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# STRENGTHENING REGULATIONS OF POLITICAL PARTIES AND POLITICAL FINANCING

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REPORT ON A CONFERENCE HELD IN BARBADOS ON May 8-9, 2013



SUBMITTED BY I. MYRTLE PALACIO

# **“STRENGTHENING REGULATION OF POLITICAL PARTIES AND POLITICAL FINANCING”**

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**Submitted by: *I. Myrtle Palacio***

## **Background**

Since 2007, the Organization of the American States (OAS) has deployed electoral monitoring teams in thirteen Caribbean member states, where it was observed and reported that regulation on the flow of money in political campaigns is generally non-existent. As a result, recommendations were made to adopt legal framework on the financing of political parties and campaigns. The goal is to instill more equitable campaign conditions and promote transparency in electoral processes. In 2010 the OAS Secretariat for Political Affairs, Department of Electoral Cooperation and Observation convened a meeting of Caribbean political organizations to discuss the possibility of a model law on registration of political parties in the region.

A follow-up regional forum was coordinated on May 8-9, 2013 in Bridgetown Barbados under the theme “Strengthening Political Parties and Political Financing”. This is a call for political reform in the Caribbean region, whose primary focus was to “discuss the importance of political financing, political party registration and gender equity through the exchanges of experiences, success, challenges and lessons learned.” The forum was funded by the OAS and International IDEAS and presenters were experts from the University of the West Indies (UWI) Political Science and International Relations Departments, the OAS Director for Electoral Cooperation and Observation, as well as, representatives from International IDEA. The Prime Minister of Barbados Hon. Freundel Stuart addressed the gathering at the opening ceremony, and the Secretary General of the OAS Mr. José Miguel Insulza presented his views to the participants on the second and last day of the forum.

There were approximately 38 participants from 14 countries of the Caribbean region, consisting primarily of General Secretaries of political parties, Chairs of Electoral Commissions and Chief Elections Officers. Among the participants was Dame Billie Miller former seven-time parliamentarian of Barbados and presently the Deputy Chair of the Barbados Electoral Commission. I represented the People’s United Party as Secretary General, having been invited

by the OAS. Others from Belize were Mr. B. Q. Pitts the Chair of the Elections and Boundaries Commission and Mr. Alberto August the Chair of the United Democratic Party.

## **Plenary and Workshops**

The objectives of regulatory reform ensures that political parties have adequate funding, requires fairer competition between political parties, protects political parties and the electoral system from corruption and influence peddling; and affords greater transparency. Two major topics were presented at the opening plenary, namely, “A Comparative Review of Political Financing Systems in the Caribbean” and “A Model Law on Regulation of Political Parties and Political Financing System”. These presentations set the tone for the four Plenary Sessions and four Small Workshops. Political financing was defined as all funds used for politics including administration of parties, so it is not limited to the campaign. Two major themes emanated, namely “equity” and “transparency” in political financing through regulatory reform.

**Equitable political financing ensures an environment that seeks to guarantee equal conditions in terms of the right to elect and be elected and entails promoting resources that favor equal conditions, restricting those with adverse effects, and limiting campaign spending.** Transparency in political financing ensures the necessary conditions for exercising the right to information on the flow of economic resources for political party campaigns. The requirements for a transparent system are: political party reporting, government oversight, a penalty system, and access to information.

In the Plenary Sessions discussions were generally based on party registration, disclosure mechanisms, gender and political financing and equitable access to financing. Dr. Kevin Casas-Zamora Secretary of Political Affairs of the OAS and Ms. Elin Falguera, Programme Officer, Global Programme of the International IDEA each shared respectively some information on trends and challenges of political financing systems in Latin America, and a review of political finance databases.

The participants were divided into four workshops, two on the first day and 2 more on the second and last day. The topics were “Gender and Political Financing”, “Equitable Access to Campaign Financing”, “Party Registration” and “Disclosure Mechanisms”. On the first day, I participated in the workshop on “Party Registration” moderated by Dr. Mark Kirton and on the second day “Gender and Political Financing” moderated by Dr. Rosina Wiltshire.

