



MONEY **IN** **POLITICS**

ANNUAL REPORT

TRANSPARENCY OF POLITICAL PARTY FINANCING

DECEMBER, 2013

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FOREWORD

In the course of the past three years, Transparency Macedonia, in partnership with Foundation Open Society – Macedonia, have been implementing project “Transparency of Political Parties Financing” with the objective of giving a real picture and opening a broader debate on political financing in the country. During the entire period, we have witnessed numerous changes of the legal framework that regularly disregarded our recommendations. We had regular communication with competent institutions, attempting to point out the weaknesses in their work and offer concrete proposals for overcoming of the noted obstacles. We dedicated an entire year to the political parties, in order to give them room for expressing their positions and remarks on the mechanism for regulation and control of party financing and create a channel of communication and debate on pressing issues. We have tried to animate the broader public through various activities, interviews, reports, brochures and public appearances. We regularly consulted with experts and the academic community through organization of debates and acquiring expert opinions. Finally, we managed to create a small database that can shed a light on the political processes and dynamics of the legal system in the period 2011-2013.

However, despite all activities, on many occasions our efforts have seemed as quixotic endeavors. The lack of interest by key political factors to listen to our recommendations and engage in the debate that is almost inexistent demonstrates the necessity for more intensive and constructive pressure on active political stakeholders in securing the publicness and transparency in the political financing processes. It is impossible to expect the existence of a just, inclusive and democratically developed society if the elementary premises of accountability and publicness are not observed.

By using the right of free access to public information, in 2011 and 2013 we collected relevant data on the regular financing of political parties and the financing of the election campaigns for the 2011 parliamentary elections and the 2013 local elections. In the course of 2012, we sent two questionnaires to registered political parties and managed to obtain, although limited, insight into the political parties' knowledge of the legal framework, whether they agree with the legal limitations of the amount and types of allowed party finances, whether they cooperate and trust the controlling mechanism, and whether and how they secure publicness and transparency in financing.

Our analyses have shown a series of shortcomings in the legal framework and the controlling mechanism, but also a lack of political will for their overcoming.¹ These findings have greatly coincided with those of OSCE/ODIHR², GRECO³ and the 2013 European Commission Progress Report on Macedonia⁴. We developed the latest annual report in hope that the results and recommendations will reach those who are most accountable for the critical state and help in the overcoming of noted shortcomings.

1 Annual Report, "Transparency in Political Parties Financing"; Transparency Macedonia and Foundation Open Society – Macedonia, 2011; "Money and Politics – Transparency of Political Party Financing: Annual Report 2012", Transparency Macedonia, December 2012.

2 Final report of OSCE/ODIHR Election Observation Mission, REPUBLIC OF MACEDONIA, EARLY PARLIAMENTARY ELECTIONS 5 June 2011, Office for Democratic Institutions and Human Rights, Warsaw, 6 October 2011.

3 Compliance Report on the Republic of Macedonia "Incriminations (ETS 173 and 191, GPC 2)", "Transparency of Party Financing", adopted by GRECO at its 54th Plenary Session (Strasbourg, 20-23 March 2012).

4 Working document of the Commission services, Progress Report on the Republic of Macedonia 2013, accompanying the communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2013-2014 [COM(2013)700], European Commission, Brussels, 16.10.2013, SEC (2013) 413.

RESEARCH METHODOLOGY

Taking into consideration that this research is a continuation of the analyses carried out in 2011 and 2012, the Law on Free Access to Public Information⁵ was again used as a tool for obtaining the required information. A total of 132 requests for free access to public information which asked for different information were sent on multiple occasions.

First, we required the list of registered political parties from the Basic Court Skopje 2 – Skopje, which is administered with the Single Court Registry of political parties. This registry contains the data on political parties, which are obliged, upon expiry of the four years from their registration, to submit 1,000 signatures given individually and certified by a notary public.⁶ Failure to meet this obligation results in their deleting from the registry. We asked and obtained the required information from the competent court within the legal deadline, i.e. the list of political parties enlisted as harmonized with the legal obligation. A total of 48 parties were enlisted.

Regarding the regular financing of political parties, in mid-April 2013 we turned to the State Audit Office, the Public Revenue Office and the Central Register of the Republic of Macedonia with requirements for free access to public information, asking for the annual financial reports, donations reports and annual accounts of the financial operations of registered political parties.

For the purpose of analyzing the 2013 Local Elections, we required the financial reports on the local elections from the State Election Commission, the State

⁵ Official Gazette of RM no. 13/2006, 86/2008 and 6/2010. Free access to information is not subject of detailed analysis in this report. For more information, see <http://www.spinfo.org.mk>.

⁶ In compliance with Article 11, Paragraph 3 of the Law on Political Parties ("Official Gazette of Republic of Macedonia" No. 76/2004; 5/2007; 8/2007; 5/2008 and 23/2013)

Commission for Prevention of Corruption and the State Audit Office. We sent the same requirements to the municipal councils nationwide (81 municipalities).

We received timely and complete responses for a portion of the requests. However, in a number of cases we were forced to submit complaints to the Commission (total of 14: 7 due to the administration silence, and 7 due to incomplete response) and consequently appeals before the Administrative Court (totaling 4) for the Commission's failure to act within the legal timeframe.

In the course of the 2011 research, when faced with silence from the political parties, we submitted complaints to the Commission for Protection of the Right to Free Access to Public Information (hereinafter Commission)⁷. Despite the fact that parties were part of the list of the public information holders published on the Commission's website, the complaints were rejected with an erroneous explanation that political parties are not public information holders. As a result, we initiated an administrative procedure in 2012, but the Administrative Court shared the same position as the Commission, and rejected the submitted complaints as unfounded⁸. Such restrictive interpretation was appealed before the Higher Administrative Court, in hope that this court would go into the essence of the administrative matter and take a different position which protects the right of free access to public information. However, the stance of the Higher Administrative Court is that the law has not been violated as to damage the information seeker, the reason being that the publicness and transparency of political parties' operations was sufficiently secured through the provisions of the Law on Political Party Financing, according to which political parties are obliged to submit all information regarding their financial operations to the competent state institutions and at their websites. Consequently, information seekers need to address their requirements to the state institutions⁹.

In order to create a complete image on the financing of political parties, it was necessary that we check the functioning of the controlling mechanism. For this purpose, we turned to the competent controlling institutions by the end of August 2013 – State Commission for Prevention of Corruption, State Audit Office, State Election Commission, Ministry of Justice, Public Prosecutor's Office of RM and Basic Court Skopje 1-Skopje. What we wanted to obtain as information were the measures that competent institutions had undertaken towards determining

7 Annual Report, "Transparency in Political Parties Financing"; Transparency Macedonia and Foundation Open Society – Macedonia, 2011.

8 More on cases at www.spininfo.org.mk

9 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=1978:sluchaj-046catid=1046&Itemid=692&lang=mk

possible irregularities during the local elections. The responses from these institutions are analyzed in the text below.

REGULAR FINANCING OF POLITICAL PARTIES

Financing of political parties is regulated in detail with the Law on Financing of Political Parties¹⁰, adopted in 2004 (hereinafter Law on Financing). Over the past decade since its adoption, the law has gone through five amendments, some logical and required, such as the one in 2008 which led to the harmonization with the Law on Misdemeanors. However, the changes that aimed at increasing the publicness and transparency, as well as strengthening the controlling mechanism, did not manage to treat the key shortcomings in the political financing controlling system. The amendments in 2009 that stipulated the mandatory submission of an annual financial report and quarterly reports on received donations were abandoned after less than two years, and the 2011 amendments annulled the obligation for submission of quarterly reports. In 2012, the GRECO and OSCE/ODIHR recommendations were partially followed, which define in a more precise manner the competences of institutions involved in the controlling mechanism¹¹. The latest amendments in 2013 include the public funds for the financing of the party research-analytical centers.

¹⁰ "Official Gazette of RM" No. 76/2004, 161/2008, 96/2009, 148/2011, 142/2012, and 23/2013

¹¹ "Transparency in Financing of Political Parties – Annual Report 2011", Transparency Macedonia and Foundation Open Society Macedonia, January 2012.

Sources of regular financing

Public sources of financing

Political parties are financed from two types of legal sources, public and private. Public sources represent 0.06% of the total annual source revenues of the Budget of the Republic of Macedonia. 30% of these funds are allocated equally to all political parties that won at least 1% of the votes of the citizens who voted at the parliamentary elections, regardless whether they won seats in the Parliament. The remaining 70% is allocated to political parties whose candidates have been elected MPs, proportionally to the number of their MPs, i.e. to political parties whose candidates have been elected for council members at the last local elections, proportionally to the number of elected council members. In the cases when the MP i.e. the council member is elected as a candidate of a coalition of more parties, the funds are equally allocated among the parties that are members of the coalition, unless they agree on a different distribution.

The Law on Party Research-Analytical Centers¹² (hereinafter Law on PRAC) was passed in 2013, allowing parties to establish such centers in their structure, which would enable “the building of a platform based on structured and qualified debate over political processes in the Republic of Macedonia”¹³. The Budget provides funds in the amount of EUR 280,000 in Denar equivalent value for the centers’ support. These funds are allocated to the first four political parties having the largest number of elected MPs at the last parliamentary elections, which have established such centers, with 60% of the total funds equally distributed to the first four political parties with the largest number of elected MPs. The remaining 40% of the total funds are distributed to the most represented four political parties – 35% to the first, 30% to the second, 20% to the third, and 15% to the fourth-largest political party in the Parliament. The Law on PRAC determines that 40% of the total amount allocated to PRACs is intended for realization of the operational activities including daily research, processing of data for the needs of the political party, planning of future activities, other activities related to the functioning and policy of the party, as well as costs for salaries and benefits for employees in PRACs, whereas the remaining 60% are intended for the project-related activities, i.e. organization of public activities, debates, seminars, workshops, public opinion polls, publication of studies and research, policy evaluation, monitoring of social processes in Republic of Macedonia, inter-party and international activities, and

¹² The law is to enter into force on 1 January 2015.

¹³ Article 2, Law on Party Research-Analytical Centers (Official Gazette of RM, No.23 of 14.02.2013)

other issues in the field of research-analytical activities and those related to strategic political planning.

Despite the fact that this law seems to contribute to the strengthening of party capacities and intensify communication channels with the public, several issues remain open. First of all, the ban to use these funds for direct or indirect financing of the specific political party is ambiguous. Most probably, although ineptly, the legislator wanted to prevent the use of these funds for daily expenses of parties (for example, maintenance of party headquarters), but operational and project-related activities that the law elaborates in detail are the essence of the political parties' operations. For example, a political party uses a public debate for promotion of its policies and attraction of more members and followers, i.e. potential voters. Moreover, in the sense of political competition among parties, these additional funds put larger political parties in a more favorable position, since they already have developed capacities. A TM research in 2012¹⁴ showed that smaller parties face serious financial challenges and impossibility to reach this "pool" would additionally reduce their chances in the political battles.

