MAP

Money and Politics Program

Guide to Applying Lessons Learned

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CENTER FOR TRANSITIONAL and POST-CONFLICT GOVERNANCE

USAID FROM THE AMERICAN PEOPLE

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IFES' Money and Politics (MAP) Program

Transparency through public disclosure has been a key element of IFES' approach to political finance for more than a decade. Following its contribution to USAID's Money in Politics Handbook*, IFES undertook a more systemized approach to developing and implementing political finance projects. In 2002, IFES launched its Money and Politics (MAP) program with a series of pilot projects funded by USAID's Europe and Eurasia Bureau through Cooperative Agreement EE-A-00-97-00034-00 and USAID's Democracy Office through IQC AEP-I-00-00-00007-00.*

Recognizing that it takes more than legal provisions to promote transparency and accountability, MAP pilot projects in Bolivia, Guatemala, Georgia, Hungary, Lithuania, Peru, Romania, and South Africa sought to effectively implement disclosure-related laws and regulations. At the same time, IFES sought to learn from past experiences in Indonesia, Macedonia, Russia, and Ukraine to lend knowledge to the development of new programs in countries such as Bosnia-Herzegovina, Kosovo, Liberia, and Nigeria.

The last decade witnessed the emergence of discourse among key scholars about the role of political finance in consolidating and established democracies. With research focusing mostly on laws and regulations, little had been written about the implementation of those provisions by the time IFES launched its first pilot project in Hungary; still fewer assistance projects had been conducted. Thus, IFES and USAID entered virtually uncharted waters with these initiatives. Starting with a relatively unsophisticated approach, the pilot projects evolved over time to both utilize and generate lessons learned.

More information about IFES' Program on Political Finance and Public Ethics can be found at www.moneyandpolitics.net.

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Our first and most profound debts are to Dr. Michael Pinto-Duschinsky and Jeff Fischer, under whose guidance the MAP program was conceived and developed. IFES would like to thank Marcin Walecki and Jeffrey Carlson who have spearheaded the implementation of MAP projects around the world and who authored this *Guide* for implementers and practitioners. Special appreciation goes to Maya Serban and others at IFES—as well as IFES' partners from Bolivia, Bosnia-Herzegovina, Georgia, Hungary, Kosovo, Lithuania, Nigeria, Peru, Romania, and South Africa—whose dedication to these initiatives have helped bring greater transparency in political finance. Without the support of these institutional, civil society, media, and academic in-country partners, IFES would not have been able to move from theory to practical application.

IFES would also like to thank Violaine Autheman, Kristina Baum, Katherine Camp, Jamie Crowley, Denise Dauphinais, Joe Petraglia, and Zoe Fraade-Blanar who provided invaluable contributions in the form of review or expert input.

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Biographies

Jeffrey Carlson

Jeffrey Carlson develops and implements international democracy and governance programs throughout the world for IFES. He currently manages IFES' Program on Political Finance and Public Ethics. Recently, Carlson has been involved in developing IFES' Money and Politics program and content, including on-site initiatives in Brazil, Cameroon, Georgia, Lithuania, Nigeria, and Paraguay as well as political finance assessments in Kosovo, Lebanon, and Nicaragua. He is also involved in the design and development of the Training in Detection and Enforcement program, IFES' political finance in post-conflict societies project, and the update of the Administration and Cost of Elections project.

Carlson has more than a decade of international development experience, including experience managing IFES' Tashkent office. He is an honorary member of the Association of Central and Eastern European Election Officials and holds membership in the International Institute for Municipal Clerks and the Global Affairs Committee of the Council on Governmental Ethics Laws. Carlson holds a bachelor's degree in international studies from the University of Washington.

Marcin Walecki

Dr. Walecki has overseen the growth of IFES' Program on Political Finance and Public Ethics since June 2003. Graduating in August 2003 from St Anthony's College, Oxford University, UK, with a D.Phil. in political science, Dr. Walecki has been involved in the management of international development activities since 1995. His areas of expertise include political finance and political party development, curriculum and material development, training, project management, logistics, and administrative systems design and implementation. Dr. Walecki has conducted activities (funded by USAID and DFiD) in Bosnia-Herzegovina, Georgia, Iraq, Lebanon, Liberia, Lithuania, Nigeria, Poland, and Ukraine. He has consulted for a number of international organizations, including the Council of Europe, International IDEA, Transparency International, the Westminster Foundation and the World Bank, on projects in Brazil, Poland, Lithuania, Russia, Ukraine, and Azerbaijan. Additionally, Dr. Walecki has written numerous publications about corruption, political financing, and political parties and regularly participates in international conferences. He is a member of the board of the International Political Science Association Research Committee on Political Finance and Political Corruption.

1. Introduction

Political finance transparency, achieved through the availability (and accessibility) of political account information, can help to illuminate and mitigate the effects of corrupt and illegal practices, while it simultaneously rewards those who "play by the rules." As such, the disclosure of political accounts is a necessary—albeit insufficient—condition for holding political actors accountable and reducing political corruption.

The benefits of disclosure are spelled out in USAID's *Money in Politics Handbook*.[1] The *Handbook* demonstrates how disclosure effectively promotes accountability within the larger social, political, and historical context of emerging democracies. This *Guide* is meant to augment the *Handbook* by building on and operationalizing these concepts.

POLITICAL FINANCE CORRUPTION

Political finance-related corruption manifests in a variety of ways. In some cases, the political party in control abuses state resources. In other cases, political party and campaign funds come (in large amounts) from private businesses that benefit from large contracts or privatization. Such funds may be laundered and provided by wealthy donors desiring to capture control of political parties or to buy a seat in parliament. Further, these donors may have ties to undesirable elements, such as organized crime or terrorist networks. The lack of disclosure regulations in many transition countries may allow the aforementioned problems to become systemic.

No democracy is immune from the dangers of political corruption. The United States, Germany, Italy, and many others have all been victims of recent political scandals. Furthermore, many consolidating democracies lack adequate disclosure provisions and enforcement. In other cases, civil society organizations and media lack the resources to uncover abuses and corrupt practices.

POLITICAL FINANCE TRANSPARENCY

IFES recognizes that transparency in political finance does not immediately or automatically increase good governance, but it can expose poor governance practices. Furthermore, in any given transitioning country (particularly those with systemic political corruption), knowledge about political donors will not necessarily influence voters' choices at the ballot box in the near term. This is especially true because big money donors play such a central role in funding major political parties and candidates, a situation that leads to widespread cynicism. An examination of post-Communist scandals demonstrates that knowledge of a candidate's financial situation affects voters in different ways.[2] Popular cynicism, disillusionment, or even a dramatic legitimacy crisis limit the effectiveness of disclosure, regardless of its timing. This would confirm Adamany and Agree's argument that "[v]oters usually do not have a choice between clean money candidates and dirty money candidates; all are soiled."[3]

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[1] See *Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies* (USAID, Washington D.C.: 2003).

[2] Richard Sakwa gives a telling example from Russia: "The most detailed exposure of the pervasive criminalization of the state concerned the case of the mayor of Leninsk-Kuznetsk (Kemerovo oblast), Gennadii Konyakhin, a rich local businessman with criminal connections arrested on embezzlement charges in October 1997. Despite having spent a year in jail for fraud, he won the election in April of that year with the slogan that he was so rich that he didn't have to steal, although that did not stop him later siphoning off public funds and merging his state office with his private business concerns, including—possibly—contract murders of rivals." Richard Sakwa, "Russia's 'permanent' (uninterrupted) elections of 1999-2000," *The Journal of Communist Studies and Transition Politics*, vol. 16 no. 3, 2000, p. 128.

[3] David Adamany and George Agree, *Political Money: A Strategy for Campaign Financing in America*, (Baltimore: The Johns Hopkins University Press,) 1975, p. 114.

Thus, while an environment conducive to change can be galvanized in the short-term, any real change takes time. Over the long term, greater disclosure can generate demand for cleaner politics as voters become less willing to accept a corrupt system.

DISCLOSURE PROGRAMS

The purpose of disclosure programs is to allow political finance regulators (PFRs), political parties, civil society organizations, media and others to follow the money trail. While scandals (which serve as political sanctions for those who do not comply with regulations) may result from transparency initiatives, these initiatives do not discriminate between political groups. Rather, they seek to enhance accountability among all political actors and elected officials.

However, it should be noted that in some post-conflict environments and semi-authoritarian regimes, disclosed political account information may be used by those in power to crack down on the opposition through its supporters. For example, in Ukraine, the former regime used disclosure to identify supporters of the opposition and employed selective enforcement of tax regulations against them.[4]

In such semi-authoritarian or post-conflict situations, some of the lessons of this *Guide* may not be directly applicable given that the focus of the *Guide* is to chart the growth and development of IFES' Money and Politics (MAP) pilot projects while establishing lessons learned from IFES' other political finance projects. Through research and program implementation, IFES is seeking to address concerns about disclosure and the potential for government abuse targeted at opposition parties and their supporters in semi-authoritarian or failed states emerging from conflict.

IFES' work with agents of disclosure in its MAP projects has required building effective relationships with regional and multinational organizations, such as the Organization of American States, the Organization for Security and Cooperation in Europe, and the Council of Europe. IFES also worked closely with other in-country partners such as Transparency International, the Open Society Justice Initiative, the UNDP, the National Democratic Institute for International Affairs (NDI) and the International Republican Institute (IRI). Organizations such as the International Research & Exchanges Board (IREX) can also add value in the area of media training. Through these relationships, IFES has reached and trained key agents of disclosure.[5] In fact, the PFRs in each of the pilot countries received dedicated political finance training for the first time.

