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CRINIS STUDY

Study of the Transparency of Political Party Financing in BiH
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Introduction

The purpose of this Crinis study is to create a comprehensive assessment of the legal framework regulating the financing of political parties and its application in practice, with the ultimate aim of improving transparency in the financing of election campaigns as well as the financing of party activities in non-election years. Crinis was started from the conviction that transparency is the foundation of oversight of money in politics and a means of ensuring an informed vote. Transparency is also a means of increasing public confidence in democracy and politics.

To this end, Crinis evaluates legislative frameworks and examines how they are implemented by key stakeholders involved in the process of political party financing. On this basis, Crinis identifies key shortcomings in any system and develops recommendations as to how these shortcomings could be remedied.

It is the common finding of the existing studies on political party financing that, when there are no adequate rules and, most of all, when the enforcement of these rules is missing, the role of money in politics: a) poses a threat to the principle of equality of citizens by allowing those who possess economic power to have greater political influence; b) can create unfair competition among political parties through the favouring of candidates who have better access to finance; and c) can facilitate corrupt practices among donors and elected government officials. Donors can exert pressure on officeholders to repay the “favour” (or “investment”, as they see it), while government officials can extort bribes from the private sector, in the form of donations.

Also, laws alone are not sufficient to avoid this situation, and the application of the legal framework is key to initiating a positive practice in this area.

Coordinated and harmonised efforts must be demonstrated by all stakeholders involved in political party financing. The role of regulatory bodies is essential in monitoring and ensuring compliance with the law. It is necessary to actively engage the media, political opposition, civil society organisations, academia and citizens, who will report violations of the law as well as exercise supervision over institutions in order to ensure their effectiveness and help eliminate irregularities in their work.

Research Methodology

The CRINIS methodology is based on a comprehensive survey of transparency in political financing from the perspective of both what the law requires as well as what happens in practice. This research tool includes a review of laws and regulations, analysis of official reports and documents, interviews with professionals in the field and independent experts, and field testing. The data collection process is based on questionnaires, collection of about 4,000 units of data and making comparative charts through various transparency indicators. This research tool is based on a set of standards and practices that promote transparency in political party financing and allow identification of segments in which the system is working well and reforms that can contribute to positive change.

Data Sources

Data collection mechanisms include:
1. Identifying laws and regulations with the aim of creating a database of relevant legislation.
2. Collection of data specific to a given country, such as information on recent legal reforms, political financing, cases of corruption, and the activities of civil society organisations in this area.

3. Analysis of the functioning of the political financing system and how it is supervised. Reporting and disclosure practices are particularly studied. To achieve this, a survey is conducted among key stakeholders, including: parties’ accountants, elected politicians, auditors in election bodies, judges, businesspeople (potential donors) and members of watchdog civil society groups.

4. Field tests are also conducted to measure the extent to which financial information is accessible to citizens and to assess the responsiveness of agencies and institutions when it comes to providing this information to the public. These tests are conducted by local survey teams, who must use a standard procedure to contact different stakeholders: Central Election Commission of BiH (CEC BiH), political parties, private companies, and television broadcasters. The second part of the tests is carried out by groups of volunteers: ten students, five journalists and fifteen citizens. The aim is to compare the ability to access the same information by actors with different backgrounds and different levels of skills.

**What is measured and how is information presented?**

Analyses and indicators, based on quantitative information and narrative reports based on qualitative information, are prepared using the information obtained through the CRINIS project.

The collected information is used to form an index of the financial system used in a given country. The index is composed of ten dimensions (see table below) to be examined from the perspective of regulations and on the basis of current practices. The index value is calculated on the basis of over 140 indicators.

<table>
<thead>
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<th>Ten dimensions of transparency include:</th>
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<td>4) comprehensiveness of reporting</td>
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The first three dimensions reflect different stages of transparency that may exist in the political financing system. In this regard, countries may require the parties to only maintain a system of internal bookkeeping (dimension 1), or may require the parties and candidates to keep the books and submit statements to the election management body/election commission (dimension 2). Stricter regulations would require that this information should also be made publicly available (dimension 3).

