RESOLUTION:

Financing of political parties in the European Union and Latin America

based on the Report by the Committee on Political Affairs, Security and Human Rights

Co-rapporteurs: Ángel Rozas (Parlatino)
Beatriz Becerra Basterrechea (European Parliament)

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Financing of political parties in the European Union and Latin America

The Euro-Latin American Parliamentary Assembly,

– having regard to the United Nations Convention against Corruption,
– having regard to the UN Convention on the Elimination of All Forms of Discrimination against Women,
– having regard to the Inter-American Democratic Charter,
– having regard to the conclusions of the July 2014 Latin American Parliament meeting on democracy, governance, and political parties,
– having regard to the resolution on transparency and accountability in the funding of political parties and election campaigns, adopted by the 124th Inter-Parliamentary Union Assembly on 20 April 2011 in Panama City (Republic of Panama),
– having regard to the resolution of the Euro-Latin American Parliamentary Assembly on citizen participation and democracy in Latin America and the European Union, adopted on 29 March 2014 in Athens, Greece,

A. whereas political parties are key institutions within the democratic system and provide a vital public service as instruments enabling the political representation and participation of the people;

B. whereas if political parties are to play a stronger role as channels of participation and representation, transparent, proportionate and sustainable financing arrangements have to be implemented in a manner benefiting citizens, and whereas financial resources are essential for parties to fulfil their duty in an independent and efficient manner, although, if these are not properly regulated, they can also skew the democratic process;

C. whereas political parties convey the demands of citizens to institutions and transparency in their funding is necessary for their accountability, which is a fundamental element of democratic institutions;

D. whereas democracy implies and demands that the needs of all citizens be considered on an equal footing, making it essential to ensure equal access to resources, provide transparency regarding the origin of economic support, and avert every form of conflict of interest, pressure or interference, in particular those that may involve money from a dubious or illegal source;

E. whereas inadequate regulation of political financing can impair the quality of democracy, undermine public confidence in government institutions, and create opportunities for organised criminals to influence the conduct of public affairs; and whereas the regulation of political financing is therefore central to the preservation of
democracy;

F. whereas unequal distribution of resources makes itself felt to varying degrees in the prospects for parties and candidates to put their proposals across to citizens, contest elections, and/or get elected;

G. whereas fund-raising can give rise to conflicts of interest, and whereas private donors, when not subject to a transparent system that limits the possibility to contribute to the political activity of the parties, might seek to use political financing in order to influence decision-taking, thus negating the principle of democratic equality;

H. whereas press freedom is crucially important, as are press pluralism and access to information, and the quality and protection of, information and the right of citizens to be properly informed; whereas media objectivity helps to safeguard the right to the necessary true and unbiased information; whereas the press provides the fundamental service of disseminating political opinion; whereas there is a need to guarantee that political parties have equal access to the media so as to inform the public of their candidates and policy proposals;

I. whereas the lack of transparency and oversight as regards the private resources that political parties and foundations obtain makes it extremely difficult to put an end to conflicts of interest, revolving doors and the illegal financing of election campaigns;

J. whereas legislation on political financing in the countries of the Bi-Regional Partnership includes regulations on private and public funding, expenditure, accountability, oversight, and punishments;

K. whereas participation and access for women, young people, indigenous peoples, ethnic minorities, LGBT people and people with disabilities, among other minorities or excluded groups is restricted de facto by the difficulty of gaining access to resources, as a result of various factors including cultural concerns;

L. whereas political parties have a key role to play in securing equal opportunities and conditions for both genders in politics, and whereas, given that gender equality and the empowerment of women are both vital components of any democratic political system, no measure intended to promote women’s participation should be considered discriminatory;

M. whereas, in view of the principle of democratic fairness, additional indirect financing arrangements for political parties must be taken into account;

N. whereas the development of social networks is transforming traditional political financing processes, in particular through micro-financing and the involvement of volunteers, making it essential both to adapt election campaigns and to call for regulatory frameworks addressing these new tools;

I. Calls for political parties to be strengthened in their role as channels of democratic representation and political participation by being equipped in efficient ways with the necessary public resources (both direct and indirect) enabling them to function effectively and ethically on a permanent basis, thus guaranteeing that elections can be
genuinely and fairly contested;

2. Considers proper regulation of political financing – governed by strict transparency, control and accountability criteria – always to be an urgent task for the democracies of Latin America and the European Union, given that such regulation and the democratising of the way parties function strengthens democracy, the rule of law, good governance and citizens’ trust in their elected representatives and institutions;

3. Recognises the importance of establishing oversight mechanisms enabling citizens to know the origin and use of the funds received by the political parties;

4. Considers it essential to establish a well-balanced mixed system of (public and private) financing, duly regulated by national law, and funding control systems defining, laying down penalties for and taking action against illegal funding, together with supervisory bodies to audit and inspect parties as such, from which they must be kept separate;

