

COMBATTING CORRUPTION IN POLITICAL FINANCE

Global Trends, Challenges and Solutions



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Abbreviations

AI	Artificial intelligence
APC	All Progressive Congress
EMB	Electoral management body
OAS	Organization of American States
OECD	Organisation for Economic Co-operation and Development
TBIJ	The Bureau of Investigative Journalism
UF	Unit of account (unidad de fomento)
UNCAC	United Nations Convention against Corruption
UNGASS	United Nations General Assembly Special Session on Corruption
UNODC	United Nations Office on Drugs and Crime
UNTOC	United Nations Convention against Transnational Organized Crime

Contents

Acknowledgements	iv
Abbreviations	v
Executive summary	1
Introduction	4
Impact of corruption on democracy	5
Corruption risks in political finance	6
Political finance reforms as a key anti-corruption driver.....	7
Objectives and scope of the report.....	9
Chapter 1	
Global overview of political finance regulatory frameworks	11
1.1. Regulations on private donations.....	12
1.2. Regulations on public funding	16
1.3. Regulations on spending.....	22
1.4. Reporting, disclosure and oversight mechanisms	27
1.5. Designing comprehensive political finance regulations	35
Chapter 2	
Challenges and solutions in combatting corruption in political finance	39
2.1. Weak global political finance standards	40
2.2. Gaps and loopholes in existing regulations	43
2.3. Enforcement challenges	46
2.4. Impact of digitalization and globalization on political finance	49
2.5. Illicit funding and organized crime	52
2.6. Good practices and practical examples from selected countries.....	57
Chapter 3	
Recommendations	69
3.1. Policymakers and oversight agencies.....	69
3.2. Political parties	72
3.3. Private entities	73
3.4. Civil society organizations and media	73
3.5. International actors (international organizations, donor agencies, etc.).....	74
References	75
About the authors	86
About International IDEA	87

EXECUTIVE SUMMARY

The funding of political parties and election campaigns, commonly known as political finance, is a key component of democracy, enabling political parties and candidates to engage voters, share policies and participate effectively in elections. However, unchecked political finance can erode trust, distort democratic processes and breed corruption. This report explores the critical balance between funding political activities and safeguarding democratic integrity by addressing vulnerabilities in political finance systems worldwide.

Nearly all 181 countries in the International Institute for Democracy and Electoral Assistance (International IDEA) Political Finance Database have implemented regulations on funding, spending and oversight. Nonetheless, corruption in political finance remains widespread, often involving high-profile leaders and business figures. Weak enforcement, regulatory gaps and the rapid evolution of technology exacerbate these issues, challenging even robust frameworks.

This report highlights the current state of political finance regulation across different countries, drawing on data from the Political Finance Database (International IDEA n.d.). The analysis focuses on the four primary components of political finance regimes: (a) donations; (b) public funding; (c) expenditure; and (d) reporting, disclosure and oversight mechanisms.

While there is no one-size-fits-all regulatory model, the analysis shows that there are some underregulated areas. For example, more than 25 per cent of the 181 countries in International IDEA's Political Finance Database still have no regulation on foreign or anonymous donations to political parties. While nearly 70 per cent of

The funding of political parties and election campaigns is a key component of democracy.

the countries have some arrangement to provide direct public funding to political parties, there are variations in eligibility and allocation criteria, with pros and cons in each case.

In addition to political parties and candidates, it is important to note that so-called third parties, or non-contestant campaigners—organizations that are neither political parties nor candidates yet spend resources and engage in electoral campaigns—pose a significant regulatory challenge in many countries. Third-party spending can be a conduit for opaque or foreign money, increasing the risk of corruption or external interference. Existing spending limits on political parties and candidates can be circumvented by channelling funding through third parties. However, only 29 per cent of the countries in the Political Finance Database have adopted a regulation on third-party spending. While at least some form of financial reporting requirements exist in nearly 80 per cent of the countries, donors are not always identified in those reports.

A well-crafted regulatory framework does not automatically guarantee successful implementation or compliance.