Private sources of financing

Allowed private sources of financing can be monetary or non-monetary means: membership fee, donations (money, material means or services), gifts, contributions, subsidies, sponsorships, legates and sale of promotional and propaganda materials. These different private sources are subject to regulation, and the size of each of them is legally limited. Hence, the annual membership fee for one member of a party cannot be higher than the average salary for the previous year (for 2012 it was MKD 20,902¹⁵). The size of the donations is limited depending on the fact whether it comes from natural or legal persons, thus the total amount of an individual donation must not exceed 150 average salaries for the legal entities and 75 average salaries for a natural person and this amount could not be cumulated more than once a year. This framework also encompasses non-monetary donations such as free services and services paid for by a third party. The provider of the service is obliged to inform the political party about the value of the provided service that would be calculated in the legal limitation of the amount of the donations on an annual level. The same refers to selling goods and providing services to political parties for prices below the

14 "Money and Politics – Transparency of Political Party Financing: Annual Report 2012", Transparency Macedonia, December 2012.

15 Statistical Yearbook of the Republic of Macedonia, 2012, Republic of Macedonia, State Statistical Office.

market ones. The difference between the market value and the invoiced price is considered a donation. The 2012 amendments introduced an obligation for the donor to send the invoice to the party. The political party is obligated to give back the donor the amount that goes beyond the established donation limitation. The law explicitly forbids for the political parties to accept donations from anonymous or unidentified sources, and stipulates an obligation for the party that receives money from an unidentified donor to immediately transfer them to the state budget.

Taking into consideration that political parties represent the interests of their members and followers from the country, the law forbids financing from foreign sources (governments, international institutions, authorities and organizations of foreign states and other foreign persons), thus the political parties are not allowed to receive funds in foreign banks and financial institutions outside the Republic of Macedonia. The prohibition for religious communities or religious groups and associations to be financiers of parties is in compliance with the constitutional separation of the state and the religious communities. The law explicitly bans the financing of parties by associations and foundations¹⁶. Moreover, financing from sources that are under influence or control by the state is excluded, so public institutions, enterprises and funds or other legal entities where at least 20 % of the capital is state-owned, including those that started the privatization process, cannot be financiers.

All registered political parties are obliged to keep a donation registry, including all donations by type and amount, as well as the name or title of the donor. The 2009 amendments to the law envisaged an obligation for this register to be made public on the websites and in at least one of the daily newspapers. However, the 2011 amendments limited the obligation to the political parties' websites and added "to make it accessible to the public in another way", wording that is ambiguous. A significant number of active political parties in the Republic of Macedonia neither have websites nor does the Law on Political Parties provide an obligation for the parties to have one. Hence, the inexistence of appropriate guidelines on how to provide an insight for the public into the donations registry leaves room for parties to differently interpret and avoid this obligation¹⁷.

16 This explicit ban is also contained in the Law on Associations and Foundations, Article 14 (Official Gazette of RM, No.52/2010, 135/2011)

17 "With regards to the obligation of making this registry 'accessible to the public in another way', parties believe it is not quite precise, that it should be explained, and interpret it as an obligation for publishing at the websites (response by NSDP), or as an obligation to respond to a request by the public for access to the registry (response by LDP)". "Money and Politics – Transparency of Political Party Financing: Annual Report 2012", Transparency Macedonia, December 2012

Controlling mechanism

Party reports

Accountability of political parties is secured through the obligation for parties to submit reports on the financial operations to several competent institutions. Parties should submit the annual financial report for the previous year, which contains information on the total revenues¹⁸ and the total expenditures to the State Audit Office (SAO) by March 31 at the latest. The report's form, including guidelines on how to fill it out, is prescribed by the Minister of Finance¹⁹. Furthermore, parties are obliged to submit a report on the received donations in the previous year to the Public Revenue Office (PRO) and SAO by March 31 at the latest. In addition, parties submit the annual financial statement to the PRO, the Central Register and SAO.

The law on financing stipulates an obligation for the Ministry of Finance to carry out training of political parties at least once a year over the material-financial operations and the way of filling out the financial report.

Competent institutions for control

The legal framework for the political financing gives jurisdiction to series of institutions in the controlling mechanism. A crucial body is the State Audit Office, which role has been strengthened with the 2011 and 2012 amendments in the Law on Financing²⁰. SAO evaluates the annual financial reports of political parties, and if it determines irregularities in these reports, it is obliged to submit a request for initiation of misdemeanor procedure or a charge to the Public Prosecutor's Office. In addition, the SAO is obliged to carry out an audit every calendar year

18 Total amount of donations, gifts, contributions, subsidies, money, material means, equipment, services, own revenues, membership fee, legates etc

19 Rulebook on form and guidelines for filling out was adopted in February 2013 and is available at the Finance Ministry website

20 Amendments were stimulated by recommendation V of GRECO from the 2009 evaluation: "to give the main independent body, which if appropriate, is assisted by other bodies, a mandate and appropriate competences and resources for proactive and effective supervision, investigation and implementation of political financing regulations".

for the previous year for all registered political parties²¹. Therefore, in compliance with the Law on State Audit²², if the official public auditor assesses in the course of the audit that the audited entity committed a violation or a crime, s\he needs to report it to the competent authorities: the State Commission for Prevention of Corruption, the Public Prosecutor's Office of the Republic of Macedonia and the Ministry of Interior. These authorities have to respond to the SAO's report and initiate misdemeanor i.e. criminal proceedings.

Penalties

If the abovementioned obligations are violated, the Law on Financing of Political Parties prescribes for appropriate fines. If the donor exceeds the allowed amount of donations, s\he will be fined with EUR 1,000 to EUR 2,000 in case of a natural person and EUR 5,000 to EUR 10,000 in case of a legal entity. The fines for parties that will fail to return to the donor the funds that exceed the legal limitations or will fail to transfer the donation to the Budget of the Republic of Macedonia (if it is a case of a anonymous donor) will be fined with at least five times and at the most twenty times the donated amount. Parties will be fined with at least EUR 5,000 and at most EUR 10,000 if they fail to respect the obligations for submitting the above elaborated reports and with a fine of EUR 1,000 to EUR 2,000 if they fail to make the donations registry public. One mitigating aspect is that parties have the possibility for settlement, a proceeding before a competent court prior to submitting the request for initiating a misdemeanor proceeding.

The loss of the right of financing from the state budget is a sanction stipulated in two cases. In the first, when it comes to acquiring and illegal use of funds from prohibited sources, and the sanction refers to the next year (while banned funds are confiscated from the parties, i.e. transferred to the state budget to be used for humanitarian purposes). In the second, if the party fails to publish the annual financial report in the prescribed timeframe, the sanction refers to a period of three months. This sanction applies regardless of the misdemeanor responsibility and the decisions are passed by the Minister of Justice upon the proposal by the SAO.

21 This element is the core of Recommendation No. 5 from GRECO from the third evaluation round of transparency of party financing and the compliance report on the Republic of Macedonia with the recommendations. Key factor for real application of this provision is providing additional resources for SAO that are necessary for maintaining the entire mechanism of the state audit.

22 Article 35, Law on State Audit (Official Gazette of RM, No.66/2010, 145/2010)

The 2012 amendments stipulate an additional sanction – suspension of the payment of funds for regular annual financing²³, which the Minister of Justice adopts upon SAO's proposal, referring to the non-fulfillment of the obligation for submission of an annual financial report, report on received donations and the annual account in the prescribed timeframe, as well as failure to publish the donations registry. The suspension shall be applied until the obligations are duly fulfilled but there is no precise deadline.

²³ Third evaluation round of transparency of party financing, Recommendation No. 6: i) to ensure that the mechanism by which sanctions are imposed for violations of the rules on political financing works effectively in practice, and (ii) to ensure, in particular, that the sanction of loss of public financing by political parties and election campaign organisers can be applied in practice.

RESEARCH RESULTS: REGULAR FINANCING 2012

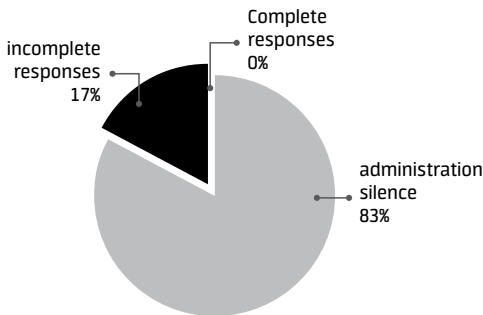
Access to information

For the purposes of the analysis of the regular financing of political parties, in mid-April 2013 we addressed the SAO, PRO and Central Register of the Republic of Macedonia requesting free access to public information. We asked these institutions for copies from the annual accounts of all political parties that submitted them, and a list of the political parties that have not met their obligation. The SAO did not respond to our request, thus we lodged a complaint to the Commission. Upon lodging the complaint, the SAO submitted a full response to the request²⁴. The PRO also ignored our request, and similarly to the SAO, responded upon the lodged complaint to the Commission, i.e. submitted a copy of the annual accounts of political parties that met their obligation. However, on the request of a list of those political parties that did not meet this obligation, the SAO replied that they don't possess the data on the total number of political parties in the Republic of Macedonia, therefore are not able to give us the requested information. The PRO asked us to submit information on the number of political parties in the Republic of Macedonia, on the basis of which they would provide us with the requested data, and if we do not do so, they would conclude that we have withdrawn our request. Ten days upon expiry of the deadline for submission of a response, the

24 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=3740:slucaj-05&catid=1443&Itemid=692&lang=mk

PRO provided a full response to the request, i.e. the list²⁵ of those political parties that have not met their obligation to submit an annual account.

The Central Register of the Republic of Macedonia agreed to provide us with the required information, but notified us they have employed a damage test, which showed that submitting the required information would have harmful consequences on the financial operations of the institution, i.e. to obtain the information we need to pay the amount as prescribed with the Central Register tariff, and not in accordance with the Decision of the Government of RM over determining the fee for material costs²⁶. This stance by the Central Register was shared by the Commission, which rejected our appeal with the rationale that when there is a legally determined tariff for copies or transcript of documents for a certain institution, it is correct to apply this tariff list and not the Government Decision²⁷.



Graph 1: Responses to submitted requests for free access to public information to the SAO, PRO and Central Register of the Republic of Macedonia.