The most important purpose of building coalitions has been to secure the sustainability of MAP projects. In Lithuania, thanks to UNDP support, IFES participated in a conference on political finance reform and IFES' Board Member Michael Pinto-Duschinsky prepared a reform package for the Lithuanian Parliament. In Georgia, as a result of support from the Council of Europe, all the main stakeholders established the Political Finance Monitoring Group, which greatly furthered the MAP project's work in discussing disclosure, designing new reporting forms and producing a political finance manual. In Romania and Bosnia-Herzegovina, IFES received support from NDI and IRI in training political parties. Finally, in Romania, IFES' local partner received substantial funding from the German-based Konrad Adenauer Foundation and the Canadian International Development Agency (CIDA) to continue the MAP project.

[4] For more details see Marcin Walecki, "Political Money and Corruption," *Global Corruption Report*, (Berlin: Transparency International), 2004.

[5] Agents of disclosure are "the players who are, or could be, the advocates or champions for money in politics reform" as defined in USAID's *Money in Politics Handbook*, p. 3.

Further, by working with agents of disclosure in consolidating and transitional democracies, IFES initiated the formation of a cadre of political finance experts. It is expected that such experts will be utilized in other countries facing similar problems in promoting effective disclosure.

Disclosure is more than a sequence of events: it is a comprehensive process that requires long-term funding, programmatic commitment and a coalition of both donors and implementers. This process, designed to result in meaningful levels of transparency, is more than establishing a legal framework and implementing laws. It is also building the capacity of all agents of disclosure. While it may take a decade or more for a transition country to achieve a desirable level of transparency, an environment conducive to change can be created in the short term. Over the long term, greater disclosure can create a demand for cleaner politics as voters become less willing to accept a corrupt system.

Building on USAID's *Money in Politics Handbook*, this *Guide* does not seek to present a methodology applicable to all situations. Rather, it seeks to describe a way to approach disclosure initiatives that utilizes best practices, avoids pitfalls and results in measurable indicators for success. Because IFES is addressing detection and enforcement by PFRs through its Training in Detection and Enforcement (TIDE) Program, this *Guide* does not cover those issues, though they are clearly necessary components of effective political finance regulation.[6]

[6] See www.moneyandpolitcs.net for more information on IFES' Program on Political Finance and Public Ethics.

2. Programmatic Evolution

Successful initiatives rest on having the right tools available and, more importantly, having the experience to deploy tools that are appropriate for a given circumstance. Analytical and comparative research is fundamental to helping implementers effectively target different approaches to different countries. To select MAP pilot countries, IFES relied on the research in USAID's *Money in Politics Handbook*, IFES' *Campaign Finance in Central and Eastern Europe: Lessons Learned and Challenges Ahead*[7] as well as its other publications and own in-country experience.[8]

MAP Pilot Country Selection

In order to address a variety of political finance challenges, IFES used three indices to select MAP pilot countries over a two-year period. The chart on the next page lists the countries selected. By implementing activities in countries with different levels of freedom, levels of perceived corruption, and degrees of regulated disclosure, IFES learned how best to effectively target its initiatives.

In all cases, with the exception of Guatemala and South Africa, the initial goal was to publicize political account information on an Internet-accessible database. The early stages of IFES' MAP program had the following components: legal and procedural reform, software and information, and training and education. In the first stage, legal and procedural reform initiatives were designed to promote regulatory guidelines for more transparent political financing and adequate enforcement mechanisms. In the second stage, IFES implemented an Internet-accessible database to increase the amount of detailed information available to the public. Finally, IFES used written materials and training to inform people about the issues surrounding political finance, the resources available to track and analyze political finance information, and how to utilize these resources effectively. The training initiatives also generated interest in political finance as a means to promote accountability, encourage effective use of available information across sectors, and promote future reform.

IFES started with pilots in Hungary and Lithuania. As the PFR in each country had a Web site and was already collecting political account information, the environment seemed ready for publishing political accounts on the Internet. In each of these first two cases, the goal was limited to working with the PFR to develop an Internet-based transparency mechanism, provide public information, and enhance their capacity to conduct outreach to civil society and the media.

IFES soon recognized that this approach needed to be expanded as the program moved into more challenging political environments characterized by complex democratic transitions (including growing semi-authoritarian tendencies, unequal access to political resources, general lack of transparency in public life, etc.) and high levels of political corruption (such as abuse of state resources and electoral fraud). These new pilot countries included Bolivia, Georgia, Peru, and Romania.

As the environment of the program became more sophisticated, so did the goals for pilot projects. IFES expanded its goal to promoting transparency in public life in general, encouraging cooperation among different stakeholders (mainly political parties and PFRs) and implementing meaningful regulatory reform by increasing the capacity of all the agents of disclosure. This expansion allowed IFES to address the issue of political finance transparency in a more holistic manner.

[7] Janis Ikstens, Daniel Smilov, and Marcin Walecki, *Campaign Finance in Central and Eastern Europe: Lessons Learned and Challenges Ahead (*Washington, D.C.: IFES), 2002.
[8] See www.moneyandpolitics.net

IFES MAP Project Pilot Project Countries

	2005 Level of Freedom[9]	2004 Corruption Perception Index (Ranking)[10]	Disclosure Requirements Met[11]	MAP Partner
Hungary	1.0	4.8 (42)	2	Ministry of Interior via International Association
Lithuania	1.5	4.6 (42)	3	Independent Electoral Management Body (EMB)
Guatemala	4.0	2.2 (122)	0	International Nongovernmental Organization
South Africa	1.5	4.5 (47)	0	Civil Society Organization (CSO)
Bolivia	3.5	2.2 (122)	1	Independent EMB
Romania	2.5	2.9 (87)	2	CSO
Georgia	3.5	2.0 (133)	n/a	Independent EMB
Peru	2.5	3.5 (67)	1	Independent EMB

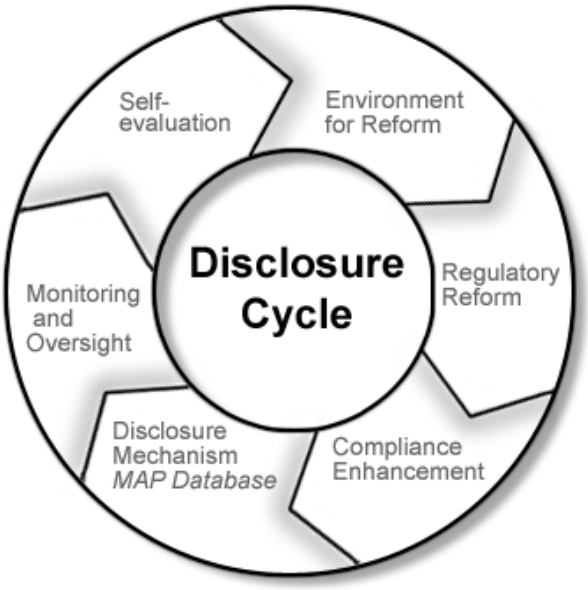
IFES took a different approach in Guatemala and South Africa. In Guatemala, IFES (with the Carter Center as a partner) sought to establish a framework for monitoring political accounts. In South Africa, IFES worked with civil society to gain access to political accounts through nascent access to information laws. IFES worked closely with the Institute for Democracy in South Africa (IDASA) and the Institute for Security Studies (ISS) to address the numerous questions that arose regarding government contracts, party contributions, and access to official information.

[9] This column indicates the level of freedom in a country, with "1" representing the most free and "7" representing the least free. For more information, see www.freedomhouse.org: "Combined Average Ratings of Political Rights and Civil Liberties" (Washington, D.C.: Freedom House), 2005.

[10] This column indicates the level of perceived corruption in the country with a higher number representing a lower level of perceived corruption. For more information, see www.transparency.org: "Corruption Perceptions Index" (Berlin: Transparency International), 2004.

[11] This column indicates how many of the three kinds of information must be disclosed according to law—i.e., disclosure by political parties of income and/or expenditure accounts; disclosure of the identity of donors to political parties; and disclosure by candidates of income and/or expenditure accounts. A '3' means that all three types of disclosure information are required. A '0' indicates that the country has no disclosure or reporting requirements. For more information on the study prepared by Michael Pinto-Duschinsky (IFES Board Member) with the assistance of Violane Autheman and Jeffrey Carlson, see "Appendix A" in *Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies* (Washington D.C.: USAID), 2003. Data for Latin American countries was also gathered from published works by Daniel Zovatto and others, particularly Kevin Casas.

A PROGRAMMATIC FRAMEWORK



As a result of the MAP pilot projects (and other disclosure-related programs), IFES developed a comprehensive disclosure methodology that can be adopted in different anti-corruption and transparency initiatives. The varied contexts in which IFES piloted MAP program initiatives—with their different levels of democratic development, perceived corruption, disclosure regulations, and types of local partners—allowed it to develop a cyclical, self-reinforcing approach for promoting disclosure.

When IFES launched the pilot projects, it did not fully appreciate that such a cyclical approach was necessary to maximize effectiveness and engender success. While such a step-by-step method is the most effective way to promote disclosure, each stage requires a carefully targeted approach (discussed in the next chapter). As different countries are at different stages in the process, meaningful reform can thus be measured by a country's ability to move from one step to the next.

KEY MAP OBJECTIVES

A series of key objectives emerged through the conduct of the pilot projects. Each of the following objectives contributes to the effective implementation of the programmatic framework:

- Encourage the effective implementation of political finance disclosure legislation and regulations by PFRs;
- Strengthen the ability of the PFR to collect, verify, and disseminate comprehensive financial data in an effective and timely manner;
- Strengthen the ability of civil society groups to effectively collect political finance information from official sources and the media, analyze this information, and make public their findings;
- Strengthen the ability of the media to conduct investigative journalism (that employs recognized journalistic standards) to collect, analyze, and publish political finance information, and to interpret and report this information to the public; and
- Increase the transparency of political finance information by building coalitions amongst the actors and agents of disclosure.

