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Third Evaluation Round

Evaluation Report on Azerbaijan Transparency of Party Funding

(Theme II)

Adopted by GRECO
at its 48th Plenary Meeting
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I. INTRODUCTION

1. Azerbaijan joined GRECO on 1 June 2004, i.e. after the close of the First Evaluation Round. Consequently, Azerbaijan was submitted to a joint evaluation procedure covering the themes of the First and Second Evaluation Rounds. The relevant Joint First and Second Round Evaluation Report (Greco Eval I/II Rep (2005) 5E) in respect of Azerbaijan was adopted at its 29th Plenary Meeting (23 June 2006) available on GRECO's homepage (<http://www.coe.int/greco>).
2. GRECO's current Third Evaluation Round (launched on 1 January 2007) deals with the following themes:
 - **Theme I – Incriminations:** Articles 1a and 1b, 2-12, 15-17, 19 paragraph 1 of the Criminal Law Convention on Corruption¹, Articles 1-6 of its Additional Protocol² (ETS 191) and Guiding Principle 2 (criminalisation of corruption).
 - **Theme II – Transparency of party funding:** Articles 8, 11, 12, 13b, 14 and 16 of Recommendation Rec(2003)4 on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns, and - more generally - Guiding Principle 15 (financing of political parties and election campaigns).
3. The GRECO Evaluation Team (hereafter referred to as the "GET") carried out an on-site visit to Azerbaijan from 26 to 30 April 2010. The GET for Theme II (28-30 April) was composed of Mr Ömer Faruk GENCKAYA, Professor, Researcher, Department of Political Science, Marmara University (Turkey), Mr Karel KOUBA, Vice-Dean for International Affairs, University of Hradec Kralové (Czech Republic) and Ms Ülle MADISE, Legal adviser to the President, President's Office, and Professor of public law at the Tallinn University of Technology (Estonia). The GET was supported by Mr Michael JANSSEN from GRECO's Secretariat. Prior to the visit, the GET experts were provided with replies to the Evaluation questionnaire (document Greco Eval III (2010) 2E, Theme II).
4. The GET met with officials from the following governmental organisations: Ministry of Justice, Central Election Commission, representatives of parliamentary committees and of the Commission on Combating Corruption, Ministry of Taxes, General Prosecutor's Office and Baku Court of Appeal. In addition, the GET met with representatives of the following political parties: Citizen Unity Party, Communist Party, Great Salvation Party, Motherland Party, Musavat Party, New Azerbaijan Party and United Azerbaijan National Front Party. Moreover, the GET met with representatives of non-governmental organisations (Anti-Corruption Network of NGO's, Center for Social and Economic Development, Fund of Struggle against corruption, League on Protection of Citizens Rights and Transparency International), Baku State University and the media.
5. The present report on Theme II of GRECO's Third Evaluation Round on Transparency of party funding was prepared on the basis of the replies to the questionnaire and the information provided during the on-site visit. The main objective of the report is to evaluate the effectiveness of measures adopted by the authorities of Azerbaijan in order to comply with the requirements deriving from the provisions indicated in paragraph 2. The report contains a description of the

¹ Azerbaijan ratified the Criminal Law Convention on Corruption (ETS 173) on 11 February 2004. The Convention entered into force in respect of Azerbaijan on 1 June 2004. Azerbaijan has made reservations to Articles 5, 6, 10 and 12 of the Convention.

² The country has not signed the Additional Protocol to the Criminal Law Convention (ETS 191).

situation, followed by a critical analysis. The conclusions include a list of recommendations adopted by GRECO and addressed to Azerbaijan in order to improve its level of compliance with the provisions under consideration.

6. The report on Theme I – Incriminations, is set out in Greco Eval III Rep (2010) 2E, Theme I.

II. TRANSPARENCY OF PARTY FUNDING – GENERAL PART

Legal framework

7. In Azerbaijan, political parties are governed by the Law on Political Parties (hereafter: LPP) of 3 June 1992. The LPP includes provisions on general financing of political parties, whereas specific rules on the financing of campaigns for parliamentary, presidential and local elections and for referenda by political parties, election candidates and referendum campaign groups are laid down in the Election Code (hereafter: EC) of 27 May 2003. The most recent amendments to the EC concerning the rules on election campaign financing were made by the Law No. 1035-IIIQ “On amendments to the Election Code of the Republic of Azerbaijan” – which was adopted on 22 June 2010 and entered into force on 18 July 2010. This law included, in particular, a reduction of the pre-election campaign period – during which certain specific regulations apply, including the distribution of air time to parties and candidates – from 28 to 23 days as well as the abolishment of State aid for the funding of election campaigns.

Definition of political parties

8. Political parties are defined by section 3 LPP as “associations of citizens of the Republic of Azerbaijan pursuing common political ideas and aims, and participating in the political life of the country.”
9. Functions and aims of political parties must be compatible with the Constitution and laws of Azerbaijan and they are to take an active part in the formation of the political will of the citizens of the country. They are to be established and to function on the basis of the principles of freedom of association, voluntariness, equality of rights of their members, self-government, legality and publicity.³
10. Pursuant to section 14 LPP, political parties acquire legal personality upon State registration at the relevant executive body i.e. the Ministry of Justice. The LPP does not provide any uniform model for party organisation. The authorities indicated to the GET that the structure of political parties is regulated by their statutes. Affiliated organisations such as youth and women’s branches do not have separate legal identity as they are organised within the party structure.

Founding and registration of political parties

11. In accordance with article 58 of the Constitution, everyone has the right to establish any union, including a political party, or to enter existing organisations. The unrestricted activity of all unions is ensured. Section 8 LPP states that members of political parties may only be citizens of Azerbaijan who have reached the age of 18, who join the party voluntarily, accept its charter and programme and possess legal capacity. During their terms of office, presidents, vice-presidents and judges of the courts, the Human Rights Commissioner (Ombudsman), servicemen, staff of the organs of public prosecution, justice, internal affairs, national security, frontier guards,

³ See section 3 LPP.

customs, finance, taxes, State-owned press (except for the technical and service staff of these organs), the leadership and creative staff of the State TV and Radio Broadcasting Company of the Republic of Azerbaijan, members of the Board of Directors of the National Bank and religious figures may not be members of political parties.

12. Section 4 LPP stipulates that in order to found a political party, its initiators are to convene a constituent congress or general meeting, adopt a charter and set up the leading bodies. The charter has to indicate, *inter alia*, the name, aims and functions of the party, its structure, its sources of funds and other property.⁴ The establishment and functioning of political parties “which purpose or method of operation is to overthrow or change forcibly the constitutional order of Azerbaijan or to violate its territorial integrity, to advocate for war, violence and brutality, to instigate racial, national and religious hatred, to perpetrate other acts contradictory to the constitutional order of Azerbaijan and incompatible with its international legal obligations” are prohibited.⁵ Furthermore, the establishment and functioning of political parties of foreign States as well as their branches and subsidiaries in the territory of Azerbaijan are not allowed.
13. Political parties must be registered at the Ministry of Justice, which requires membership of at least 1,000 citizens of Azerbaijan. An application for State registration must contain the signatures of the members of its leading bodies (to be complemented by an indication of the places of residence of each of them, within one month of the date of adoption of the charter) and the charter, minutes of the constituent congress that adopted the charter and a document attesting the number of party members must be appended. Any amendments to the charter must be registered.⁶
14. State registration of a party is refused if its charter is inconsistent with the provisions of sections 3 to 5 LPP, if its founding documents are not in compliance with the legislation or if a party has previously been registered under the same name. In such cases, a reasoned written refusal is submitted to the applicants who may lodge an appeal with a court within ten days.
15. The Ministry of Justice is entitled to have access to the decisions of the leading bodies of a registered party and to seek explanations with regard to issues related to the observance of the party charter.
16. In February 2010, there were 54 parties entered in the Register of Political Parties. The authorities indicated that according to the Law on Access to Information citizens can obtain information on the content of the register by applying to the Ministry of Justice.

Participation in elections

17. In accordance with article 7 of the 1995 Constitution, Azerbaijan is a “democratic, legal, secular, unitary republic”. The head of State is the *President*, who represents the State in the country and in foreign relations and is the Commander-in-Chief of the armed forces of the country. He is elected for a term of five years by popular vote, requiring more than half of the total number of votes. Following constitutional amendments of 2009, the President can be re-elected without any restrictions. Under the Constitution (32 provisions of article 109) the Head of State has a broad

⁴ See the complete list in section 6 LPP.

⁵ See also article 58 of the Constitution, according to which activities of organisations aimed at the forcible overthrowing of legal State power on the territory of Azerbaijan are prohibited and activities of organisations which violate the Constitution and laws of Azerbaijan may be stopped by court decision.

⁶ See section 14 LPP.

range of powers. The President is also the head of the executive power, he appoints and dismisses the Prime Minister – with the consent of Parliament – as well as all cabinet-level government administrators (i.e. ministers and heads of other central executive bodies). The unicameral national *Parliament* (the *Milli Majlis*) is composed of 125 members, elected for a five year term through majority voting in single-seat constituencies, through general, equal and direct elections by way of free, individual and secret voting.⁷ Local self-government is carried out by *municipalities*,⁸ whose members are elected by relative majority in multi-mandate constituencies.