The review on the adherence to the regular legal obligations of the political parties continued with the sending of requests for free access to the SAO and PRO, asking for copies of the submitted donations reports, and a list of those political parties that did not meet this obligation. The SAO again violated the right

of free access to public information by failing to deliver a response within the legal deadline, i.e. provided a response upon a lodged complaint to the Commission. The PRO informed us that the donations reports are published at its website, and with regards to the list of those that did not meet the obligation, it is to be derived that those political parties that were not listed at the website had not submitted a donations report.

25 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=3740:slucaj-05&catid=1443&Itemid=692&lang=mk

26 Decision of Government of RM over determining the fee for material costs for a given information by information holders no. 19-6310.1 of 24.12.2006.

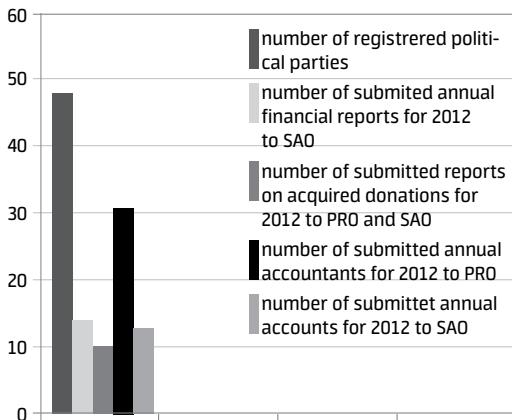
27 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=3744:slucaj-01&catid=1484&Itemid=692&lang=mk

Dissatisfied from such a frivolous approach and serious violation of provisions from the Law on Free Access, we again submitted a request to this institution so that it provides us with full information, finally resulting in the obtaining of the copies from the donations reports. Regarding the list of those political parties that have not met their obligation, the PRO remained on its stance that it does not possess information on the number of political parties in the Republic of Macedonia.

It was crucial to address the SAO and ask for copies of the annual financial reports of those political parties that submitted them to this institution, and a list of those political parties that have not met this obligation. We were again faced with silence from the SAO, and again upon lodging a complaint to the Commission, the SAO submitted a complete response to the request²⁸.

Analysis of reports

We analyzed annual financial reports of 14 political parties from the 48 that are registered (VMRO-DP, VMRO-DPMNE, Social-Democratic Union of Macedonia-SDSM, Democratic Party of Serbs, Democratic Union, Democratic Party of Albanians, Democratic Party of Turks, Democratic Union for Integration, Liberal Party, People's



Graph 2: Ratio of total number of registered political parties, number of submitted annual financial reports, number of submitted reports on received donations to PRO and SAO and number of submitted annual accounts to SAO

Movement for Macedonia, New Social-Democratic Party-NSDP, United Party for Emancipation, Social-Democratic Party of Macedonia, Socialist Party).

Few of the parties (Democratic Party of Serbs and United Party for Emancipation), submitted annual financial reports which were not in the prescribed form. Several parties, while following the prescribed form, omitted certain elements

28 On administrative silence see pages 8 and 38.

such as date, name of the individual preparing the report, signature, or the complete data on the previous year (VMRO-Democratic Party, DPA, Democratic Party of Turks, People's Movement for Macedonia, DUI). The report of the Socialist Party of Macedonia, which is not in compliance with the prescribed form, includes ambiguous categories "Buyers" and "Suppliers". The Social-Democratic Party of Macedonia prepared a report in compliance with the prescribed form, but quite illogically, did not write down the address of the party seat.

We also analyzed the donations reports by only 10 parties that met the obligation (VMRO-DP, VMRO-DPMNE, Democratic Union, Liberal Party, People's Movement for Macedonia, NSDP, SDSM, Political Party Dostoinstvo, DUI, Party for European Future). The majority of these reports were in compliance with the submitted annual financial reports VMRO-DP, VMRO-DPMNE, Democratic Union, Liberal Party, People's Movement for Macedonia, NSDP, SDSM). It is unclear why Political Party Dostoinstvo, instead of submitting a report, sent a letter explaining it did not receive any donations in 2012, as well as a Decision notifying the Central Register it is not obliged to prepare and submit an annual account for 2012, citing Article 18 of the (void) Law on Civil Associations and Foundations, according to which any non-profit organization that has a property or annual turnover value less than EUR 2,500 in Denar equivalent value is not obliged to prepare and submit an annual account.

The DUI report shows the practice of the Macedonian political scene to abide by an unwritten or written rule for donations of political party members who are appointed or elected officials or employees in public institutions²⁹. Therefore, the report lists individuals from 15 institutions, including the Parliament, who have donated funds.

²⁹ "Money and Politics – Transparency of Political Party Financing: Annual Report 2012", Transparency Macedonia, December 2012.

ELECTIONS FINANCING

The Electoral Code³⁰ sets the detailed framework on political financing in time of elections. The elections participants, whom the law defines as campaign organizers³¹, organize the election campaign in the course of 20 days before Election Day. This campaign involves all activities for promotion of candidates, such as: public gathering and other public events, public display of posters, video-presentations at public places, media and internet presentation, distribution of printed materials and public presentation of confirmed candidates by the competent electoral bodies and their programs.

The Electoral Code has gone through several amendments over the past three years, those in 2011 that preceded the early parliamentary elections in the same year, amendments in November 2012, and the latest changes before the local elections in April 2013³².

30 Official Gazette of RM, No.40/2006, 127/2006, 136/2008, 148/2008, 155/2008, 163/2008, 44/2011, 51/2011, 142/2012, 31/2013, 34/2013.

31 Submitters of candidate lists for election of President, MPs, council members and mayors.

32 The political crisis that emerged after the brutal removal of the opposition MPs and journalists from the Parliament on 24 December 2012 during the budgetary procedure led to a parliamentary boycott by the opposition. At the beginning of January 2013 the opposition asked for the fulfillment of several requirements, including Electoral Code reforms and extensive cleansing of the Voters List, which was a condition for their participation at the 2013 local elections. However, despite the non-fulfillment of all requirements, SDSM and VMRO-DPMNE signed the so-called "March Agreement", mediated by the EU, on 1 March 2013, which included, amongst other obligations for both parties, the opposition's participation at the local elections. This situation led to the necessity for Electoral Code amendments and extension of the timeframe for registration of candidates for mayors and council members.

Election campaigns financing

The Electoral Code regulates wherefrom, the type and the amount of funds for election campaign financing. The existing legal framework stipulates the membership fee and donations as allowed sources of election campaign financing. The law also regulates the type of allowed donations, including financial means, free services, services paid by a third person, as well as sale of commodities or provision of services to the campaign organizer at prices lower from the market ones, where the difference between the market and the paid value is considered a donation. This group includes discounts that broadcasters and press offer to parties for political advertising.

Experiences from the 2011 parliamentary elections have shown there is a different interpretation of what is considered a legal donation. On one hand, some experts claim that the Electoral Code clearly stipulates the illegal sources of financing, as well as the allowed sources that are subject to a special regime³³. If a source³⁴ does not belong to any category, it should not be excluded as a legal source of financing. On the other hand, certain competent institutions (State Commission for Prevention of Corruption) have a more restrictive interpretation, claiming legal sources are only those listed in the law. The existence of two absolutely opposite interpretations shows that the Electoral Code has ambiguities that open room for abuse. Despite our recommendations in the past two years, the Electoral Code has not been detailed in this area and the shortcoming still exists³⁵.

Natural persons can donate a sum up to EUR 5,000 but there is no legal requirement to declare the origin of the funds. TM noted in the 2011 and 2012 reports that this ambiguous wording is a leeway for abuse and emergence of anonymous donors³⁶.

When a legal entity appears as donor, the donation must not exceed a value in the amount of up to 5% of the total revenues of the legal entity in the course

33 Annual report "Transparency of Political Party Financing", Transparency Macedonia and Foundation Open Society – Macedonia, 2011

34 In this case a registered donation from Komercijalna Banka AD Skopje for the SDSM coalition in the form of a loan for the 2011 early parliamentary elections.

35 Annual report "Transparency of Political Party Financing", Transparency Macedonia and Foundation Open Society – Macedonia, 2011; "Money and Politics – Transparency of Political Party Financing: Annual Report 2012", Transparency Macedonia, December 2012

36 Most parties involved in 2012 research "Money and Politics – Transparency of Political Party Financing: Annual Report 2012", Transparency Macedonia, December 2012, agreed with our position

of the previous year, According to the opinions of experts and OSCE/ODIHR³⁷, the mode of regulating donations from legal entities leads to violation of the principle of equality of arms in the election contest, since the allowed 5% of the revenues of the donor can be quite low, but also a large sum, depending on the financial success of the company-donor. Therefore, such a provision is discriminatory and gives unfair advantage to large entities.

Similar to regular financing, the election campaign must not be financed by public enterprises and public institutions, associations, religious communities, religious groups and foundations, foreign governments, international institutions, foreign bodies and organizations, and other foreign individuals, funds from enterprises having mixed capital where the foreign capital is dominating, as well as funds from unidentified sources.

The code also regulates the sum (MKD 180) that the campaign organizer can spend per registered voter in the electoral unit i.e. the municipality for which a candidate list is submitted. For the 2013 elections, the Voters List included 1,743,403 voters, meaning that election campaign organizers were allowed to spend MKD 313,812,540 (approximately EUR 5 million).

The Electoral Code also stipulates a compensation for election expenditures. Campaign organizers whose candidates are elected get a compensation of MKD 15 per vote. However, compensation is also provided to those campaign organizers who did not win seats, in the amount of MKD 15 per vote, if they won at least 1.5 % of the total number of votes from the turnout. These funds are paid from the budget of the Republic of Macedonia, the budget of municipalities and the City of Skopje within three months after submission of the financial report on the election campaign and based on the report of the State Election Commission on the administered elections. The compensation may be stopped for the campaign organizers in whose reports the State Audit Office will find irregularities and initiate proceedings against them before competent courts.