The following three dimensions illustrate the characteristics of data. Comprehensiveness is used to measure the level of detail in financial statements (dimension 4). This dimension also seeks, for example, to determine whether it is possible to separate the donations in cash from those in the form of goods and services as well as distinguish between contributions in the form of direct government subsidies from those received indirectly. Depth indicates whether it is possible to find out the amounts and dates of donations, as well as the identity of donors (dimension 5). Finally,
reliability estimates the credibility of information submitted by political parties and candidates (dimension 6).

The last four dimensions focus on monitoring mechanisms. Prevention (dimension 7), sanctions (dimension 8), state oversight (dimension 9) and public oversight (dimension 10) investigate, among other things, the existence of a mandatory single bank account for the management of campaign funds, current sanctions and their application, independence and effectiveness of the election commission, and the activities of civil society organisations in this area.

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The quantitative index is computed by averaging scores on each of the ten dimensions by assigning same weight to each dimension, while some indicators within the dimensions are more important than others, in relation to the context of the state and the system that is the subject of study.

Crinis distinguishes three types of party and candidate financing:
1. Annual financing, where funds are raised for the functioning of parties and their structures and activities during non-Election periods;
2. Financing of presidential elections;
3. Financing of parliamentary elections.

In order to measure the ten dimensions listed in these three types of funding, Crinis relies on the data in the legal framework and its application in practice. To achieve this, Crinis study draws on the experience and research of national experts, auditors, members of the Central Election Commission of BiH, persons responsible for financial statements of political parties, elected representatives in parliaments, civil society organisations and journalists. Field tests were carried out to measure the
accessibility of data on political party financing.

The information that is gathered from the wide range of sources and research methods makes it possible to produce over 140 evaluation indicators, where the scale for each indicator ranges from 0 to 10. A score of “10” indicates fulfilment of all expected criteria by a country in terms of transparency and accountability and “0” indicates fulfilment of none of the criteria. Scores from 0 to 10 are grouped into three evaluation categories: insufficient (0-3.3); regular (3.4 to 6.7); and satisfactory (6.8 to 10). Thus, each indicator is first assessed, and then mean values are used to compute the total score for each of the ten dimensions as well as the indices of general transparency and accountability in political party financing.

**Overall results**

**Weakest dimensions: sanctions, prevention and access to information**

Comparing each of the ten dimensions, the worst score was identified in connection with the sanctions for violations related to political party financing in BiH, with an overall grade of 1.1 on a scale of 0 to 10. Specifically, the analyses and evaluation of collected questionnaires and interviews have shown that the legal sanctions and their imposition or application in practice are at an extremely low level compared to the required standards, and have been labelled as insufficient relative to the opportunities presenting themselves for the abuse of regulations and lack of transparency in party financing.

Mild sanctions and lack of their application have probably contributed to the very low level of prevention of irregularities and lack of transparency in political party financing, given that the level of prevention was also identified as insufficient with an overall score of 2.7. This accentuates the lack of implementation and the lack of mechanisms to limit the possibilities for abuse in political party financing in BiH such as, for example, preventive measures against the misuse of budget funds, media regulation, and the like.

The public accessibility of information on political party financing is also highlighted as one of the acute problems in this area, where a special problem is the inability of citizens to access information about donors of political parties and the amounts of their donations. For this reason, the accessibility of information about political party financing in BiH is rated 3.6.

**Graph 1**

The overall index of transparency and accountability in the area of political party financing in Bosnia and Herzegovina is 4.4.

bookkeeping
reporting
accessibility of information
comprehensiveness of reporting
depth of reporting
reliability of reporting
prevention
sanctions
state oversight
public oversight
Legal framework vs. practical implementation

In political party financing, as is the case with many other areas in BiH, there is an evident imbalance between the adopted legal framework and its practical implementation, especially when it comes to transparency. So, looking at the aggregate values of all dimensions, the application of the laws was rated considerably lower than the existing regulations and laws.

Analysis of dimensions

The first three dimensions of transparency in political party financing are interdependent. The public accessibility of financial statements (dimension 3) depends on whether political entities will submit these statements to the supervisory authorities, in this case the Central Election Commission of BiH (dimension 2). The submission of these statements and their availability is almost impossible unless parties have a bookkeeping system in place (dimension 1). Consequently, pro-transparent party financing cannot be guaranteed even when one or two dimensions are functioning at a satisfactory level. Quite the reverse, all three dimensions must achieve good results for the overall level of transparency and accountability to be maintained.