18. The *Nakhchivan Autonomous Republic* is a constituent part of Azerbaijan disposing of its own elected Parliament – the Supreme Council, composed of 45 MPs – as well as a Cabinet of Ministers exercising executive power. Elections to Parliament are regulated by the Constitution of the Nakhchivan Autonomous Republic and the Law “On Elections to the Supreme Council of the Nakhchivan Autonomous Republic” of 9 July 2005. The authorities have indicated that this law applies the same principles as the EC – including in the area of election campaign financing, which is applicable to parliamentary, presidential and local elections.
19. The main rules for the organisation and conduct of presidential, parliamentary and local elections as well as nationwide referenda in Azerbaijan are determined by the EC. *Political parties* can nominate candidates for election by providing to the relevant election commission the names of candidates as well as a copy of the certificate of registration of the political party (certified by a notary), a copy of the charter of the political party (certified by a notary), the decision of the congress, conference or meeting of the board to nominate candidates and the minutes of the relevant meeting and the powers of attorney of the authorised representatives of the party (certified in an order established by the Civil Code).⁹ Similar rules apply to “*blocs*” of *political parties* which may be formed by two or more parties that participate jointly in elections and have the same right as political parties during elections.¹⁰ Moreover, candidates for election may be nominated through self-nomination or by voters upon notification to the relevant election commission indicating their forename, surname, patronymic, birth date, address of residence, serial and batch identification number or substitute document and their main workplace or official position (type of activity if not working).¹¹ The nomination of candidates can be refused only in cases of insufficient information/documentation or if rules of the EC for the nomination of candidates have been violated. Finally, the EC recognises *referendum campaign groups* as organisations established by the citizens of Azerbaijan with the purpose of conducting a campaign for or against the issues to be addressed through a referendum.¹² Such groups may be registered with the relevant election commission upon written notification by the initiators, on the condition that they number at least 500 citizens.
20. In the case of parliamentary elections, self-nominated candidates and candidates nominated by voters have to present at least 450 voters’ signatures in support of their nomination.¹³ Candidates for President may be nominated by political parties, blocs of political parties and citizens (initiative groups of at least 100 citizens) and they require the support of at least 40,000 signatures.¹⁴ In the case of local elections, political parties, blocs of political parties and citizens may nominate

⁷ Article 83 of the Constitution.

⁸ Article 142 of the Constitution.

⁹ See section 54 EC.

¹⁰ See the definition in section 11.22 EC and the regulations in sections 50 to 52 EC.

¹¹ See section 53 EC.

¹² See sections 61 to 68 EC.

¹³ Section 147 EC.

¹⁴ See sections 180 and 181 EC.

candidates for municipality membership. The number of signatures required depends on the number of people living in the constituency concerned.¹⁵

21. The *election (referendum) campaign period* starts on the day of announcement of the decision of an authorised State body to hold an election (referendum) and ends with the publication of the election (referendum) results.¹⁶ Some specific regulations of the EC – including the rules on distribution of air time to parties and candidates – apply to the “*pre-election (pre-referendum) campaign period*” which starts 23 days prior to election day and ends 24 hours prior to election day.¹⁷ Any form of campaigning on election day and the preceding day is prohibited.
22. All citizens of Azerbaijan over 18 years of age have the right to vote in elections and referenda, to participate in election and referendum campaigns and to participate in activities regarding election operations and preparation for a referendum (*active suffrage*), except for persons recognised incapable by court decision. The same rules apply to stateless persons permanently residing in Azerbaijan for at least five years. Furthermore, citizens of foreign countries have the right to vote in municipal elections if they fulfil the above-mentioned conditions and have been residing within the territory of the relevant municipality for at least five years, provided the same right is recognised for foreigners in their native countries.¹⁸
23. All citizens possessing active suffrage who meet the relevant candidacy requirements of the Constitution also have the right to initiate a referendum campaign group and to be elected as President, MP or member of a municipality, given they meet the candidacy requirements of the Constitution for these offices (*passive suffrage*), except for persons sentenced by final court decision to institutional confinement, persons sentenced for the crimes indicated in sections 15.4 and 15.5 of the Criminal Code (“serious crimes” and “especially serious crimes”), citizens of Azerbaijan with dual citizenship and citizens of Azerbaijan who have liabilities before foreign States. Under the Constitution, candidates for Parliament must be at least 25 years of age and candidates for President are required to be no younger than 35, to have been permanently resident on the territory of Azerbaijan for longer than 10 years, without previous conviction, have no liabilities before other States and to have a university degree.¹⁹
24. The organisation and monitoring of the electoral process is carried out by the *Central Election (Referendum) Commission* (hereafter: CEC). The CEC is assisted by constituency and precinct election (referendum) commissions whose activities are supervised and coordinated by the CEC. The election commissions are permanent State bodies.²⁰

Party representation in Parliament

25. Following the last general election on 6 November 2005, the distribution of parliamentary seats was as follows:

¹⁵ See sections 214 and 215 EC.

¹⁶ Section 1.1.23 EC.

¹⁷ See sections 1.1.12/13 and 75 EC. – The pre-election campaign period was reduced from 28 to 23 days by the legal amendments of 22 June 2010.

¹⁸ Article 56 of the Constitution, sections 12.1 and 14 EC.

¹⁹ Articles 56, 85 and 100 of the Constitution, section 13 EC.

²⁰ Section 18 EC. – See more details in paragraphs 63 to 69 below.

Party	Number of seats
New Azerbaijan Party (Yeni Azərbaycan Partiyası)	56
Independent MPs	40
Musavat Party (Müsavat Partiyası)	5
Azerbaijan National Front Party (Azərbaycan Xalq Cəbhəsi Partiyası)	1
Motherland Party (Ana Vətən Partiyası)	2
Citizens Solidarity Party (Vətəndaş Həmrəyliyi Partiyası)	2
Azerbaijan Hope Party (Azərbaycan Ümid Partiyası)	1
Azerbaijan Social Welfare Party (Azərbaycan Sosial Rifah Partiyası)	1
Azerbaijan Democratic Reforms Party	1
United Azerbaijan National Front Party	1
Great Salvation Party	1
Citizen Unity Party	1
Azerbaijan Liberal Party	1

Altogether, 46 parties and 995 independent candidates participated in the election.

Overview of the political funding system

Legal framework

26. Permitted and prohibited sources for the financing of political parties in general are regulated in sections 17 to 20 LPP. Section 17, paragraph 1 LPP sets forth the principle that activities of political parties are to be financed at the expense of the parties, without allocation of funds from the State budget, except for the financing of election campaigns in accordance with the EC.²¹ The funding of election and referendum campaigns of candidates, registered candidates, political parties or blocs of political parties and referendum campaign groups (hereafter: parties, candidates and referendum campaign groups) is specifically regulated by the EC. Section 90 EC stipulates that *election and referendum funds* have to be established in order to finance the activities of candidates, parties which nominate candidates or have registered candidates and referendum campaign groups. Parties, candidates and referendum campaign groups may issue orders on how their election and referendum funds are to be used, but only for the purposes of financing organisational-technical actions and paying persons for collecting voters' signatures, paying election/referendum campaign expenses as well as information and consulting services, and paying for other expenses related to work performed directly by legal entities and citizens during the election/referendum campaign. They are prohibited from using funds other than the election/referendum funds for election/referendum campaign activities and collecting signatures. Election/referendum funds must be held in a special election/referendum account opened in a bank determined by the CEC, at least 24 hours prior to the collection of the voters' signatures necessary for the registration of a candidate. Parties, candidates and referendum campaign groups may open only one special account. All financial transactions of parties, candidates and referendum campaign groups are to be stopped within three days after the day of the vote.
27. The financing of entities related, directly or indirectly, to political parties or otherwise under their control, as well as of organisations affiliated with political parties, is not specifically regulated by any of the above-mentioned laws – apart from the rule that parties may receive payments from their local organisations.²² The authorities indicated to the GET that political parties may have affiliated organisations and entities such as youth and women's branches. They are financed by

²¹ However, the possibility to grant State aid for the financing of election campaigns was abolished by amendments to the EC of 22 June 2010.

²² See section 18, paragraph 2 LPP.

the parties and cannot generate revenue or earnings independently from them. The authorities stated, furthermore, that the legislation does not refer to organisations – such as foundations and unions – related to political parties.

Direct public funding

28. The legal framework of Azerbaijan does not foresee the provision of State aid for financing the general activities of political parties. By contrast, until recently the EC provided the possibility of State aid for the funding of election campaigns of candidates who have established an election fund,²³ without directly regulating such aid. The law made it clear, however, that a person who had debts with the election commission on the date of official publication of the decision to hold elections was excluded from State aid.²⁴ Furthermore, it stated that State aid for election funds of election candidates was to be equally distributed by the CEC and transferred to the relevant accounts within three days.²⁵ After the visit, the GET was informed that on 22 June 2010 Parliament had adopted amendments to the EC – in force since 18 July 2010 – according to which State aid for the funding of election campaigns was abolished.
29. The authorities indicated that in practice, in the year preceding elections, the State budget envisaged funds for the conduct of elections which also included State aid to election candidates. They stated that for the 2003 presidential elections the State budget envisaged 96,000 Manat/AZN (approximately 86,400 EUR)²⁶ for this purpose. This amount was divided among 8 candidates and each candidate was allocated 12,000 AZN/approximately 10,800 EUR. In the 2008 presidential elections, State aid of 201,600 AZN/approximately 181,140 EUR, divided among 7 candidates (28,800 AZN/approximately 25,880 EUR per candidate), was granted. In the 2005 general elections to Parliament, State aid amounted to 410,400 AZN/approximately 368,750 EUR, divided among 2052 candidates (200 AZN/approximately 180 EUR per candidate), and in the 2006 partial elections to Parliament candidates received the same amount. By contrast, the State budget for 2009 did not provide any State aid to candidates for the municipal elections.