Election campaign organizers are obliged to open a dedicated campaign account. It is mandatory to open this account in a national bank, where the campaign organizer deposits all funds received from donors. Over the past two

37 JOINT OPINION ON THE ELECTORAL CODE OF "THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA", Adopted by the Council for Democratic Elections at its 45th meeting (Venice, 13 June 2013) and by the Venice Commission at its 95th Plenary Session (Venice, 14-15 June 2013) on the basis of comments by Mr Oliver KASK (Member, Estonia) and Mr Donald BISSON (Expert, OSCE/ODIHR); EUROPEAN COMMISSION FOR DEMOCRACY THROUGH LAW (VENICE COMMISSION) AND OSCE OFFICE FOR DEMOCRATIC INSTITUTIONS AND HUMAN RIGHTS (OSCE/ODIHR); Opinion No. 700/2012 ;CDL- AD(2013)020; Warsaw, Strasbourg, 18 June 2013

years, TM highlighted³⁸ the shortcomings regarding the opening and duration of this campaign account. The campaign organizers were obliged to close the account after the payment of the compensation from the budget funds. In practice, this meant closure of these accounts within three months from the submission of the election campaign financial report, a period in which, in accordance with a Parliament's decision, the compensation should be paid. Therefore, in 2011 it was not clear whether any transactions at these accounts are possible or allowed in the period between the election day and the day of the account's closure, especially regarding the payment of the accumulated debts of the election participants. In this sense, another problem was the legally allowed time period for these campaign accounts to be active³⁹. The 2012 amendments to the Electoral Code partially address, but failed to remove all of the noted shortcomings. For the last elections, the election campaign organizers had to obtain a Single Tax Number with a "for election campaign" designation and open a transactional account with a "for election campaign" designation. Donations for election campaigns financing can be paid exclusively to this account within 30 days from the day of the election campaign completion, i.e. by the deadline determined for submission of the final financial report. This formulation of the allowed period for donations gives plenty of time for the election participants, upon learning the election results, to calculate future "interests", especially the possibility to control the competent institutions, and therefore decide if, how and wherefrom they would cover campaign costs. Furthermore, the law neither contains a provision on the closure of this account, nor regulates on the account where the payment of the compensation for election costs will follow.

38 Annual Report "Transparency of Political Party Financing", Transparency Macedonia and Foundation Open Society – Macedonia, 2011; "Money and Politics – Transparency of Political Party Financing: Annual Report 2012", Transparency Macedonia, December 2012

39 "We asked parties of their experiences with this account, the possible problems regarding its opening and closure, and their position over our warnings of possible abuse. We again received brief responses and different positions. SDSM, NSDP and SNSM did not have problems with its opening, LDP believes the account's opening and closure requires too much bureaucracy, while LP says its closure represents a problem, without providing more details. NDP says parties have a brief period of time from the day of the lists' submission up to the account's opening. All parties agree that the period encompassed in reports should be altered and should cover the period from the account's opening up to its closure, so that it corresponds to the factual state." "Money and Politics – Transparency of Political Party Financing: Annual Report 2012", Transparency Macedonia, December 2012

Control of election campaign financing

Control of financing includes obligations both for the election campaign organizers and the competent institutions.

As of 2011, the legal monitoring apparatus includes an obligation for campaign organizers to continually submit reports in the course of the campaign. The election campaign organizer is obliged to submit the first financial report on account revenues and expenditures on the 11th day of the campaign. The second report refers to the second half of the campaign, one day after its completion. After the end of the campaign i.e. completion of the elections, organizers are obliged to submit a final financial report. The reports are submitted to the State Election Commission, the State Audit Office, and the State Commission for Prevention of Corruption, which are obligated to publish them on their websites. The final financial report is also submitted to the Parliament of the Republic of Macedonia, and to the Municipal Council and Skopje City Council for local elections.

All three reports are submitted in a form prescribed by the Finance Minister, containing data on the name i.e. title of the donor, type and size of donations, date of the donation, expenditures for each donation, and revenues and expenditures accrued in the course of the election campaign. Rulebook on the form of the report, including a filling out manual was adopted in February 2013. However, a properly filled out form does not show the detailed expenditures, meaning it is not clear what the funds have exactly been spent for. The manual for each point includes series of expenditures that are expressed in one amount (for example, point number 2 - Other Material Expenditures, includes the amount of expenditures for paid administrative taxes, costs for professional literature, magazines and newspapers, expenditures for registration of motor and other vehicles, and other material expenditures not mentioned in the other points). Moreover, in the part where donations are to be registered, when a legal entity appears as a donor, one cannot see whether the donated value, expressed in monetary terms, exceeds the allowed value in the amount up to 5% of the total revenues of the donor during the previous year. It is necessary that the report form contains the additional relevant data, such as the final account of the legal entities which donate to the election campaigns.

A key body for control of election financing is the State Audit Office, which is obliged to conduct an audit within 60 days from the submission of the financial reports. The audit refers to the period from the day of the election campaign transactional account opening up to the completion of account transactions. The coordination and complementarity between the State Audit Office, the State

Election Commission, and the State Commission for Prevention of Corruption was enhanced with the signing of a Cooperation Memorandum for information exchange in regard to noted irregularities in submitted financial reports and assumed measures.

Sanctions

Serious violations of the electoral process are regulated with the Criminal Code⁴⁰. Among other crimes related to elections⁴¹, the Criminal Code stipulates an act 'abuse of funds for election campaign financing'. The campaign organizer, who does not report the source of funds, prevents supervision of funds spending, fails to submit a financial report, oversteps legal limitations on the amount of funds, and uses unlawful means shall be sentenced to at least 5 years imprisonment. The same penalty is prescribed for the person in charge of the legal entity-donor, who does not report donations, provides unlawful funds or exceeds the allowed limit, does not submit a report or provide false or incomplete information on donations, and prevents supervision over campaign financing. A three-year prison sentence is stipulated for the one who secretly donates for somebody else's election campaign or campaign for elections where s/he takes part, with an amount largely surpassing the legal maximum. The law envisions fines for the same abuses perpetrated by legal entities. These abuses can also lead to a ban to execute a profession, activity or duty, as well as a ban on the use of means for financing of political parties.

In addition, the Electoral Code envisions the fines for violations regarding the election campaign financing and its control. The fine in the amount of EUR 4,000-5,000 shall be imposed for a violation by the campaign organizer if s/he does not submit the three abovementioned financial reports within the prescribed timeframe. The same fine shall be imposed to the party if it spends more than the allowed limit or uses funds from unlawful sources in the election campaign. The responsible person shall be fined EUR 500-1,500 for these violations.

40 Official Gazette of RM No.37/1996, 80/19999, 4/2002, 43/2003, 19/2004, 7/2008, 139/2008, 114/2009, 51/2011, 135/2011

41 Crimes against elections and voting; prevention of elections and voting; violation of voters right; violation of freedom of voters' choice; abuse of voters' right; bribe during elections and voting; violation of voting secrecy; destruction of election materials; election fraud; abuse of funds for election campaign financing.

In line with the GRECO recommendations⁴², in 2012 the Electoral Code introduces a new type of sanction, 'loss of the compensation for election campaign expenditures', for those political parties which do not respect the limitation of spent election campaign funds and submission of financial reports. Campaign organizers who exceed the allowed amount of election campaign expenditures will partially lose the compensation i.e. the compensation shall be reduced with the amount exceeding the allowed limit for the election campaign. If the amount of the funds that exceed the allowed limit is larger than the amount of the compensation, the compensation for election campaign expenditures shall be lost entirely. A ban for payment of the expenditures compensation occurs in cases when financial reports are not submitted within the prescribed timeframe and content, and the ban is valid until the obligation is properly met. The decision for partial or complete loss of the compensation for election campaign expenditures and decision to stop the payment is passed by the State Election Commission, upon the proposal by the State Audit Office. This decision is final, but administrative proceedings can be initiated against it.

42 Changes were stimulated by GRECO recommendation VI of the 2009 evaluation: to ensure a mechanism for giving sanctions on violations of rules, for the purpose of effective political financing in practice, and to primarily ensure the practical enforcement of sanction 'loss of public financing for political parties and election campaign organizers'.

RESEARCH RESULTS: LOCAL ELECTIONS 2013⁴³

The 2013 local elections were important for several reasons. Since the participation of the opposition parties was uncertain up to only four days prior to the start of the election campaign, there was a threat for the legitimacy of the elections and the democratic values that the Republic of Macedonia aspires to⁴⁴. Furthermore, the possibility to evaluate local elections financing had added value to the process of analysis of transparency of political financing, which TM has implemented for three consecutive years.

The local elections were held on 24 March 2013, including 16 political parties, 8 coalitions and 97 groups of citizens, which submitted 481 candidate lists for council members of municipalities and Skopje City council members, with a total of 8,528 candidates for council members, submitted by 106 submitters (coalitions, political parties and groups of citizens) and 350 candidate lists for mayors of municipalities and Skopje City mayor, with a total of 350 candidates for mayors, submitted by 45 submitters (coalitions, political parties and groups of citizens)⁴⁵.

In line with the Electoral Code, the election campaign started on 4 March and lasted until midnight on 22 March for the first round, and 5 April for the second round.

43 Speaker of the Parliament of RM passed on 11 January a "Decision for scheduling of elections for municipal council members and the Skopje City council, and mayors of municipalities and Skopje City mayor" No.08-180/1 of 11 January 2013, published in "Official Gazette of Republic of Macedonia" No.7/2013 of 11.01.2013.

44 See footnote 32.

45 Report on administered elections for council members in municipalities and the Skopje City council and mayors of municipalities and the Skopje city mayor in 2013; State Election Commission, 2013.

Access to information

In line with the elaborated methodology, we analyzed the election financing through the three reports for election campaign financing. Taking into consideration the decision of the Commission, confirmed by the Administrative and Higher Administrative Courts⁴⁶, by which we were prevented to directly address political parties, we sent requests for free access to the State Election Commission, State Commission for Prevention of Corruption and the State Audit Office. This process proved to be exceptionally complex and difficult, involving proceedings before the Commission and initiating proceedings before the Administrative Court.

Firstly, we asked these institutions for the financial reports on the revenues and expenditures of the election campaign account from the day of its opening up to the end of the 10th day of the election campaign. In addition, we asked these institutions for a list of those campaign organizers who did not meet the obligation for submission of financial report for the first ten days of the election campaign.

The State Commission for Prevention of Corruption, contrary to the provisions from the Law on Free Access, notified us that the required information is available at the institution's website, and regarding the list of those election campaign organizers who did not meet the obligation it adopted a Conclusion, by which it ended the procedure and reasoned that it does not possess the required information. The State Audit Office, although it submitted the required financial reports after the expiry of the 30-day legal deadline, did not provide us with a list of those election campaign organizers who did not meet the obligation for submission of financial report. We were forced to again address the SAO by submitting another request, to which we did not get a response. The State Election Commission submitted a response to the request, but upon comparing the reports published at the institution's website, we concluded that a complete response was not given, i.e. a certain number of financial reports were missing, or the organizers were not in the list of those organizers who did not meet their obligation.

Dissatisfied with these responses, we used the option given in the Law on Free Access, and lodged complaints before the Commission. Upon lodging the complaints, the SAO and the SEC submitted a complete response to the requests without waiting for the Commission to oblige them to do so. The SCPC remained

46 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=3530:soopstenie-finansiite-na-politickite-partii-pod-zakrila-na-instituciite&catid=89&Itemid=611&lang=mk

silent regardless of the lodging of the complaint, and the Commission did not decide on the complaint within the prescribed timeframe. Therefore, we were forced to initiate an administrative procedure based on administration silence. Although the Law on Free Access provides that the Commission should decide upon a complaint within 15 days from its submission, this did not occur, i.e. the Commission responded to the complaint after more than 4 months, adopting a Decision that obliged the SCPC to respond in a manner and form as stated in the request.