Graph 2
Legal framework
Application of the law
Overall score

Dimension 1: Internal bookkeeping in political parties (overall score 6.7)

The first phase in the reporting by parties and candidates, both in the non-election period and during the election period, is the internal bookkeeping in political parties themselves. The factors that may influence the reporting include legal obligations in the area of bookkeeping and political culture of the parties.

Generally speaking, in most countries governments require parties to behave in accordance with basic principles of democracy. This is reflected in regulations and bylaws, which should promote prudent asset management. In order for parties to comply with legal regulations as well as democratic values and principles, they should also possess the capacity and ability to have an efficient bookkeeping system.

Internal bookkeeping in political parties is measured by five main indicators: Do parties keep track of income, expenditure, assets and liabilities and is it required by law? Do parties inform their members about financial statements? How professional is the bookkeeping in political parties? Who signs the financial statements of political parties (is it done by authorised accountants, does the party management also sign them)? How regular is the record-keeping?

Analysis of accounting rules and practices in political parties in BiH has shown that there are formal procedures in place with regard to bookkeeping and financial statements, that these procedures are generally complied with, i.e. that the statements are submitted on a regular basis, and that the bookkeeping is at the professional level. Most political parties say that their statements are signed by an authorised accountant. However, this dimension refers only to the form of bookkeeping and frequency of reporting, while it does not address the contents or quality of the statements. On the other hand, it is absolutely discouraging that political parties do not inform their members about their fi-
Notwithstanding the aforementioned, the overall score of this dimension, which is 6.7, crossed the threshold of “satisfactory” by 0.1.

**Graph 3**

*Overall score for the dimension*

*Is bookkeeping required by law and is it done?*

*Are financial statements available to members?*

*How professional is the bookkeeping?*

*Who signs the statements?*

*How regular is the bookkeeping?*

**Dimension 2: Reporting to the supervisory authority (overall score 4.1)**

For this dimension Crinis included indicators such as the existence of a legal obligation to submit reports to the supervisory authority, and compliance with this obligation, as well as who has the obligation to submit statements and report donations (whether donors and service providers have the obligation to report), the exact format of the statements, whether the media have the obligation to submit statements, etc.

The study has shown that in BiH there is a clearly regulated obligation to submit financial statements to the Central Election Commission on an annual basis, as well as the obligation of political parties to submit pre-election and post-election financial statements. There is also a standardised format of reporting, although there is no database that would contain all the information and which could be accessed through a search tool. Instead, parties submit statements to the Central Election Commission in printed form, which publishes on its website only certain sections of the statements in electronic format. The reason why the study places a special focus on the reporting format is that it greatly affects the efficiency of audits of these statements. Specifically, international experiences have shown that the audit of printed statements is much more difficult and that these statements often end up forgotten in auditors’ drawers, while the electronically adapted statements are much easier to analyse, especially if there is a database with an easy search tool. Unfortunately, as already mentioned, the capacities and equipment of the Central Election Commission are still not adequate to allow for the introduction of this type of audit.

What has most affected the overall score of this dimension is the fact that neither the donor nor the service providers nor the media (at least not when the advertising of parties is concerned) are required to report on the services provided to political parties. This partly leaves room for leaving out donations, and even individual services, from the financial statements of political parties because only one party is required to submit reports. The media are obliged to submit to the Communications Regulatory Agency price lists of services during election campaigns and time slots when election materials will be broadcast, but are not required to report specifically on contracts with political parties or the amounts of services.

Given all these factors, the overall rating of this dimension is 4.1, which makes it a “regular” score. The relations between indicators are shown in Graph 4.

**Graph 4**

*Overall score*

*Obligation to submit reports*

*Submission of reports in practice*

*When and how reporting is done*
Dimension 3: Availability of information (overall score 3.6)

In the Crinis study the availability of data is the dimension with the largest number of indicators based on which the assessment was done.

Publication and availability of information on political party financing is a key element making it possible for the media, civil society, citizens and future politicians to monitor political party financing and thus hold parties accountable for their actions.

