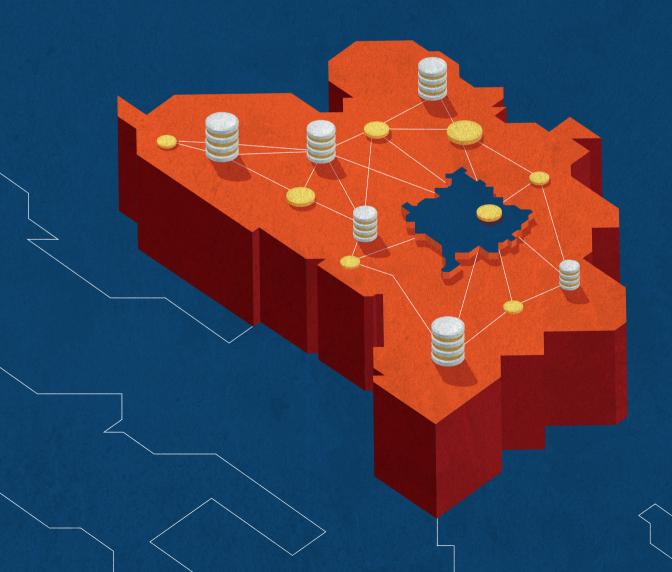




# CURRENCY OF POLITICS

Exploring Political Financing in Kosova and the Western Balkans

December, 2023





#### The Kosova Democratic Institute is a branch of Transparency International for Kosovo

KDI's mission is to support the development of participatory democracy and the fight against corruption by promoting transparency, accountability and integrity at all levels and sectors of society.

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# 1. Background of political financing in Kosova

The first time political finance regulations were introduced in Kosovo was in 2010 following the adoption of the Law on Financing of Political Entities. Although this law represented an important initial step toward financial transparency for political entities, it had substantial deficiencies, particularly in areas such as financial control, sanctions for violations, and candidate finances. It introduced public funding for parliamentary political subjects through the Fund for the Support of Political Entities.

In 2012, amendments to the law increased fines, with the maximum fine set at 50,000 euros—five times more than the previous law. However, no other significant changes were made. The key legislative shift occurred in 2013, when the competence for selecting private auditors to audit political and campaign finance reports was transferred from the CEC to the Assembly of Kosovo. The CEC's role was reduced to the mere receiving and publication of these reports after audit, which due to failure and delays in audit by the Assembly of Kosovo, these reports were not published for several consecutive years.<sup>1</sup>

The 2013 law also introduced new regulations, requiring political subjects to maintain a single bank account for all financial transactions. Despite prohibiting direct donations to candidates, the law lacked effective control mechanisms for practical implementation.

Recognizing the challenges in implementation and financial control, and the failure and delays of the Assembly of Kosovo to audit the reports, efforts began in 2018 to revise the Law on Financing Political Parties. This initiative, driven by international partners, especially the European Union, aimed to enhance reporting and auditing requirements and introduce higher and proportional sanctions for violations. Despite positive feedback from the Venice Commission<sup>2</sup>, the parliamentary committee made further detrimental changes, which were later withdrawn from the Assembly due to pressure from civil society<sup>3</sup> and international community. A bill more closely resembling that reviewed by the Venice Commission reappeared in 2022. It was ultimately passed in August 2022 and became effective in September 2022.

<sup>1</sup> Kosova Democratic Institute (KDI), "Analysis: Political Financing in Kosova: What after the legal amendments? "[KDI: Pristina, December, 2023]. Available at: <a href="https://kdi-kosova.org/wp-content/uploads/2022/12/47-Raport-Political-Financing-Kosovo-Alb-05.pdf">https://kdi-kosova.org/wp-content/uploads/2022/12/47-Raport-Political-Financing-Kosovo-Alb-05.pdf</a>

<sup>2</sup> Opinion No. 922/2018 of the European Commission for Democracy through Law (Venice Commission) on the Draft Law on Amending and Supplementing the Law No. 03/L-174 on the Financing of Political Entities (amended and supplemented by the Law No. 04/L-058 and Law No. 04/L-122) and the Law No. 003/L-073 on General Elections (amended and supplemented by the Law No. 03/L-256).