Furthermore, we addressed the same institutions with requests for free access, in order to obtain the financial reports over the revenues and expenditures at the accounts for the second 10 days of the election campaign and a list of those election campaign organizers who did not meet this obligation.

The SAO did not deliver a response to the request within the 30-day legal timeframe. The SCPC did the same as with regards to the request for the financial reports for the first 10 days of the election campaign, i.e. referred us to its website, while informing us that it did not possess any information regarding the list of those election campaign organizers who did not meet their obligation. The only positive example was the SEC, which proceeded upon the request within the legal timeframe and submitted the required information.

Dissatisfied with the silence of the SAO and the SCPC's unwillingness to cooperate, we again used the legal option of lodging a complaint to the Commission. Upon lodging the complaint, the SAO submitted a response to the request, which was incomplete, i.e. it missed to provide a list of those election campaign organizers who did not meet their legal obligation. We were forced to again address the Commission for a follow-up the complaint, resulting in a complete response almost 4 months after the initial request was addressed to this institution. Regarding the request to the SCPC, we were forced to go through the same legal labyrinth as in the case with the first financial reports, i.e. sent a repeated request to the SCPC, followed by complaint to the Commission, logging an administrative appeal, followed by an answer to our request after almost 6 months.

Upon completion of the election campaign, we again addressed the SEC, SAO and SCPC, but also the Parliament of the Republic of Macedonia for submission of copies from the final financial reports of election campaign organizers that have submitted such reports, as well as a list of those who did not meet this obligation. In compliance with Article 85, Paragraph 3 of the Electoral Code, when it comes to local elections, election campaign organizers are obliged to submit the final financial reports to the abovementioned institutions, but also to the municipal councils and the Skopje City council. Therefore, we addressed the councils of all

municipalities in the Republic of Macedonia and the Skopje City council (total of 81 municipalities).

SEC responded in the legal timeframe and provided the complete information. The SAO again ignored our request and submitted a complete response after a complaint was lodged to the Commission. With regards to this request, we entered into a correspondence with the SCPC on the interpretation of the provisions from the Scheduler pertaining to amendments to the "Scheduler of electoral activities for administering the 2013 local elections⁴⁷ on the municipal council members and Skopje City council members, and municipal mayors and Skopje City mayor", passed by the State Election Commission. We sent the request for free access on 24 April 2013. The SCPC notified us that the deadline for submission of the final reports has not passed, and upon its expiry, the reports would be available at their website. Therefore, after ignoring the repeated request we submitted to the SCPC, we sought justice before the Commission, explaining that next Item VII.2.A of the quoted scheduler reads:

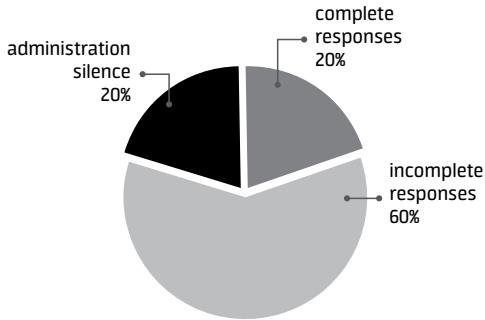
"Election campaign organizers whose candidates take part in elections or election re-voting submit the final financial report on the election campaign 30 days at the latest after the finality of results from the voting or re-voting".

This extended deadline referred to those election campaign organizers who took part in the re-vote on 21 April 2013, i.e. second round or revote. Consequently, the election campaign organizers who did not take part at the revote or the second round had an obligation to submit the final financial report by midnight on 21 April 2013, in line with Item VII.2 of the quoted Scheduler. Once more we entered the legal labyrinth, lodged a complaint to the Commission, proceeded with an administrative procedure based on administration silence, and finally, after more than 3 months, the Commission responded to our complaint, upholding it and obliging the SCPC to submit the required information in full, as stated in the request⁴⁸.

The Parliament of the Republic of Macedonia responded to our request within the legal deadline and submitted copies of the financial reports of those election campaign organizers that met their obligation. However, regarding the list of those who did not meet their obligation, it firstly notified us that it did prepare such a list, but after the submission of the repeated request, it sent a notification saying it forwarded our request to the SEC. We have not received a response up to this day.

47 http://www.sec.mk/index.php?option=com_content&view=article&id=92&Itemid=102

48 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=3734:slucaj-07&catid=1423&Itemid=692&lang=mk



Graph 3: Responses to submitted requests for free access to public information to the SAO, SCPC, SEC and the Parliament of the Republic of Macedonia.

We also requested free access to public information to the municipal councils nationwide and faced disappointing results regarding their comprehension of the Law on Free Access to Public Information. Of the 81 municipalities in the Republic of Macedonia, 38 (47% of the total number of municipalities in RM) submitted a response within the 30-day legal timeframe, but only 15 municipalities (19% of the total number of municipalities in RM) provided a complete response to our request. The remaining 23 municipalities (28% of the total number of municipalities in RM) did not provide a complete response, i.e. certain municipalities responded they are not holder of the information we requested, others provided us with incorrect information, while some did not submit a list of those election campaign organizers that did not meet their obligation for submission of final reports. We addressed a number of the municipalities (12 municipalities) for repeated requests, but only 5 municipalities provided a complete and timely response. Four municipalities (5% of the total number of municipalities in RM) provided a delayed, but complete response, 9 municipalities (11% of the total number of municipalities in RM) provided a delayed and incomplete response, while the remaining 30 municipalities (37% of the total number of municipalities in RM) did not provide any answer.

81 municipalities in Republic of Macedonia	
Complete response in legal timeframe	15 municipalities (19%)
Response in legal timeframe, but incomplete	23 municipalities (28%)
Delayed response, but complete	4 municipalities (5%)
Delayed and incomplete response	9 municipalities (11%)
Silence	30 municipalities (37%)

Table 1: Responses by municipalities on requests for copies from the final financial reports of election campaign organizers and list of those organizers that did not meet this obligation.

Analysis of reports

The above-explained “battle” with the competent institutions for obtaining the financial reports, made it exceptionally problematic to evaluate of how many and which election campaign organizers submitted financial reports. Nevertheless, we managed to make a display of the fulfillment, i.e. non-fulfillment of this obligation⁴⁹ and analyze the content of the available reports.

Regarding the financial reports for the first part of the election campaign of political parties and coalitions, we analyzed 22 reports provided by the three competent institutions. Despite the existence of a form and manual for its filling out, we perceived that 2 parties did not fulfill the reporting obligation (People’s Movement for Macedonia, Union of Tito’s Leftist Forces), whereas the Party for European Future explained in a letter that the report is not submitted in the appropriate form because they had received only one donation in the amount of MKD 1,000 (which is confirmed by a copy of the account). In spite of not obtaining any donations or having expenditures, certain parties submitted a report to the competent institutions (United Democratic Forces of Roma, Serbian Progressive Party), in which they note an amount of 0 revenues and 0 expenditures.

In the reports of several parties (SDU, Movement for National Unity of Turks, National Democratic Revival, and Democratic Party of Turks in Macedonia) there is unclear noting in the section of the form **other revenues**, which is different from the part revenues from donations, where certain parties wrote down “own

⁴⁹ See Annex 2.

funds". Taking into account that the Electoral Code regulates allowed and illegal sources, this item requires additional explanation on the origin and type of these funds.

Furthermore, we analyzed a total of 69 reports from groups of citizens, of which only 19 have revenues and expenditures, 43 comply with the prescribed form, noting zero revenues and expenditures, while 7 reports are not in the prescribed form. A portion of these parties (6) sent a notification to the competent institutions that they had not received any donations, did not have revenues or expenditures. However, one can see that some (4) did not perceive what type of donation implies and instead of "monetary means" wrote down "self-financing".

Among the analyzed second financial reports of 19 political parties and coalitions, we noted an improvement regarding the use of the prescribed form, except for the Party for European Future, which again explains that the second report is not in the prescribed form since the state regarding donations had not changed. The situation with the 26 reports by groups of citizens is similar, with only one failing to follow the prescribed form.

The analysis of the final financial reports of 23 political parties and coalitions provided us with the whole picture and the "open issues". The issue to which we do not have an answer, nor we had an answer for the 2011 elections⁵⁰, is which funds would be used to cover the discrepancy between the total revenues and total expenditures registered by political parties. Any transfer of additional funds upon completion of the election campaign is in breach of the Electoral Code. Even if parties count on the projected compensation, this is calculated in terms of the votes won and scenarios where the compensation does not cover the debts are quite possible. In terms of the last elections, there are 10 parties and coalitions that report negative balance, and again significant sums are in play⁵¹.

50 "...the question is whether any transactions are possible and allowed through these accounts in the period between elections and the day of the account's closure, especially with regards to the settlement of cumulated debts. These are quite large sums, starting from EUR 30,000 for the Democratic Party of Albanians, up to the EUR 3 million deficit of the ruling VMRO-DPMNE"; "Transparency of Political Party Financing - Annual Report 2011", Transparency Macedonia and Foundation Open Society Macedonia, January 2012.

51 DPA: MKD 805,147; DUI MKD 7,987,902; Coalition VMRO-DPMNE (for election of council members in municipalities Vasilevo, Konce, Gostivar, Vrapciste, Tearce, Tetovo, Cair, Studenicani and Radovis) MKD 7,594,862; Coalition VMRO-DPMNE (for election of Skopje City mayor and municipal mayors) MKD 9,462,681 (this calculation is not given in the report, but a simple mathematical operation shows this negative discrepancy; Coalition VMRO-DPMNE (for election of Skopje City council members and municipal council members) MKD 520,134; Liberal Party MKD 87,895; People's Movement for Macedonia MKD 284,404; National Democratic Revival MKD 834,544; SDU MKD 78,635; Serbian Progressive Party MKD 3,473,216

Regarding the report form, certain irregularities are repeated, mostly technical errors, such as the Union of Tito's Leftist Forces, which wrote down "voluntary contribution" in the section **type of donation**.

The final financial report of the Social-Democratic Party of Macedonia should also be treated as incomplete, since it did not state any basic information on the party seat, along with the lack of data on revenues or expenditures.

We analyzed 68 reports by groups of citizens. Thirty used funds, while 6 have a negative discrepancy between the total revenues and total expenditures. Furthermore, again there is a number of incomplete and incorrectly filled out reports.