Indirect public funding

30. Firstly, political parties benefit from tax benefits as they are non-commercial organisations and therefore exempt from profit taxes on grants, membership fees and donations received.²⁷
31. Secondly, the EC foresees several types of benefits for parties, candidates and referendum campaign groups in relation to their election/referendum campaigns.
 - Public television and radio companies which broadcast across at least half of the territory of Azerbaijan have to grant free air time to the pre-election/pre-referendum campaigns of presidential candidates, parties with candidates registered in more than 60 single-mandate constituencies or in more than half of all municipalities and referendum campaign groups with 40,000 or more members. In addition, the companies which broadcast across less than half of the territory of Azerbaijan have to grant free air time to candidates registered in single-mandate constituencies, parties with candidates registered in more than 1/3 of all

²³ See section 156.2.3 EC for parliamentary elections, section 191.2.2 EC for presidential elections and section 225.5.2 EC for local elections.

²⁴ Section 164.8 EC.

²⁵ Section 69.9 EC.

²⁶ Exchange rate from AZN to EUR on 1 February 2010.

²⁷ See section 106.1.2 of the Tax Code.

municipalities and referendum campaign groups with 2,000 or more members. Air time is divided equally. The date and time of broadcasts is determined by a lottery conducted by the relevant election commission in the presence of representatives of the TV and radio companies concerned. Expenses incurred by the television and radio companies in this context are reimbursed from the State budget.²⁸

- Transport expenses are paid to registered candidates from the day of registration until official announcement of the election results.²⁹
- During the election campaign period administrations of State or municipal bodies, institutions or organisations are to release registered candidates from employment, study or service. During that period the relevant election commissions pay them the amount of their average wage – but not more than 20 times the minimum wage determined by legislation – from the budget allocated to the preparation and conduct of elections. Moreover, during the election campaign period, registered candidates may neither be dismissed from their job, service or educational institution by State or municipal bodies, institutions or organisations nor be transferred to another position without their agreement.³⁰

Private funding

General funding of political parties

32. *Permitted* funding sources for political parties are, according to the general rules of the LPP: membership fees; proceeds from property; proceeds from “activities” (such as cultural events), circulation of press outlets and articles and “other similar lucrative activity”; donations; resources received in the form of payment of election campaign expenditures; payments of the local party organisations; and “other proceeds”.³¹ The authorities explained that the concept of “other similar lucrative activity” is to be understood as a revenue generating activity such as, for example, the sale of party symbols and flags. The concept of “other proceeds” is not defined by the LPP.
33. By contrast, financing of the activities of political parties by foreign States as well as by legal and natural persons of foreign States is *prohibited*. Likewise, donations by State entities, by organisations which serve exclusively charitable or religious purposes as described in their charters (founding documents), by trade unions and “mass movements” are forbidden. The concept of “mass movement” is not defined by the LPP. The authorities explained that it is to be understood as an unregistered political movement such as, for example, an ecology movement.
34. Membership fees are not further regulated. The law does not provide any limit or restriction on such fees which may be flat or differentiated.
35. Donations may be granted to political parties by domestic natural and legal persons³² and take the form of cash or non-cash donations. No value thresholds are fixed. Political parties may not receive donations intended to generate an economical or political benefit for the donor.³³ Anonymous donations are not explicitly regulated by the LPP but they are excluded in so far as

²⁸ See sections 77, 80 and 81 EC.

²⁹ See further details in section 70.2 EC, section 150 EC for parliamentary elections, section 184 EC for presidential elections and section 218 EC for local elections.

³⁰ See section 70 EC.

³¹ Section 18, paragraph 2 LPP.

³² Except those mentioned in paragraph 33 above.

³³ Section 19, paragraph 3 LPP.

the financial accounts of political parties must indicate the name (surname) of the donor, his/her address and the amount of the donation.³⁴

36. Political parties may acquire income from property. Parties may own premises, equipment, publishing and printing houses, means of transport, as well as other property necessary to implement the tasks set forth in the charter of the party, and they may use their premises and other property in accordance with contracts on debt or lease concluded with other persons.³⁵ By contrast, parties are not allowed to own land, industrial enterprises, production unions and cooperatives. They may not engage in business or commercial activities, apart from the above-mentioned “activities” (such as cultural events), circulation of press outlets and articles and “other similar lucrative activities” (e.g. sale of party symbols and flags). Furthermore, the possession, stocking or preservation by parties of arms, explosive substances and other materials that constitute a threat to the life and health of citizens (including a threat to the environment) is prohibited.
37. The taking out of loans by political parties is not prohibited or specifically regulated. It was indicated to the GET that the general banking legislation applies.
38. The authorities indicated to the GET that contributions to political parties are not tax deductible, by virtue of section 109.2 of the Tax Code which stipulates that expenses not connected with economic activity may not be deducted.

Funding of election and referendum campaigns

39. The EC contains specific regulations on the financing of election/referendum campaigns of parties, candidates and referendum groups in sections 90 to 95 (general rules), sections 127 to 132 (referenda), sections 155 to 164 (parliamentary elections), sections 190 to 197 (presidential elections) and sections 225 to 233 (local elections). Election/referendum campaign activities of parties, candidates and referendum campaign groups may be financed solely from their election/referendum funds.³⁶ If a party, candidate, referendum campaign group or their authorised financial representatives do not officially agree, it is prohibited to render paid services regarding the elections/referenda, to sell goods or to cover expenses for goods using the election/referendum fund. Legal entities, their branches, representatives and other organisations are prohibited from rendering assistance for free or at a discount regarding the elections/referendum. By contrast, citizens may personally render free, voluntary assistance to a party, candidate or referendum campaign group, without involving a third person.³⁷
40. *Election and referendum funds* may be formed from (“special”) funds of political parties, candidates and referendum campaign groups up to a certain amount depending on the type of election,³⁸ donations by natural and legal persons of Azerbaijan and – until recently – funds transferred by the Central Election Commission and constituency election commissions (State aid).³⁹ The authorities explained that “special funds” are private or personal resources of parties,

³⁴ Section 19, paragraph 4 LPP.

³⁵ Section 20 LPP.

³⁶ See paragraph 26 above.

³⁷ Sections 93.9 and 93.10 EC.

³⁸ See section 128 EC for referenda, section 156 EC for parliamentary elections, section 191 EC for presidential elections and section 225 EC for local elections. – See also paragraphs 45 to 48 below.

³⁹ The possibility to grant State aid for the financing of election campaigns was abolished by amendments to the EC of 22 June 2010.

candidates or referendum campaign groups. Donations to the election/referendum funds must be transferred through the banking system i.e. through post offices, banks and credit organisations.⁴⁰

41. The EC *prohibits* donations and assistance in kind or services provided to election/referendum funds of parties, candidates and referendum campaign groups by the following entities: foreign countries, legal entities or citizens, stateless persons, domestic legal entities of which more than 30% of the charter capital belongs to the aforementioned categories of entities; international organisations and international social movements; State bodies and municipalities, State and municipal organisations and offices, and legal entities of which more than 30% of the charter capital belongs to the State or a municipality; military units; charitable organisations, religious associations, institutions and organisations; citizens under the age of 18.⁴¹ In addition, by virtue of section 2.4 of the Law on “Non governmental organisations (public unions and foundations)”, NGOs can not participate in presidential, parliamentary and municipal elections and can not contribute any financial or other material aid to political parties. Donations received by parties, candidates or referendum campaign groups from the above-mentioned entities must be returned to the donor within 10 days of receipt, deducting the transfer expenses and indicating the reasons for return.⁴²
42. Moreover, donors who do not provide accurate information on the following items (anonymous donors) are excluded from contributing to election/referendum funds:⁴³
 - in the case of a natural person: forename, surname, patronymic; batch, serial number and date of issue of the identification document or substitute document; address; date of birth;
 - in the case of a legal person: taxpayer identification number ; name; date of registration; bank account; amount of shares owned by State or municipalities in their charter capital and amount of foreign shares.

Anonymous donations must be transferred to the State budget by the party, candidate or referendum campaign group within 10 days of receipt.⁴⁴

43. Different *ceilings* for the total amount of donations which may be made by one natural or legal person to the election fund of one political party (or bloc of political parties) or candidate during an election campaign are established for the different types of elections and referenda. For parliamentary and presidential elections, individual citizens can contribute up to 3,000 AZN/approximately 2,700 EUR to an election fund and legal persons up to 50,000 AZN/approximately 45,000 EUR.⁴⁵ For local elections, citizens can contribute up to 500 AZN/approximately 450 EUR to the election fund of a candidate; the ceilings applicable to donations by legal persons depend on the number of people living in the constituency concerned;⁴⁶ moreover, citizens can contribute up to 750 AZN/approximately 675 EUR and legal persons up to 25,000 AZN/approximately 22,500 EUR to the election fund of a political party.⁴⁷ In the case of referenda, citizens can contribute up to 1,000 AZN/approximately 900 EUR and legal

⁴⁰ See section 93 EC.

⁴¹ Section 90.2 EC.

⁴² Section 93.5 EC.

⁴³ Section 90.2.12 EC.

⁴⁴ Section 93.7 EC.

⁴⁵ Sections 156.2.4 and 191.2.3 EC.

⁴⁶ See sections 225.1.4 and 225.1.5 EC.