<sup>3</sup> In order to oppose these unconstitutional interventions and to prevent their approval in the Assembly, over 100 civil society organisations organised the "Rejection March" to oppose the version of the draft law on financing political parties amended by the MPs, which was on the verge of final approval.

# 2. Amendments to the law on political financing in Kosova

### 2.1 The new Office, with previous resources

Recent amendments to law on political entity financing empower the Office for Registration, Certification, and Financial Control of Political Entities, granting it greater functional independence and increasing its resources for exercising its legal authority in financial monitoring and oversight.

Financial autonomy is a crucial facet of this newfound independence. The office will autonomously manage its budget, and any changes must secure approval from the Director, 4 ensuring financial decisions are not altered without due consideration. While the state budget designates the CEC as a unique budgetary organization, with the Secretariat as the budget code, the Office's budget initially flows to the CEC Secretariat, which then disburses the necessary funds to the Office.

For financial audits of political entities, the Office is allocated a budget equivalent to at least 5% of the Fund for the Support of Political Subjects. Additionally, a budget of no less than 3% of the Fund is earmarked for auditing financial reports related to election campaigns.<sup>5</sup>

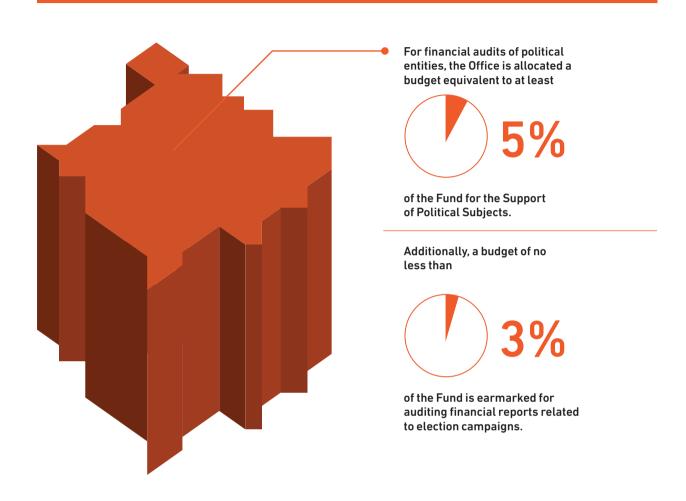
The law mandates the strengthening of the Office's human resources, adding a minimum of ten professional employees to the staff. The CEC is obligated to provide the necessary resources, ensuring complete organizational and functional independence in personnel matters.

Independence in decision-making is also guaranteed, particularly in imposing fines on political entities, eliminating the previous legal requirement for approval by the political composition of the CEC.

Despite a year passing since the law entered into force, the Office encounters the same challenges it faced before. Limited to three inherited staff members and facing recruitment issues, the Office remains reliant on the Secretariat of the CEC. Although part of the CEC regulations, particularly those concerning fines, are anticipated for approval by the end of 2023, the recruitment of the remaining seven staff members, as mandated by law, is pending.

Moreover, the Office awaits a separate budget code allocation from the Ministry of Finance. This dependence on the Secretariat's administrative procedures, even for critical matters like staff recruitment and auditor assignments, persists, hindering effective functioning as outlined in the law. The Ministry's failure to share budget code further impedes the Office's ability to fulfill the Director's role as the Chief Administrative Officer.

<sup>4</sup> Articles 11.1/a and 11.1/d of the new Law on Financing Political Entities. 5 Article 11.1/c of the new Law on Financing Political Entities.



## 2.2 Financial report and control – Law vs. Practice

#### A) LAW

Under the new law, the criteria and deadlines for financial reporting by political entities remain unchanged. Annual financial statements must still be submitted by March 1 of each subsequent year.<sup>6</sup>

Political entities are obligated to collaborate with auditors, providing access to data and financial records within 15 working days upon request. Non-cooperation results in the loss of eligibility for the Fund in the following year. The deadline for completing the audit of annual financial reports is set for June 15 of the subsequent year  $^7$  allowing ample time for control procedures and financial audits, along with the imposition of relevant measures.