COMPETENT INSTITUTIONS AND CONTROL OF POLITICAL PARTY FINANCING

Experiences from the researches carried out in 2011 and 2012 have shown us there is unpreparedness among competent institutions to meet the obligations stemming from their legally assigned powers. Therefore, we decided to re-check the capacities of these institutions in undertaking activities against violators of election financing rules. For this purpose, we submitted requests for free access by the end of August 2013 to competent controlling institutions – SCPC, SAO, SEC, Ministry of Justice, Public Prosecutor's Office of RM, and Basic Court Skopje 1-Skopje.

First of all, we wanted to acquire information on whether and to what extent the competent institutions acted to determine possible irregularities during the local elections.

We submitted a request to the SAO, asking the institution whether it proposed to SEC to decide over the partial or complete loss of the compensation for election campaign costs, i.e. proposal for ban to the payment of the compensation to certain election campaign organizers that have not submitted financial reports for the March 2013 local elections within the prescribed deadline. The SAO responded they had acted in line with their legal competence and prepared a proposal to the State Election Commission, which was attached to their response⁵².

We addressed the SEC over the same issue, i.e. we asked for information whether they had passed a decision, upon SAO's proposal, for partial or

52 See Annex 3.

complete loss of the compensation for election campaign costs, i.e. ban to the compensation's payment. SEC was open for cooperation, provided a response within the legal deadline and sent us the required decision in an annex to the response. In compliance with the decision, the payment of a compensation for election campaign costs is stopped to a total of 71 election campaign organizers. Four of these are political parties (Party for European Future, Democratic Party of Turks in Macedonia, Democratic Revival of Macedonia, Social-Democratic Party of Macedonia), whereas the remaining are groups of citizens.

We resumed with the analysis of the competent controlling institutions by sending a request to the SAO, asking whether they had found irregularities in the financial reports of the election campaign organizers for the March 2013 local elections, and whether they initiated misdemeanor proceedings or lodged applications to the competent public prosecutor. If the response was affirmative, we also asked for copies of the submitted applications. The SAO notified us there had been no request for misdemeanor proceedings or an application to a competent public prosecutor up to the day of the request's submission. In the response, it was clarified they had carried out financial and compliance audit of election campaign organizers for the March 2013 local elections, but the specific audit reports were in a stage of draft-reports, to which entities subject to the audit have the right to comment. After the audit reports become final, and if the authorized state auditor suspects the perpetration of a misdemeanor or a crime, they would forward the information to the competent state institutions⁵³.

It was also important to address the SCPC and ask them whether they had submitted a request for misdemeanor proceedings or a procedure for settlement with those election campaign organizers for the March 2013 local elections due to non-submission of financial reports for the election campaign, and if the response is affirmative, copies from the submitted requests, i.e. settlement procedure. The SCPC informed us they have still not submitted a request for initiation of misdemeanor proceedings, but there was an ongoing procedure for settlement with those election campaign organizers that did not meet the obligation of submitting financial reports. The request for copies was rejected with the explanation that disclosure of data from the required documents would have damaging effect on the course of the procedure⁵⁴.

We also sent a request to the SCPC asking them whether they had submitted initiatives for criminal persecution of certain election campaign organizers of

53 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=3686:slucaj-02&catid=1443&Itemid=692&lang=mk

54 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=3682:slucaj-04&catid=1423&Itemid=692&lang=mk

the March 2013 local elections to the Public Prosecutor's Office of RM, and if the response is affirmative, copies from the submitted requests. The response we received was that SCPC has not raised any initiatives for criminal persecution procedure⁵⁵.

In order to check the inter-agency cooperation, we addressed the Public Prosecutor's Office asking whether the SCPC has submitted initiatives for criminal persecution of election campaign organizers for the March 2013 local elections. We did not receive a response within the 30-day legal deadline, and we lodged a complaint before the Commission. Shortly after the complaint was lodged, the Commission contacted TM to inform us that the Public Prosecutor's Office has decided on our complaint, notifying the Commission they had submitted a response within the legal deadline, but that response might have not reached us due to a certain problem with the postal service. We approached the Commission and got the copy of the Public Prosecutor's Office response, which stated that SPCP has not submitted an initiative for a criminal persecution procedure of election campaign organizers for the March 2013 local elections⁵⁶.

Finally, we addressed the SAO requesting for information over an extended proposal to the Minister of Justice for adopting decisions on suspension of the payment of funds for regular financing from the Budget of RM to those political parties that have not met their obligations for 2011 and 2012, as envisioned with the Law of Financing Political Parties⁵⁷. The State Audit Office responded they were currently carrying out financial audit of the compliance of all political parties, and if there is a suspicion of a misdemeanor, they would turn to the competent institutions for further jurisdiction⁵⁸.

We asked for the same information from the Ministry of Justice, i.e. whether the State Audit Office had prepared the abovementioned proposal, to which we received a response that the SAO had not submitted a proposal for suspension of the payment of funds for regular financing from the Budget of RM to those political parties that did not meet their legal obligations⁵⁹.

55 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=3683:slucaj-05&catid=1423&Itemid=692&lang=mk

56 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=3680:slucaj-01&catid=1442&Itemid=692&lang=mk

57 Articles 16, 25, 26 Paragraph 3 and Article 27 refer to the exceeding of the amount of obtained donations or receiving a donation from unknown origin; non-submission of a donations report, annual account and annual financial report.

58 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=3687:slucaj-03&catid=1443&Itemid=692&lang=mk

59 http://www.spininfo.org.mk/index.php?option=com_content&view=article&id=3690:slucaj-05&catid=1393&Itemid=692&lang=mk

CONCLUSIONS AND RECOMMENDATIONS

Failure to comply with the obligation to submit reports for regular financing to competent institutions

Even though the percentage of parties that met the obligation to submit annual financial reports in 2013 (29% of registered political parties) is higher than the one registered in 2011 (approximately 11% of registered political parties), two issues remain open. Firstly, the avoidance of this obligation points to either lack of knowledge of regulations⁶⁰ or a deliberate decision to conceal party finances. However, it is probably more important that this attitude implies the parties have no reasons to “fear” the legal sanctions, which points to the enormous weakness and inconsistency of the controlling mechanism.

Furthermore, the non-compliance with the prescribed form for preparation of the annual report was yet again noted, albeit to a lesser extent. In essence, this failure to follow the prescribed form is an incomplete fulfillment of the stipulated obligations.

Non-compliance and/or erroneous enforcement of the Law on Free Access to Public Information

Given that the transparency of political financing was analyzed by using the right for free access to public information, this study would have been

⁶⁰ Partly proven by 2012 research; “Money and Politics – Transparency of Political Party Financing: Annual Report 2012”, Transparency Macedonia, December 2012.

incomplete without a brief overview and comments on the enforcement of the Law on Free Access. Indeed, transparency and publicness, as guiding principles of an open society, should be consistently and comprehensively applied in all aspects of institutional operations. However, the research has shown the general unpreparedness of the institutions to respond to the submitted requests. The reasons for such an attitude remain unclear, since partial improvement of the situation and increase in the number of responses occurred upon lodging complaints to the Commission.

However, some criticism should be directed at the Commission, which exceeded the legal deadline for a decision on submitted complaints in majority of cases.

These obvious shortcomings in the access to public information undermine the Higher Administrative Court decision, which confirmed the exclusion of political parties from the list of public information holders. The year-long efforts by TM to obtain the required information from competent institutions demonstrate that the publicness and transparency of political financing is not secured with the obligation of these institutions to publish information on political party financing.

Submitted requests for free access to public information

	Basic Court Skopje 2 Skopje	SAO	SCPC	SEC	Central Reg- ister	PRO	Parliament of RM	Ministry of Justice	Public Prosecu- tor's Office
Number of submitted requests	1	9	5	4	1	2	1	1	2
Complete response in legal timeframe	1	3	2	2	/	/	/	1	0
Incomplete response in legal timeframe	/	1	3	2	1	1	1	/	0
Silence	/	5	/	/	/	1	/	/	2
Repeated requests	1	3	2	/	/	1	1	/	/
Response to repeated request	/	0	0	2	/	1	1	/	/
Complaint to Commission	/	6	3	1	1	1	/	/	2
Response upon lodged complaint	/	6	0	1	/	/	/	/	1
Response upon decision by Commission	/	/	3	/	/	1	/	/	/

Table 2: Total number of submitted requests for free access to public information and responses by competent institutions.

Shortcomings in the legal framework for regular financing of political parties

Although all the changes in the Law on Financing over the past decade have resulted in a relatively coherent and comprehensive legal framework, they have still not secured greater publicness in the financing. One of the largest obstacles in the analysis over the past three years was the inability to approach political parties. Such a situation is unacceptable and requires urgent change of the Law on Political Parties, resulting in the requirement of more detailed contact information on the political parties and more frequent updating of the relevant data. This should also involve mandatory development and updating of a website, which does not represent a financial burden for political parties, but at the same time represents a key element in the achievement of publicness and transparency in accordance with the legal requirements.

Shortcomings in the controlling mechanism of the regular financing of political parties

In line with Article 22 of the Law on State Audit and Article 26 of the Law on Financing Political Parties, the SAO is obliged to audit the financial-material operations of all political parties, each year for the previous year. At the beginning of September 2013 we addressed the SAO asking why the Annual Operating Program of the State Audit Office for 2013, section for planned audits in 2013, includes only 6 political parties – VMRO-DPMNE, SDSM, DUI, DPA, NSDP and SPM and not all registered political parties as regulated with the legal provisions. The response we got was that the Annual Operating Program of the State Audit Office for 2013 had been amended and an audit of the financial reports on the regular operations of all political parties in the Republic of Macedonia would be carried out by 31.12.2013. At this time we cannot assess whether this audit will show any shortcomings and hold the political parties accountable. However, one cannot expect a rise in the level of publicness and accountability among parties without an efficient system for control. All efforts, training, debates and law amendments are futile if there is no consistent and efficient control.

Shortcomings in the legal framework for election financing

Regardless of all the changes in the legal framework that happened in the past three years, TM has persistently observed the repeating key shortcomings.

First of all, the rules on the election campaign account are not sufficiently regulated. The inexistence of a precise deadline for its closure, thus factually enabling financial transactions after the factual election results are announced leaves large room for abuse. The recommendations for regulation of the timeframe for closure of the account and a clear ban for transactions after the elections' completion are crucial for administering fair elections. In this sense, the Electoral Code does not state to which account the elections compensation is to be transferred, which again leaves room for abuse and impossibility for distinction between funds for regular financing and election campaign financing.