It is also crucial to note that a well-crafted regulatory framework does not automatically guarantee successful implementation or compliance. Gaps between regulations on paper and their practical enforcement are common and can significantly undermine their intended impact. Accordingly, this report also explores the barriers to implementing political finance regulations and compliance issues, including emerging challenges such as digitalization, globalization and illicit funding. For example, global standards in political finance need to be updated and strengthened in order to guide political finance reforms at the national level. When it comes to gaps and loopholes in the existing regulations, the report identifies several areas that are vulnerable to corrupt practices, such as the circumvention of spending limits, the use of cash and in-kind donations, and vague legal definitions of political finance terms. Moreover, the lack of independence, sufficient legal mandates, resources and interagency cooperation mechanisms within enforcement agencies also presents a major challenge in combatting corruption in political finance.

The report also considers the impact of digitalization in political finance. Major challenges in this area include a lack of regulation, the difficulty involved in tracing the money behind online advertisements, public relations firms and influencers, and limited cooperation mechanisms among various oversight entities.

Finally, the impact of illicit funding and organized crime is another challenge in political finance in many parts of the world. High campaign costs, insufficient legitimate funding for political parties, and regional and cultural factors are identified as root causes.

In order to address corruption risks in political finance, good practices from selected countries are also featured in this report. Timely updates to existing political finance laws, the introduction of digital reporting and disclosure platforms, the potential of artificial intelligence (AI) for oversight, and innovative tools developed by oversight agencies and civil society organizations, among other examples, provide valuable insights for advancing political finance reforms.

Designing an effective political finance ecosystem is pivotal for combatting corruption, protecting democratic integrity and fostering sustainable governance. By bridging gaps in data and evidence, this report serves as a critical resource for understanding global trends, identifying challenges and implementing solutions. The comparative analysis and documented good practices found in the report provide valuable insights for stakeholders committed to enhancing political finance transparency and accountability.

Designing an effective political finance ecosystem is pivotal for combatting corruption, protecting democratic integrity and fostering sustainable governance.

INTRODUCTION

Money is essential for the healthy functioning of political parties, elections and democracy.

Money is essential for the healthy functioning of political parties, elections and democracy. For political parties, funding is crucial for building and maintaining a broad base of operations, recruiting members, formulating policies and effectively communicating with the public. Adequate resources allow parties and candidates to participate in electoral campaigns, enabling them to reach voters through advertising, events and other means.

The problem is that few things have the power to distort democracy—and the values that underpin it, such as equal participation and deliberation—quite like money. The link between political finance and corruption is therefore a critical issue in any democracy. While corruption takes a number of different forms (e.g. bribery, embezzlement, nepotism, extortion, fraud and influence peddling), inadequately controlled political finance is one of the most widely exploited entry points for narrow private interests to exert undue influence over political processes and institutions (Hamada and Agrawal 2020).

Almost all of the 181 countries included in International IDEA's (n.d.) Political Finance Database have some form of political finance regulation in place regarding private and public income sources, expenditure, and oversight and sanction mechanisms. However, allegations of political finance corruption that implicate national leaders, politicians and business leaders remain prevalent across all regions (Daniels 2023; Sieg 2024; The Korea Times 2024). Regulatory loopholes and shortcomings still exist in many countries, while new technologies and emerging issues present both opportunities and challenges in the implementation of political finance regulations.

Designing an effective political finance ecosystem is a key driver for advancing anti-corruption efforts, safeguarding the integrity of political participation and representation, and promoting sustainable democracy.

IMPACT OF CORRUPTION ON DEMOCRACY

Corruption poses a profound threat to democracy, undermining its core principles of fairness, accountability and equal representation. At its heart, democracy is based on the idea that political power should be exercised in the public interest, with leaders chosen through free and fair elections. Corruption distorts this process by allowing money, personal interests or illicit influence, rather than the will of the people, to determine political outcomes.