Indicators used to assess the availability of information and transparency of party financing in BiH relate primarily to whether there are public subsidies for parties and whether there are strict rules for their allocation, whether the information on budgetary allocations for parties is publicly available, whether the financial statements of political parties are disclosed to the public, as well as whether there are limits above which donations must be reported. Also, it is assessed how detailed the information available to the public is, and whether it includes the names of donors, the amounts of private donations and public subsidies, as well as whether it includes only the revenues or also the expenditures. It is also assessed how often information should be published and through which channels it is available.

Also, in this study there are additional indicators that rely on field tests carried out by the staff of Transparency International BiH and volunteers (journalists, students and citizens). Requests for information were sent to political parties, and then the number of responses as well as the quality of information obtained was measured.

On the other hand, some indicators are used to assess how the idea of transparency in party financing is accepted in BiH, whether requests for access to this information are common, and whether parties disclose this information voluntarily.

Public subsidies

Graph 5
Does the state give subsidies to political parties?  
Are there clear rules for the allocation of subsidies?  
Is the information about the allocation of funds publicly available?

As shown in Graph 5, the information on public subsidies is generally available to the public, given the fact that the budgets at all administrative levels are made publicly available and that the Central Election Commission also provides this information. As concerns the procedures and rules for allocation of these funds, they are mainly regulated by law, except in the Federation of BiH, which has not yet adopted the law on political party financing to regulate the distribution of funds from cantonal and entity budgets.

Disclosure of financial statements

When it comes to the disclosure of financial statements, the Central Election Commission does publish the statements of political parties, but they are incomplete containing only the total amounts of revenues and expenditures without individual donations and the names of donors. The
same goes for limits on donations that are reported. Although this indicator achieved a clean score of 10, and thus influenced the overall score of the availability of information dimension, it is important to note that this is a limit over which the parties are required to report donations to Central Election Commission, but information about these donations is not made public.

This is evident from other indicators within the Graph, where the detail, frequency and quantity of published information received a score of 0 and 0.5.

Score 0 was given to the test of transparency of political parties, i.e. the responses of political parties to requests sent by citizens, given that none of the ten parties involved in the study responded to the requests or granted access to any information. On the other hand, the test conducted by TI BiH staff got a score of 4.6 although only three of the ten parties submitted the requested information.

The acceptance of the idea of public disclosure of information achieved the highest score relative to other categories, since during the study parties themselves have expressed declarative support for citizens’ right to access this information. Unfortunately, they have not complied with this right in practice.

What is particularly worrying is the lack of activities by civil society and political parties aimed at the promotion of transparency in this area as well as unwillingness of parties to voluntarily submit information, which is why it is necessary to further strengthen advocacy and public awareness efforts, as

Graph 6
Are financial statements made publicly available?
Are there limits above which donations must be reported?
How detailed is the information that is publicly disclosed?
How often do political parties make information publicly available?
After and during elections, through which channels and how often is information publicly disclosed?

Graph 7
Responses to citizens
Responses to TI BiH
Acceptance of the idea of public disclosure of information
Promotion of transparency by political parties and civil society

Dimension 4: Comprehensiveness of reporting (overall score 7.8)

Dimension 4 in the Crinis study looks at what the financial statements submitted by political parties to supervisory bodies include and what are the types of revenues and expenditures that parties are required to report, and how they do it in practice.

Parties’ revenues

The Graph below lists all sources of revenues that were assessed in the Crinis study. However, it is very important to note that all the indicators receiving a score of 5.0 (in-kind donations, discounts, profits of enterprises, self-financing, etc.) were assessed through a mean value between the prescribed items in the financial statements and their application in practice. Although the rules require that all the prescribed items should be reported by parties in their statements (where the rules are given a score of 10.0), no party participating in the study reported disclosing this kind of revenues in their statements, thereby obtaining a score of 0. Therefore, even though a score of 5
falls into the “regular” interval, it cannot be considered acceptable given that its application in practice is completely missing.

**Graph 8**

- Membership fees
- Payments by officials
- Individual monetary donations
- Donations by legal entities
- In-kind donations
- Discounts on goods and services
- Money obtained through fund-raising campaigns
- Profit of enterprises owned by the party
- Debts and liabilities
- Public subsidies
- Tax reliefs
- In-kind subsidies
- Assets (chattels personal and chattels real)
- Self-financing
- Other sources of revenues

**Expenditures of parties**

In this dimension, the Crinis study dealt with expenditures only through the prism of public and private sources, i.e. whether parties report expenditures from both the funds originating from public subsidies and those of private origin. However, it can be argued that this approach is not applicable in BiH given that parties are required to report the amounts of expenditures from whatever source of funding they come. However, there remains the problem of auditing which has no authority to enquire into individual expenditures.