The new law strictly dictates that financial reports can be published unaudited. The Office must release annual financial statements by June 30, with final audit reports published within 15 days of receipt.

<sup>6</sup> Article 19, paragraph 16 of the Law on Financing Political Parties.

<sup>7</sup> Article 19, paragraph 15 of the Law on Financing Political Parties.

#### 

Parliamentary political entities are now mandated to maintain functional websites, publishing financial data, including donor lists and activity expenditures, on a quarterly basis. During election campaigns, these entities must disclose the list of campaign donors. However, a notable issue arises as these provisions exclusively apply to parliamentary entities, excluding political entities holding mandates at the local level.<sup>8</sup>

With the most recent amendments, financial control responsibilities have been returned to the CEC, particularly the Office. Auditors for annual financial reports and election campaign audits will be selected via an open public competition managed by the Office.

Auditors, whether individuals or private companies, must sign a declaration they do not have a conflict of interest after selection, reinforcing the integrity of the process. Although auditors for financial statements will still be drawn, the law no longer prohibits the same auditor from auditing a political entity's financial reports consecutively.

Among the 52 annual reports of political entities for 2021, nearly half (24) received a restrained opinion, indicating no declared expenses during the year. A significant concern arises from parties, including those in the current governing cabinet (GUXO Party), declaring no expenses while having at least one office or headquarters, without specifying rent payment. Seventeen political entities, including Vetëvendosje, as the only one among parliamentary entities, received an unqualified opinion, indicating that no serious problems were identified. Seven parties, all represented in the Assembly, received a modified opinion, and four parties, one being a parliamentary party (PAI), received a denial of opinion.

There are a number of recurring issues identified during control of annual financial reports including non-declaration of rents, unreported branch expenses, absence of functional websites for some parties, and challenges with the bank accounts of political entities.

#### **B) PRACTICE**

Political entities submitted their reports within the regular financial reporting deadline. However, due to the new law taking effect in the second half of the year, uncertainty surrounded the basis for financial reporting. Additionally, the Assembly of Kosovo failed to establish procedures for appointing auditors for the 2021 annual reports, even though the law granting this mandate to the Assembly was in force at that time.

Consequently, the Office had to audit the 2021 annual financial reports and the reports for both the parliamentary and local election campaigns using the budget allocated for the 2022 report audit (approximately 200 thousand euros). The Office engaged two companies for auditing four types of financial reports. For the 2022 reports, only legality was audited, excluding performance. Due to uncertainties regarding the Office's mandate for financial control over the 2021 reports, no further control actions are anticipated.

<sup>8</sup> Kosova Democratic Institute (KDI), "Analysis: Political Financing in Kosova: What after the legal amendments? "[KDI: Pristina, December, 2023]. Available at: <a href="https://kdi-kosova.org/wp-content/uploads/2022/12/47-Raport-Political-Financing-Kosovo-Alb-05.pdf">https://kdi-kosova.org/wp-content/uploads/2022/12/47-Raport-Political-Financing-Kosovo-Alb-05.pdf</a>

REPORTS

#### Among the



of political entities for 2021, nearly half



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## 2.3 (Self)Financing of candidates of political entities

A) The law – \*that does not exist \*

While recent legal changes have made progress in terms of financial reporting, office mandate, and auditor selection, the new law exhibits significant deficiencies in financing and self-financing regulations for candidates running for member of national and municipal assembly. Candidates often spend substantial amounts of money for their campaign, which is often from own personal funds, however these declarations are absent from the annual and campaign finance reports of political entities. The law lacks explicit provisions for monitoring candidate finances during campaigns, despite the prohibition of direct donations to candidates.

Responsible institutions have neither addressed nor taken action on public declarations by candidates regarding campaign expenses, including in-kind contributions.

Due to the absence of control mechanisms or sanctions for non-compliance by candidates, the Office faces challenges in supervising these expenses. The only recourse is to impose sanctions on political entities for non-reporting in identified cases, considering the difficulty of effectively overseeing the finances of numerous candidates during elections.

