disclosure forms to the CEC, but the CEC does not keep the candidate forms publicly available.

This is also somewhat overlapping with the mandate of the Anti-Corruption Agency. The Law on Declaration, Origin and Control of property and gifts for Public Officials requires that the elected representatives disclose to the Agency among other things the revenues such as real estate, movable property in value over 5,000 euros, possession of shares in commercial enterprises, savings in the bank and other annual revenues [Art. 5 (1)]. These statements are published in the website of the Anti-Corruption Agency, though they do not indicate as to whether the candidates who are elected received any income or whether they have incurred expenses pertaining to the election campaign. A greater cross-checking of data between the Central Election Commission and the Anti-Corruption Agency would address issues of compliance of elected candidates with the relevant legislation.

The LFPP also requires from political entities to publish and hold public for at least one year in their website the annual finance report and the campaign contributions disclosure report, and publish a short version in a daily newspaper. Annual financial reports should be published in the newspaper until July 30 of the following year. The CEC is required to publish and keep published all annual financial reports of political parties together with the final audit report of political parties in its official website no later than 30 June of the following year.

The Law on General Elections (LGE) provides that the CEC establishes and maintains a public information file that includes: a register of contributor for each party; copies of all campaign financial disclosure reports submitted to the office; copies of all candidate financial disclosure forms for certified candidates; and copies of any final reports relating to audits performed by the office [Art. 43 (1) LGE]. The LGE also requires that the CEC makes these available publicly in a central location, in the CEC website, and at any other location determined by the CEC [Art. 43 (2) LGE].

Political entities are required to keep for a period of seven (7) years accurate and detailed records of the financial situation including accounting books and records, income by source, receipts of expenditures above 100 euros, a record of all contributions (value of each contribution, date, full name and personal number of

each contributor, and name of the person who received the contribution on behalf of the entity [Art. 40 (6) LGE].

With the exception of legal ambiguities and overlaps pertaining to reporting of candidate finances, the legal framework in Kosovo is generally clear in terms of disclosure requirements, and it defines who discloses, what is disclosed, to which authority, and it establishes timelines for disclosure and publication. The legal framework is therefore fairly standard in meeting the international principles pertaining to disclosure and transparency.

8. Enforcement and sanctions

The rules of political finance related to contributions, disclosure and expenditure are only valid if there is a functional system of enforcing these rules. Enforcement of political finance requires establishment of internal checks and controls, audit of financial reports by independent auditors, availability of meaningful sanctions for violation of political finance rules and criminal prosecution if necessary. The lack of enforcement of political finance rules diminishes public trust in the political processes and leads to broader problems related to corruption.

The legal framework establishes internal controls for political finance in accordance with accounting standards applicable to Kosovo. The law requires from political entities to regulate financial control issues in their statute, and define the right of party members to be informed of all income and expenses of political entities [Art. 17 LFPP]. Annex I of this report includes excerpts from the statutes of the main political entities which regulate political finance issues within party statutes.

The law provides that annual and campaign finance reports submitted to the CEC are audited by the Assembly of Kosovo through the Budget and Finance Committee [Art. 19 (1) LFPP]. The Assembly Committee is mandated by law to select ten licensed auditors [Art 19 (2) LFPP] on a competitive basis who are responsible to audit the reports of political entities based on a draw of the Assembly Committee [Art 19 (4) LFPP]. The law establishes several criteria for selection of auditors, including the criteria to be licensed auditor in Kosovo, have at least two years of experience in the field of audit, and have not been in contractual relationship with political entities during the last three years. The CEC submits the annual finance report and the campaign finance report to the Anti-Corruption Agency, which in accordance with its mandate may examine these reports.

The law also establishes sanctions for lack of compliance with political finance regulations. There are generally two types of sanctions available which include monetary fines and taking of mandate of an elected candidate if there is evidence of misuse of funds.