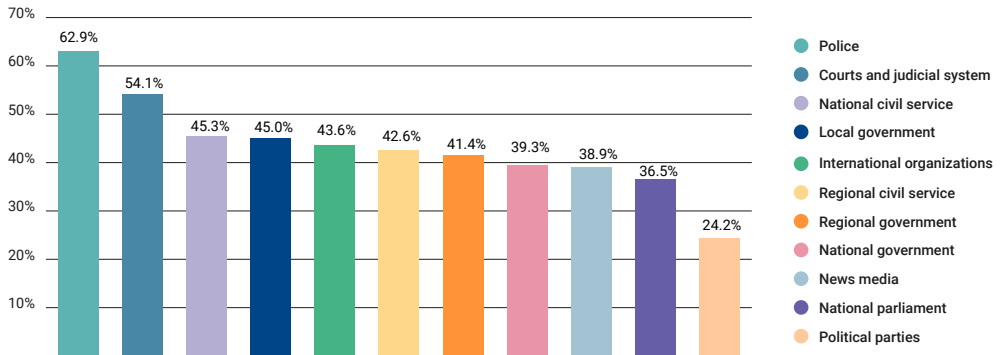
International IDEA's Global State of Democracy Indices indicate that the level of perceived corruption around the world has not changed significantly in the last 20 years. According to a special Eurobarometer in 2024, 68 per cent of Europeans still consider corruption to be widespread in their country (European Commission 2024). Similarly, 58 per cent of Africans say corruption increased 'somewhat' or 'a lot' in their country during the preceding year (Dulani, Boateng and Zindikirani 2023), while the recent Latinobarómetro survey highlights that corruption is the most negative phenomenon in Latin American democracies (Latinobarómetro 2023).

One of the most significant impacts of corruption on democracy is the erosion of public trust in representative institutions. When citizens perceive that their leaders are engaged in corrupt practices, they lose faith in the integrity of political processes and outcomes. This can lead to political disengagement, apathy or even social unrest, as people feel that their votes or voices no longer matter (Drapalova 2019; OECD 2024).

According to recent global surveys, political parties and national parliaments are the least trusted institutions among the public. For example, only 24.2 per cent and 36.5 per cent of the population within Organisation for Economic Co-operation and Development (OECD) countries trust political parties and national parliaments, respectively (Figure I.1). Similarly, in multiple editions of the World Values Survey, political parties and parliaments appear as the least trusted public institutions (Scarrow 2023).

Corruption poses a profound threat to democracy, undermining its core principles of fairness, accountability and equal representation.

Figure I.1. Public trust in public institutions and media within OECD countries



Source: Organisation for Economic Co-operation and Development, *OECD Survey on Drivers of Trust in Public Institutions – 2024 Results: Building Trust in a Complex Policy Environment* (Paris: OECD Publishing, 2024), <<https://doi.org/10.1787/9a20554b-en>>.

CORRUPTION RISKS IN POLITICAL FINANCE

Public distrust of political parties often stems from the perception that they are too closely tied to private interests rather than the public good. One of the key areas fuelling this distrust is the link between political finance and corruption (Box I.1). For example, there are several political finance loopholes that are commonly exploited for corrupt practices, such as the following:

1. *Unregulated donations.* Contributions from anonymous sources or entities that are not subject to disclosure requirements allow for the concealment of illegal or dirty money.
2. *Weak reporting requirements.* Loopholes in reporting and disclosure regulations, such as delayed reporting or unreasonably high thresholds that exclude large contributions from oversight, can hide the true scale of financial backing or potential illegal contributions.
3. *Foreign influence.* Loopholes allow foreign entities to contribute indirectly to campaigns or political parties through intermediaries or digital tools, bypassing rules that prohibit foreign donations.
4. *Misuse of loans.* Candidates or political parties may misuse loans, either failing to repay them or treating them as donations, avoiding contribution limits.

5. *Weak implementation of existing regulations.* A lack of independence, resources, political will or capacity on the part of oversight bodies to enforce regulations allows violations to go unchecked, creating a culture of impunity where corrupt practices thrive. Without robust implementation, even the best-designed political finance regulations can become hollow.

The above-mentioned points are just some examples; there are more entry points in political finance that are vulnerable to corruption. Nevertheless, it is clear that corruption in political finance erodes public trust, weakens the integrity of democratic institutions and stifles fair competition (Transparency International 2024). When political power is concentrated in the hands of a few wealthy actors, it marginalizes the voices of average citizens and diminishes electoral integrity. In extreme cases, it can result in a political environment where money determines access to power, creating a cycle of corruption that is difficult to break.

POLITICAL FINANCE REFORMS AS A KEY ANTI-CORRUPTION DRIVER

Comprehensive regulations that include transparency measures and accountability mechanisms are essential to maintaining a healthy political finance ecosystem in the face of corruption risks. The 2004 United Nations Convention against Corruption (UNCAC), the leading global anti-corruption instrument, underscores this necessity by identifying, in article 7.3, transparency in political finance as a key measure to prevent corruption.