# 2.4 The 'online' campaign - between international practices, legal regulation and the practical situation

#### A) International standards

The Council of Europe has provided member states with recommendations to address challenges posed by new digital and online political communication methods, aiming to enhance the cooperation and legitimacy of electoral processes. These guidelines, formally approved by the Committee of Ministers through a comprehensive Recommendation, establish a framework of principles. The goal is to guarantee transparency in online communication and decision-making, reduce the risks of voter manipulation, and uphold a fair playing field for political parties and

<sup>9</sup> Concerning donations, it's important to highlight that the new law continues to deem anonymous donations as illegal. Consequently, the law mandates detailed information about the contributor for every donation, regardless of whether it is from an individual or a legal entity. While the law prohibits candidates from accepting donations, recent legal changes now allow political entities to accept cash donations, capped at a maximum amount of 50 euros.

potential candidates.<sup>10</sup> Additionally, the guidelines cover crucial aspects including data protection, content regulation, and media coverage during election campaigns.<sup>11</sup>

## B) The (missing) legal regulation and the situation in practice

Despite the Council of Europe's recommendations to tackle challenges in digital/online political communication during electoral processes, the recent amendments to Kosovo's laws on political entity financing lack explicit regulations for 'online' campaigns on social networks. Notably, campaigning on these platforms has evolved into a primary method for political entities, prominently observed in the 2021 local elections. The absence of specific legal provisions for online campaigning creates a scenario where political entities and other actors can operate without adequate monitoring or sanctions, potentially impacting the fairness and transparency of the campaign process.

One prominent issue is that the regulatory authority for certain online platforms and media still falls under the Independent Media Commission. While the new personnel in the Office is anticipated to include a dedicated official for the online/digital sphere, gathering precise information on expenses remains challenging, given that social networks only offer approximate data. In addition, in Kosovo, the Meta Ads Library does not provide a breakdown of costs specifically for election campaigns, which would enable tracking of sponsors of electoral campaigns in the most utilized digital platform.

## 2.5 Third-party campaigns – outside the net of the law

Recent legal changes in Kosovo do not tackle the matter of third-party campaigns, despite the increasing prevalence of this phenomenon, particularly on social networks. During the 2021 local elections, both local and international observers observed that around one-third of campaign advertisements on Facebook and Instagram before the second round of local elections were conducted by third parties. <sup>12</sup> These entities operate to either support or oppose electoral candidates. While relatively new in Kosovo, third-party campaigns have influenced elections in other countries, providing a need for the effective regulation of this type of campaigning.

A report from the Central Election Commission of Albania offers three approaches that states have employed to regulate the issue of third-party campaigns. The first approach is to leave this aspect of campaigns entirely unregulated, despite the evident impact this approach has on campaigns. Second, some states prohibit any entity other than election entities from spending money on campaigns, although this approach may impede the free speech of those not running. <sup>13</sup> The third approach involves attributing third-party expenses for reporting and expense limit purposes to the parties or candidates who benefit. <sup>14</sup>

In line with these recommendations, which could be applicable in the Republic of Kosovo, future regulation of third-party campaigns should involve the registration of their expenses in the supervisory body if their spending exceeds a specific monetary threshold. The rules for expenses and reporting for these third parties should be akin to those applied to political parties. Consequently, in the future in Kosovo, the Central Election Commission (CEC) should be granted the authority and capacity to adopt this approach, aiming to enhance transparency and integrity in the finances of political parties.

<sup>10</sup> For more, see the web page of the Council of Europe: <a href="https://www.coe.int/sq/web/tirana/news/-/asset\_publisher/SENehJ2ESZrW/content/tack-ling-the-risks-for-democracy-of-digital-political-campaigning-council-of-europe-issues-,guidelines?">https://www.coe.int/sq/web/tirana/news/-/asset\_publisher/SENehJ2ESZrW/content/tack-ling-the-risks-for-democracy-of-digital-political-campaigning-council-of-europe-issues-,guidelines?</a> 101 INSTANCE SENehJ2ESZrW viewMode=view/ [Accessed on November 17, 2023].