## Discussion Outcomes

### *Challenges*

The reasons for the call for regulations for political financing and political parties was highlighted by several of the experts in presenting the many challenges to democracy with the present practices and laws of the Caribbean region. **PM Stuart in the opening ceremony singled out the abuses—of the political system and costly campaign financing, which has helped to create a nation of political dependency. After 50 years of adult suffrage only the wealthy can afford to be candidates and are the ones who now set policies for the poor and marginalized.**

What was highlighted was generally that donations of large magnitudes can lead to some political parties being easily captured by wealthy lobbies. Ownership of unchecked political money has control of the political system. This causes asymmetric competition, whereby a situation of imbalance is created in the electoral competition when a political party or politician is favoured due to name-recognition or incumbency. There is also the possibility that public policy can be distorted from the public interest in exchange for campaign contributions.

**Challenges emanating from the discussions particularly in the Small Workshops are as follows:**

- **Corruption or the perception of has tarnished the image of political parties and their leaders—parties now dependent on large moneyed-groups such as international swindlers, modern day carpetbaggers, foreign governments to fund elections; and these invariable influence the states’ democracies and make leaders “richer” over short periods of time**
- **Undue political peddling via the indebtedness of parties to the contributions of local businesses—party cannot finance itself through membership subscriptions and therefore rely on business to finance its day to day administration; and these influence legislation and policies of the state**
- **Exorbitant cost of financial advisors/consultants drive up the election campaign package—these packages often not in the interest of voters**
- **Parties indebted to criminals as in the case of Jamaica—compromises the cardinal principles of transparency and accountability in good governance**
- **Access to state financing of campaigns not equitable—incumbents openly use government resources in campaigning; and where a community vote is given there is no disclosure as to the use of the funds**
- **Patron/clientelism—monetary and non-monetary support of voters for weddings, funerals etc.**

The above are just a few of the examples cited. **The Taiwanese government was loudly criticized regarding its alleged operations in the Eastern Caribbean and St. Lucia in**

**particular. As a foreign state it was alleged to have donated cash and non-cash items as gifts to public officials, political parties, constituencies and parliamentarians get funds for community based projects. These actions violate the financial laws of the countries as these are not included in reporting of consolidated funds. The term used by one presenter was “contemptuous interference” of a foreign state.**

Five of twelve English speaking Caribbean Countries have regulated campaign financing and to some extent political parties. Where these have been in practice, sanctions are not in place to minimize occurrences of impropriety, reporting by monitoring institutions does not include proper investigative actions, for example, to verify audits etc. Generally political parties have operated below the “legal” radar mainly because it has been politically acceptable. Political parties in the Caribbean region have operated under very liberal environments, which is open to abuses and have caused the lack of confidence in political leadership and systems.

In the workshop on Gender and Political Financing, it was determined that for the region both did not go together, that the topic just did not fit in, that where women have participated the financing of the campaign was not based on gender. In terms of the legal, Suriname has legislated for quotas for women but it has not improved on the numbers participating, in fact Trinidad and Tobago which has no quota have as many women in their parliament as Suriname which has a quota. The challenge with women’s absence from candidacy at the level of parliamentary elections has not been researched, but suggestions on these challenges offered by participants are not new to Belize. The cry that women will bring a balance to the political agenda was weighed against quality leadership which may be lacking. While a larger percentage of Caribbean women reach a higher level of education than men, they have not been educated to “take up” political leadership. In the promotion of women the oppressors are therefore neither financial nor legal. This was confirmed by Dame Billie Miller during her sharing of her experiences as a politician for over thirty years. She has now retired from politics.

### ***Resolutions***

The goal is a healthy democracy and the two main objectives for enacting or strengthening these legislations are transparency, equity and fairness. Legislation will define political parties long before the election, making for a fairer competition for all and allocation and disclosure of funds will be required. The following were suggestions made:

- All political parties to be legally registered as public entities to include role and structure etc.
- Disclosure mechanisms—all candidates declare assets and liabilities with timelines before and after elections
- Access to allocation of state funds where this is done
- Ensure equitable financing or transparency in political financing

- Control high costs of electoral campaigns through limitations—e.g. Barbados, there is legislation against the use of T-shirts a few days before the election and on election day itself
- Strong sanctions based on penalties as identified
- **Electoral management bodies to operate independently of government**
- The legislation to be monitored by an independent electoral commission or other newly enacted body—to register political parties, etc.