**Dimension 5: Depth of reporting (overall score 3.7)**

The depth and detail of information is just as important as the comprehensiveness of financial statements. How useful financial statements will be depends largely on the information that can be found in financial data. Therefore, statements should identify each donor, donation amount, and the date it was received. The same should apply for parties’ expenditures. Auditors, but also CSOs, media and citizens, if these data are available to them, can use them only if the statements contain such detailed and classified information. This is the only way to verify the accuracy of these data and identify parties that depend on only a handful of donors with the aim of identifying, at later stages, inappropriate influences on party politics and decisions and overseeing actions of those who come to power.

The Crinis study assesses the amount of detail of reporting in terms of whether financial statements must identify each donation and its amount and whether they contain names of individual donors. Also, it is assessed whether donations are sorted by category and whether the costs are indicated separately in terms of their amount, date, purpose, etc.

The study has revealed a disproportionate difference between the depth of revenue reporting and the depth of expenditure reporting, which is especially important in view of the fact that the majority of income of political parties in BiH comes from the budgets at different levels of government, leaving the expenditure of taxpayers’ funds virtually without any control.
On the other hand, the limit that allows parties to report only donations over BAM 100 makes it possible to leave a large portion of the funds unreported, which further hampers the control of party financing, which is why the final score of this dimension is mere 3.7.

Graph 9
How detailed are the financial statements on revenues? Law and application practice
Is there a limit above which donations must be reported?
How detailed are the financial statements on expenditures? Law and application practice

Dimension 6: Reliability of reporting (overall score 3.8)

One of the key elements of reporting, due to its association with transparency, is the reliability of reporting, or the belief that the information contained in financial statements is correct. The reliability of reporting is associated with how available financial statements are to the public and to what extent the public can control their accuracy. If the reliability of data is questionable, the interest of the public to oversee party financing will be futile because there is no point in controlling financial statements if they do not offer important information and if they cannot help people to decide who to vote for.

This vicious circle must be broken so that the control by institutions can motivate citizens to seek accurate information and thus enhance public scrutiny of political financing.

Measuring the reliability of data is very difficult, especially if one cannot get access to it, as is the case with Bosnia and Herzegovina. Therefore, this part of the Crinis study relies on the implementation of the survey among key stakeholders in this field: elected representatives, representatives of the Central Election Commission of BiH, members of the academic community, civil society and media.

Measuring the reliability of financial statements of political parties relies on three basic indicators: How accurate are the financial statements, i.e. can one get an accurate impression of party financing from them; are the ruling parties and their candidates favoured over others; and what are the reasons for misrepresentations in financial statements. Among the reasons for failure to report donations, we examined the following:

Figure 10
How accurate are financial statements?
Are ruling parties and candidates favoured over others?
What are the reasons for failing to report donations?
Total

- The law does not provide for sanctions for violations of reporting rules (score 5);
- There are penalties, but they are not imposed (score 5);
- The rules on reporting donations are too restrictive (score 10);
- Funds meant for illegal activities are hidden (purchase of votes, diverting money, money laundering, etc.) – score 4.4;
- The purpose of donations is trade in favours or influence (score 3.3);
- Politicians fear a bad reputation if it becomes known that they have accepted donations from certain sources (score 1.7);
- Donors are afraid they will be involved in political scandals (score 6.7);
- The Government may use the information to “settle accounts” with the opposition (score 5.0).
**Dimension 7: Prevention (overall score 2.7)**

The Crinis study assesses preventive mechanisms through six indicators. Firstly, through the existence of a solid legal basis that would require disclosure and reporting, then through the banking system (do all revenues and expenditures of parties go through a single account), and prevention mechanisms against misuse of public funds, incentives for reporting and disclosing donations, media regulation, and internal control mechanisms in parties.

Although these measures do not guarantee full integrity and regularity of parties’ financial transactions, they still make them visible and accessible and thereby facilitate the monitoring by institutions and the public.