Concrete steps towards achieving these objectives will galvanize the reform process, enact greater transparency and accountability, and lead to greater credibility of a country's overall political process.

Anatomy of a MAP Project

Environment for Reform: Based on comparative and analytical research, IFES selects a country with an environment conducive to reform, where an enabling event signals change, or where an environment for reform can easily be created. IFES conducts a thorough MAP assessment and seeks to establish a consensus for reform though a coalition of the agents of disclosure by holding a MAP Conference and targeted seminars with key stakeholders.

Regulatory Reform: Together with a reform-minded politician and political finance regulator (PFR), IFES analyzes existing legislation, presents its Model Disclosure Law, drafts commentaries, and proposes new or amended legislation. IFES also works with PFRs to draft detailed procedural guidelines to implement new or existing legislation.

Compliance Enhancement: IFES facilitates the drafting of comprehensive disclosure forms and the development of a *Handbook* by the PFR together with the regulated community. IFES also provides training (sometimes in partnership with other international organizations) directly to political parties and others in the regulated community on how to keep internal accounts and comply with reporting requirements. In addition, IFES promotes the review of forms by the PFR, political parties, and CSOs through direct training initiatives.

Disclosure Mechanism: IFES promotes the disclosure of political accounts and assets by the PFR directly to the Internet using its MAP database template. In each case, the database and Web site are developed using local talent to be user-friendly, easily accessible, and informative. The database serves both internal enforcement and public oversight purposes. IFES also holds a joint media event with the PFR to launch the database, encourage local ownership, and raise public awareness.

Monitoring and Oversight: IFES promotes effective monitoring and oversight of the political finance data through workshops for political parties, CSOs, and media as well as larger working groups with PFRs, CSOs, media, and scholars (designed to encourage them to share information with each other). IFES also seeks to promote external complaint mechanisms as an important component of this process.

Self-Evaluation: IFES conducts strategic planning sessions for PFRs and CSOs to support their creation of a lasting action plan to implement existing changes and enact new reforms. Jointly with the PFR, IFES also facilitates a closing conference and media event designed to raise awareness, encourage discourse, and enhance sustainability. Finally, the PFR and IFES conduct programmatic reviews to identify areas in need of future reform and international partners that can ensure the sustainability of reform and engender an environment conducive to further reforms..

3. Preconditions for Meaningful Reform

To achieve significant progress in any disclosure project, certain requirements (described below) should be met. Three are of particular importance: (1) the country must have reached a particular level of democratic development and should be committed to democratic principles; (2) major stakeholders should be ready to regulate and control political finance (political will and capacity to implement reforms); and (3) realistic goals and objectives need to be established that are grounded in a solid understanding of the political finance environment and the context within which it operates.

Requirements for Effective Disclosure

Commitment to democratic principles: Only countries that have introduced basic rules of democratic elections (free elections) and political competition (multiparty democracy) will not abuse disclosure for selective, partisan enforcement of campaign finance regulations.

Political will: Commitment by major stakeholders to improve the quality of democracy and standards of public life.

Clear regulatory framework: The framework should be reasonable and feasible (i.e., it can be complied with by the regulated community and implemented by the political finance regulator).

Capacity to comply: The regulated community should have the capacity and knowledge to comply with relevant disclosure regulations, procedures, and forms.

Independent political finance regulator: Ideally, there should be a single specialized collector and disseminator of disclosed information that also has the power to audit and enforce.

Public transparency: Collected data should be made available to the public in a timely manner and a user-friendly format, but in such a way that takes into account serious privacy concerns that may exist.

Auditing and enforcement: There should be mechanisms for auditing reports, enforcing disclosure regulations, and levying appropriate penalties to enhance accuracy in the reported political accounts.

Monitoring and oversight: Civil society organizations and media have a critical role to play in monitoring and analyzing reports, using disclosed account data in their investigative reporting, and making external complaints.

Self-evaluation: There should be mechanisms for self-evaluation by institutions involved in the process and by the agents of disclosure as a group.

Leadership and coalitions: Clear leadership and trust-based coalitions between and among the agents of disclosure enhances credibility and streamlines the flow of information. There should be also coalitions among key international actors involved in anti-corruption, political party, and electoral process programs to add value to and enhance sustainability of programmatic initiatives.

TARGETING A MAP PROJECT

Not all countries or entities may be ready for disclosure-related initiatives. A pre-assessment should be conducted for each country being considered for programming. IFES learned that reviewing the regulatory framework alone is not a sufficient indicator of success. For example, Hungary and Romania have disclosure laws for political parties on the books, yet the collection and publication of detailed account information proved difficult. What is critical is the possibility of implementation. Thus, the conclusions of the pre-assessment should support the five assumptions (see text box) in order for a disclosure-related program to be successful.

Five Assumptions

1. Disclosure will not create security concerns for different political groups, particularly opposition parties and independent candidates.
2. The political environment allows reform and can sustain the disclosure process.
3. There is sufficient regulatory framework and/or regulatory reforms can be undertaken.
4. There is a committed governmental and civil society partner with which to work.
5. There is a free media, independent journalism, and vibrant civil society.

ASSESSING THE DISCLOSURE ENVIRONMENT

IFES learned that it is critical to build on a solid understanding of the disclosure environment. It is also critical to properly assess the regulatory framework and its capacity to be implemented within the unique political, economic, social, and cultural context of the country.

IFES conducted a number of MAP assessments based on information from a variety of sources. In general, assessments were possible as a result of IFES' extensive work in the area of political finance in project countries around the world and unique relations of trust IFES had with local partners. The assessments identified the following baseline information:

- Specific financial reporting requirements for political parties, coalitions, political organizations, and candidates;
- Relations among different agents of disclosure and their level of cooperation;
- Legal background for publicly disclosing political finance information in general, and on the Internet in particular;
- Procedures for producing and collecting financial reporting forms and the level of compliance with reporting obligations;
- Information technology capacity of the implementing partner and the format of its Web site;
- Human resource capacity of the implementing partners to collect financial reports, provide timely data entry, and maintain the electronic reporting; and
- Capacity of the implementing partners to provide training to political parties, coalitions, political organizations, media outlets, watchdog NGOs, and the public on how to use the electronic reporting.

Furthermore, the assessment should determine where the country is in the process of democratic transition and political finance reform. For example, in Peru (an example of political finance deregulation), the introduction of political finance controls implied the creation of a new PFR. In Georgia, the Central Election Commission was the logical PFR, but it lacked a department to deal with reporting and disclosure. In each case, significant institutional reforms were needed.

Finally, in Lithuania and Bosnia-Herzegovina, the PFRs were committed to the MAP project as a result of the Chairman's and Commissioners' determination to increase transparency, enhance the credibility of the Election Commission, and make it a leading PFR in the region.

The assessment must also address the institutional, professional, and technical capacity of the PFR to undertake reform. If the objective is to put in place a system of public access to data over the Internet, such as the MAP database, then it is critical to ensure that the PFR has made a stated commitment to maintain and update the database regularly. The PFR also needs to have on staff IT personnel with Web development and database expertise as well as the necessary IT infrastructure. In addition, the regulator must have data entry personnel. In some cases, IFES had to secure such personnel in order to ensure that the database was launched. After the launch, however, the regulator assumed full responsibility for the database. Finally, the regulatory framework must be examined in the areas of privacy rights in order to ensure that it is legal to publish this type of information over the Internet or in any other form.

Thus, the assessment has informational and operational objectives. It serves an *informational* purpose by mapping out the regulatory framework and the current level of disclosure, identifying agents of disclosure, and assessing the capacity of those agents. It also serves an *operational* purpose by helping to identify and build trust with key implementing partners.

Agents of Disclosure

Political Finance Regulator (PFR): The PFR is the collector and disseminator of information. While the PFR is most often the electoral management body, it can be a specialized independent entity or other official body, such as Ministry of Justice, tax authorities, or court of accounts. The ideal PFR is able to maintain a significant level of independence, impartiality, and operational integrity.

Regulated Community: The regulated community is made up of the political actors that are required to report their accounts. They are most often political parties and candidates but could also be politically active partisan organizations.

Reform-minded Politicians: Often high-profile political actors in the parliament or government who champion political finance reforms.

Political Parties: Initially, parties might require assistance to build internal controls and capacities to comply with reporting obligations. Eventually, political competition will help parties to police each other.

Civil Society Organizations (CSOs): Sometimes called "watchdog" groups, CSOs can play an important monitoring and oversight role.

Media: Journalists play an important oversight role as they investigate and publish articles.

Scholars: Scholars offer a wide range of contextual information, research, analysis, and historical trends.

CHOOSING PARTNERS

IFES learned that different stakeholders often perceive the objectives of the MAP program from different points of view. Each of the agents of disclosure has a slightly different agenda when seeking to promote greater disclosure. Anti-corruption CSOs seem to be more progressive and idealistic, and they tend to perceive the MAP program as a great chance to reform the political system and eliminate corrupt political parties and politicians. This was also the view of reform-minded politicians

seeking to change the process, often through regulatory reform. In the short term, the media saw the program as a way to generate news that, at times, could lead to scandals. It should be noted that both CSOs and media can be politically connected. As such, they may not be fully impartial and may use information for partisan purposes.

PFRs seem to be more cautious as they can be more politically dependent. While they can (and should) operate within the institutional and regulatory framework, the ideal PFR should maintain a significant level of independence, impartiality, and operational integrity. Ensuring the independence of the PFR will help protect the PFR from the attempts of the executive or legislative branches to use the enforcement powers of the PFR for their own political goals. The appointment process should, to the highest degree possible, seek to guarantee impartiality and accountability. Further, the PFR should be granted the authority to plan its own program for political finance administration and enforcement, and be provided with the financial and human resources to implement this program. Thus, while they often support NGOs and media in their anti-corruption initiatives, PFRs want to see measured reform over the long term.