<sup>11</sup> Council of Europe, Recommendation no. CM/Rec(2022)12 of the Committee of Ministers to member States on electoral communication and media coverage of election campaigns. Published on April, 2022, and accessible at: <a href="https://search.coe.int/cm/pages/result\_details.aspx?objectid=0900001680a6172e">https://search.coe.int/cm/pages/result\_details.aspx?objectid=0900001680a6172e</a> [Accessed on November 17, 2023].

<sup>12</sup> Kosova Democratic Institute (KDI), "Analysis: Political Financing in Kosova: What after the legal amendments?" [KDI: Pristina, December, 2023]. Pg. 20. Available at: <a href="https://kdi-kosova.org/wp-content/uploads/2022/12/47-Raport-Political-Financing-Kosovo-Alb-05.pdf">https://kdi-kosova.org/wp-content/uploads/2022/12/47-Raport-Political-Financing-Kosovo-Alb-05.pdf</a>,

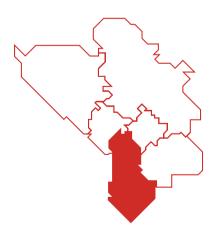
<sup>13</sup> Recommendations of the CEC of Albania, for the Regulatory Framework of Financing Political Parties and Elections, page 5. Published on 2018, and available at: <a href="https://cec.org.al/wp-content/uploads/2019/09/REKOMANDIMET-E-KQZ-s%C3%AB-P%C3%8BR-KUADRIN-RREGULLATOR-T%C3%8B-FINANCIMIT-2018.pdf">https://cec.org.al/wp-content/uploads/2019/09/REKOMANDIMET-E-KQZ-s%C3%AB-P%C3%8BR-KUADRIN-RREGULLATOR-T%C3%8B-FINANCIMIT-2018.pdf</a> [Accessed on November 20, 2023].

<sup>14</sup> Ibid. Pg. 5.

# 3. Comparative Analysis of Political Financing Regulations in Albania, Bosnia and Herzegovina, North Macedonia, and Serbia

In the intricate tapestry of political financing, Albania, Bosnia and Herzegovina, North Macedonia, and Serbia stand as distinct threads, each contributing to a unique regulatory framework. This narrative delves deeper into the cross-cutting themes and nuances of political financing across these countries.

#### 3.1 Financial Oversight and Reporting:



#### **ALBANIA**

Political parties are legally required to submit annual reports and campaign finance reports to the Central Election Commission of Albania, which is responsible for monitoring and control political parties' finances. The CEC is responsible for auditing the annual and campaign finances of Albanian political parties by outsourcing the process to independent certified auditors; however the CEC is required to publish both the audit and the financial reports of the political parties on its website.

The annual reports must contain detailed information on funding sources and expenses. The campaign finance reporting templates are provided by the CEC and require information such as list of donations and funding sources, expenditures, and balance sheet of assets and liabilities. In addition the Electoral Code requires the identification of donors regardless of the value

<sup>15</sup> Albanian Law on Political Parties, Article 15/2.

<sup>16</sup> Article 92 (6) of the Electoral Code of Albania

<sup>17</sup> Article 23 (5) of the Albanian Law on Political Parties.

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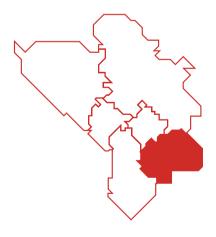


donated, and for donations exceeing 50,000 ALLL (Approx 486 EUR), donations through the bank account.<sup>18</sup> Notably, the absence of explicit regulations for third-party campaign financing introduces another layer of complexity. The Electoral Code provides for a number of sanctions in case of non-compliance, most of which are either fines or suspension of public funding.