*Graph 11*

- Are the existing laws adequate?
- Do all funds go through single bank accounts?
- Are there preventive measures against misuse of public funds?
- Are there fiscal incentives for disclosure of financial statements?
- Is there media regulation aimed at preventing misuse of influence?
- Do parties have internal codices regulating misuse?

The results show that the legal framework is not strong enough and does not contain sufficient mechanisms aimed at preventing irregularities and abuses in political party financing. Hence, parties are neither sufficiently warned nor motivated to respect the rules. One of the indicators that particularly affects prevention is the lack of prohibition of anonymous donations, which undermines transparency and allows for the concealment of donors and donations. Also, given that there is not enough oversight of the expenditures of political parties, there is no sufficient prevention of abuse of public/budget funds, nor are these abuses sanctioned.

Consequently, the prevention of abuses and violations of the law received a score of 2.7, which is far below the acceptable limit, and is rated as totally unsatisfactory.

**Dimension 8: Sanctions (overall score 1.1)**

Given how complex it is to evaluate the adequacy of sanctions, this study used indirect factors under the assumption that the laws and regulations are a prerequisite for the application of sanctions.

The Crinis study assesses this dimension primarily through sanctions provided for in the law and their application in practice as well as through what these sanctions include – are they just fines, does the violation of the law entail criminal liability, is there a mechanism of political liability, or do they entail suspension of budget funds.

As shown by the analysis of the legal framework and its application in practice, the sanctions envisaged in the Law do not exceed BAM 10,000, or they cannot exceed three times the amount obtained illegally.

*Graph 12*

- Fines
- Suspension of budget funds
- Political liability
- Criminal liability
- Penalties for donors
On the other hand, analysis of the application of the Law in practice has shown that sanctions are not imposed frequently enough relative to the number of irregularities found in audit reports.

Sanctions in BiH received a zero score for as many as four of the six indicators, which is due to the fact that the legislation in BiH, and consequently the practice, does not provide for sanctions in the form of suspension of budgetary funds, as well as for criminal or political accountability for financial violations, and that no sanctions are provided for against donors. On the other hand, fines and their implementation received a score of 3.1, while sanctions for the media obtained a score of 3.3.

This is why sanctions are the weakest link in the system of political party financing in BiH, with an overall score of 1.1.

**Dimension 9: State oversight (overall score of 5.8)**

State or institutional oversight is an indispensable element in strengthening the system that regulates political party financing. Independence of oversight bodies of any branch of government is necessary for them to effectively perform their function and exercise supervision of party finances without undue pressure. It is also necessary for supervisory authorities to have sufficient technical capacity, human resources and materials.

The three indicators used in the Crinis study assess the quality of state oversight, primarily in terms of independence of institutions (above all, whether it is guaranteed by law and whether it is demonstrated in practice), in terms of the resources of the institution, which is the Central Election Commission of BiH, as well as whether they have the necessary authority to effectively perform their duties.

**Graph 13**

*Independence of the institution*

*Resources*

*Competence of the institution*

*Overall score*

According to the study, independence of the Central Election Commission of BiH is formally guaranteed by law, and prerequisites for professional qualifications and the process of selection of its members are found to be satisfactory, with a score of 7.5. However, the short term in office of the chair of the Central Election Commission of BiH, due to the fact that the chairmanship changes every 15 months according to the principle of rotation, was rated as unsatisfactory in comparison with the terms in office of executive officeholders, with a score of 2.5.

The indicator with the lowest score in this dimension – 4.2 – is the resources available to the Central Election Commission of BiH, primarily due to an insufficient number of auditors responsible for auditing financial statements of parties – the situation that greatly complicates and slows down the auditing process.

As concerns the competence of the Central Election Commission of BiH, this indicator obtained a satisfactory score of 7.1. However, the greatest shortcoming of the competences of this body is the fact that it mainly focuses on the income of parties, while it does not have enough authority to control their expenditures.
Dimension 10: Oversight by civil society and other stakeholders (overall score 4.6)

In addition to the oversight conducted by institutions, other stakeholders such as political opposition, journalists, academics, CSOs and citizens should also be involved in overseeing the finances of political parties, thus holding them accountable for the resources given to them and the use of these resources. Oversight includes activities such as reporting on irregularities and reporting to the supervisory bodies, analysis of financial statements in order to inform the public, and putting pressure on institutions to effectively monitor the activities of parties.