Political parties are mostly interested in improving their electoral chances. On the one hand, many ruling parties (such as in Romania and South Africa) do not want to be regulated any further in terms of public disclosure and, as a result, tend to delay or not pass new, more comprehensive laws regulating political finance unless they are compelled to do so by public demands.[12] On the other hand, they do not want to be perceived as corrupt organizations. Therefore, reform-minded politicians can play a key role in promoting meaningful political finance reform.

Overall, disclosure projects should recognize and address the different expectations of the agents of disclosure. Particular attention should be placed on the long-term desires of the PFR, which is at the nexus of disclosure as it collects, reviews, and shares information with the public.

In IFES' experience, meaningful reform is best achieved through the identification of four key partners. These include (1) a legal reform advocate, (2) a single PFR that is primarily responsible for disclosure, (3) a CSO involved in political finance monitoring, and (4) the media with professional investigative journalism.

1. Legal Reform Advocate

It is critical to have at least one advocate for reforming the legal framework or one reform-minded politician. Such a leader can be a respected parliamentarian or a key government official responsible for initiating legislation. For example, in Macedonia where IFES promoted legal reform, MP Zoran Sapuric was able to engender legislative change favoring disclosure. In Georgia, IFES and the Council of Europe worked closely on political finance reform with the Deputy Speaker of the Parliament, Mikheil Machavariani. The same was true in Russia, where IFES worked with a key member of parliament and a member of the CEC to promote legal reform in the 1990's. Any serious reform requires clear local leadership and commitment. Political finance reform, being a sensitive issue, is more successful if it is designed, presented, and executed as a local initiative.

[12] Among the 111 countries covered in a study by International IDEA, as many as 71 have introduced a system of regulation of political finance, often including provisions such as: (1) laws regulating political parties and their funding, (2) electoral laws and campaign finance regulations, and (3) laws regulating public associations, tax authorities, or even anti-corruption regulations. Reginald Austin and Maja Tjernström, *Funding of Political Parties and Election Campaigns*, (Stockholm: International IDEA), 2003, p. 181.

2. Political Finance Regulator

In addition to maintaining a significant level of independence, impartiality, and operational integrity, the ideal PFR is committed to reform.[13] It needs to have the capacity to undertake the implementation of a serious political finance disclosure project. While IFES found it difficult to promote reform in Hungary (where the Ministry of Interior runs the elections), change was more effective when IFES worked with independent election commissions in countries such as Lithuania, Georgia, Bolivia, Peru, Bosnia-Herzegovina, Nigeria, and Indonesia. Further, IFES learned that having an agreement such as a Memorandum of Understanding (MOU) in place with the PFR along with a detailed implementation plan—that spells out all the necessary steps, deadlines, and responsible actors—helps both to clarify responsibilities and to create a written commitment to sustain and build on the program objectives over time.

During times of rapid transition, it is especially important to agree upon an MOU and to establish relationships at both the senior (i.e., Chairman and Commissioners) and staff (i.e., Head of Department) levels of the PFR. Success in Georgia and Bolivia came only after the political situation stabilized, allowing the PFR to make the necessary commitment. (In addition, in the case of Georgia, the new CEC recognized the importance of complying with the MOU signed by their predecessors.) IFES' ability to establish and maintain relationships during these times of transition were critical to the success of the projects.

Finally, MAP projects in Bosnia-Herzegovina and in Georgia were successful due to the active approach taken by the Election Commissions. In each case the PFR was allowed to regulate some specific aspects of disclosure by adopting its own regulatory guidelines (such as developing reporting forms and procedures). Thus, in order to ensure efficiency in the collection, review, and public dissemination of political account data, the PFR must be allowed to regulate all of the detailed aspects of disclosure.

3. Civil Society Organization

IFES worked with both national and regional civil society partners. While commitment is a critical feature of any civil society partner, there are several other aspects of choosing a partner that must be taken into account. As political finance reform takes place over time, there must be a non-partisan civil society group with sophistication - a group that is well-established and has the capacity to work with this issue well into the future. For example, though the commitment appeared to exist, IFES' partner in Kosovo was compelled to transfer its attention from political finance to other project initiatives in order to secure funding. Further, an investment should be made in local think tanks that can both research political finance and advocate necessary reforms. These groups best understand the issues of the country and also provide good partners for new projects in neighboring countries.

In both Hungary and Lithuania, IFES sought to utilize the expertise of the Association of Central and European Election Officials (ACEEEO). Their commitment to the process appeared strong, but the ACEEEO lacked resources to promote long-term reform. As a result, it was compelled to chase funds in other fields in order to continue to be sustainable. Thus, the resources invested into these organizations did not produce the expected long-term outcomes.

[13] For more details on PFRs, see IFES' Training in Detection and Enforcement (TIDE) Training Manual available at: http://www.moneyandpolitics.net/projects/tide.html.

In Romania, IFES partnered with one of the leading think tanks—*Asociatia Pro Democratia* (APD)—which had already worked on the issue of political finance disclosure.[14] In fact, the Romanian case shows that in many countries there are CSOs with a good record of research and advocacy. Their existing policy papers, activity reports, research publications, conference papers, and press articles covering their activities can be a good indicator of their sophistication and sustainability.

In terms of building the capacity of local CSOs, in both Bosnia-Herzegovina and Romania, IFES asked its local partners to nominate individuals to be project coordinators. Such an approach allowed IFES to train, support, and develop local talent while providing CSOs with critical expertise. In both cases, these individuals and their organizations became national and regional experts (in their own right), later helping the international community with similar reforms taking place in neighboring countries.

Finally, as mentioned earlier the whole issue of disclosure requires a nonpartisan approach. Transparency in political finance should not be perceived as an initiative that can benefit a particular party or politician, but rather as a reform contributing to a better quality political system. Thus, it is fundamental that the prospective MAP partner is credible, widely respected, and as politically independent as possible, taking into consideration local realities. Furthermore, IFES encourages broad coalitions of CSOs to work in the field under the leadership of the MAP partner, because this increases project sustainability and makes it more difficult for certain political forces to harass such a coalition.

[14] In 2002, APD monitored campaign finance during the parliamentary elections in Romania.

4. The Disclosure Cycle

As described earlier, political finance disclosure should be seen as a comprehensive process. The following sections walk through the six stages of this process, demonstrate why the five assumptions for success (p. 10) are important, and provide an overview of best practices. Throughout these stages, IFES recognized that the development of written materials was critical and produced manuals/handbooks for political parties, manuals for CSOs/media, and outreach materials easy for the public to understand.

ENVIRONMENT FOR REFORM

Prior to launching any disclosure initiative, it is critical that an environment conducive to reform exists (or can be created). Often, such an environment requires political will to generate change that is often preceded by an enabling event. It also requires expertise and knowledge that allow for substantial, rather than cosmetic, improvements in the political finance system.

A reform environment can emerge from an enabling event in the near term or be developed over time. Without it, reforms will be difficult if not impossible. IFES learned this through its inability to promote the publication of detailed data on the Internet in Hungary and Romania. In the latter case, IFES worked closely with a CSO that relied on access to information laws to gather its data. While this strategy was successful to some extent, public disclosure was neither full nor complete. Greater success would have been achieved if the government had demonstrated the political will to make *all* required documents public.

Enabling events often take the form of political scandals. In the case of the United States, Watergate resulted in large-scale changes in the regulation of money in the political process. Change can also result from a pro-reform party or group coming to power, as in Georgia and Bolivia, where the implementation of MAP projects was stalled until the political climate was calm. It is also the case in Ukraine and Indonesia, where reforms are currently taking place. Finally, increasing public discontent may be perceived by the government and lead to reform. This is perhaps why the MAP project in Nigeria has been welcomed by all major stakeholders, despite the fact that Nigeria is ranked near the bottom—number 132 of 133 countries—on Transparency International's 2003 Corruption Perception Index. In fact, Nigeria has taken concrete steps to implement existing legislation through the development of reporting forms and a political party handbook, the conduct of training for political parties, and the establishment of a directorate for political party finance regulation.

In many cases, political finance initiatives such as the MAP project can be—and have been—very successful at promoting change and setting the foundation for future reform. IFES learned from its pilot projects that there is a need to organize large conferences and targeted seminars for stakeholders to build wider support for such important reforms and to create favorable conditions for meaningful reform.

Political will for this reform must be effectively shaped in order to achieve success. In the political sphere, this task is particularly difficult as the political players are being asked to regulate themselves. Further, independent PFRs (such as election commissions) are often appointed by these same political actors. In order to effectively shape the necessary political will, coalitions must first be formed amongst the agents of disclosure, each of whom has a critical role to play. Political actors provide information to the PFRs who then make this information public. The information is scrutinized by CSOs and investigated by the media within the context of historical and comparative analysis provided by scholars. As a result, the public's capacity for better-informed decision-making

is increased. This leads to an output of greater accountability and greater political will for more reform.

Such a scenario played itself out in Lithuania during the MAP project in 2002. Following the publication of the campaign account data on the Internet, a few journalists and the local Transparency International chapter noted that about one-third of the recently elected President's contributions came from a single source. After further scrutiny, during which time information was shared between civil society and the media, it was found that the donor, Aviabaltika, had close ties with Russian organized crime syndicates. This revelation led to a deeper civil society and media investigation that turned up abuse of the presidential office. Ultimately, this abuse of office led to parliamentary impeachment proceedings (as outlined by the Constitution). This outcome represents the first time that a sitting president in the consolidating democracies of Central and Eastern Europe was removed from office through constitutional impeachment proceedings. This case also demonstrates that the way a country responds to the repercussions of a scandal is just as important as the way it handles the scandal itself. New elections were held to ensure that the rule of law prevailed in Lithuania, and the Central Electoral Committee made efforts to further enhance its system of disclosure.