⁴⁷ Section 225.5.3 EC.

persons up to 10,000 AZN/approximately 9,000 EUR to the referendum fund of a referendum campaign group.⁴⁸

Expenditure

44. According to the general party funding rules of the LPP, political parties may incur expenditure for current activities, activities of their departments and information/public relations, conducting of elections, payments to the local party organisations, loan interest, individual expenditures and “other expenditures”.⁴⁹ The concept of “other expenditures” is not defined by the LPP. The LPP does not impose any quantitative or qualitative restrictions or limits on expenses for routine activities of political parties. By contrast, the EC determines the upper *limits of election and referendum funds* – and therefore of election/referendum campaign expenditure – of parties, candidates and referendum campaign groups, depending on the different types of elections.
45. In the case of *parliamentary elections*, election fund assets may not exceed 500,000 AZN/approximately 450,000 EUR per (independent or party) candidate.⁵⁰ They may be constituted of “special funds” not exceeding 500,000 AZN/approximately 450,000 EUR, donations not exceeding the above-mentioned limits (see paragraph 43), furthermore in the case of candidates nominated by a party, party funds not exceeding 150,000 AZN/approximately 225,000 EUR, and – until recently – State aid. Political parties (and blocs of political parties) which have nominated or registered candidates in more than 60 single-mandate constituencies can create a unified election fund. The maximum limit of the unified election fund assets of a political party is determined by multiplying the amount permitted per candidate by the number of nominated or registered candidates. At the same time, the expenditure incurred from the unified fund for each candidate cannot exceed the general expenditure ceiling for a candidate.
46. During *presidential elections*, a ceiling of 10 million AZN/approximately 9 million EUR is fixed on election funds of candidates.⁵¹ They may be constituted of donations not exceeding the above-mentioned limits (see paragraph 43), “special funds” not exceeding 250,000 AZN/approximately 225,000 EUR and – until recently – State aid. “Special funds for presidential candidates nominated by political parties may be formed from the funds contributed by the parties.
47. In the case of *local elections*, election funds of candidates for municipality membership may be formed from “special funds” of candidates, election funds of political parties (or blocs of political parties) with candidates nominated for municipality, donations not exceeding the above-mentioned limits (see paragraph 43) and – until recently – State aid.⁵² The ceilings applicable to election funds of candidates and to some of their possible sources (“special funds” of candidates, election funds of political parties) depend on the number of people living in the constituency concerned. Election funds of political parties may be created from “special funds” not exceeding 250,000 AZN/approximately 225,000 EUR, donations not exceeding the above-mentioned limits (see paragraph 43) and – until recently – State aid.⁵³
48. Referendum funds of *referendum campaign* groups may be formed from “special funds” not exceeding 5,000 AZN/approximately 4,500 EUR, donations not exceeding the above-mentioned

⁴⁸ Section 128.2.3 EC.

⁴⁹ Section 20, paragraph 3 LPP.

⁵⁰ Section 156 EC.

⁵¹ Section 191 EC.

⁵² See sections 225.1.1 to 225.1.4 EC.

⁵³ Section 225.5 EC.

limits (see paragraph 43) and – until recently – State aid.⁵⁴ The maximum limit for referendum funds depends on the number of members of the referendum campaign group concerned.

III. TRANSPARENCY OF PARTY FUNDING – SPECIFIC PART

(i) Transparency (Articles 11, 12 and 13b of Recommendation Rec(2003)4)

Books and accounts

General funding of political parties

49. Pursuant to section 21 LPP political parties are obliged to draw up accounts reflecting income and expenditures as well as property held. Such financial accounts have to be prepared at the end of each calendar year. They must include the accounts of territorial organisations and also indicate the number of party members paying membership fees. Moreover, the law makes it clear that financial accounts must include the amount of donations, as well as the names (surnames) of the donors, their addresses and the amounts of the individual donations.⁵⁵ The authorities indicated that in addition to the provisions of the LPP, the general accounting rules contained in the Law No. 716-IIQ “On Accounting” of 29 June 2004 also apply to the financial records of political parties.

Funding of election and referendum campaigns

50. In accordance with section 94 EC, parties, candidates and referendum campaign groups are obliged to register the collection and expenditure of their election/referendum funds. They have to submit their financial reports to the relevant election commission in the following order:
- an initial financial report is to be submitted together with the required documents for registration with the election commission,⁵⁶ providing financial information for the period of two days prior to the date of the report;
 - a second financial report is to be submitted between 10 to 20 days prior to the day of elections, providing financial information for the period of seven days prior to the date of the report;
 - a final financial report is to be submitted at latest 10 days after official publication of the final results of elections (referenda); the initial financial documents on the collection and expenditure of election/referendum funds must be attached to the final financial report.
51. The financial reports are required to disclose the financial sources of the election/referendum funds – i.e. State aid transferred by the election commissions (until recently), donations by citizens and legal persons, (“special”) funds of parties and candidates – and to indicate the amount of resources in the national currency. The precise format and content of the financial reports are determined by the CEC. At least 70 days prior to the day of elections, the CEC defines in agreement with the Central Bank the record keeping pertaining to the opening and use of special bank accounts, the rules for reporting, and the rules for collection and expenditure of election funds. As regards financial reports of referendum campaign groups, the authorities

⁵⁴ Section 128 EC.

⁵⁵ Section 19 LPP.

⁵⁶ I.e. 50 to 30 days before election day, see section 58.1 EC as amended on 22 June 2010 (previously, the relevant period was 65 to 40 days before election day).

referred in addition to the Rules “On entry, expenditure, registration and accounting of the resources from financial funds of the referendum campaign groups” which were adopted by the CEC on 30 December 2008.

52. The duties for financial reporting of parties and referendum campaign groups are to be carried out by their representatives authorised for financial issues, otherwise by other representatives. If a candidate loses his/her status, s/he has to submit a financial report covering the period during which s/he was a candidate.
53. The legislation of Azerbaijan does not impose any specific recording obligation on contributors.

Reporting obligations

54. As regards the general financing of political parties, the authorities pointed to section 18, paragraph 4 LPP according to which the tax authorities supervise the sources of income of political parties, the amount of the gained resources and payment of the taxes as provided for in the tax legislation. However, parties are not obliged to submit their annual accounts to the tax authorities or to any other State body. During the interviews held on site, it was explained to the GET that annual accounts of political parties, which are regulated in section 21 LPP,⁵⁷ are submitted to their executive boards. The tax authorities only receive quarterly income tax declarations of the parties. It was indicated that most parties submit blank forms as they have no taxable income to declare. Only staff salaries and proceeds from property (renting out of premises) are taxable, all the other permitted sources of income listed in section 18 LPP are exempt of tax. Income from commercial activities would be taxable but such activities are prohibited.
55. Concerning the financial reports on election funds, the first and second interim reports of parties and candidates during parliamentary elections are to be submitted to the constituency election commissions and the final reports are to be submitted to the CEC, with copy to the relevant constituency election commission. During presidential elections financial reports of candidates are submitted to the CEC and during municipal elections financial reports are submitted to the constituency election commissions. As concerns the financial reports on referendum funds, interim reports of referendum campaign groups numbering more than 500 and less than 2,000 members are to be submitted to the constituency election commissions in the territory in which the majority of initiators resides. Interim reports of referendum campaign groups numbering at least 2,000 members as well as the final reports of referendum campaign groups are to be submitted to the CEC.
56. As regards the preservation of records, political parties are obliged to keep approved accounting documents for five years (Law No. 716-IIQ “On Accounting” of 29 June 2004). Moreover, under the instructions “On conservation and archiving of election documents in connection with elections in the Republic of Azerbaijan” of 27 May 2006, approved by the CEC, all the financial records on election/referendum funds of parties, candidates and referendum campaign groups and other related documents submitted to the election commissions are to be archived by the relevant election commission for five years.

Publication requirements

57. Under the LPP, political parties are not obliged to publicise their annual financial accounts.

⁵⁷ See paragraph 49 above.

58. The EC contains detailed rules on transparency in the use of election and referendum funds during election (referendum) campaigns:⁵⁸

- the constituency election commissions or the CEC – which is to be informed by the relevant banks on a regular basis about the funds credited and debited from the election/referendum funds – have to submit the information on collecting and expenditure of election/referendum funds to the public media on a regular basis, at least once every two weeks until election day;
- the financial (interim and final) reports on election/referendum funds of parties, candidates and referendum campaign groups are to be published within five days of their receipt by the relevant election commissions, via the public media as indicated in section 77 EC;
- more particularly, in the event of parliamentary elections, the EC requires the disclosure in the mass media of the following information on election candidates:
 - the entire financial statements of expenditure of funds, if the election funds of political parties (and “blocs” of political parties) exceed 10,000 AZN/approximately 9,000 EUR or if the election funds of candidates exceed 2,500 AZN/approximately 2,250 EUR;
 - the legal entities who made donations to the election funds of political parties (or “blocs” of political parties) in amounts exceeding 5,000 AZN/approximately 4,500 EUR or to the election funds of candidates in amounts exceeding 1,250 AZN/approximately 1,125 EUR (in this case, transfers of funds by one entity to one election fund through several instalments of donations are to be taken into account);
 - the number of citizens who made donations to election funds in amounts exceeding 250 AZN/approximately 225 EUR;
 - the funds returned to the donors and the grounds of their return; and
 - the total amount received in and spent from an election fund.

Similar rules apply to information on unified election funds and to information on election/referendum funds to be published in the event of presidential and local elections and referenda.

59. The authorities indicated that the disclosure of the above-mentioned financial information is the responsibility of the election commissions and the public media. The constituency election commissions and the CEC are to submit financial information to the public media, which are obliged to publish them.

Access to accounting records

60. As regards the general financing of political parties, the authorities point to section 18, paragraph 4 LPP according to which the tax authorities supervise the sources of income of political parties, the amount of the gained resources and payment of the taxes as provided for in the tax legislation. However, the tax authorities do not receive the annual accounts of political parties, only their tax declarations, and they have access only to documents concerning the tax collection. Tax authorities may conduct research and inquiries at the headquarters and local organisations of political parties only if there are sufficient elements indicating a violation of tax legislation.