#### **BOSNIA AND HERZEGOVINA**

In Bosnia and Herzegovina, the regulatory landscape is shaped by the Law on Party Financing and Election Law. While the Central Elections Commission (CEC) plays a crucial role in ensuring public access to financial reports, its authority is circumscribed, primarily focusing on parties' income rather than comprehensive auditing of campaign expenditures. The CEC is also in charge of sanctioning the so-called early campaigning, i.e. paid advertising in the period between the election announcement and the official launch of the election campaign. <sup>19</sup>

CEC regulations provide for publication of the campaign finance reports within 30 days after the deadline for their submission, but there is no deadline for the CEC to audit the campaign finance reports or publish the audit conclusions. The CEC as well as its internal departments responsible for implementation of specific laws, can initiate procedures independently and have the authority to conduct audits and investigations on an ex officio basis as well as on the basis of reports/complaints received, and can independently impose sanctions for violations of the law. <sup>20</sup>



#### NORTH MACEDONIA

North Macedonia adopts a multi-agency approach. In 2020, the Electoral Code was amended shifting the primary jurisdiction over campaign finance oversight and abuse of administrative resources to the State Commission for Preventing Corruption (SCPC). The SCPC is tasked to conduct ongoing monitoring of campaign financing throughout the electoral period, including financial activities of political parties and public officials, and to request data from banks and other competent institutions. <sup>21</sup>

The State Auditor Office (SAO) oversees financial operations of the political parties and carries out audits of elections campaigns. It also evaluates the degree of compliance of laws and by-laws and makes recommendations for amendments and harmonization.

<sup>18</sup> Articles 91/2 (5) and 92/2 (2) of the Electoral Code of Albania.

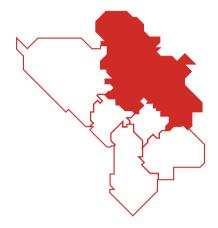
<sup>19</sup> Election Law of BiH, Chapter 15; Law on Political Party Financing of BiH, Official Gazzette of BiH No. 95/12 and 41/16

<sup>20</sup> Ibid, Article 15.6, paragraph 2

<sup>21</sup> Electoral Code of North Macedonia – Consolidated Version (Official Gazette of Republic of Macedonia, no. 40/06, 136/08, 148/08, 155/08, 163/08, 44/11, 51/11, 54/11, 142/12, 31/13, 34/13, 14/14, 30/14, 196/15, 35/16, 97/16, 99/16, 136/16, 142/16, 67/17,125/17,35/18, 99/18,140/18, 208/18, 27/19, 98/19, 42/20, 74/21 - 215/21), Article 31.

#### 

Parties are required to maintain separate accounts for electoral campaigns, and financial reports must undergo scrutiny by multiple authorities before publication on their respective websites.



#### **SERBIA**

Serbia adopts a different approach, with the Republican Election Committee (REC) playing a minimal role. Instead, oversight lies with the Ministry of Finance and the Anti-Corruption Agency (APC). Public funds are distributed proportionally to votes, offering an advantage to parties with sitting representatives.

The funds are distributed to parties<sup>22</sup> proportionally to the votes won in the elections.<sup>23</sup> Since the Law permits a political party to also use these funds for election campaigning, the parties with MPs are in an advantageous position over new political competitors and parties with no representatives, in election campaigns. The public funds designated for election campaigns (0.07% of the tax revenues), are distributed in the two late cycles limiting political parties to use them effectively.<sup>24</sup> The first part of 40% is allocated only to those political entities who applied for public funds within five day of the official announcement of the election list. The second part of 60% is distributed within five days from the announcement of the final election results to political entities who passed electoral threshold, proportionally to the votes won. In the case of presidential elections, the first part (40%) is allocated to nominators of candidates if they have submitted request for public financing. The nominator of a winning candidate is awarded with the rest of the funds (60%).<sup>25</sup>

Detailed annual financial reports, including comprehensive information on donations and expenditures, are submitted to the APC.

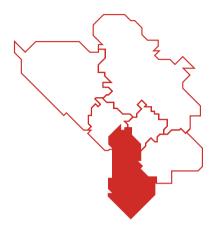
<sup>22</sup> In case of coalitions, the distribution of the funds among its members is determined by a coalition agreement signed before elections. Source: The Law on Financing Political Activities, "Official Gazette of the Republic of Serbia", Article 17, available at: <a href="https://www.pravno-informacioni-sistem.rs/SlGlasnikPortal/eli/rep/sgrs/skupstina/zakon/2022/14/4/reg">https://www.pravno-informacioni-sistem.rs/SlGlasnikPortal/eli/rep/sgrs/skupstina/zakon/2022/14/4/reg</a>.