Sanctions for political finance violations – Article 21 of the Law on Financing of Political Parties	
Violation	Sanction
Failure to submit Annual and Campaign Finance reports on time	<ul style="list-style-type: none"> • Fine 10% of the annual fund and a daily penalty of 0.01% of that amount until the submission of report. • Fine 1,000 euros for parties that do not receive public funds and a daily penalty of 0.01% of the amount until the submission of report.
Inaccurate or incomplete finance reports	<ul style="list-style-type: none"> • Fine 5,000 euros, and a daily penalty of 0.01% of that amount until the correction of data.
Lack of documentation copies of the financial report	<ul style="list-style-type: none"> • Fine 2,000 euros.
Failure of political entities to publish annual and campaign finance reports	<ul style="list-style-type: none"> • Fine 5,000 euros and a daily penalty of 0.01% of that amount until the publication.
Accept and execute donations in contradiction with the law	<ul style="list-style-type: none"> • Fine twice the value of donation received for political entities. • Fine the same amount as donation for candidates for mayor, member of parliament, municipal councilor, and independent candidates.
Cannot prove the origin of the received and executed income over twenty thousand (20,000) Euros	<ul style="list-style-type: none"> • Fine three times that amount.
Receives income from sources other than those allowed by law	<ul style="list-style-type: none"> • Fine 10% of the amount received. • Income is paid to the Budget of Kosovo.
Funds spent in	Fine double of what political entity spend.

contradiction with the law	
Two or more active bank accounts	Fine 5,000 euros and a daily penalty of 0.01% of that amount until the closure of accounts.
Funds misused by a candidate or a mandate is won as a result of misuse of funds	Mandate may be taken.

As a mechanism of enforcement, the law provides that political entities that do not submit the reports lose eligibility for funds in the next year. The imposition of a fine or other sanction by the CEC does not prejudice any criminal sanction that may apply [Art. 42 (2) LGE]. In addition, nothing prevents the General Auditor of Kosovo or any other relevant institution from conducting auditing for spending by political entities at any time, including campaign spending [Art. 41 (8) LGE]. In practice the General Auditor has not expressed any interest in dealing with political and campaign finance.

The legal framework in Kosovo generally provides a solid basis for enforcement in accordance with international standards and practices. Despite the well-established regulations, in practice there is little enforcement. One of the basic issues in the past several years has been the lack of publication of political and campaign finance reports by the political parties and the Central Election Commission.

Generally the large political parties have met the requirement to disclose their finances to the Central Election Commission, but these were not made available publicly. Since 2013, the Assembly Committee failed to complete the audit of reports on the basis that the Assembly of Kosovo was not functional due to political blockade for some time during 2014, technical difficulties in contracting of auditors, and insufficient funding for completion of audit processes. The Central Election Commission has maintained the position that it can not publish the finance reports of political parties as the audit of these reports has not been completed by the Assembly Committee. The political parties that had not, or currently have not published the finance reports, declared that they fulfilled obligations to submit the reports to the CEC in a timely manner, and that it is up to the CEC and the Assembly Committee to complete the audit. Any requests for political and campaign finance reports was faced by the triad of responses from CEC, Assembly Committee and political parties, which are all composed of political party representatives.



The CEC is of the view that the political finance reports were not audited and therefore it can not impose sanctions. Such arbitrary interpretations of the law have caused major issues with enforcement of the legislation. Institutions such as the Anti-Corruption Agency, General Auditor, and the prosecutor have shown no interest in dealing with political finance issues.

Conclusion

Monitoring of campaign finances by civil society organizations is an important factor in increasing transparency in revenue and expenditure of political entities. In this handbook several strategies for campaign finance monitoring are presented such as: effective communication with political entities; submitting questionnaires for campaign finance; contact and reminder for completing questionnaires; presentation of findings and media coverage. These strategies were used by KDI and TI-CZ to monitor the expenditures of political parties for the electoral campaign in the early general elections in 2017, as well as in the municipal elections in 2017.