Promoting meaningful reform requires that the agents of disclosure coalesce into an informal coalition with a reform-minded advocate. Other groups that promote increased disclosure can also support the advocate and use information from scholars/media to help make their case and gain public support. This process can be effective, as it was in Macedonia where a new law on political parties was recently passed. It is also important that all stakeholders are involved in the development and fine tuning of regulatory instruments (as was the case in Peru).

However, coalitions require leadership. Leaders can be PFRs (such as the election commissions in Lithuania and Bosnia-Herzegovina), reform-minded politicians (such as the new leadership of Georgia), or even CSOs (such as APD in Romania and IDASA in South Africa).

Building informal coalitions can help to achieve consensus on the overall direction of reform. From its early pilot projects, IFES learned that failure to build coalitions and achieve consensus makes effective outcomes harder to achieve over time. Thus, creating an environment conducive to reform is a critical first step in any disclosure-related initiative. Coalitions do not necessarily have to be formal, and it is more important to bring all players together for brainstorming and exchange of information.

REGULATORY REFORM

Once an environment for reform is established, deficiencies in the regulatory framework should be addressed. In some cases, the regulatory framework will be sufficient, requiring no change. In other cases, the guidelines below can direct reform.

Disclosure laws must fulfill the following five basic criteria to effectively facilitate transparency:

1. Establish the scope of the law and define terms;
2. Describe the process, format, content, and timetable for detailed reporting obligations;
3. Assign responsibility within political parties (or other reporting entities) for compliance with reporting obligations;
4. Identify enforcement policy, violations, and penalties for non-compliance; and

5. Mandate public disclosure of financial information.[15]

Overall, effective reforms should pass the *reasonability* and *feasibility* tests (described in the text box below) and should result in the collection of detailed account information on a regular basis and in a timely manner. How detailed and how regular depends on the circumstances of the country in question. For example, in a transition country such as Georgia, it may be enough to introduce basic reporting requirements. Again, it is important to be realistic about how much progress can be achieved and to ensure that the reform is sustainable.

Two Key Tests for Regulatory Reform

1. **Reasonability.** Reforms must be reasonable given the context of the country.
2. **Feasibility.** The political finance regulator and the regulated community must have the capacity to implement the reforms. Once a reform is determine to be reasonable, do political actors have the capacity to value, record, and report on in-kind contributions? If not, then this reform is unlikely to be implemented.

While some reporting features are unique to certain countries, each country should have both pre- and post-election reporting requirements and should require the disclosure of assets. Pre-election disclosure of party accounts and candidates' assets can alert the public to financial biases. The process is slow and not always comprehensive, but with pre-election disclosure voters can punish the most corrupt politicians at the ballot box while rewarding those who play by the rules. Comprehensive post-election disclosure is essential for the media, CSOs, and political finance scholars, who cannot perform their independent assessments without the necessary financial data.

Although there is no perfect regulatory formula, there are some avenues to meaningful reform. Legal reviews and commentaries often serve as the baseline for designing legal reform efforts. However, rushed reviews may result in incomplete recommendations and the creation of additional loopholes. Recommendations should use existing international standards[16] and take into account the country's context, as well as the capacity of the PFRs and the regulated community to comply with proposed legal and regulatory changes law.

Reformers need to be careful and, at times, pragmatic for three reasons. First, in many established democracies, it took over 100 years to introduce comprehensive disclosure. Any political finance reform requires proper planning and a long-term approach. Second, the use of inaccurate, incomplete or partisan information or personality-driven campaigns can undermine the case for reform. Third, timing is critical when promoting legal and procedural changes. Moving too fast or acting at the wrong time may cause a backlash (leading to inaction) among political forces that do not want or do not have the political will for change. IFES saw this in Hungary and Bolivia where the lack of political will and clear leadership, combined with pressure to implement reform, led to such inaction. Yet change in leadership in Georgia has completely changed the climate for the implementation of the MAP project. With the new democratic government in Georgia, transparency in public life became an acceptable and even desirable goal.

Implementation in Georgia and Lithuania proved that timing is one of the most important factors when planning a MAP project. Just as disclosed information should be made available to the public in a timely manner, it is crucial to ensure that the MAP project is implemented well before elections. If the political finance regulator is also an election management body, it would be wise to introduce

[15] Bob Dahl, *Money and Politics, Volume 2: Campaign Finance in Indonesia* (Washington, DC: IFES,) 2002.
[16] See USAID's *Money in Politics Handbook,* Appendix G: Detailed Guidelines on Drafting a Disclosure Law.

the MAP project at least 12 months before an election. This would allow IFES and its local partners to introduce necessary procedures, design reporting forms/manuals, create the MAP database, and conduct training in time for public disclosure in advance of polling day.

COMPLIANCE ENHANCEMENT

The guiding principle of disclosure is that it should make clear who needs to disclose what to whom as well as when and how disclosure should be accomplished. Even if new disclosure regulations (1) pass the reasonability and feasibility tests (discussed in the previous section) and (2) were developed in consultation with the PFR and the regulated community (i.e., candidates, political parties, and/or other political groups), concrete steps still need to be taken to ensure reporting compliance. Regulators need to establish clear and reasonable reporting guidelines and forms. Working closely with the regulated community is the most appropriate way to do this. It is further critical that political parties and others in the regulated community have the capacity to comply with the new regulations.

Compliance is also determined by enforcement. While MAP projects did not significantly address issues of enforcement, IFES learned a great deal about enhancing the capacity of candidates and political parties to comply as well as how civil society can encourage them to do so.

Members of the regulated community should have effective internal accounting mechanisms and controls. To simplify the reporting process, these should be designed in conformity with the required disclosure forms. Thus, the burden of reporting is eased, and fewer arguments can be made against multiple or timely reporting. In some countries, the reporting burden can be further reduced if the regulated community can fill out and transmit forms electronically. Lithuania provides an excellent example. Following the implementation of the database, the Central Electoral Committee prepared an accounting program for each political party that allowed its data to be downloaded directly onto the database and subsequently into the public domain. While real-time or even weekly reporting is not required in any of these countries, new technologies, such as those being employed in Lithuania, enable it to occur effectively.

Educating political parties in the use of new forms and regulations is also critical. In most pilot projects, IFES and the local PFRs had to introduce standardized reporting forms (with the exception of Lithuania) and formalize their reporting procedures. The Kosovo pilot highlights how education was used to overcome cumbersome regulations. In this case, as there was no opportunity to revise the forms, IFES worked with complicated existing forms. Together with the partners in the international community, IFES developed written materials—such as a political party financial manual—and conducted workshops for party treasurers to clarify their reporting responsibilities. The training resulted in 100% compliance with the new rules by political parties. In addition, 91% turned the forms in on time, a significant achievement when compared to other countries in the region that lacked such training.

IFES also helped election commissions in Lithuania, Georgia, and Bosnia-Herzegovina to develop simple reporting manuals for political parties and individual candidates. In Bosnia-Herzegovina, IFES organized trainings in cooperation with the Election Commission of Bosnia-Herzegovina (ECBiH), which significantly improved relations between political parties and the local PFR. In other IFES trainings, political parties were shown how to file financial reports in a systematic way. The interactive form of these training sessions should allow parties to conduct later sessions themselves in following years.

Finally, IFES learned important lessons about disclosure and enforcement. Without enforcement, accurate and timely compliance with disclosure provisions is unlikely. The process as a whole depends on two provisions directly related to compliance with disclosure regulations. First, the system needs to prevent the enforcement process from being bogged down with the resolution of routine violations.

Second, IFES learned that internal monitoring of reports filed with the PFR (if done at all) can uncover only a fraction of the violations that occur. The system needs to allow for external complaints of suspected wrongdoing and set up a review system for evaluating them. The results of data reviews by CSOs and media are also useful for PFRs as they conduct their own official reviews. In addition to reviewing published reports by CSOs and news articles, official external-complaint mechanisms can be created to allow CSOs and political parties to promote accountability. While a public scandal may result in official action, nongovernmental groups are usually unable to lodge complaints when official action is required. Rarely used, such a complaint mechanism can be a critical feature in holding political actors accountable. In fact, in none of the pilot countries were there detailed procedures to act on information from unofficial or outside sources.

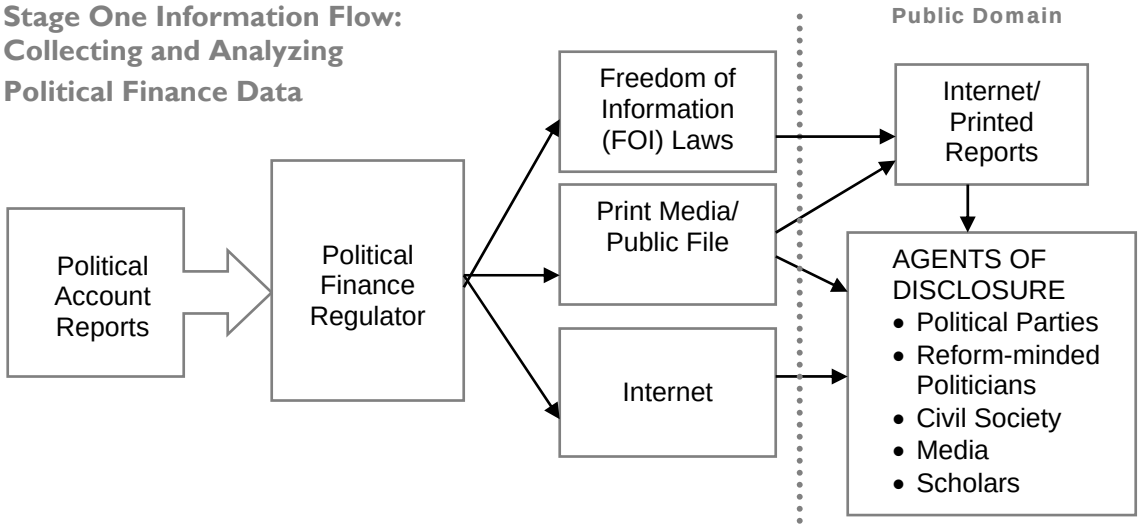
Information concerning the financing of political activities is most useful to the public when it is disclosed in a timely manner. Late reports make monitoring compliance more difficult. Moreover, in some countries, political parties do not submit their reports at all, as there are no serious sanctions for noncompliance. Georgia is one of the countries with serious sanctions for not filing, and they have been effective. In cases where enforcement is weak, MAP projects need to be supported by other enforcement-related training, such as IFES' TIDE program.