⁵⁸ See section 95 EC, as complemented by the specific regulations for campaigns during referenda (section 130 EC), parliamentary elections (section 159 EC), presidential elections (section 192 EC) and local elections (section 228 EC).

61. Concerning election and referendum campaign financing, the supervisory and audit services of election commissions may obtain (from the parties, candidates, referendum campaign groups and election commissions) information on all pertinent issues for the carrying out of their duties.⁵⁹ Election commissions may request all the documents necessary for the conduct of their inquiries but they may not conduct research and inquiries at the headquarters and local organisations of the parties.

(ii) **Supervision (Article 14 of Recommendation Rec(2003)4)**

Auditing

62. Neither the LPP nor the EC require political parties or election candidates to ensure that professional financial auditing of their accounts and financial reports is performed.

Monitoring

63. As regards the general financing of political parties, section 18, paragraph 4 LPP states that the tax authorities are to supervise the sources of income of political parties, the amount of the gained resources and payment of the taxes as provided for in the tax legislation. The authorities explained, however, that the Ministry of Taxes is responsible for supervising the finances of political parties only in so far as their activities are covered by the Tax Code, e.g. regarding the collection of taxes such as property taxes and taxes on salaries. The financial accounts of political parties referred to in section 21 LPP are not submitted to the Ministry of Taxes or any other State body.
64. As regards election and referendum campaign financing, supervision is entrusted to the Central Election Commission (CEC) and to the constituency election commissions whose activities are supervised and coordinated by the CEC. The election commissions are permanent State bodies with terms of authority of five years.⁶⁰ Expenditure incurred for the activities of election commissions during their term of office are paid from the State budget. Funds allocated for the organisation of their activities are to be used by the election commissions independently, without the intervention of any other State authority.⁶¹
65. The CEC consists of 18 members elected by Parliament for a five year term.⁶² The political party whose deputies constitute the majority in Parliament, the parties whose deputies constitute the minority in Parliament and the independent deputies (in principle, the latter nominate independent lawyers not in State service to represent them in the CEC) each nominate six members. Membership terminates under a number of circumstances defined in sections 22.3 and 22.4 EC, such as cases of incompatibility (e.g. membership in a political party, candidacy for the office of President, MP or member of a municipality, membership in or status as official of a State body or a municipality) or non-fulfilment of duties on a regular basis or violation of election legislation requirements (upon court decision). Members of the CEC enjoy immunity. They cannot to be detained, arrested or subject to criminal liability or administrative penalties as may be determined in a court procedure without the consent of the General Public Prosecutor and they may be

⁵⁹ See section 97.5 EC.

⁶⁰ Section 23.1 EC.

⁶¹ See sections 89 and 96 EC.

⁶² Section 24 EC.

- arrested only if caught in the act of committing a crime.⁶³ The CEC is responsible for the preparation and holding of parliamentary, presidential and local elections and referenda. Its wide range of tasks is specified in sections 25 and 26 EC, including the duty to supervise the activity of constituency and precinct election commissions; to supervise the funding of election and referendum campaigns; and more particularly, in the case of parliamentary and presidential elections and referenda, to ensure the distribution among parties, candidates and referendum campaign groups of air time allocated to election/referendum campaigning and to ensure the supervision of the spending of election/referendum funds.
66. *Constituency election commissions* consist of nine members each of which are nominated in accordance with the same principles as the members of the CEC.⁶⁴ Their tasks are determined in sections 31 and 32 EC, including the duty to supervise observation of citizens' suffrage within the election constituency; and more particularly, to ensure the supervision of the spending of election/referendum funds of parties and candidates/referendum campaign groups within the territory of election/referendum constituencies in the case of referenda, parliamentary elections (on the basis of financial interim reports) and local elections. Members of constituency and precinct election commissions enjoy immunity.⁶⁵
67. The election commissions within their responsibilities form *supervisory and audit services* to ensure the control of expenditure of funding allocated to election commissions for election/referendum purposes, correct registration and use of election/referendum funds and sources of funding.⁶⁶ The services are composed of a head and of election commission members appointed to that service by the CEC⁶⁷ as well as experts from the government, the National Bank and other organisations and institutions. The services do not have a separate secretariat but they benefit from organisational, legal and logistical support from the relevant election commissions. Statutes on supervisory and audit services – which are approved by the CEC at least 65 days prior to election day – do not determine the exact number of staff. The services are formed every five years by the CEC and the number is determined according to the needs.
68. The supervisory and audit services have the right, *inter alia*, to control the receipt of funding to the election/referendum funds of parties, candidates and referendum campaign groups; the registration of these funds; expenditure incurred, as well as expenditure of funds allocated to subordinate election commissions. For these purposes the supervisory and audit services audit the financial reports of parties, candidates and referendum campaign groups; obtain information on all issues within their powers from these entities, from election commissions and from the executive authorities, municipalities, organisations and citizens (requests for services have to be answered within ten days, or immediately if made five days prior to or on voting day); prepare documents on financial violations that occur in the financing of elections/referenda; initiate liability procedures before the relevant election commission related to violations that occur in the finance of elections/referenda by physical and legal entities, parties, candidates and referendum campaign groups; and involve experts in conducting investigations and preparing expert considerations.
69. The authorities indicated that *financial control* of election campaigns starts with the receipt of initial financial reports by the relevant election commissions. The supervision is based on the

⁶³ Section 27.2 EC.

⁶⁴ Section 30 EC. – See also section 33 concerning, *inter alia*, immunity of commission members.

⁶⁵ See sections 33.2 and 28.2 EC.

⁶⁶ See section 97 EC.

⁶⁷ According to the Statute "On supervisory and audit services in Constituency Election Commissions".

provisions of the EC and of applicable accounting legislation, furthermore on several instructions which were adopted in this area by the CEC, together with forms on the rules of establishing financial documents. Election commissions may request all the documents necessary for the conduct of their inquiries but they may not conduct research and inquiries at the headquarters and local organisations of the parties. In addition, they may request all the relevant information from other State bodies such as the tax and finance authorities in order to check the accuracy of data contained in the financial reports.⁶⁸

70. If an election commission detects elements of criminal acts relating to campaign financing, it has to submit the relevant documents to the prosecution office. Investigations can be triggered either by facts detected during the supervision by the election commissions or by complaints from citizens.⁶⁹ If elements of administrative violations are detected, the election commission concerned has to file a complaint directly to the courts for the imposition of administrative sanctions.⁷⁰
71. At the time of the visit, neither the tax authorities nor the election commissions had detected any infringements of the regulations on transparency of party financing and on the funding of election campaigns as contained in the LPP and the EC.

(iii) Sanctions (Article 16 of Recommendation Rec(2003)4)

72. As regards the general party funding regulations, section 15 LPP stipulates that “violations of the legislation on political parties shall give rise to criminal, administrative, financial or other responsibility as provided for in the legislation of Azerbaijan. In cases where political parties violate the legislation on political parties, they shall bear responsibility as provided for in the legislation of Azerbaijan.” However, the authorities indicated that no criminal or administrative sanctions are applicable in cases of infringements by political parties of financing regulations of the LPP, except for a warning and party liquidation as foreseen by the LPP itself. In accordance with section 15, paragraph 3 LPP in cases where “a political party commits an act that deviates from the aims and tasks determined in its charter or runs counter to the existing legislation, the Ministry of Justice of Azerbaijan may issue a written warning to the leading body of that party.” Pursuant to section 16, paragraph 2 LPP “a political party may be liquidated by a court decision if it re-commits the acts referred to in section 15, paragraph 3 LPP”. The authorities explained that section 15, paragraph 3 LPP covers violations of all the provisions of the LPP, including those relating to party finances. The decision to liquidate a political party is taken by the Court of Appeal upon petition by the Ministry of Justice. During the interviews held on site, it was indicated to the GET that the Ministry of Justice has the right but not the obligation to issue warnings or to submit cases to the Court of Appeal.
73. The EC provides for the following sanctions and measures in case of infringements of regulations on election/referendum campaign funding:

⁶⁸ Section 59 EC. – See also section 95.4 EC, according to which the relevant executive authorities are to submit specified information on legal entities and their founders.

⁶⁹ See section 112 EC.

⁷⁰ Section 116 EC.

a) Section 113.1 EC:

If a party, candidate or referendum campaign group violates the provisions of the EC, the relevant election commission *warns* the party, candidate or campaign group concerned by means of an announcement in the media, thus ensuring that voters are informed.

b) Section 113.2 EC:

The relevant election commission *cancels the registration* of a candidate or referendum campaign group, on the basis of a final criminal or administrative court decision, in cases specified by this section, *inter alia*, in cases where

- parties, candidates nominated for a constituency or referendum campaign groups use other funds for financing their election/referendum campaign which exceed more than 5% of the maximum expenses from election/referendum funds;
- parties, candidates or referendum campaign groups do not submit their initial financial report;
- candidates or parties with registered candidates use illegal donations transferred to their funds.

c) Section 115 EC:

Persons who commit certain acts or omissions specified by this section may be subject to *criminal, civil or administrative liability* in conformity with the Criminal Code, the Civil Code or the Code on Administrative Offences, *inter alia*, in cases of

- violation of the rules of the EC on financing election/referendum campaigns;
- omission to submit or to publish financial reports of parties, candidates or referendum campaign groups.