Political finance reforms have been on the agendas of many countries worldwide. For example, over 20 countries revised their political finance laws to varying degrees between January 2021 and June 2023 (International IDEA n.d.). The increasing public demand for accountable political finance systems reflects recognition of the fact that unchecked or opaque financial practices threaten both the integrity of democratic processes and the credibility of representative institutions.

Despite many efforts by international organizations, governments and civil society organizations, the path to effective political finance reform remains complex, as countries grapple with balancing the need for legitimate political finance and preventing abuses.

Box I.1. Corruption allegations in political finance

The following country examples underscore the ongoing challenges of maintaining transparency and integrity in political finance. They reveal how money in politics can easily become intertwined with corruption, influence peddling and the undermining of democratic processes.

Armenia

An independent audit, conducted in 2024, revealed that the ruling Civil Contract party had accepted several anonymous donations and contributions exceeding legal limits. These questionable donations amounted to USD 21,500. Additionally, the audit discovered that the party had misreported its campaign finances, including failing to disclose over USD 99,000 in contributions and making unapproved cash withdrawals totalling USD 29,000, violating Armenia's political finance laws (Dovich 2024).

Brazil

By using a complex network of shell companies, off-book transactions and offshore bank accounts, the Brazilian engineering and construction company Odebrecht paid more than USD 788 million in bribes to government officials and political parties in 12 countries across Latin America and the Caribbean and sub-Saharan Africa from the early 2000s until the scandal was exposed in 2014 (Leahy 2016; Shiel and Chavkin 2019).

Ghana

The high cost of politics in Ghana has led to an upsurge in illicit money within campaign funding. For example, a 2022 report by a local think tank identified nine financiers of political parties and candidate campaigns who were engaged in criminality, including serious and organized crime. Their criminal activities included illegal mining, illegal oil distribution, fraudulent business, procurement infractions and associated kickbacks from the award of contracts (Nyarko 2021).

Japan

A political finance scandal in 2023 severely impacted the ruling Liberal Democratic Party, with accusations relating to illegal slush funds. Several of the party's politicians allegedly diverted funds raised for their political campaigns into private slush funds, the revelation of which later fuelled public outrage. They were found to have misused approximately JPY 670 million (around USD 4.4 million) in unreported political funds between 2018 and 2022, violating Japan's campaign finance laws. Prominent figures in the scandal, including high-ranking cabinet ministers, were forced to resign after investigations revealed systemic corruption within party factions (Kaneko 2024), leading to widespread criticism of the party's lax approach to political finance regulation. The scandal highlights the deep-seated issue of money in politics in Japan.

This balancing act requires not only domestic legislation but also coordination with a number of political finance stakeholders for the full enforcement of regulations. To further advance such reforms, comparative data and examples of good practices from other

countries are essential, as they enable policymakers, regulators and civil society to benchmark their political finance systems against global and regional trends, learn from both successes and challenges in different contexts, and identify areas of relative weaknesses and strengths in combatting corruption. By comparing regulations, enforcement mechanisms and transparency measures, governments can set realistic and attainable standards for reform based on what has proven effective elsewhere.

The use of comparative data and good practices also plays a crucial role in enhancing the legitimacy and credibility of political finance reforms. Evidence-based reforms are more likely to gain the trust and support of stakeholders, including political parties, civil society and the general public. When reforms are transparently grounded in empirical data and proven methodologies, they are perceived as more objective, fair and effective. This, in turn, enhances the likelihood of successful implementation and compliance, thereby strengthening the overall fight against corruption.

Evidence-based reforms are more likely to gain the trust and support of stakeholders, including political parties, civil society and the general public.

OBJECTIVES AND SCOPE OF THE REPORT

The main rationale for developing this report was to fill a gap in political finance data and evidence in order to suggest solutions to the challenges of political finance regulation. Implementing effective reforms in this area requires a robust understanding of how different systems operate, the challenges they face and the strategies they employ to mitigate corruption. This is where a report with comparative data and documented good practices can play a crucial role.

The report provides a comprehensive analysis of the global landscape of political finance, the challenges involved in combatting corruption and the innovative solutions that are emerging.

The chapters of the report focus on distinct but interconnected aspects of political finance.