DISCLOSURE MECHANISMS

Different countries face different challenges and there is no single, appropriate disclosure mechanism. The first step is to develop appropriate forms and reasonable guidelines based on clear legal provisions. Surprisingly, in Georgia, Bosnia-Herzegovina, Romania, and Bolivia, forms and guidelines were not used before the MAP project was introduced. Given this situation, IFES helped the PFRs to develop all the documents needed to establish the MAP database.

Once issues of data collection are resolved, what happens when the PFR receives the disclosed information? Usually, enforcement agencies have access to the data, but if it is not made public, it loses value and may even hurt the credibility of the process. Public transparency enriches accountability. It also promotes the credibility of political processes and the institutions overseeing them. According to anecdotal accounts of Commissioners from PFRs in the countries where IFES has established a MAP database, public disclosure appears to have enhanced their credibility. For example, there was widespread media coverage in Bosnia-Herzegovina, Georgia, and Lithuania about the new transparency mechanisms.

Public disclosure involves the flow of political account data from reports to the public domain. The chart on the next page demonstrates these flows.



In countries where account data is made public, it is often through an official newspaper that is not widely accessible. Starting with disclosure through the print media (see chart above); IFES applied two approaches to streamline the flow of political account information to the public. As discussed below, these included the use of freedom of information laws and the Internet to place information in the public domain.

First, with respect to disclosure through freedom of information, IFES sought to work with NGOs in Romania and South Africa to gather the information and make it public. While each country lacked a dedicated PFR responsible for full public disclosure (in the case of South Africa disclosure applied only to public funding), each had access to information laws that could be used to request that political accounts be made available. In each case, the NGOs struggled to access this information.

In the case of South Africa, IDASA became embroiled in a long court case to gain access to information from past elections as political parties refused to disclose private funding, which constituted a substantial portion of their overall funding. Further, without ready and timely public access to information, there are few controls on its accuracy. In short, the freedom of information approach can be convoluted and time-consuming without a dedicated PFR responsible for making the information public.

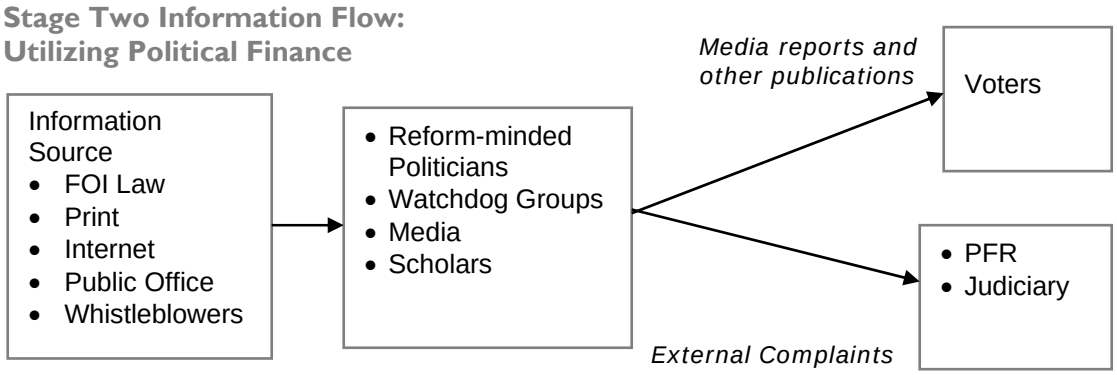
Second, with respect to disclosure through the Internet, IFES worked with PFRs to develop Internet accessible databases modeled after those in some developed democracies (such as the United States, United Kingdom, and Canada). This approach is more direct and in most cases is also more reliable. The initial approach was to develop a standard model built on a Microsoft platform that could be easily adapted to local regulations. The MAP model database was simply designed in order to be accessed through a dial-up connection. At the same time, the database was designed to be sortable so that CSOs, media, scholars, and members of the regulated communities could access and study it themselves. The database was also created in several languages, including English. This produced more comparative information from which to conduct research, learn lessons, and derive best practices over time.

IFES learned several lessons about the use of Internet-accessible databases for political finance. These lessons stemmed from the great variety of systems already in place and unforeseen regulatory requirements. Firstly, not all political finance regulators had Web sites dedicated to political finance.

Thus, the MAP project often galvanized the PFRs to increase the amount of information on their existing Web sites. Furthermore, IFES relied on its database model as a template from which to build from the ground up. In the case of Lithuania, the database was built to conform to the government's Oracle database platform, which allowed information to be shared with the tax authorities responsible for auditing the data while allowing the audited reports to be easily placed on the Central Electoral Committee's Web site. Further, IFES underestimated the time needed to create a MAP database and to enter the data. (This was especially true in Bolivia, Bosnia-Herzegovina, and Georgia.) Additionally, in many cases, the database was built by qualified local experts who could take into account local regulations. Finally, given particularly challenging circumstances, it may be sufficient to initially scan reporting forms and put them on the Internet. For example, in Kosovo, the PFRs are facing the problem of insufficient resources, and in Nigeria, there is a shortage of critical IT experience. However, even if only forms are placed on the Web site, the regulator should still try to publish all the information it has available with a searchable database added later.

MONITORING AND OVERSIGHT

One of the overarching goals of the MAP project has been to enhance accountability by encouraging better-informed decision-making by voters and better enforcement of the law. CSOs, media, and scholars all play a key role in meeting these objectives (in part by virtue of having Internet access that the general public may not). They can achieve these objectives by conducting activities within their respective professional spheres and by sharing information with each other. In this way they can perform two functions outlined in the chart below. First, they can provide information to the electorate. Second, they can provide information about political finance infractions to relevant government bodies and the judiciary.



Detailed political finance account data can be very revealing. While the average voter may be interested in political finance information about political actors, he or she is unlikely to go to the effort to hunt down data on the Web or sort through complicated financial accounts in the official newspaper in order to do so. Thus, the voter relies on the media and anti-corruption NGOs to digest disclosed financial information and make public its important findings. The good news is that the efforts of these NGOs and the media have an impact as it appears that, in the long-term, financial disclosure makes voters more concerned about party abuse of state resources. Political finance information is particularly useful if it is disclosed in advance of the elections as voters can then make more educated decisions at the polls. However, such pre-election disclosure is rare. Among the pilot countries, it occurs only in Georgia and Kosovo.

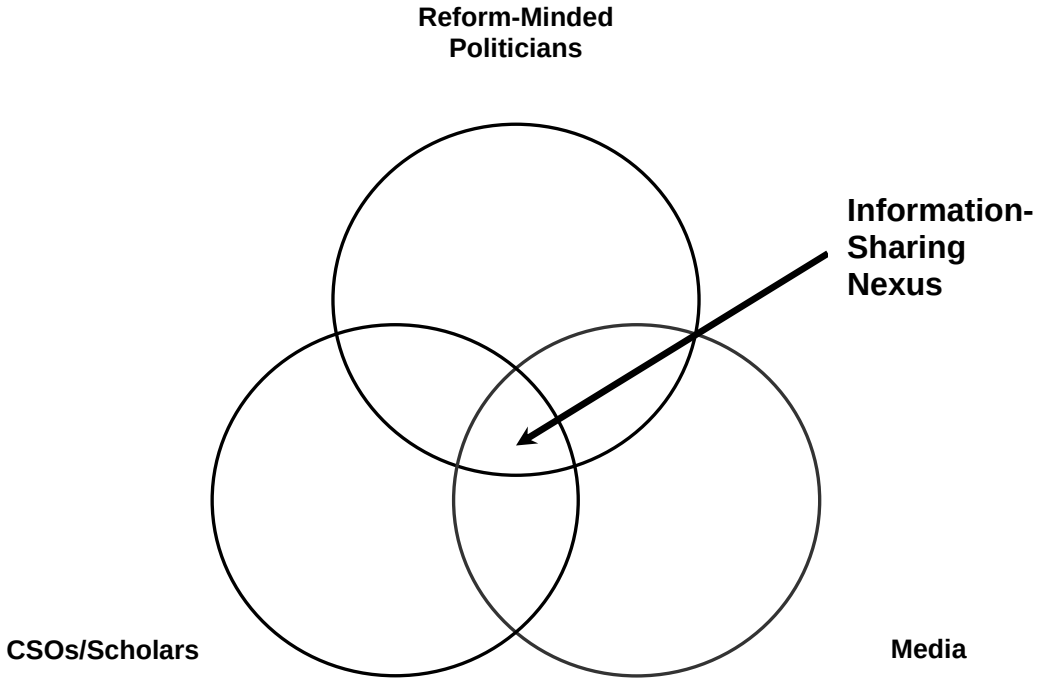
In each pilot country, there were parliamentarians who were already advocating for greater disclosure prior to IFES' involvement. Commitment to disclosure-related projects is an indicator of the extent to which parties are dedicated to principles of democracy. For example, in Romania, IFES was often

approached by opposition parties that supported the MAP project as a way to attack a corrupt regime.