74. The authorities explain that according to section 1.3 of both the Criminal Code and the Code of Administrative Offences, laws providing for criminal or administrative liability and penalties can be applied only if they are entered into these Codes. The Criminal Code contains several provisions on offences related to election/referendum campaigns – e.g. section 160 which criminalises interfering with and influencing the activities of election commissions – but no specific provisions in the area of party or campaign financing. By contrast, the *Code of Administrative Offences* contains a specific provision in section 46, according to which

- violation of regulations on financing elections (referenda) are punished by a fine of 10 to 20 AZN/approximately 9 to 18 EUR for natural persons, of 40 to 60 AZN/approximately 36 to 54 EUR for officials, and 150 to 250 AZN/approximately 135 to 225 EUR for legal persons; the authorities indicated that this provision applies also to the violation of regulations on financing election campaigns;
- non-submission or non-publication by parties, candidates or referendum campaign groups of reports on expenditure of their election/referendum funds are punished by a fine of 20 to 30 AZN/approximately 18 to 27 EUR.

75. The authorities explained that under the Criminal Code, sanctions may be imposed only on natural persons, whereas the Code of Administrative Offences foresees sanctions for both natural persons (including election candidates) and legal persons (including political parties).

Immunities and time limits

76. Candidates registered for parliamentary, presidential or local elections enjoy immunity.⁷¹ From the day of registration until the day of the official announcement of election results they may not be convicted of a crime, detained or be subject to administrative penalties determined by a court procedure without the permission of the relevant prosecutor. They may be arrested only if caught in the act of a crime. Should the prosecutor or the court grant such a permission, s/he must immediately inform the election commission where the candidate has been registered. However, section 112.7 EC states that the investigation of facts regarding violations of the EC are not considered to constitute a violation of the immunity of candidates for election within the meaning of the Code.
77. The general statutes of limitation provided by the Criminal Code⁷² and the Code of Administrative Offences apply to the above-mentioned offences under the LPP and the EC. Pursuant to section 36 of the Code of Administrative Offences the limitation period for administrative penalties is, in principle and including in the area of political financing, two months from the date the administrative violation is committed.

Statistics

78. Until now, no criminal, administrative or civil sanctions have been imposed for infringements of the regulations on transparency of party financing and of the funding of election campaigns as contained in the LPP and the EC. The authorities only reported several examples of court decisions that cancel the registration of election candidates due to cases of illicit influence exerted on voters (promising money to voters, carrying out prohibited charity activities etc.). They furthermore submitted statistics on the inquiries carried out in the context of appeals to the General Prosecutor's Office during the 2005 parliamentary elections and during the 2009 municipal elections, which were related to offences such as interfering with and influencing the activities of election commissions (section 160 of the Criminal Code) or falsifying election documents (section 161.2 of the Criminal Code).

IV. ANALYSIS

79. Although almost 15 years have passed since political party life started in Azerbaijan, it seems that parties are not established as democratic political entities in society. According to various interlocutors met by the GET, the vast majority of political parties are not active between elections. Party officials and representatives of civil society indicated that no political party except for the ruling party has significant resources. Some parliamentary opposition parties do not even have their own offices and staff. The State does not provide for regular party funding and society cannot sustain political parties. The distribution of seats in Parliament (the *Milli Majlis*) suggests that there is a one party dominant system in Azerbaijan. Not only the existing single-member district plurality (SMDP) voting system but also the organisational and financial weakness of other parties *vis-à-vis* the ruling party led to this characterisation of the Parliament. Many of the 54 registered political parties only exist on paper, 12 of them have seats in Parliament – plus the independent MPs who are the second largest group – and most of them are represented by only one MP. At the time of the visit, the ruling party (*New Azerbaijan Party – Yeni Azərbaycan*

⁷¹ See section 70.4 EC and sections 151 EC (parliamentary elections), 185 EC (presidential elections) and 219 EC (local elections).

⁷² See section 75 of the Criminal Code.

Partiyası) held 56 parliamentary seats and the strongest opposition party (*Musavat Party – Mūsavat Partiyası*), three seats.

80. The financing of political parties and of election campaigns is subject to two different sets of rules. The 1992 Law on Political Parties (hereafter: LPP) includes rather general provisions on regular financing of political parties, whereas specific rules on financing of election campaigns of parties and candidates are set out in the 2003 Election Code (hereafter: EC). The LPP provides that party activities are, in principle, to be financed without allocation of funds from the State budget. However, until recently the EC foresaw the possibility of State aid for the funding of election campaigns of independent or party candidates, without directly regulating such aid. The authorities stated that, for example, in the 2008 presidential elections seven candidates were granted approximately 25,880 EUR each. By contrast, in the 2005 parliamentary elections State aid amounted to only approximately 180 EUR per candidate⁷³ and no public funding at all was granted to candidates for the 2009 municipal elections. According to numerous interlocutors interviewed by the GET, the funding of election campaigns was largely insufficient to ensure effective participation of opposition candidates in elections. In this connection, it was furthermore deplored that party candidates have to be registered in more than 60 single-mandate constituencies or in more than half of all municipalities to be given access to free air time for election campaigning, that no free air time is provided in local media and that candidates who fail to receive 3% of valid votes cast in their constituency have to pay for the air time granted to them during the campaign. It would appear that in practice, the media broadcast images that reflect a single party system and there are few visual signs of lively election campaigning.⁷⁴ The GET was seriously concerned to learn, after the visit, about legislative reforms which are likely to aggravate this situation even more. According to amendments to the EC which were adopted by Parliament on 22 June 2010 and entered into force on 18 July 2010, State aid for the funding of election campaigns was abolished and the pre-election campaign period – during which certain specific regulations apply, including the distribution of air time to parties and candidates – was reduced from 28 to 23 days.
81. Party representatives met during the visit did not provide the GET with detailed information on their finances but they affirmed that party income mainly derives from membership fees and that donations are rare. Some representatives of civil society claimed, however, that contributions to parties are not always properly recorded and reflected in their financial reports and that transparency of political financing is generally low. The GET is concerned that the financial shortages endured by most parties and the political situation in the country might induce them to seek funding from hidden or even prohibited sources. The GET was left with the clear impression that in the current situation access of parties to adequate subsistence resources is the most pressing concern. According to various interlocutors, the imposition of further administrative and financial burdens on political parties, if not accompanied by the provision of adequate funds, might put at risk their functioning and very existence. In this connection, the GET was interested to learn that the introduction of regular State aid to political parties was under discussion but had caused some controversy as regards, *inter alia*, eligibility requirements for such aid. The GET wishes to draw the attention of the authorities to Article 1 of Recommendation Rec(2003)4 of the Committee of Ministers of the Council of Europe on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns (hereafter: the Recommendation), according to which the State should – within reasonable limits – support political parties.

⁷³ Altogether 410,400 AZN/approximately 368,750 EUR were divided among 2052 candidates.

⁷⁴ This conclusion was drawn by the Congress of Local and Regional Authorities of the Council of Europe from the observation of the 2009 local elections, cf. Recommendation 284 (2010), Municipal Elections in Azerbaijan (23 December 2009), adopted by the Congress on 19 March 2010 at its 18th Session.

82. In the context described above, GRECO, a body established under the aegis of the Council of Europe, cannot disregard the concerns already expressed by other bodies of the Council of Europe, *inter alia*, the Parliamentary Assembly⁷⁵ and the Congress of Local and Regional Authorities,⁷⁶ with regard to the overall political situation which is marked by the lack of a truly pluralistic party landscape and of competitive election campaigning. The GET wishes to stress that political financing is a reflection of the party system as well as the structure of the State. Obviously, the development of fully democratic party life cannot be achieved solely by improving the regime of political financing and transparency, but it has to be borne in mind that the Recommendation presupposes a pluralistic multi-party system. Based on the consideration “that political parties are a fundamental element of the democratic systems of States and are an essential tool of expression of the political will of citizens”, the Recommendation establishes a set of rules against corruption in order to strengthen and protect this role, in particular through the transparency provisions under evaluation. These standards are difficult to apply to a country with a dominant-party system, where all other parties appear to be too weak to exercise such an essential role. *In this context, the GET has confined itself to issuing some basic recommendations which appear essential and necessary for the establishment of a coherent system of transparency and which might pave the way for further necessary adjustments and improvements at a later stage.*

Transparency

83. The funding of election campaigns is closely regulated by quite detailed and comprehensive provisions of the EC, which was developed and subsequently amended with international support, *inter alia*, from the Council of Europe’s Venice Commission. Election campaign activities of political parties and candidates can be financed solely from election funds which must be held in special election accounts opened in a bank determined by the Central Election Commission (hereafter: CEC). The EC specifies the permitted and prohibited funding sources, it requires donations to be transferred through the banking system and it lays down donation ceilings as well as upper limits of election funds. Parties and candidates have to submit several financial reports to the relevant election commissions,⁷⁷ the precise format and content of which are determined by the CEC, by way of written instructions and standard forms requiring, *inter alia*, the identification of donors and submission of source documents. Moreover, the election commissions are to be informed by the banks on a regular basis about the funds credited and debited from the election funds and they are obliged to submit the financial information received to the public media on a regular basis, at least once every two weeks until election day. They are also responsible for ensuring the publication of the financial reports of parties and candidates in the media within five days of their receipt in accordance with rules specific to each type of election.
84. In the view of the GET, the transparency regime of the EC is based on a developed legal framework and of a good standard. Although the system of very detailed and specific regulations governing presidential, parliamentary and local elections and referenda appears rather complicated, party officials interviewed did not signal any particular difficulties in their practical application. That said, in the interest of achieving proper transparency in the funding of election

⁷⁵ Resolution 1750 (2010), The functioning of democratic institutions in Azerbaijan, adopted by the Assembly on 24 June 2010 at its 26th Sitting.

⁷⁶ Recommendation 284 (2010), Municipal Elections in Azerbaijan (23 December 2009), adopted by the Congress on 19 March 2010 at its 18th Session.