Chapter 1 examines the current state of political finance regulation across different countries, drawing on data from International IDEA's Political Finance Database. It analyses the four primary components of political finance regimes—donations, public funding, expenditure, and reporting, disclosure and oversight mechanisms. It

also highlights global trends and regulatory practices, showcasing examples of strong frameworks and exposing weaknesses in others. The focus is on how well these frameworks align with democratic principles and transparency. Case studies from countries that exemplify both good practices and areas of concern provide insights into the effectiveness of these regulations.

Chapter 2 delves into the barriers that persist in regulating political finance, exploring the lack of robust global standards, typical gaps and loopholes in existing regulations, as well as challenges in enforcing laws consistently. It addresses emerging issues such as the digitalization of political finance, including the rise of social media spending and the difficulties in regulating it. Moreover, it also examines how globalization introduces transnational threats such as foreign influence, and the role of vested interests, lobbying and illicit activities in corrupting political finance. Another focus is the infiltration of organized crime in political finance. The chapter also looks at several good practices for combatting corruption in political finance. Examples of countries that have made improvements in political finance transparency are explored, and innovations in digital reporting, the use of AI for oversight and the critical role of civil society in advocating reform are covered. This chapter also discusses the importance of interagency cooperation and information sharing as key elements in strengthening political finance oversight and transparency.

Finally, Chapter 3 provides actionable recommendations for policymakers, regulatory agencies, private entities, civil society organizations and the international community, offering them a road map for building more transparent and accountable political finance systems.

Chapter 1

GLOBAL OVERVIEW OF POLITICAL FINANCE REGULATORY FRAMEWORKS

Comparative data on political finance regulation is crucial for identifying global and regional trends in political finance. By examining how different countries structure their legal frameworks around donations, public funding, expenditure and oversight, policymakers can gain valuable insights into how other countries are closing loopholes and adapting their systems to stay fit for purpose. Countries can also learn from the experiences of others, especially those that have successfully navigated political finance reforms and implemented mechanisms to curb corruption risks. Such analysis of good practices enables policymakers to identify what works, tailor solutions to their unique political contexts and anticipate potential pitfalls. For instance, examining how some countries prohibit certain donation sources, monitor campaign expenditures or promote real-time disclosure of financial transactions can provide valuable insights. At the same time, it is important to recognize that no regulatory model is universally applicable or flawless. Political finance regimes are deeply influenced by national contexts, including political culture, governance structures and the broader socio-economic environment.

This chapter examines the current state of political finance regulations across different countries, drawing on data from International IDEA's Political Finance Database (see Box 1.1). It analyses four primary components of political finance regimes: (a) private donations; (b) public funding; (c) expenditure; and (d) reporting, disclosure and oversight mechanisms. This comparative analysis focuses on de jure legal and regulatory frameworks. While a de jure analysis does not provide direct insights into the level of enforcement or practical implementation, addressing legislative shortcomings is the first critical step towards mitigating

It is important to recognize that no regulatory model is universally applicable or flawless.

corruption risks in political finance. Without laws in place, there is nothing to enforce, making comprehensive regulation the foundation of any effort to improve accountability. Moreover, regulations must be constantly updated as the political finance landscape evolves. The gap between legislation and implementation, which remains a significant challenge in many parts of the world, will be explored in more detail in Chapter 2.

Box 1.1. International IDEA's Political Finance Database

Since its launch in 2003, International IDEA's Political Finance Database has been the leading global resource for comparative political finance data from 181 countries. The database provides answers to 58 questions on political finance for each country within four broad categories: (a) bans and Limits on Private Income; (b) public Funding; (c) regulations on Spending; and (d) reporting,

Oversight and Sanctions. The database provides country-specific data that can be viewed for a single country or comparatively, allowing the user to see the prevalence of different regulations and provisions between countries and regions, as well as customize their search and download the data. The data sets are updated every two years, with the latest update undertaken in 2023.

Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

1.1. REGULATIONS ON PRIVATE DONATIONS

Large, unchecked donations from private entities, corporations or wealthy individuals can lead to undue influence over political parties or candidates, compromising their independence and integrity. This sort of influence can be usefully understood as 'donor-based corruption', whereby 'wealth is provided as a funding mechanism in exchange for a political service' (Power et al. 2024). That is, when donors gain outsized influence through financial contributions, political parties and candidates may shape policies to favour the interests of donors, often at the expense of the public good. This creates a cycle of 'pay-to-play' politics, where decisions are made based on the donor's financial power, undermining democratic principles of fairness and equal representation. Therefore, to combat corruption in political finance, regulations generally place limitations or outright bans on certain types of donations. The logic behind limiting donations is to control the (perceived or actual) power that large donations might have to buy influence.