As discussed above, there are relatively few CSOs with the commitment, capacity, and resources to play an effective monitoring and oversight role. There also tend to be no more than a handful of journalists covering these issues, and they are likely to do so only around elections. Finally, there may be one to two key scholars that are analyzing trends in political financing over time. Each of these sectors has a unique angle on the information that is useful to the others. For example, journalists and CSOs rely on scholars to identify trends and provide contextual analysis. Journalists may call on a well-placed watchdog group for background information. It is thus important to identify these actors and work closely with them to interpret the data. This allows them to present it to the public through news articles and other publications.

Each of the pilots illustrated the need to build the capacity of CSOs, media, and scholars; to form public, information-sharing coalitions (demonstrated below); and to promote political finance monitoring and oversight. These groups need to be brought together in joint initiatives as equal partners for training and information sharing. Furthermore, the MAP projects contributed to significantly enhancing the exchange of information among the agents of disclosure, which can be expected to contribute to full disclosure and greater information sharing over time.

Information-Sharing Coalitions as a Result of MAP Projects



Pre-MAP stage: Limited information-sharing nexus
MAP implementation stage: Enhanced information-sharing nexus
Post-MAP stage: Growing information-sharing nexus leading to full disclosure

Civil Society Organizations: Relevant civil society actors need assistance in three areas. First, these groups need tools and comparative best practices from other countries. Second, their role within the given context needs to be defined. Lastly, they need resources (including access to other key local actors) to carry out their mission.

Reform-minded Politicians: These advocates for reform often work in concert with one or more CSOs as they seek to promote their agenda. They also need tools and best practices as well as formal encouragement and backing at appropriate levels. Continuing public pressure to reform can help individual politicians to move their organizations toward greater transparency and reform. Furthermore, support and recognition coming from leading international organizations—such as the United Nations, Council of Europe, World Bank, and Transparency International—can be an important incentive for certain individuals.

Media: Journalists face the difficult task of investigating and publishing critical articles. Even in the most developed democracies among the pilot projects, journalists face internal censorship by editors and publishers, as well as other more personal risks. Political finance programs can help journalists in three ways. First, efforts need to be made to protect journalists by including editors and publishers in training initiatives, while at the same time including journalists in international networks designed for this purpose. Second, journalists need tools for the investigation and publication of meaningful stories. Lastly, as journalists are very busy, they need easy access to understandable information from a variety of official, civil society, and academic sources. Overall, effective political finance programs rely on a fairly free and independent media environment.

Scholars: Political finance transparency is a narrow but important academic topic, and there are typically few scholars engaged with this issue. As political finance issues become more salient, so too must more efforts be made to engage members of the academic community. It is important that scholars not only conduct country-specific studies/research but also participate in comparative projects on a regional and global level. Scholars involved in country-specific political finance projects can play a significant role in the development and conduct of projects in other countries. They can also support reform-minded and progressive CSOs with the results of their research and can draw roadmaps for reform.

Recognizing that the information disclosed by political actors may often be incomplete and at times inaccurate, CSOs, media, and scholars look for different trends in the data. On one level, they can look to see whether the reports were on time, were complete, and conformed to any donation and spending limits. More sophisticated analyses can also be undertaken. For example, a common approach to getting around donation limits is to donate a single large amount but to report that it came from a series of artificial donors. In other cases, expenditures may not be fully reported. If campaign expenditures can be monitored accurately, it can be useful to compare them with the reported amounts. In Guatemala, where IFES sought to examine how civil society can effectively play a monitoring and oversight role, it became clear that publicly available baseline data on political accounts was critical in order to make the monitoring effort meaningful. Links can also be drawn between large donors, political appointments, and governmental or legislative action. These are just a few examples of how political account data can be examined, analyzed, and made public through the media and other sources.

IFES believes that it is precisely this type of monitoring and oversight that will lead to greater compliance with both reporting requirements and the law in general. As the voters receive more information (in advance of an election), they can make more educated decisions at the polls. IFES is already witnessing how this information is being used by the media in places like Lithuania, Georgia, and Bosnia-Herzegovina (see "In the News" on www.moneyandpolitics.net). Further, IFES has seen

how newly available information raises the sophistication of the debate, as candidates and political parties use specific data in their campaigns. More information can also lead to greater grassroots pressure for reform, thereby helping the agents of disclosure to create the environment for change discussed earlier.

SELF-EVALUATION

As a country completes an election cycle or emerges from a scandal, the agents of disclosure should critically evaluate their overall political finance regime. The role and effectiveness of disclosure needs to be carefully examined. Such an evaluation must involve lawmakers, the PFR, the regulated community, CSOs, media, and scholars (both formally and informally).

Among the tools for self-evaluation are applied research and strategic planning. Applied research—which involves reviewing political finance issues during a past electoral cycle or in the aftermath of a scandal—can identify loopholes and areas in need of strengthening. Researchers can rely on many resources, including official publications/data, media articles, civil society reports, and academic articles. Public opinion polling can also be used to ascertain interest in reform. Strategic planning processes (which require learning from the past) can be particularly valuable for PFRs as they determine their next regulatory and procedural steps. CSOs can also use this process to better define and carry out their mission.

International actors have a particularly valuable function in facilitating this discourse. On one hand, each of the stakeholder groups mentioned may be particularly sensitive to change and may be reluctant to follow the lead of a local actor. On the other hand, they may realize and welcome change as a way to restore or establish legitimacy. In either case, these groups from emerging democracies will likely be looking for best practices and support from leading experts from outside their countries.

5. Conclusion

Transparency in political finance does not immediately or automatically increase good governance, but it can expose poor governance. Political finance disclosure is a key element in promoting overall transparency and combating corruption in public life. IFES' MAP program offers some relatively simple technical solutions that can, if well targeted and timed, effectively address weaknesses in a country's system of disclosure.

Importantly, the goal of the MAP project is not to blow the whistle on corrupt funding of any particular party or expose individual cases, but rather to achieve the following goals:

- Galvanize public discussion on political finance and support necessary reforms;
- Provide the tools for political parties, policy-makers, and others to develop transparent and accountable funding of political parties and election campaigns;
- Assist the media, civil society, and the research community with background information on this issue; and
- Produce an online database that will help keep track of funding of political parties and their financial operations.

Overall, IFES' MAP pilot projects achieved meaningful reform by galvanizing change, raising the level of political disclosure, and leaving lasting disclosure mechanisms. Some examples highlight how IFES galvanized such meaningful reform:

- In Lithuania, the Central Electoral Committee took steps to maintain the MAP database over the course of multiple elections and to enhance the mechanism through which political party account information was collected.
- In Bosnia, the Election Commission of Bosnia-Herzegovina organized trainings for political parties and media on reporting procedures and on the use of the MAP database for external verification of financial reports.
- In South Africa, IFES' partners IDASA and ISS launched a Web site (www.whofundswho.org.za) that employs the freedom of information law to make political account data available to the public.[17]
- In Romania and Georgia, there are new draft election laws regulating disclosure in more detail. The Romanian APD received additional funding to conduct campaign finance monitoring of the recent elections.
- In Bolivia, despite political upheaval, the commitment to disclosure remained. These projects were some of the first initiatives dedicated to political finance in transition societies to emerge from the growing discourse and literature in the field.

The projects also showed that by facilitating informal coalitions for information sharing amongst PFRs, lawmakers, political parties, CSOs, media, and scholars, IFES' MAP projects addressed the

[17] The Money in South African Politics Web site—a joint ISS-IDASA project—is composed of: 1) a brief analysis of the problem created by the lack of effective regulation of political parties, 2) a Party Funding Monitor database that provides policy-makers, researchers, journalists, and political parties with a source of information with which to track the reported sources of private funding of political parties. See: http://www.whofundswho.org.za.

needs of each of these groups separately. For example, political parties were trained to enhance their internal accounting, CSOs were trained in monitoring and oversight, media were trained in investigative journalism, scholars were trained in researching political finance as a result of the new data available from the MAP database, and PFRs were trained in using disclosure information for enforcement.

IFES' success is also due to its capacity to facilitate coalitions of international actors and its use of available resources, most notably USAID's *Money in Politics Handbook*, which lays the foundation for disclosure-related reforms. This was also the first time that targeted and directed technical assistance was provided to government bodies in their capacity as political finance regulators.

Throughout the conduct of its disclosure-related political finance programs, IFES learned several lessons:

- Once a country is selected using the appropriate criteria, a thorough assessment of the environment is a necessary precondition to launching an initiative.
- Political will, commitment, and consensus are necessary for reform and can be achieved through an enabling event or developed over time.
- Coalitions of the agents of disclosure are critical to share information, build consensus, and pursue effective reform initiatives. Furthermore, coalitions need clear leadership to be effective.
- Successful reform initiatives can best be achieved through working with (1) a reform advocate, (2) one committed political finance regulator on both the senior and staff levels, and (3) one committed, local civil society group with access to resources.
- Legal reform must pass the reasonability and feasibility tests, be well conceived, be appropriate, be properly timed, and conform to international standards.
- The regulated community must have the capacity to comply with new or existing regulations. Capacity can be achieved through the development of appropriate internal controls (basic accounting) and education (manuals and training for political parties).
- If voters are expected to use the MAP database and to apply an effective political sanction when they cast their ballots, they will need to benefit from such financial transparency as close to the polling day as possible, but not after it.
- Pure financial data often does not reach individual citizens automatically. Yet, transparency can increase the level of analyses and debates, thereby allowing CSOs and media to verify political party and candidate accounts and assisting voters to make better-informed decisions at the polls.
- Simpler disclosure rules and procedures are more likely to be understood and followed. Financial reports should be submitted by clearly specified entities, within certain time spans, and made public through a single PFR in a user-friendly and accessible manner. In most cases, this will be most effectively done over the Internet.
- CSOs, media, and scholars must be engaged by sector and as a group in order to effectively monitor the process. Further, oversight is enhanced if external complaints must be processed by official bodies.
- Evaluation of and by the institutions and groups involved in the process following an electoral cycle or scandal can lead to identifying weaknesses in the regulatory framework and its implementation, thereby laying the groundwork for further reform.