## **Contents of the Model Law**

The Model legislation is designed based on comparative expertise to strengthen equity and transparency in electoral processes, a copy of which is attached to this report. The contents consist of several sections reflected the main topics demonstrated below:

### **Registration of Political Parties**

#### *A Political Parties commission*

- Register political parties
- Monitor conduct of parties/candidates
- Allocate political parties fund
- Requirements and prerequisites for registration to contest elections
- Procedures for objections to registration application
- Procedures for appeal of commission
- Decisions

### **Disclosure Mechanisms**

#### *Reporting of Campaign Financing*

- Declaration of assets and expenditures by parties
- Annual/campaign period reporting
- Reporting by donors

#### *Government Oversight*

- Government institution with oversight function
- Review, verification and audit mechanisms

#### *System of Sanctions*

- Types of penalties: administrative or criminal
- Types of violations

### **Equitable Access to Campaign Finance**

#### *Promotion of direct public financing*

- Establishment of political parties' fund

- Calculation mechanism: how financing is calculated.
- Mechanism for distribution of public financing among parties/candidates
- Rules governing use of public funds

*Promotion of indirect public financing*

- Provision of direct access programmes on state media
- % of space allocated for female candidates

*Restrictions on private financing*

- Prohibition of anonymous/foreign contributions
- Prohibition of contributions from governmental entities/public companies

*Limitation of campaign spending*

**Gender and Political Financing**

*Gender perspective “mainstreamed” throughout law*

- Gender-neutral language
- Guarantees of non-discrimination between male and female candidates (media, public financing)
- % of direct public financing allocated to promotion of female leadership and candidacies
- % of indirect public financing reserved for female candidacies (direct access programmes in state media)

**Conclusion**

The Model law is not meant as a one-size-fits-all solution, but as a starting point for discussion. Article 5 of the Inter-American Democratic Charter speaks to strengthening political parties and controlling high costs of electoral campaigns. These are priorities for democracy, and regulation of political financing may be the necessary evil to maintain an environment that is conducive for the organization of competitive and inclusive democratic elections. Belize is lagging behind even some of the smaller Caribbean countries as Antigua and Barbuda in this level of political reform, as we neither have regulations for political parties nor for campaign financing. Starting out late we can learn from the five countries who have enacted similar laws for political financing and political party regulation. The main criticisms of these countries were the lack of tough sanctions and poor policing or monitoring.

Election bullying, thuggery and even terrorism have been assimilated as a part of Belize’s political culture. It became obvious starting Election 2008 when the institution for democracy, the Elections and Boundaries Department faced the serious possibility for breakdown. Due to the institutional and legal frameworks, the Department was not insulated from personal assaults and threats of staff and election workers from political operatives. The UDP as the party in opposition then, came close to succeeding in hijacking the Department and therefore the election. The

institutional framework remains the same and compounded by a legal framework with little or no sanctions and therefore continuously flouted or ignored by the present administration.

2012 elections saw the blatant use of public funds for campaigning as well as the use of government assets and personnel on Election Day itself. For personnel, it is only reflected in ethics as per Section 121 of the Constitution, but without the sanctions. It can therefore only be deemed as unfair. The PUP may want to seriously discuss these issues and make policy statements long before the next elections, and before the government make half-hearted reforms to please the international partners.

By these presentations, the OAS and International IDEA have asked all participants to continue the dialogue for change in strengthening or enacting laws in their own countries. A hard copy of the OAS model law was given to all participants and a scanned copy is attached to this report.

I personally gained tremendous knowledge from participating at this forum. In 2009 I called for the regulations for political parties due to my experience the 2008 elections, and reiterated that call in a publication in 2011. I will be happy to share this information and more via presentations to leaders.