5. Believes that a system of regressive tax incentives in respect of the private funding of political parties should be introduced in the countries concerned;

6. Maintains that political parties should not only use their resources in an efficient and responsible manner to conduct election campaigns, but also set aside specific funds for activities related to empowerment, political training, promoting involvement in the political process and institutional development, refraining at the same time from creating privileged networks and from using them for private expenses of any kind and complying at all times with the stipulations of national law and the rules governing such parties;

7. Points to the need to bring transparency to democracy by drawing up mandatory guidelines for annual financial reporting whereby reports, which should be accessible to the public in a timely and reliable manner, would have to include a breakdown of the origin and destination of funds received, expenditures by the parties, the identities of donors, and non-compliance or late submission of which would carry a penalty; in the case of the funds used in electoral processes, the national body responsible for monitoring electoral expenditure shall publish, in due form at the appropriate time, all the information relating to the funding and expenditures of the political parties in the election campaign;

8. Proposes that supervisory bodies be set up within and outside political parties in order to foster interinstitutional cooperation, improve standardisation as regards training and experience in the auditing of political financing, and hence increase transparency, bearing in mind that transparency in political financing is a vital confidence-building measure;

9. Recommends that an online publication system be set up to make mandatory disclosures of candidates’, elected representatives’, public officials’ and parties’ financial statements readily accessible and provide the public with detailed information about sources of funding and the financial and audit reports on parties and their foundations produced by the appropriate authorities;

10. Considers it essential to rule out the possibility that resources necessary for party
election activities might come from questionable sources or be obtained illegally, and calls, therefore, for the identification of donors to be made mandatory and standards to be laid down with a view to categorically prohibiting certain sources;

11. Suggests that limits be imposed on the amounts receivable by natural and legal persons so as to reduce the potential for distorting the principle of democratic equality;

12. Calls on states to establish a regulatory framework to ensure that lobby groups always act in a transparent, honest and lawful manner in all areas of their political system;

13. Stresses the need to take the necessary action to put an end to tax havens and banking secrecy;

14. Maintains that political parties should appoint their economic and financial decision-takers by procedures making for clarity in the eyes of the electorate and the proper authorities and that they should keep accounts to be submitted annually to the public authorities;

15. Calls on state authorities to pool their efforts – at the governmental, parliamentary and judicial levels – to provide swift, independent justice in the appropriate form and for effective official, independent supervisory bodies to be set up with the means necessary to perform that task, thereby ensuring compliance with existing regulations;

16. Calls for incentives to be created for political parties to channel resources specifically for the purposes of strengthening participation and ensuring their internal processes are democratic, by putting forward parity lists offering equal conditions and opportunities to all, thus facilitating the involvement of women, LGBTI persons, indigenous peoples, persons with disabilities, young people and other minorities and excluded groups in party bodies and their nomination as electoral candidates;

17. Calls for the rules governing control of political financing and public procurement systems to be amended so as to prevent conflicts of interest between contributors and beneficiaries so that unlawful obligations are not entered into in return for contributions made and received;

18. Calls for national legislation to regulate how public and private funding received by political parties is used so that making donations or gifts to citizens with it is banned;

19. Calls for new paradigms as regards universal access to the right to information, and urges the media to implement changes and reforms making for ethical, impartial, and professional behaviour allowing for plurality under a system of regulation guaranteeing the fundamental right to diversity of information sources and quality journalism;

20. Urges governments to guarantee political pluralism and ensure that the legislation on political financing does not prevent the emergence of new political players, albeit within the bounds set by national constitutions and universal ethical values;

21. Calls for election campaign costs to be limited by regulating and shortening campaign periods and encouraging innovative alternative funding arrangements;
22. Urges that clear and specific rules on financing be adopted for electoral alliances of every kind;

23. Urges those countries which have not done so to ratify the United Nations Convention against Corruption;

24. Suggests that registers be compiled to identify polling and opinion research firms, which should be obliged to specify the technical details of their methods, the types of surveys or polls conducted, the sample sizes and characteristics, the procedure for selecting interviewees, the statistical margin of error, and when and where fieldwork was carried out; also proposes that the publication, dissemination and reproduction of electoral surveys, via any medium, be prohibited in the days preceding an election.

25. Instructs its Co-Presidents to forward this resolution to the Council of the European Union and the European Commission, and to the parliaments of the Member States of the European Union and all the countries of Latin America and the Caribbean, the Latin American Parliament, the Central American Parliament, the Andean Parliament and the Mercosur Parliament, the Secretariat of the Andean Community, the Committee of Permanent Representatives of Mercosur, the Permanent Secretariat of the Latin American Economic System and the Secretaries-General of the Organisation of American States, the Union of South American Nations and the United Nations.