Like in the past two years, we again stress the necessity for urgent change of the thresholds for campaign donations for natural persons and legal entities. The current provisions are discriminatory and give unjust advantage to large entities. The relative 5% of the revenue of legal entities should be replaced by an absolute number, thus securing equal political contest between election participants. Such a proposal is in compliance with the OSCE/ODIHR recommendations, but also with comparable experiences in Europe and the region⁶¹.

We still believe the allowed threshold for election campaign expenditures of MKD 180 per registered voter is too high, taking into account the total number of voters in the country. The way in which the total allowed amount for the election campaign is calculated (MKD 180 times 1,743,403 voters) gives a remarkably high amount (approximately EUR 5 million) that puts the bigger and more influential parties in a privileged position, stimulates collecting more donations and leaves room for abuse. The Voters List review in 2013 (elimination of 119,000 voters) did not have an essential effect on the amount of the total allowed funds for spending, and one cannot currently assess whether and if there would be further decrease of the number of voters. Still, the opportunities for abuse and manipulation can and must be avoided by giving an absolute amount of the total allowed finances for election campaigns. Furthermore, the analyses of the 2013 local elections have shown another important shortcoming, the problematic calculation of the allowed spending funds per voter in each municipality. It is recommendable to

⁶¹ For example in France and Greece there was a complete prohibition for donations from legal entities and in Bulgaria this prohibition refers to election campaigns. In Serbia the limitation is expressed with limited number (200) of cumulated average salaries. However, there are countries such as Germany where there are no limitations to the donations made by legal entities.

project the threshold of allowed spending funds for each municipality and clarify whether these limitations are cumulative or separate for the first and second round of the elections.

Donations from natural persons have to be subjected to control and it is crucial to introduce a mechanism for establishing the origin of these donations such as the payment of funds from the donor's account.

Although a new rulebook on the form for preparation of financial reports was adopted in 2013, the obligation for detailed information over revenues and expenditures was not foreseen, including the detailing of monetary and non-monetary means⁶². The analyses of the reports did not clarify the type of expenditures and the registration of cumulated amounts on certain items leaves room for abuse.

Insufficient capacity and non-preparedness of competent institutions for control of election financing

The conclusion after three-year extensive monitoring of the controlling mechanism is disappointing to say the least. As in the past two years, we faced an evasive attitude by the competent institutions. First of all, the unwillingness to reply to our requests for free access points not only to the ignoring attitude towards the obligation for publicness, but also a lack of readiness to effectively deal with the control of political financing. We also failed to determine whether competent institutions had identified and undertook specific measures against violators of the financing rules. An exception is the decision to stop the payment of the compensation for election campaign costs, which demonstrated improvement in the inter-agency cooperation. However, even though it would be commendable if there were no violations in the financing of the election process that require more serious sanctions, it seems unreal that in the past two election rounds no election campaign organizer committed a greater violation than the failure to submit a financial report⁶³.

Therefore, besides the required establishment of clear and unequivocal procedures for enforcement of sanctions against violators of financing rules, it is

62 Compliance Report on the Republic of Macedonia "Incriminations (ETS 173 and 191, GPC 2)", "Transparency of Party Financing", adopted by GRECO at its 54th Plenary Session (Strasbourg, 20-23 March 2012), page 13.

63 Compliance Report on the Republic of Macedonia "Incriminations (ETS 173 and 191, GPC 2)", "Transparency of Party Financing", adopted by GRECO at its 54th Plenary Session (Strasbourg, 20-23 March 2012), page 13.

necessary to secure the independence and impartiality of competent institutions. If no changes both in the legal framework and in the practice of institutions occur, neither transparency, nor fair and legitimate political contest is to be expected.

Furthermore, it is crucial to provide the State Audit Office with additional financial and human capacities if there is any intention for this body to be able to respond properly to the tasks of the political financing control. This comment was pointed out to the Republic of Macedonia on a number of occasions in GRECO's recommendations, but also in the two consecutive Progress Reports of the European Commission in 2012 and 2013.

Concluding remarks

When TM and FOSM launched the project on transparency in financing of political parties, we were prepared for the foreseeable problems and challenges, but also hoped and intended to open the burning issues and stimulate the processes of change. These activities were to lead to a more transparent process of political financing and consequently strengthen democracy in the society. Unfortunately, despite the noted improvements, there are still significant shortcomings that must be removed in the nearest future. Although frequent changes in the legal framework can lead to inconsistency⁶⁴, the existence of legal gaps challenges the idea for legal regulation of political financing. However, the biggest challenge might be the change in the mindset of all active stakeholders, who must recognize that the functioning of a society that is transparent, inclusive and nurtures democratic values requires transparency and publicness of the juncture between money and political power.

64 Position shared by the Council of Europe Venice Commission: "The fundamental elements of the electoral code...should not be changed at least one year prior to elections". Venice Commission Code of Good Practice in Electoral Matters. Guidelines and Explanatory Report (18-19 October 2002; CDL-AD(2002)023rev), II.2.b

ANNEX 1

Regular financing of political parties –annual financial report, annual account and donations report

		Regular financing of political parties					
		Annual financial report Submission deadline 31. March	Annual account Submission deadline 28 February	Donations report Submission deadline 31. March			
1	Political parties in RM registered in the Single Court Registry of political parties kept by Basic Court Skopje II Skopje of 07.03.2013	State Audit Office	Public Revenue Office	Central Registrar	State Audit Office	Public Revenue Office	State Audit Office
	1 New Alternative – NA	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
2	Social-Democratic Union of Macedonia - SDSM	Submitted on 28.03.2013	Submitted on 26.02.2013	/	Submitted on 27.02.2013	Submitted on 28.03.2013	Submitted on 29.03.2013
3	Democratic Party of Turks of Macedonia	Submitted on 02.04.2013	Not submitted	/	Not submitted	Not submitted	Not submitted
4	VMRO-DPMNE (VMRO-Democratic Party for Macedonian National Unity)	Submitted on 01.04.2013	Submitted on 28.02.2013	/	Submitted on 28.02.2013	Submitted on 01.04.2013	Submitted on 01.04.2013
5	Socialist Party of Macedonia	Submitted on ...	Submitted on 28.02.2013	/	Submitted on 28.02.2013	Not submitted	Not submitted

6	Party of Democratic Action of Macedonia	Not submitted	Submitted on 02.04.2013	/	Not submitted	Not submitted	Not submitted
7	Macedonian Alliance	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
8	Liberal-Democratic Party - LDP	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
9	Union of Roma of Macedonia	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
10	Workers-Farmers Party of Macedonia	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
11	Liberal Party of Macedonia	Submitted on 29.03.2013	Submitted on 28.02.2013	/	Submitted on 28.02.2013	Submitted notification on 29.03.2013 that no donations were received	Submitted notification on 29.03.2013 that no donations were received
12	Democratic Union - DS	Submitted on 27.03.2013	Not submitted	/	Submitted on 28.02.2013	Submitted on 26.03.2013	Submitted on 28.03.2013
13	VMRO-DP (VMRO - Democratic Party)	Submitted alongside Donations report - 25.03.2013	Submitted on 21.02.2013	/	Not submitted	Submitted a blank donations registry on 02.04.2013	Submitted a blank donations registry on 25.03.2013
14	Party of Turkish Movement in Macedonia - PDT	Not submitted	Submitted on 27.02.2013	/	Not submitted	Not submitted	Not submitted

15	Democratic Party of Serbs in Macedonia – DPSM	Submitted on... ¹	Submitted on 28.02.2013	/	Submitted on 28.02.2013	Not submitted	Not submitted
16	Party of Vlachs in Macedonia	Not submitted	Submitted on 27.02.2013	/	Not submitted	Not submitted	Not submitted
17	Party of Justice	Not submitted	Submitted on 28.02.2013	/	Not submitted	Not submitted	Not submitted
18	Social-Democratic Party of Macedonia – SDPM	Submitted on 22.04.2013	Not submitted	/	Not submitted	Not submitted	Not submitted
19	Serbian Progressive Party – SNSM	Not submitted	Submitted on 26.02.2013	/	Not submitted	Not submitted	Not submitted
20	Democratic League of Bosniaks in Macedonia – DLBM	Not submitted	Submitted on 28.03.2013	/	Submitted on 28.02.2013	Not submitted	Not submitted
21	People's Movement for Macedonia – NDP	Submitted on ...	Submitted on 15.03.2013	/	Submitted on 28.02.2013	Submitted notification on 01.04.2013 that no donations were received	Submitted notification on 01.04.2013 that no donations were received

¹ Not in form prescribed by Finance Minister, i.e. Report-balance of revenues and expenditures for period 01.01–31.12.2012 submitted.

22	Democratic Union of Vlachs in Macedonia – D SVM	Not submitted	Decision on 28.02.2013 ²	/	Not submitted	Not submitted	Not submitted
23	Democratic Union for Integration - DUI	Submitted on ...	Submitted on 14.02.2013	/	Submitted on 14.02.2013	Submitted on 08.01.2013	Submitted on 09.01.2013
24	Permanent Macedonian Radical Unification - TMRO	Not submitted	Submitted on 27.02.2013	/	Not submitted	Not submitted	Not submitted
25	United Democratic Forces of Roma – ODSR	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
26	VMRO-People's Party - VMRO-NP	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
27	New Social-Democratic Party - NSDP	Submitted on 28.03.2013	Submitted on 28.02.2013	/	Submitted on 08.03.2013	Submitted on 28.03.2013	Submitted on 28.03.2013
28	Party for Integration of Roma - PIR	Not submitted	Submitted on 28.02.2013	/	Not submitted	Not submitted	Not submitted
29	Party for European Future - PEI	Not submitted	Submitted on 28.02.2013	/	Not submitted	Submitted on 14.03.2013	Submitted on 15.03.2013
30	Union of Tito Leftist Forces - STLS	Not submitted	Submitted on 28.02.2013	/	Not submitted	Not submitted	Not submitted

² Political party Democratic Union of Vlachs in Macedonia – D SVM passed a decision on 28.02.2013, according to which it is not obliged to prepare and submit an Annual Account for 2012.