- Failure to promote coalitions of key agents of disclosure on both a national and regional level reduces the capacity for effective advocacy and accountability.
- Ill-conceived or incomplete legal and/or procedural assistance based on incomplete information can lead to more problems than it solves.
- The PFR in a regime with growing authoritarian tendencies or under control of a dominant party can abuse disclosure for partisan purposes as highlighted in USAID's *Money in Politics Handbook*.
- Attempting to support a specific reform in an imperfect or inappropriate environment can fail without the requisite public support and/or political will.
- Failure to involve key players in the process at each step of the way can lead to solutions that these players do not have the capacity to implement.
- Political finance regulators are, as a rule, under-funded and understaffed, and the MAP project is unlikely to be successful unless minimum requirements are met. It is important to present MAP project as a relatively cheap option (when compared with the level of public funding) for public control.

Meaningful reform in the area of political finance disclosure is fundamental to free and fair elections, competitive multiparty systems, and preventing corruption. IFES' MAP project, which has proven its value as a stand-alone project, can also be incorporated as part of a larger electoral, political party, or anti-corruption initiative. The global interest in disclosure is not only demonstrated by those countries that participated in MAP pilot projects but also by those countries that are requesting support from IFES or that are seeking to go it alone without much benefit of shared international best practices and experience. The above lessons learned and the six-stage disclosure cycle illustrated in the guide can also be applied to promote transparency in a variety of ways beyond political accounts. For example, the MAP approach can be used for asset disclosure by parliamentarians, councillors, judges, and government officials or for conflict-of–interest disclosure, public expenditure tracking, and public oversight of budgets (to name a few applications).

Further, investing in effective disclosure appears to be a relatively cheap way to introduce public control. While this should be explored in greater detail, it appears that the cost of managing disclosure over the Internet is a fraction of what many countries spend on public funding for political parties. In most countries with MAP projects, such a basic solution cost from 1 percent to 5 percent of what political parties received from the state budget.

Thus, there is a clear fit for political finance disclosure and related enforcement programs in any overall effort to tackle political corruption, to prevent the misuse of state (and even international) funds, to increase transparency and accountability of political actors, and to enhance the credibility of political and decision-making processes.

Appendix

PROMOTING DISCLOSURE

The Table describes how IFES programmatic efforts contributed to the six categories of assistance mentioned in USAID's *Money in Politics Handbook* (in some cases, sub-categories have been added and/or adjusted) and lessons learned from those experiences.

Areas of Assistance	Types of Assistance Provided by IFES	Select Achievements and Successes	Possible Pitfalls
1. Establish and Strengthen Coalitions and Their Members			
1.1. Support NGOs and Other Civil Society Organizations	Supported NGOs/CSOs directly with training and sub-grants to directly undertake components of its Money and Politics Programming, resulting in better-informed and more active organizations	Raised the capacity of CSOs to conduct advocacy in the area of political finance	Unless the existing organization has the capacity to put the training and information into action, there is a danger that skills acquired will not be utilized
1.2. Increase Awareness	Made available Information through the MAP database, MAP events, and the development of MAP Guides and other materials, and indirectly through media coverage and investigative reports	Increased the information available to parties, media, NGOs, and scholars Raised the level of political discourse and increased public understanding of the issues pertaining to political finance	The timely implementation of the database and its long-term sustainability are in jeopardy if the PFR or CSO implementing it is not committed or does not have adequate access to qualified, in-country IT personnel
1.3. Train Media	Although little direct media training was conducted, IFES consulted with relevant media representatives and invited them to participate in seminars and conferences	Increased information available to the media leading to more accurate coverage	While media awareness is important, coverage will not be effective unless key journalists have investigative skills and have established linkages with PFRs, parties, politicians, NGOs, and scholars Journalists will be unable to publish controversial articles, unless media owners, producers, and editors allow them to do so

Areas of Assistance	Types of Assistance Provided by IFES	Select Achievements and Successes	Possible Pitfalls
2. Review and Enhance the Legal Framework for Disclosure			
2.1. Review and Analyze Legal Framework	IFES routinely reviewed legal frameworks	Provided various products, ranging from legal overviews to detailed analyses with concrete recommendations for reform	If legal reviews are rushed, there is a danger that the subsequent recommendations will be incomplete
2.2. Enhance Legal Framework	Developed written commentaries, promoted advocacy groups, and conducted onsite consultations	Created meaningful legal reform	If legal reviews and recommendations are incomplete, there is a danger that additional loopholes are created as some are closed
3. Encourage Reform by Political Parties and Leaders			
3.1 Support Reform-minded Parties and Political Leaders	Supported reform-minded politicians and key officials with information, encouragement, and exposure, while trying to link them to other agents of disclosure	Generated parliamentary coalitions for reform and reformed legislation	It is important not to get embroiled in partisan debates
3.2 Facilitate the Development of a Reform Agenda	Worked with CSOs, PFRs, and politicians to develop reform agendas often in the form of short- and long-term political finance implementation plans	Promoted an environment for reform through access to information about best practices Raised public awareness of the importance of transparency, thereby promoting an environment for further reform	Not including political parties and especially reform-minded politicians at an early phase could result in the perception that the reform agenda is not a homegrown initiative, and thus a lack of ownership by local partners

Areas of Assistance	Types of Assistance Provided by IFES	Select Achievements and Successes	Possible Pitfalls
3.3 Increase Accountability and Improve Reporting	Brought political parties into the procedural reform process, linking them with PFRs in the development of forms, and provided education and written materials about completing the forms IFES' MAP database can then act as a mechanism through which information is made public and officials are held accountable, resulting in even more pressure for accurate reporting	Improved capacity for political parties and candidates to comply with the law Increased the level and detail of available information Raised the level of detailed information, which led to more informed political debates and increased political discourse in the public sphere	Not including political parties in the process at an early phase, especially when developing new reporting forms, may lead to procedures and forms that those parties will be unable to comply with Without early training on internal party accounts and reporting requirements, the overall accuracy of data is in jeopardy
4. Strengthen Enforcement			
4.1 Review and enhance enforcement regulations and procedures	IFES routinely reviewed the regulatory framework, procedures, and reporting forms	Clarified and simplified reporting mechanisms through the development of procedures and forms that can be complied with, thereby increasing the number of forms received Where the MAP database was implemented, IFES provided the PFRs with an opportunity to review and improve the administrative procedures of the disclosure provisions through easy analysis of the data	Not including political parties in the process at an early phase, especially when developing new reporting forms, may lead to procedures and forms that those parties will be unable to comply with Should PFRs not include the major stakeholders (such as CSOs and political parties) in the review process, important lessons will be lost Disclosure should not be treated as an end result and must be accompanied by effective detection and enforcement in order to enhance accountability

Areas of Assistance	Types of Assistance Provided by IFES	Select Achievements and Successes	Possible Pitfalls
4.2 Support Professional Development of Political Finance Regulators	Where IFES maintains long-term projects, it focused on building the institutional capacity of PFRs through regular training. During IFES' short-term projects, IFES developed a long-term implementation plan together with the PFR. In all cases, IFES helped to improve the PFR's relations and communication with CSOs, mass media, and political parties	Provided the PFRs with a clear strategy to follow and, in some cases, increased their capacity to pursue that strategy Enhanced the credibility of PFRs Reduced administrative costs, contributed to the development of e-democracy through the database, thereby allowing PFRs to focus more energy on enforcement	There is a danger that disclosure efforts will be meaningless unless the PFRs have the commitment, capacity, and resources to enforce the laws and regulations Without a long-term commitment by an international partner with sufficient funding and proper follow up, the professional development of PFRs may not take place, thereby stalling the reform process
5. Link with Anti-Corruption Programming			
5.1 Develop Joint Efforts with International Groups with Existing Anti-Corruption Programs	During the process of implementing MAP projects, IFES often worked in conjunction with other international organizations (such as the Council of Europe, the Open Society Justice Initiative, Transparency International, and the UNDP). IFES also contributed to the most important publications in the field of political finance	Raised the level of the discussion globally Helped ensure the lasting impact of disclosure-related objectives	Unless short-tem disclosure programs are included in larger initiatives with sufficient funding, there is a danger that their impact will be significantly decreased Unless international organizations continue to cooperate and to identify and work within the scope of their strengths, there is a danger of overlap
5.2 Develop Joint Efforts with Domestic NGOs and Independent Anti-Corruption Agencies with Existing Anti-Corruption Programs	IFES maintains linkages with domestic NGOs and independent agencies to identify mutually supporting efforts	Added benefit to these organizations' domestic agendas	There is a danger in working with anti-corruption agencies that may be far from independent, thereby discrediting the successes of the project

Areas of Assistance	Types of Assistance Provided by IFES	Select Achievements and Successes	Possible Pitfalls
6. Support Regional Organizations			
6.1 Increase the Capacity of Existing Regional Organizations	Increased information available and supported the development of technical and training capacity of regional organizations	Increased information available	Unless the existing regional organization has both the capacity and commitment to put the training and information into action, there is a danger that skills acquired will not be utilized
6.2 Develop Oversight, Transparency, and Advocacy Regional Networks	Established networks between groups through which to exchange information and best practices	Increased networking and information sharing	Unless there is a strong commitment by members of the regional network, there is a risk that a formal network could become stagnant or dissipate over time

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