⁷⁷ I.e. the CEC or constituency election commissions, see paragraph 55 above.

campaigns, the GET is of the firm opinion that the rules regarding the financial reference period applicable to election campaigns need to be revisited so that the financial activity relating to election campaigns is fully accounted for. As explained in the descriptive part of the report,⁷⁸ under current rules, the initial financial report is to be submitted together with the required documents for registration with the election commission 50 to 30 days before election day,⁷⁹ providing financial information for the two day period prior to the date of the report. In other words, financial activities before this period are not covered by the regulations, as was confirmed during the discussions. Parties and (future) candidates are therefore not required to record income received and expenditure incurred before this period, even if they are *de facto* related to their election campaign. For example, donations received by a party before the financial reference period may be transferred into the election fund (as part of its own funds, within certain limits⁸⁰), without being subject to transparency regulations such as, for example, the prohibition on receiving anonymous donations, donations from the State or from foreign persons. Likewise, such financial transactions are in principle not subject to any supervision by the election commissions, as such supervision is based on the financial reports submitted to them. The GET finds the above-mentioned reporting period extremely short and is concerned about the potential risk of circumvention of the transparency provisions. Consequently, the GET recommends **to extend the financial and accounting reference period applicable to election campaigns so that financial reports on election funds reflect more closely the resources and expenditure devoted to these campaigns.**

85. Turning to the regular funding of political parties, covering the parties' day-to-day operating costs, the GET notes that sections 17 to 21 LPP only contain quite general transparency rules which are less complete and precise than the relevant provisions of the EC. Permitted funding sources are listed but not defined and regulated in detail. They include, *inter alia*, the rather vague concepts of "proceeds from property", "proceeds from activities, circulation of press outlets and articles and other similar lucrative activity" and "other proceeds", which need to be clarified and precisely defined. As regards donations, the law makes it clear that certain contributions to political parties – e.g. from State entities and trade unions – are prohibited and that the amount of each contribution and the identity of each donor must be included in the party accounts. However, a clear definition of the concept of donations would be needed in order to determine without any doubt which sources of income are covered by these requirements and to ensure that donations in kind are also covered and are to be accounted for at their commercial value. As regards membership fees, they are not regulated, apart from the obligation on parties to indicate the number of party members paying such fees into their annual accounts. The GET is concerned that in principle, political parties could themselves define which contributions are to be regarded as a donation or a membership fee and that the transparency regulations on donations – in particular, the requirement to disclose the amounts of donations and the identity of donors in the party accounts – may be circumvented by paying higher membership fees.
86. In addition to the above-mentioned shortcomings of the financing provisions of the LPP, the GET regrets that they do not set the same transparency standards as the EC, in particular as regards the obligatory use of the banking system for contributions to political parties as well as the establishment of donation ceilings and expenditure limits. Such discordance between standards may well hamper the practical implementation of the transparency provisions of the EC, as it is difficult if not impossible to clearly separate election campaign activities of political parties and

⁷⁸ See paragraph 50 above.

⁷⁹ See section 58.1 EC as amended on 22 June 2010 (previously, the relevant period was 65 to 40 days before election day).

⁸⁰ For example, in the case of parliamentary elections "special funds" are limited to 500,000 AZN/approximately 450,000 EUR.

their routine activities. In light of the preceding paragraphs, the GET recommends **to clearly define and regulate donations, membership fees and other permitted funding sources in the Law on Political Parties and to align its financing provisions with the transparency standards set by the Electoral Code.**

87. Moreover, the GET is concerned that the LPP does not regulate party accounts in a detailed manner. The law only provides that parties are obliged to prepare at the end of each calendar year accounts reflecting income and expenditure as well as property held and including the accounts of territorial organisations. The authorities indicated that in addition to the provisions of the LPP, the general accounting rules apply. However, the GET has misgivings about the fact that no reference is made in the LPP to accounting legislation and that it did not obtain much substantial information on the legal requirements as to the content of party accounts, the required level of detail and form as well as on the compliance of parties with such requirements. The GET takes the strong view that detailed and clear accounting regulations aimed particularly at political parties are required in order to ensure proper books and accounts in line with Article 11 of the Recommendation. For example, such regulations would have to include an obligation to produce receipts for donations or other comparable source documents, the requirement to include the accounts of entities related to the parties or otherwise under their control as well as clear rules on how to record donations in kind, membership fees and loans. In addition, transparency of party finances would certainly benefit from the introduction of a standardised format for party accounts (preferably accompanied by appropriate guidelines), which would be conducive to ensuring a sufficiently high level of detail in all reports and would facilitate comparisons over the years and between the parties.
88. To conclude, the GET wishes to stress that any such transparency requirements as described above can only be effective if parties have at their disposal the necessary financial means to comply with them, which presently appears to be the case only for one single party. In the specific political context of Azerbaijan, where all but one party appear to be administratively weak, understaffed and underfinanced, stricter transparency rules – which increase the administrative burdens on the parties – can therefore only be recommended if they are accompanied by the provision of adequate resources. In light of the above, the GET recommends **(i) to ensure that political parties keep proper books and accounts, following a uniform format and accompanied by adequate source documents; and (ii) to find appropriate ways to support political parties in complying with these transparency regulations.**
89. In addition, the GET notes that, contrary to Article 13b of the Recommendation, the LPP does not contain any disclosure obligations on political parties. The GET learned during the visit that in practice, party accounts are generally not published nor are they disclosed to any State body. It would appear that annual accounts of political parties are solely submitted to their executive boards. Therefore, the current regime is far from guaranteeing easy access to information on party financing (other than election campaign funding). The GET wishes to stress that such a situation can only open up possibilities for abuse and does not provide sufficient tools to effectively detect and unveil potential instances of improper influence in political financing. Improvements to the present regime aimed at enhancing transparency and accountability of political financing and ultimately strengthening public trust in the political process are therefore of crucial importance. The information collected by the GET clearly indicates that the involvement of the public needs to be actively encouraged, which can only be achieved by easy access to detailed and comprehensible reports on parties' financial operations. Furthermore, simultaneous publication of the various party reports by an independent supervisory body, possibly on the Internet, would be an additional asset for ensuring optimum transparency. Consequently, the

GET recommends **(i) to require that party accounts be disclosed in a way which provides for easy and timely access by the public; and (ii) to find appropriate ways to support political parties in complying with these transparency regulations.**

Supervision

Auditing

90. The accounts of political parties are not subject to any mandatory audits and the GET notes that in practice, party accounts are generally not audited by external, independent professionals. The GET is of the opinion that proper auditing of political financing accounts by independent auditors is an important means of monitoring, in particular in systems where there is no other means of supervision. The introduction of obligatory auditing would undoubtedly reinforce the financial discipline of political parties and decrease possibilities for corruption. Such a procedure would in principle need to apply to all parties; however, a flexible approach is necessary in order to avoid placing an unreasonable burden upon, for example, the smallest parties which have very limited resources. The GET recommends **(i) to ensure, as appropriate, independent auditing of the books and accounts of political parties; and (ii) to find appropriate ways to support political parties in complying with such a requirement.**

Monitoring

91. External supervision over election campaign financing of political parties and election candidates is entrusted to the CEC and to the constituency election commissions. To this end, supervisory and audit services are formed every five years by the CEC. They are composed of election commission members and external experts and receive organisational, legal and logistical support by the relevant election commissions. The number of their staff is determined according to needs. In the view of the CEC members interviewed on site, election commissions have sufficient powers, competences and staff at their disposal to carry out their tasks. The control of campaign funding is based on the reports on election funds submitted by parties and candidates. It starts with the receipt of initial financial reports by the relevant election commissions, at the moment of registration of candidates. Election commissions may request the documents and information necessary for the conduct of their inquiries from the parties and from other State bodies such as the tax and finance authorities in order to check the accuracy of data contained in the financial reports. If they detect elements of criminal acts or of administrative violations relating to campaign financing, the commissions are obliged to submit the relevant documents to the prosecution office or to file a complaint with the courts for the imposition of administrative sanctions.
92. The GET finds that on paper, the monitoring mechanism for election campaign funding as described above appears satisfactory. However, the GET has serious doubts as to its effectiveness in practice. At the time of the visit, the election commissions had not detected any infringements of the transparency regulations of the 2003 EC. According to the officials interviewed, this may be explained by the deterrent effects of sanctions provided by the EC – including the deregistration of election candidates in certain cases – and by the fact that most parties do not have significant resources and that donations are rare. The GET welcomes the apparent commitment of the auditors and their efforts to implement and enforce the relevant financing regulations. Nevertheless, the GET was concerned to hear from several other interlocutors about hidden donations. It was repeatedly stressed that donations are mostly made in cash, in contravention to the transparency provisions of the EC, and are therefore difficult to

trace. At present, the financial scrutiny exercised by the election commissions may satisfy accountancy standards, but the information gathered by the GET strongly suggests that there is no sufficient verification of whether an election campaign could have been financed by non-declared funding – in particular, by cash donations, donations exceeding the legal thresholds or donations in kind. Measures clearly need to be taken in order to ensure a more pro-active and in-depth monitoring of campaign funding, including for example a further increase of specialised staff, the organisation of specific training activities or the establishment of guidelines on how to detect violations of transparency rules of the EC.