1.1.1. Banning certain donation sources

Prohibiting certain types of donation sources is important in preventing undue influence and illicit funding, preventing conflicts of interest and creating a more level playing field in political competition (Table 1.1).

Table 1.1. Summary of regulations on donations

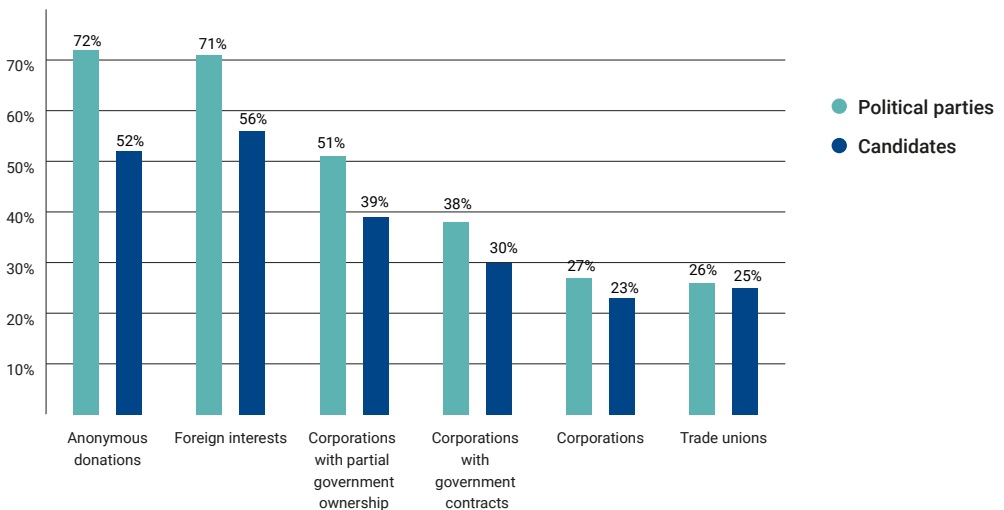
Type of donation	Rationale behind ban or limit
Foreign entities	To prevent external or foreign influence and to abide by the principle of self-determination.
Corporations	To limit the influence of financing from vested interests.
Public and semi-public entities	To avoid the use of public funds for political purposes.
Trade unions	To limit the influence of special interest groups.
Corporations with government contracts	To reduce the risk of quid pro quo arrangements, where companies make donations in the hope of being awarded contracts.
Anonymous sources	To ensure greater transparency in political finance regulations.

Source: Adapted from M. Ohman, 'Getting the political finance system right', in E. Falguera, S. Jones and M. Ohman (eds), *Funding of Political Parties and Election Campaigns: A Handbook on Political Finance* (Stockholm: International IDEA, 2014), <<https://www.idea.int/publications/catalogue/funding-political-parties-and-election-campaigns-handbook-political-finance>>, accessed 15 February 2025.

According to International IDEA's Political Finance Database (n.d.), over 70 per cent of the 181 countries included in the database prohibit political parties from receiving donations from anonymous sources and foreign interests (Figure 1.1). Banning foreign and anonymous donations in political finance is crucial for reducing corruption risks. Foreign donations can lead to undue influence from external actors, compromising national sovereignty. Similarly, anonymous donations obscure the true sources of political funding, making it easier for illicit actors, including organized crime or special interest groups, to exert covert control over political processes (Falguera, Jones and Ohman 2014). It is also worth mentioning that some countries, such as Austria, Canada, France, India, Malawi, South Korea, Romania and the United Kingdom, allow small anonymous donations under a certain threshold. This option aims to balance the need for transparency with practical considerations. Setting

an appropriate threshold could minimize the possibility that small anonymous donations might have a significant influence on political outcomes or pose corruption risks, while allowing individual citizens to express their support for political parties or candidates without disclosing their identities. This regulatory option could reduce the administrative burden of tracking donations of insignificant amounts, enabling oversight bodies to focus resources on larger, more impactful donations where corruption risks are higher. At the same time, it is important for oversight bodies to be mindful of the risk that donors could divide large donations into smaller amounts in an effort to remain anonymous.