31	Democratic Revival of Macedonia – DOM	Not submitted	Submitted on 28.02.2013	/	Not submitted	Not submitted	Not submitted
32	Fatherland Macedonian Organization for Radical Revival Vardar-Egej-Pirin – TMORO-VEP	Not submitted	Submitted on 15.03.2013	/	Not submitted	Not submitted	Not submitted
33	Party of Free Democrats - PSD	Not submitted	Submitted on 28.02.2013	/	Not submitted	Not submitted	Not submitted
34	Democratic Party of Albanians - DPA	Submitted on 15.04.2013	Submitted on 28.02.2013	/	Not submitted	Not submitted	Not submitted
35	Party for Full Emancipation of Roma – PCER	Not submitted	Submitted on 28.02.2013	/	Not submitted	Not submitted	Not submitted
36	Democratic Union of Roma – DUR	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
37	Social-Democratic Union - SDU	Not submitted	Submitted on 28.02.2013	/	Not submitted	Not submitted	Not submitted
38	Party of United Democrats of Macedonia - PODEM	Not submitted	Submitted on 27.02.2013	/	Not submitted	Not submitted	Not submitted
39	Demokraci e Re – Party for New Democracy – (DR-PND)	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted

40	United for Macedonia - OM	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
41	New Liberal Party - NLP	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
42	Movement for National Unity of Turks - DNET	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
43	National Democratic Renaissance - NDP	Not submitted	Submitted on 28.02.2013	/	Not submitted	Not submitted	Not submitted
44	Political Party Dostoinstvo - PPD	Not submitted	Not submitted	/	Decision on 27.02.2013 ³	Submitted notification on 28.03.2013 that no donations were received	Not submitted
45	Republican Alliance - RA	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
46	Sandzak League - SL	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
47	Democratic Bosniak Party - DBP	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted
48	Democratic Party of Roma - DPR	Not submitted	Not submitted	/	Not submitted	Not submitted	Not submitted

³ Political Party Dostoinstvo - PPD adopted a decision on 25.02.2013 according to which it is not obliged to prepare and submit an Annual Account for 2012.

ANNEX 2

Election campaigns financing – reporting obligation

Submission of financial reports on election campaign for local elections 2013 in line with obligation of Articles 84-b and 85 of the Electoral Code of RM

Election campaign organizers	State Election Commission			State Commission for Prevention of Corruption			State Audit Office			Parliament of RM
	First report	Second report	Final report	First report	Second report	Final report	First report	Second report	Final report	
VMRO-DPMNE and others (20 political parties in coalition) ⁴	14.03.2013	22.03.2013	22.05.2013	14.03.2013	23.03.2013	Submitted (no entry seal)	18.03.2013	26.03.2013	22.05.2013	Not submitted until 23.05.2013

VMRO-DPMNE (VMRO-Democratic Party for Macedonian National Unity), Socialist Party of Macedonia, Democratic Party of Serbs in Macedonia, Union of Roma of Macedonia, Party of Justice, Party of Democratic Action of Macedonia, Party of Vlachs of Macedonia, Party for Integration of Roma, Workers-Farmers Party of Republic of Macedonia, Permanent Macedonian Radical Unification, New Liberal Party, Party of United Democrats of Macedonia, Fatherland Macedonian Organization for Radical Revival – Vardar-Egej-Pirin, Macedonian Alliance, Democratic Party of Turks of Macedonia, VMRO-DP (VMRO-Democratic Party), Democratic Union, Democratic Revival of Macedonia, United Democratic Forces of Roma, Democratic Bosniak Party

VMRO-DPMNE and others (19 political parties in coalition) ⁵	14.03.2013	22.03.2013	22.05.2013	14.03.2013	23.03.2013	Submitted (no entry seal)	18.03.2013	26.03.2013	22.05.2013	Not submitted until 23.05.2013
VMRO-DPMNE (18 political parties in coalition) ⁶	14.03.2013	22.03.2013	22.05.2013	14.03.2013	23.03.2013	Submitted (no entry seal)	18.03.2013	26.03.2013	22.05.2013	Not submitted until 23.05.2013
DPA – Democratic Party of Albanians	14.03.2013	23.03.2013	17.05.2013	14.03.2013	26.03.2013	17.05.2013	14.03.2013	25.03.2013	17.05.2013	Not submitted until 23.05.2013
DPTM – Democratic Party of Turks of Macedonia	Not submitted	23.03.2013	19.04.2013	Not submitted	23.03.2013	19.04.2013	Not submitted	26.03.2013 for period 04.03-22.03.2013	22.04.2013	22.04.2013

.....

VMRO-DPMNE (VMRO-Democratic Party for Macedonian National Unity), Socialist Party of Macedonia, Democratic Party of Serbs in Macedonia, Union of Roma of Macedonia, Party of Justice, Party of Democratic Action of Macedonia, Party of Vlachs of Macedonia, Party for Integration of Roma, Workers-Farmers Party of Republic of Macedonia, Permanent Macedonian Radical Unification, New Liberal Party, Party of United Democrats of Macedonia, Fatherland Macedonian Organization for Radical Revival – Vardar-Egej-Pirin, Macedonian Alliance, Democratic Party of Turks of Macedonia, VMRO-DP (VMRO-Democratic Party), Democratic Union, United Democratic Forces of Roma, Democratic Bosniak Party

VMRO-DPMNE (VMRO-Democratic Party for Macedonian National Unity), Socialist Party of Macedonia, Democratic Party of Serbs in Macedonia, Union of Roma of Macedonia, Party of Justice, Party of Democratic Action of Macedonia, Party of Vlachs of Macedonia, Party for Integration of Roma, Workers-Farmers Party of Republic of Macedonia, Permanent Macedonian Radical Unification, New Liberal Party, Party of United Democrats of Macedonia, Fatherland Macedonian Organization for Radical Revival – Vardar-Egej-Pirin, Macedonian Alliance, VMRO-DP (VMRO-Democratic Party), Democratic Union, United Democratic Forces of Roma, Democratic Bosniak Party

DUI – Democratic Union for Integration	14.03.2013	23.03.2013	07.05.2013	14.03.2013	23.03.2013	07.05.2013	14.03.2013	26.03.2013	07.05.2013
NDM – People's Movement for Macedonia	15.03.2013	23.03.2013	01.04.2013	14.03.2013	23.03.2013	01.04.2013	15.03.2013	26.03.2013	01.04.2013
NDP – National Democratic Revival	Not submitted	23.03.2013	22.04.2013	Not submitted	23.03.2013	22.04.2013	15.03.2013	Not submitted	Not submitted until 23.05.2013
ODSR – United Democratic Forces of Roma	14.03.2013	25.03.2013	17.04.2013	14.03.2013	23.03.2013	Submitted (no entry seal)	14.03.2013	26.03.2013	17.04.2013
PEI – Party for European Future	14.03.2013	25.03.2013	Not submitted	14.03.2013	25.03.2013	Not submitted	14.03.2013	26.03.2013	Not submitted until 23.05.2013
Union of Roma of Macedonia	15.03.2013	25.03.2013	23.04.2013	14.03.2013	25.03.2013	23.04.2013	18.03.2013	26.03.2013	Not submitted until 23.05.2013

SDPM – Social Democratic Party of Macedonia	Not submitted	22.03.2013	19.04.2013 (Annual financial report)	Not submitted	25.03.2013	Not submitted	19.04.2013 (Annual financial report)
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SDU – Social Democratic Union	14.03.2013	26.03.2013	19.04.2013	14.03.2013	26.03.2013	20.03.2013	22.04.2013
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SNSM – Serbian Progressive Party of Macedonia	14.03.2013	25.03.2013	22.04.2013	14.03.2013	25.03.2013	19.04.2013	22.04.2013
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DOM – Democratic Revival of Macedonia	19.03.2013	25.03.2013	27.05.2013	19.03.2013	24.03.2013	27.05.2013	Not submitted until 23.05.2013
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Coalition – DPTM and NDP	14.03.2013	23.03.2013	22.04.2013	14.03.2013	26.03.2013	Not submitted	Not submitted until 23.05.2013
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STLS – Union of Tito's Leftist Forces	18.03.2013	23.03.2013	23.04.2013	18.03.2013	26.03.2013	22.04.2013	22.04.2013
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Liberal Party of Macedonia	19.03.2013	22.03.2013	22.04.2013	19.03.2013	22.03.2013	22.04.2013	25.03.2013	22.04.2013	22.04.2013
DNET – Movement for National Unity of Turks	21.03.2013	27.03.2013	22.04.2013	Not submitted	Not submitted	Not submitted	19.03.2013	29.03.2013	Not submitted until 23.05.2013
RA – Republican Alliance	19.03.2013	Not submitted	08.04.2013	Not submitted	Not submitted	Not submitted	Not submitted	Not submitted	Not submitted until 23.05.2013

Social-Democratic Union of Macedonia – SDSM and others (14 parties in coalition) ⁷	19.03.2013	29.03.2013	18.04.2013	19.03.2013	28.03.2013	19.04.2013	19.03.2013	28.03.2013	Not submitted until 23.05.2013
Social-Democratic Union of Macedonia – SDSM and others (13 parties in coalition) ⁸	19.03.2013	29.03.2013	18.04.2013	19.03.2013	28.03.2013	19.04.2013	19.03.2013	28.03.2013	Not submitted until 23.05.2013

⁷ Social-Democratic Union of Macedonia, New Social-Democratic Party, Liberal-Democratic Party, VMRO-People's Party, Political Party Dostoinstvo, United for Macedonia, Party for Turkish Movement in Macedonia, Party for Full Emancipation of Roma, New Alternative, Democratic Union of Vlachs in Macedonia, Party of Free Democrats, Sandzak League, Party for European Future, Movement for National Unity of Turks

⁸ Social-Democratic Union of Macedonia, New Social-Democratic Party, Liberal-Democratic Party, VMRO-People's Party, Political Party Dostoinstvo, United for Macedonia, Party for Turkish Movement in Macedonia, Party for Full Emancipation of Roma, New Alternative, Democratic Union of Vlachs in Macedonia, Party of Free Democrats, Sandzak League, Movement for National Unity of Turks

Social-Democratic Union of Macedonia - SDSM and others (13 parties in coalition) ⁹	19.03.2013	29.03.2013	18.04.2013	19.03.2013	28.03.2013	19.04.2013	19.03.2013	28.03.2013	22.04.2013	Not submitted until 23.05.2013
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Social-Democratic Union of Macedonia - SDSM and others (12 parties in coalition) ¹⁰	19.03.2013	29.03.2013	19.04.2013	19.03.2013	28.03.2013	19.04.2013	19.03.2013	28.03.2013	22.04.2013	Not submitted until 23.05.2013
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Social-Democratic Union of Macedonia, New Social-Democratic Party, Liberal-Democratic Party, VMRO-People's Party, Political Party Dostoinstvo, United for Macedonia, Party for Turkish Movement in Macedonia, Party for Full Emancipation of Roma, New Alternative, Democratic Union of Vlachs in Macedonia, Party of Free Democrats, Sandzak League, Party for European Future

Social-Democratic Union of Macedonia, New Social-Democratic Party, Liberal-Democratic Party, VMRO-People's Party, Political Party Dostoinstvo, United for Macedonia, Party for Turkish Movement in Macedonia, Party for Full Emancipation of Roma, New Alternative, Democratic Union of Vlachs in Macedonia, Party of Free Democrats, Sandzak League