93. The election commissions are composed of an identical number of persons nominated by the majority party, by the minority parties and by independent deputies. Commission members may not be party members but the law makes it clear that they represent the parties or deputies who nominated them. Despite the proportional representation, the GET is concerned about possible partisanship within the election commissions which may result in a lack of a determined and proactive approach towards supervision. Forming supervisory bodies solely from representatives of political parties and deputies inevitably raises a question regarding the independence of such bodies in relation to political interests. It would appear highly unlikely that they would raise concerns that would damage the party or deputies who nominated them. In this connection, the GET wishes to draw the attention to concerns expressed, *inter alia*, by the Council of Europe's Venice Commission, according to which the existing provisions of the EC are not sufficient to ensure that the election commissions enjoy the confidence of all major election stakeholders and are not dominated by pro-government forces.⁸¹ The GET is of the opinion that it is very important to avoid either partisanship, or the perception of such a phenomenon, on the part of any agency in charge of monitoring political financing. Regulation of political party funding is ultimately in the hands of those subject to regulation. The politicians themselves determine the statutory basis for the regulatory authority and also approve any relevant secondary legislation. It is therefore of significant importance that the monitoring system not only operates in an impartial manner but is also seen to be operating in such a way. This is crucial for securing public trust in the system. Consequently, the GET recommends **(i) to ensure more substantial and pro-active monitoring of the financial reports on election funds of political parties and election candidates, including a material verification of the information submitted as well as investigation of financing irregularities; and (ii) to strengthen the independence of the election commissions in relation to the supervision of election campaign financing.**
94. In contrast to the financial reports on election funds of parties and candidates, regular party accounts are not submitted to any monitoring body nor are they subject to any control. Although section 18 LPP entrusts the tax authorities with the supervision of “the sources of income of political parties, the amount of the gained resources and payment of the taxes as provided for in the tax legislation”, the interlocutors of the GET concurred and explained that such supervision is limited to tax control on the basis of the parties' quarterly income tax declarations – and that most parties submit blank forms as they do not have any taxable income to declare. Complete party accounts are not submitted to any State body and compliance with the requirements of the LPP or with complementary accounting legislation is not controlled by any such body. Therefore, the current situation is not compatible with Article 14 of Recommendation Rec(2003)4 which makes

⁸¹ Opinion No. 286/2004, Joint Recommendations on the Electoral law and the electoral administration in Azerbaijan by the Venice Commission and OSCE/ODIHR, adopted by the Council for Democratic Elections at its 8th Meeting and endorsed by the Venice Commission at its 58th Plenary Session (Venice, 12-13 March 2004); CDL-AD(2004)016rev. – See also Opinion No. 390/2006, Joint Opinion on the draft Law on amendments and changes to the Electoral Code of the Republic of Azerbaijan by the Venice Commission and OSCE/ODIHR, adopted by the Council for Democratic Elections at its 25th Meeting (Venice, 12 June 2008) and by the Venice Commission at its 75th Plenary Session (Venice, 13-14 June 2008); CDL-AD(2008)011.

reference not only to the supervision of electoral campaigns but also to the funding of political parties in general, including their accounts.

95. Clearly, Azerbaijan must itself assess which body could be entrusted with the task of monitoring regular party funding. The GET wishes to stress, however, that any such body needs to enjoy an appropriate level of independence and be given sufficient resources – financial resources and specialised staff – to carry out pro-active and substantial control including material verification of the information delivered, as well as investigative powers and the mandate to impose sanctions in case of violation of political financing regulations. Moreover, the GET again draws attention to the fact that a transparency regime for political financing can only be effective if it regulates election campaign funding and regular party funding in a consistent manner, as it is difficult if not impossible to clearly separate campaign activities of political parties and their routine activities.⁸² Therefore, measures need to be taken to streamline the existing supervision of campaign funding and the yet-to-be-established supervision of regular party accounts in such a way as to ensure oversight of the whole range of political financing as well as genuine complementarity of the supervisory authorities. In the GET's view, this could be achieved by formalising the coordination of the monitoring mechanisms, by giving a leading role to one single independent institution or, preferably, by assigning all the supervisory functions to one single agency. In light of the above, the GET recommends **to establish independent and substantial monitoring of the general financing of political parties, well coordinated with the monitoring of election campaign funding.**

Sanctions

96. As concerns election campaign funding, the EC provides for warnings by the relevant election commissions in cases of infringements of the provisions of the EC – including campaign funding and transparency regulations – as well as deregistration of an election candidate under certain conditions (use of illegal donations or of funds other than the election funds, non-submission of financial reports). Furthermore, the EC stipulates that violations of its regulations – *inter alia*, of the rules on financing election campaigns and on submitting and publishing financial reports – give rise to criminal, civil or administrative responsibility as provided for in the Criminal Code, the Civil Code or the Code on Administrative Offences. However, the GET was informed that only the Code on Administrative Offences contains specific provisions in the area of party or campaign financing, providing for fines of approximately 9 to 18 EUR for natural persons (18 to 27 EUR in specified cases), approximately 36 to 54 EUR for officials and approximately 135 to 225 EUR for legal persons. The GET is concerned about the lack of a clear and precise definition of infringements of transparency regulations and about the limited range of penalties available – which could be extended to, for example, criminal sanctions and higher administrative fines, in proportion to the seriousness of the offence.
97. In the area of general party funding, the LPP foresees the possibility of warnings by the Ministry of Justice in cases of infringements of the provisions of the LPP – including party funding and transparency regulations – as well as party liquidation by a court decision upon petition by the Ministry of Justice in cases of repeated infringements. In addition, the LPP stipulates that violations of the legislation on political parties give rise to criminal, administrative, financial or other responsibility as provided for in the legislation of Azerbaijan. However, the GET was informed that no further criminal or administrative sanctions are applicable in cases of infringements by political parties of financing regulations of the LPP. The GET is again concerned about the lack of a clear and precise definition of such infringements, about the very limited range

⁸² Cp. paragraph 85 above.

of penalties available – which could be usefully extended to, for example, criminal sanctions and administrative fines, in proportion to the seriousness of the offence – and about the fact that the penalties available are not mandatory but left to the discretion of the Ministry of Justice, as was indicated during the interviews.

98. To conclude, the information gathered by the GET clearly indicates that the current regime of sanctions available in the area of party and campaign funding, which have never been applied in practice so far, are not compatible with the principle set forth in Article 16 of Recommendation Rec(2003)4 which calls for effective, proportionate and dissuasive sanctions. The GET recalls that effective enforcement of political financing regulations is an important element in ensuring public confidence in the political process and, consequently, recommends **to clearly define infringements of existing and yet-to-be-established regulations on transparency of election campaign funding as well as general party funding and to introduce effective, proportionate and dissuasive sanctions for these infringements, in particular, by extending the range of penalties available.**

V. CONCLUSIONS

99. The transparency standards established by Recommendation Rec(2003)4 of the Committee of Ministers of the Council of Europe on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns are difficult to apply to a country which lacks a truly pluralistic party landscape. The present report takes account of the fact that in Azerbaijan, most political parties are not active between elections, no political party except for the ruling party has significant resources and the public funds granted for the conduct of election campaigns have been largely insufficient to ensure effective participation of opposition candidates in elections and have even been abolished by legislative amendments adopted by Parliament in June 2010. In this connection, it is a matter of great concern that the financial and political weakness of most parties might induce them to seek funding from hidden or even prohibited sources. Against this background, current discussions on introducing State aid for the regular financing of political parties are strongly supported. In particular, it has to be ensured that political parties are provided with adequate resources necessary to comply with further transparency requirements advocated in this report. The report focuses on a limited number of major shortcomings identified in the current regime, in particular, the insufficient transparency provisions in the Law on Political Parties – which lack clear definitions and regulations on funding sources, which do not impose any obligations on parties to report and make financial information public and which need to be aligned with the standards of the Electoral Code; the lack of supervision over party accounts and the insufficient monitoring of election campaign funding – the different election commissions have not detected any infringements of the transparency regulations of the 2003 Electoral Code so far; as well as the fragmentary regime of sanctions available in this area. Further legislative and practical improvements will certainly be necessary, on the basis of an on-going assessment of the system.
100. In view of the above, GRECO addresses the following recommendations to Azerbaijan:
 - i. **to extend the financial and accounting reference period applicable to election campaigns so that financial reports on election funds reflect more closely the resources and expenditure devoted to these campaigns (paragraph 84);**

- ii. **to clearly define and regulate donations, membership fees and other permitted funding sources in the Law on Political Parties and to align its financing provisions with the transparency standards set by the Electoral Code (paragraph 86);**
 - iii. **(i) to ensure that political parties keep proper books and accounts, following a uniform format and accompanied by adequate source documents; and (ii) to find appropriate ways to support political parties in complying with these transparency regulations (paragraph 88);**
 - iv. **(i) to require that party accounts be disclosed in a way which provides for easy and timely access by the public; and (ii) to find appropriate ways to support political parties in complying with these transparency regulations (paragraph 89);**
 - v. **(i) to ensure, as appropriate, independent auditing of the books and accounts of political parties; and (ii) to find appropriate ways to support political parties in complying with such a requirement (paragraph 90);**
 - vi. **(i) to ensure more substantial and pro-active monitoring of the financial reports on election funds of political parties and election candidates, including a material verification of the information submitted as well as investigation of financing irregularities; and (ii) to strengthen the independence of the election commissions in relation to the supervision of election campaign financing (paragraph 93);**
 - vii. **to establish independent and substantial monitoring of the general financing of political parties, well coordinated with the monitoring of election campaign funding (paragraph 95);**
 - viii. **to clearly define infringements of existing and yet-to-be-established regulations on transparency of election campaign funding as well as general party funding and to introduce effective, proportionate and dissuasive sanctions for these infringements, in particular, by extending the range of penalties available (paragraph 98).**
101. In conformity with Rule 30.2 of the Rules of Procedure, GRECO invites the Azerbaijan authorities to present a report on the implementation of the above-mentioned recommendations by 30 April 2012.
102. Finally, GRECO invites the authorities of Azerbaijan to authorise, as soon as possible, the publication of the report, to translate the report into the national language and to make this translation public.