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## PROJECT AGAINST ECONOMIC CRIME (PECK)

# Closing Conference

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# Members of Parliament / Financing of political parties and electoral campaigns

- "There are two things that are important in politics. The first is money and I can't remember what the second one is."

US Senator Mark Hanna, 1895

- Both issues are very sensitive for the GRECO, as both of them deal with politicians and democracy

# Pro memoria:

- In a democratic system, offices and institutions lose their legitimacy when they're misused for private advantage. It is extremely challenging to develop accountable political leadership in a corrupt climate.
- Economically, corruption depletes national wealth. Corrupt politicians invest scarce public resources in projects in which they have a direct personal interest rather than benefit to the community, and prioritize high-profile projects. Corruption also hinders the development of fair market structures and distorts competition, which in turn deters investment.
- Corruption corrodes the social fabric of society. It undermines people's trust in the political system, in its institutions and its leadership. A distrustful or apathetic public can then become yet another hurdle to challenging corruption

# Members of Parliament

- Kosovo Assembly is considered to be one of the most transparent institutions in Kosovo
- Code of conducts for MPS should be revised and complemented with practical measures for its implementation (enforcements mechanisms, dedicated training)
- Control of declaration of assets: not only “formal” control of declaration of assets; to give to the KAA or to another specialised body the competence to make an adequate assessment of declared assets.
- Impunity for political elite in Kosovo: inexplicable wealth
- Lobbying: even if not addressed directly by a recommendation

# Only Three recommendations regarding MPs:

- *1. That the Code of Conduct for members of parliament be revised and complemented with practical measures for its implementation, such as dedicated training, counselling and advice regarding ethical and corruption related issues;*
- *2. To give to the KAA – or to another official body, in collaboration with the tax administration - the competence to make an adequate assessment of declared assets;*
- *3. That measures be taken to ensure supervision and enforcement of the existing rules on conflicts of interest and disclosure of outside ties by members of parliament.*

# Recommendation 1

- *“That the Code of Conduct for members of parliament to be revised and complemented with practical measures for its implementation, such as dedicated training, counseling and advice regarding ethical and corruption related issues.”*
- Standard requirement from GRECO
- Implementation of the Code of Conduct for MPs
- Generally not enough information at the beginning of the parliamentary mandate

## Recommendation 2

- *“To give to the KAA – or to another official body, in collaboration with the tax administration – the competence to make an adequate assessment of declared assets.”*
- Adequate assessment of the value of declared assets (real estate, car, for example)
- Establish the system of cross-checking of data.
- Automatic exchange of data between Tax administrations, KAA, Cadaster (Land) Registry etc.
- “The impunity in Kosovo, inexplicable wealth”, Policy paper 5/13, November 2013, KIPRED

# Recommendation 3

*That measures be taken to ensure supervision and enforcement of the existing rules on conflicts of interest and disclosure of outside ties by members of parliament*

- Further guidance should be provided (Kosovo Institute of Public Administration, KIPA for example), dedicated mandatory training, dedicated councilor in the Parliament
- To increase MPs awareness about integrity issues
- Effective channels / dedicated body for MPs

# More needs to be done:

- to prevent nepotism and favouritism
- To ensure that clear ethical rules are to be followed
- The parliament itself needs to take responsibility for better promoting a culture of ethics

# Financing of political parties and election campaigns

- Legislation is rather complete and includes most of the requirements contained in Recommendation (2003)4 of the Committee of Ministers of the Council of Europe.
- Three main areas where improvement is required:
  1. Aspects of formal and methodological nature
  2. Aspects of material nature (choice of measures, transparency, ...)
  3. Implementation of legislation
- Amendments to the Law on Financing of Political Entities (Law No. 04/L-212 of 31 July 2013).
- Election Regulation No 14/2015 on financing political entities and sanctions, issued by the Central Election Commission (CEC)
- ***“Success story”: 11 recommendations, 4 fully implemented, 5 partly implemented, 2 not implemented.***
- Even better if we take in consideration the new Election Regulation No 14/2015

# Recommendation

- *To harmonize the legal provisions on political entities and campaigns financing in line with the legislation applicable to other candidates for election (local and national level, presidential election).*
- Some problems of coherence remain, even with the new Election regulation No 14/2015
- Presidential election (in the future)?

# Recommendation

- *To ensure that the definition of a ‘contribution’ to a political party as foreseen in Rule 01/2008 on registration and operation of political parties is consistently used in the legislative and regulatory framework concerning funding of political entities and electoral campaigns in order to include indirect resources (like for example services or in-kind donations)*
- Reworded Article 2, paragraph 1.5 of the amended FPE Law: “1.5. Contributions - gifts (donations) or any kind of assistance that implies a conscious act of donating economic or similar economic goods to political entity, whether in cash, services, sale of items below the market price, delivery of services below market price or other material goods”.
- New wording is in line with the AR recommendation. Nevertheless, it is not quite clear if it covers the whole legislative and regulatory framework concerning the funding of political entities and **electoral campaigns, local elections**, and, for example, if it is also mandatory for the presidential election (if any in the future).
- (Partly) implemented, in consideration of Art. 24 of the new Election Regulation No 14/2015

# Recommendations

- *To set more precise conditions for requirements of the financial reports and the deadline(s) of the publication.*
- *To unify parties' reporting forms, in particular regarding content, periodicity of their submission and publication; and to determine the procedure for monitoring of established standards.*
- The CEC must define a standardised format for reporting to be used by political parties to disclose all required information that would allow the public to compare reports.
- Further precise conditions have to be introduced for the requirements of the financial reports themselves.
- Implemented with the new Election Regulation No 14/2015

# Recommendation

- *To give to the Central Electoral Commission/the Office or the Anti-corruption Agency the mandate and the appropriate authority as well as the financial resources and specialized staff to effectively and proactively supervise the funding of political parties and election campaigns, to investigate alleged infringements of political financing regulations and, as appropriate, to impose sanctions (paragraph 442).*
- Same kind of problem than for the control of assets declaration of MPs or senior officials.
- Key issue; not only a formal control.

# Recommendation

- *To introduce more dissuasive, effective and proportionate sanctions in respect of violations of political financing rules and to provide the Central Electoral Commission with the necessary powers to apply the appropriate sanctions.*
- Reviewed Article 21 (Punitive provisions) of the amended FPE Law introduces a more coherent system of sanctions.
- Dissuasive sanctions, amounts sometimes too low
- Art. 13 of Election Regulations No 14/2015

# Recommendation

- *To provide the Office with appropriate authority to carry out, as needed, a material verification (in addition to the existing formal review) of the information provided by election candidates and other political entities.*
- Collaboration with KAA
- Application / Implementation of the regulation: key issue.