The indicators used in this dimension include the effectiveness of CSOs in overseeing the finances of political parties, the perceived independence of these organisations, media coverage, mutual oversight of parties, and statements that these actors send to the competent institutions, in this case to the Central Election Commission of BiH.

Graph 14
Effectiveness of CSOs
Independence of CSOs
Media coverage
Mutual oversight of parties
Reports sent to CEC BiH
Overall score

 Particularly worrisome are the results obtained with regard to media coverage, primarily public broadcasters and press. The study shows that the media do not demonstrate enough independence and commitment to reporting on this subject. Also, there was no mutual control between parties.

On the other hand, although CSOs are perceived as effective and independent enough, there is a marked lack of organisations dealing with the issue of political party financing, which taken overall makes the efforts of civil society, media and other aforementioned stakeholders insufficient.

Concluding Remarks

Transparent funding of political parties is one of the most important elements to suppress and respond to problems such as capture state, and to restore trust in politics and politicians. This is one of the central premises of the entire project carried out by Transparency International as well as the Crinis study.

Democracy, which is unfortunately still in its infancy in Bosnia and Herzegovina, must have a strong base. In this regard, improvement of the transparency of political competition, in both election and non-election periods, is essential in providing the basis for the functioning of a democratic system. Political parties are a primary channel through which people direct their participation in political processes, and it is therefore necessary to provide for them the highest standards of integrity, accountability and transparency.

The starting point for strengthening the foundations on which political parties are based is the regulatory and social consensus on the public’s right to be informed about political party financing. Apart from that, this type of information must be accessible so that citizens themselves can engage in the oversight of political party financing, for example to support or put pressure on competent institutions, as well as to be aware of the private interests behind political parties and candidates.
when they vote in elections. It is therefore necessary to impose a legal obligation on parties to make their financial statements publicly accessible, in particular the obligation to disclose the names of donors, so that the aforementioned interests could be continuously monitored, especially if parties come to power. This is not just about general access to information, but the public must have access to complete, reliable and current information about resources available to parties, especially to the information about how parties manage the taxpayers’ money they receive through subsidies from the budget.

To achieve this, the financial statements of parties must be reliable and contain all the relevant information, especially about private donations. Also, it is necessary to strengthen oversight of parties’ expenditures and make this information publicly available.

Given the fact that the weakest dimension is sanctions imposed on parties for violating the rules, it goes without saying that it is necessary to make these sanctions stricter as well as introduce political liability of parties for financial failures and suspension of budgetary subsidies, which would probably act as the strongest motivation for parties to comply with regulations, because the largest proportion of revenues so far has been coming from the budget.

To detect, and thus sanction, as many failures of parties in reporting finances as possible, and increase the monitoring of expenditures, it is necessary to strengthen the capacities of the Central Election Commission of BiH, particularly in terms of staffing, but also through modernisation of access to audit and available technologies.

Given the fact that prevention received a very bad score, in addition to sanctions, one should also introduce and strengthen the implementation of other preventive mechanisms such as inter-institutional cooperation between the Central Election Commission of BiH and tax departments, audit offices, etc. Also, it is necessary to prohibit as soon as possible political parties from receiving anonymous donations, and to make mandatory the reporting of all donations regardless of their amount.

All the aforementioned recommendations are especially important in view of the fact that, when public perception of political parties is concerned, a unique phenomenon has been present for years in Bosnia and Herzegovina which can be partly explained by a practice in which violation of the law has become the rule rather than the exception. According to corruption perception studies conducted by TI BiH by almost every year, citizens have for years identified political parties as the most corrupt segment of the BiH society, while at the same time, most citizens say that the most corrupt parties are those that later win the greatest support from voters in the elections.

This public perception is detrimental to any democratic system, given that the primary purpose of political parties is precisely to represent the interests of citizens, who in this case obviously do not believe in this idea anymore.

It is therefore of paramount importance to make the process of political party financing publicly accessible so that voters, as well as the competent institutions, can hold political parties accountable for illegal conduct. Otherwise, if parties have no fear of the consequences for breaking the law, whether in the form of sanctions or the loss of public confidence, nothing will prevent them from breaking the law or make them behave more transparently and more responsibly towards the public.