Figure 1.1. Types and sources of banned donations



Note: For political parties, 55 per cent of countries have an outright ban on anonymous donations in place, and 16 per cent of countries ban anonymous donations above a certain threshold. For candidates, 41 per cent of countries ban anonymous donations outright, and 11 per cent of countries ban donations above a certain threshold.

Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

Similarly, the rationale for regulating corporate donations is that, without adequate controls, such donations can lead to policy capture, where political leaders prioritize corporate interests over those of the public. There are varying regulatory approaches to

corporate donations to political parties around the world. They are completely banned in 27 per cent of countries worldwide, including Armenia, Brazil (Box 1.2), Canada, Chile, Mali, Mozambique, Nigeria, Peru and Sierra Leone. At the same time, other countries, instead of introducing a blanket ban, have opted to ban specific types of corporate donations that are more prone to corruption risks, such as donations from corporations that are partially state-owned and corporations that hold government contracts. The former are banned in 51 per cent of countries worldwide, while the latter are banned in 38 per cent of countries. Cameroon, Denmark, Sweden and Zambia, among other countries, do not currently prohibit any forms of corporate donations to political parties (International IDEA n.d.).

Box 1.2. Corporate donations in Brazil

Corporate financing of political parties has been banned in Brazil since 2015, when the Supreme Court declared that rules allowing companies to donate to political parties and election campaigns were unconstitutional (Boadle 2015).

This ruling was made amid the so-called Odebrecht Affair, a sprawling, high-profile corruption scandal involving one of Brazil's largest construction firms. The company orchestrated a vast network to secure public works contracts across Latin America and parts of sub-Saharan Africa, funnelling illicit funds to public officials and political campaigns. The case left a trail of accusations and prosecutions in Angola, Argentina, Brazil, Colombia, the Dominican Republic, Ecuador, Guatemala, Mexico, Mozambique, Panama, Peru and Venezuela (UNCAC Coalition 2024). Odebrecht was itself an offshoot of the massive *Lava Jato* (Car Wash) case, a massive corruption scheme uncovered in 2014 that exposed deep-seated

collusion between Brazilian business and political elites. Among its many facets, *Lava Jato* revealed how construction firms formed a cartel to win Petrobras (Brazil's state-owned oil company) contracts through bribes, siphoning off 3 per cent of their value into slush funds that financed political parties across the political spectrum (Casas-Zamora 2020).

Another scandal that led to the ban was the so-called Mensalão Scandal, a vote-buying scheme that rocked the political establishment in the country, where politicians made large monthly payments (*mensalões*) to the Workers' Party (Da Costa and Sehmer 2012). Between 2003 and 2005, politicians and officials diverted millions of dollars of public funds to buy political support for the government and pay off campaign debts. In December 2012, 38 people, including politicians, businesspeople, lawyers and bankers, were tried, 24 of whom were convicted (Oliveira 2014).

Setting limits on donations to political parties and candidates is another regulatory option to mitigate the risks of undue influence by wealthy donors.

1.1.2. Capping donations

Setting limits on donations to political parties and candidates (during both election and non-election periods) is another regulatory option to mitigate the risks of undue influence by wealthy donors. A cap on donations can create a more level playing field by providing legal safeguards to prevent a small number of powerful donors from gaining excessive influence over political parties and candidates. Caps can also facilitate increased participation on the part of smaller donors in politics and elections, thereby ensuring that they have an equal influence in the political process. Critics argue, however, that donation caps may restrict the right to political expression, as contributing money can be seen by some as a form of free speech.