<sup>23</sup> The Article 17 of the Law on Financing Political Activities stipulates that the number of votes of a political entity is taken as basis for allocation of funds and it is calculated by multiplying the number of votes up to 3% of valid cast votes of all voters with a quotient of 1.5, and the number of votes over 3% of valid cast votes of all voters with a coefficient of 1. Source: The Law on Financing Political Activities, "Official Gazette of the Republic of Serbia", Article 17, available at: <a href="https://www.pravno-informacioni-sistem.rs/SIGlasnikPortal/eli/rep/sgrs/skupstina/zakon/2022/14/4/reg.">https://www.pravno-informacioni-sistem.rs/SIGlasnikPortal/eli/rep/sgrs/skupstina/zakon/2022/14/4/reg.</a>

<sup>24</sup> The Law on Financing Political Activities, "Official Gazette of the Republic of Serbia", Article 21, available at: <a href="https://www.pravno-informacioni-sistem.rs/slGlasnikPortal/eli/rep/sgrs/skupstina/zakon/2022/14/4/reg">https://www.pravno-informacioni-sistem.rs/slGlasnikPortal/eli/rep/sgrs/skupstina/zakon/2022/14/4/reg</a>

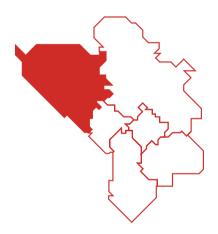
<sup>25</sup> Agency for Prevention of Corruption website, Law on the Financing of Political Activities, Available at: <a href="https://www.acas.rs/storage/page\_files/Zakon%200%20\_finansiranju%20političkih%20aktivnosti.pdf">https://www.acas.rs/storage/page\_files/Zakon%200%20\_finansiranju%20političkih%20aktivnosti.pdf</a>.

#### 3.2 Campaign Finance Regulations:



#### **ALBANIA**

Albania's political financing landscape is governed by the Electoral Code and the Law on Political Parties. The Electoral Code introduces stringent provisions for donation registration, with explicit restrictions on contributions from media enterprises, businesses that have been awarded government contracts in the last three years of at least 10 million ALL (approx. € 87,000), have been partners through publicly-funded projects, or that are indebted to public institutions and the state budget. There are no legal provisions for reporting on online campaigning specifically. It is reported as any other expenses of the electoral campaign.



#### **BOSNIA AND HERZEGOVINA**

Bosnia and Herzegovina relies on the Law on Party Financing and Election Law to regulate campaign financing. While sanctions for early campaigning are in place, challenges arise from the lack of specificity regarding the form, detail, and deadlines for publishing financial information.

The law provides that the CEC has to enable public access to all financial reports of political parties and take appropriate actions to ensure that all citizens have easy access to information contained in the reports.

The laws  $^{27}$  set spending limits and determine the allowable sources of funding  $^{28}$ , allowed amounts and ceilings for the funding from private sources $^{29}$ , obligation to report donations and do financial reporting, audit and control of financial statements, sanctions and other issues.  $^{30}$ 

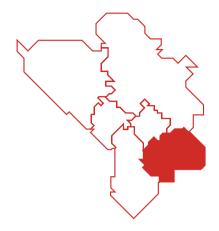
<sup>26</sup> Article 92/1 (3) of the Electoral Code of Albania.

<sup>27</sup> Election Law BiH, Article 15.10

<sup>28</sup> Law on Political Party Financing, Article 8, Official Gazette of BiH No: 95/12 and 41/16

<sup>29</sup> Ibid, Article 6

<sup>30</sup> Ibid, Article 19



#### NORTH MACEDONIA

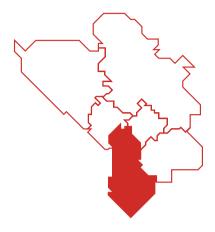
North Macedonia requires separate accounts for electoral campaigns, which is perceived to be a better practice for transparent reporting. While online campaigning on registered news portals is regulated, social media campaigning lacks explicit provisions, leaving room for potential regulatory developments. Parties need to submit reports for the expenditures during the electoral campaigns to the SEC, SAO, SCPC and to the Assembly in a period of 30 days after the closing of the account used for the elections, and for the local elections also to the Municipal Council and the Council of the City of Skopje. The financial reports have to be published by the SEC, but also the SAO and SCPC on their websites, however there is no legal deadline for this.