During the general elections, only 6 out of 39 political entities responded to the questionnaire, two of which stated that they had no funds, whereas four of them declared their funds. The political entities that have declared the funds are mainly small minority entities such as KDTP (Kosova Demokratik Türk Partisi/Kosovo Democratic Turk Party), CDU (Centar Demokratska Stranka) from Vakaf Coalition, Nova Demokratska Stranka (New Democratic Party) and Pokret za Gora (PG). Major political entities such as Democratic Party of Kosovo, Democratic League of Kosovo, Vetëvendosje Movement, Alliance for the Future of Kosovo, NISMA and Srpska List have not responded.

The same monitoring strategy was also used for municipal elections. Again, the research was conducted by submitting the same questionnaire to the political entities. Only 6 out of 20 contacted entities responded to the questionnaire. The entities that provided their responses are Lëvizja për Bashkim (LB) (Movement for Unification), NISMA (Initiative for Kosovo), the Democratic League of Kosovo (LDK); The Fjala Party, the Social Democratic Party of Kosovo and Pokret za Gora. KDI appreciates that some major political entities have also responded to the questionnaire on municipal elections, thus making the first step of transparency.

This handbook also presents an analysis of the legal framework related to the financing of political entities. In general, the legal framework in Kosovo meets international standards by setting rules for contributions and donations, spending constraints, public funds allocation for political entities, requests for publication and transparency, fines and sanctions for non-compliance with the rules. However, there is a low level of enforceability of the rules, and political entities have found ways and justifications to avoid legal requirements for transparency. For this reason, a more comprehensive monitoring is required from civil society organizations to increase public reporting and public pressure on transparency in the financing of political entities.

České shrnutí / The Czech Summary

Tato unikátní příručka je vychází ze zkušeností s pilotním monitoringem financování politických stran v Kosovu, který podnikly v roce 2017 organizace Kosova Democratic Institute (KDI) a Transparency International – Česká republika.

Transparentnost financování předvolebních kampaní patří k měřítkům úrovně demokratičnosti státu resp. společnosti. Cílem monitorovacích aktivit není jen samotné získání informací o zdrojích a tocích peněz v politickém marketingu, ale také ověření míry otevřenosti (tolerance) politiků vůči vlastním požadavkům transparentnosti. Přitom metoda, kterou jsme společně aplikovali před volbami v Kosovu, je neinvazivní a nemá vliv na vlastní politickou soutěž, natož aby měnila průběh kampaně.

Strategie monitoringu je postavena na několika parametrech a krocích, které spolu souvisejí: Dialogičnost > Dotazníková metoda > Nezávislý simultánní dohled > Evaluace > Otevřenost zlepšení > Zveřejnění.

Dialogičnost. Občanská společnost vede prostřednictvím nevládních organizací se stranami dialog, účelem monitoringu není očerňovat či vydírat politické strany, ale umožnit jim zveřejnění informací, které mají být disponibilní. > Proto stranám proaktivně posíláme dotazníky s žádostí o informace týkající se financování jejich kampaní. > Avšak současně musí být tyto informace přítomné zejména ve veřejném prostoru – pro občany a voliče, proto je hledáme i nezávisle na tom, zda strany odpoví. > Pro transparentnost lze nastavit kritéria a podle nich strany / kandidáty hodnotit (známkovat). Kandidující subjekty musejí mít možnost po zveřejnění takových známek své skóre vylepšit, opravit se, a proto je nutné publikovat výsledky monitoringu včas před danými volbami. > Právě zveřejnění (medializace) výsledků hodnocení je motivačním impulzem pro politické subjekty, aby alespoň v období kampaně informovali veřejnost o jejich finančních aspektech.

V Kosovu náš společný tým nejprve, v reakci na vyhlášení předčasných voleb, připravil postup a sestavu požadavků na otevřenost financování předvolebních kampaní a obeslal 39 politických stran a hnutí v Kosovu s žádostí o zpřehlednění zdrojů, rozpočtů a výdajů na toto významné politické klání. O něco podobného se v Kosovu před námi nikdo nepokusil.

Aktivity se ukázaly jako účinné: dosáhli jsme responze několika stran, a tak jsme mohli občanské společnosti v Kosovu poprvé nechat nahlédnout do výdajů, které mají politické strany během kampaně.

Výsledky jsme představili společné tiskové konferenci KDI/TI Kosova a TI-ČR v Prištině (2.6.2017) v sídle TI Kosovo, kde vystoupil jak ředitel KDI Ismet Kryeziu tak ředitel TI-ČR David Ondráčka.

Výsledky a postupy testu byly využity na podzim v průběhu kampaní před lokálními volbami.

Z reakcí velkých politických stran lze vyčíst, že zájem otevřít své financování se zvyšuje a že postup monitorovacího týmu má na politickou scénu pozitivní vliv. V Příručce najdete i vyplněné dotazníky k financování zaslané týmu politickými stranami – kosovské politické entity informovaly o nákladech na kampaně vůbec poprvé v moderních dějinách Kosova.

Publikace vznikla v rámci projektu *Monitoring Election in Kosovo 2017*. Transparency International – Česká republika o.p.s. děkuje za finanční podporu projektu Ministerstvu zahraničních věcí ČR.

Více informací o projektu na www.transparency.cz.

Autoři: Florent Spahija, Ondřej Čakl

Grafická úprava: TI ČR

© 2017 Transparency International ČR. Všechna práva vyhrazena.

Annex A: Possible questions for political parties

1. Can you describe in detail your election campaign budget and describe funding sources for the campaign:

Total:	_____	EUR
Sponsored by corporations:	_____	%
Donations (individual):	_____	%
Public sources:	_____	%
Other (please state the other source)	_____	%

2. What is your party's campaign spending, including preparatory activities prior to the start of the campaign? In Euro?

3. In what form will your campaign be conducted (according to your assessment)?

Public events:	_____	%
Billboards/banners/posters:	_____	%
Media advertisement:	_____	%
Online media:	_____	%
Social networks:	_____	%
Other (specify):	_____	%

4. What percentage of the party's budget is allocated to the campaign of individual candidates (if applicable)?

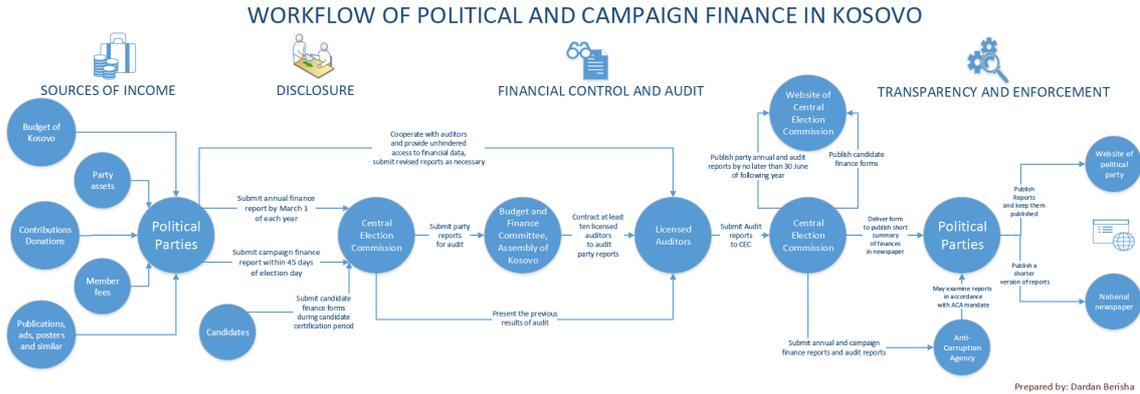
5. Is there a special schedule for the publication of events within the campaigns, and where can it be found? (Example, Facebook, party's official website, printed bulletin, etc)

6. Will you contract someone (a third party/agency/public relations agency) to organize your campaign? If so, who?

7. Do you have an organizational structure of the team that will handle your campaign (names/roles/positions). Are you willing to publish this information?

8. Will you publish the overall campaign financial report within 6 months after the election? Where and when can we access it?

Annex B: Political Party Financing Process



Transparency International – Czech Republic
www.transparency.cz

Sokolovská 143, 180 00 Praha 8
Tel. +420 224 240 895-7, CZ