#### **SERBIA**

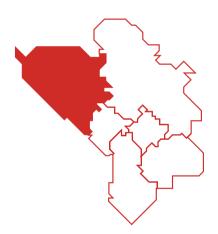
In Serbia, public funds are allocated proportionally to votes, creating an advantageous position for parties with sitting representatives. The Ministry of Finance and the APC oversee the financing process, ensuring detailed reporting on donations and expenditures, with prompt disclosure of significant donations exceeding one monthly average salary.

#### 3.3 Reporting Requirements and Transparency Measures:



#### **ALBANIA**

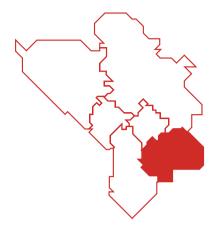
Albania's reporting requirements demand annual financial reports by March 31 to qualify for public funding. The law also requires from political entities to submit campaign financial report to the CEC/Albania within 60 days from the announcement of the election results. The CEC is required to deploy monitors who are supposed to oversee the campaign expenditures of political parties to compare the reported expenditures with the actual ones on the ground and may impose sanctions if political parties violate the provisions on campaign financing.



#### **BOSNIA AND HERZEGOVINA**

Bosnia and Herzegovina requires pre- and post-election financial reports, with sanctions for early campaigning violations. However, challenges emerge from the limited authority of the CEC in auditing campaign expenditures and the absence of defined guidelines for publishing financial information. The Election Law prescribes a general obligation for parties to report the number of bank account which will be used for financing election campaign.<sup>31</sup>

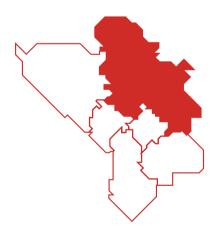
<sup>31</sup> Election law BiH, Article 4, paragraph 1



#### NORTH MACEDONIA

In North Macedonia, political parties submit reports on private donations and annual financial statements to various authorities, with publication on their websites. The report has to be submitted to the State Audit Office (SAO) and the Public Revenue Office (PRO). The SAO and PRO are obliged to publish the received reports on their websites. <sup>32</sup> Also, political parties have to publish the annual financial statement on their websites containing both public and private funds. <sup>33</sup>

Online campaigning on registered online news portal is regulated by the Electoral Code, however, there are no provisions regulating campaigning on social media. Registered online news portal have to present the candidates in a balanced and transparent manner. The prices for advertisement are defined in advance and are submitted by the media to the SEC, SAO and SCPC.<sup>34</sup> Consequently, political parties are not required to declare resources spent on social media campaigning and related activities. The lack of specific provisions for reporting on online campaigning leaves room for future regulatory developments.



#### **SERBIA**

Serbia requires detailed annual financial reports from political entities, submitted to the APC by April 30 of each year. The reports encompass a comprehensive overview of donations and expenditures, with prompt disclosure of significant contributions exceeding one monthly average salary.

<sup>32</sup> Law on financing of political parties, "Official Gazette of the Republic of Macedonia", number 76/2004, 86/2008, 161/2008, 96/2009, 148/11, 142/12, 23/13, 140/18 and 294/20, Article 27

<sup>33</sup> Ibid, Article 27-a

 $<sup>34\</sup> Electoral\ code, Consolidated\ version: \\ \frac{https://drive.google.com/file/d/1Sa9L6emhxwl2VaV\ 8d7oK3hJ6r1usnuY/view}{8d7oK3hJ6r1usnuY/view}, Section\ VI, Part\ 2.\ Media\ representation\ Part\ 2.\ Media\ 2.\ Media\ Representation\ Part\ 2.\ Media\ Representation\ 2.\$ 