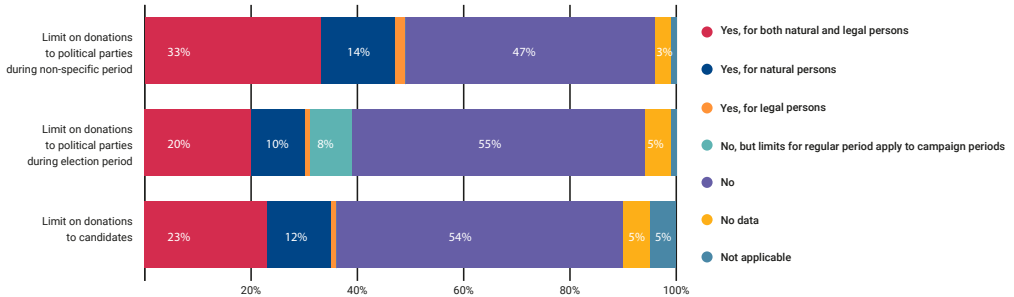
According to International IDEA's Political Finance Database (n.d.), 49 per cent of countries worldwide, including Algeria, Bangladesh, Egypt, Estonia, Finland, Japan, Mexico, Mongolia and South Africa, place some kind of caps on donations to political parties during non-election periods (Figure 1.2). It is important to note that the effectiveness of donation caps hinges on setting a balanced threshold. If the cap is too high, it will fail to prevent substantial financial influence, as wealthy donors can still sway political outcomes. Conversely, if the cap is too low, it will risk deterring genuine political engagement, making it challenging for parties and candidates to fund campaigns effectively, and potentially driving donations underground to avoid restrictive limits. An effective threshold varies across contexts and requires regular assessment to reflect political and economic shifts, ensuring that donation caps remain a functional tool for limiting corruption and maintaining equitable access to political influence (Box 1.3).

Public funding not only promotes political pluralism but also offers the voters a broader range of choices of politicians.

1.2. REGULATIONS ON PUBLIC FUNDING

An alternative way to limit the influence of private donations is to offer political parties access to public funds, either through direct financial support or by providing free or subsidized goods and services. When implemented effectively, public funding can positively impact the influence of money in the political process. Public funding for political parties can serve several purposes. First, it can support the sustainability and institutionalization of political parties while reducing their excessive dependence on private sources of funding. By ensuring that all political groups have sufficient resources to reach voters, public funding not only promotes political pluralism but also

Figure 1.2. Countries that cap donations to political parties and candidates



Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

offers the voters a broader range of choices of politicians. Second, when combined with stringent regulations on private funding and spending regulations, public funding can also level the playing field by reducing the advantages of wealthier competitors by making campaign funds accessible to all. Finally, public funding can serve as a tool for negative reinforcement, encouraging parties to comply with the established rules of political and campaign finance. Such negative reinforcement would entail withholding public funding as a sanction in the event of failure to comply with spending limits or reporting requirements. Such sanctions only work, however, if the funding amount is substantial enough that recipients are motivated to follow the rules to avoid losing it (Falguera, Jones and Ohman 2014).

Around the world close to 70 per cent of countries, including Albania, Belgium, Brazil, Cameroon, Colombia, Indonesia, Kenya, Norway and Serbia, have some arrangement to provide direct public funding to political parties, either regularly or in relation to campaigns or both regularly and during campaigns (Figure 1.3). Similarly, 125 countries provide indirect state support, mostly through the provision of free or subsidized media access for political parties, with the aim of levelling the playing field (International IDEA n.d.).

1.2.1. Eligibility criteria for public funding

State resources are often limited; hence, for their optimal use, it is important that clear criteria be laid out to determine which parties are eligible for public funding. In some countries, such as Bhutan, Bolivia,

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Box 1.3. Donation caps in practice

Chile

In Chile political parties can receive donations from individuals only. The donation limit is calculated on the basis of an inflation-indexed unit called the '*unidad de fomento*' (UF), the value of which is calculated by the Central Bank of Chile, derived from the month-on-month percentage change in the consumer price index.¹

The 1987 Constitutional Organic Law on Political Parties establishes donation limits for political parties during a non-election year (Republic of Chile 1987). According to article 29 of the law, the maximum monetary contribution that a natural person may make to a political party they are not affiliated with may not exceed UF 300 per year. The maximum monetary contribution that individuals may make to a political party they are affiliated with may not exceed UF 500 per year. Similarly, the 2003 Law on Transparency, Limits and Control of Electoral Expenditures establishes contribution limits for political parties and candidates during elections (Republic of Chile 2003). According to article 10 of the law, no person may contribute in excess of the following amounts to the same candidate in one election:

1. For candidates for mayor or councillor, contributions may not exceed 10 per cent of the electoral expenditure limit set for the respective commune and may not exceed UF 215 in any event.
2. In the case of candidates for regional councillor, the limit is UF 250.
3. In the case of candidates for deputy or senator, the limit is UF 315.
4. In the case of presidential candidates, the limit is UF 500.

Kenya

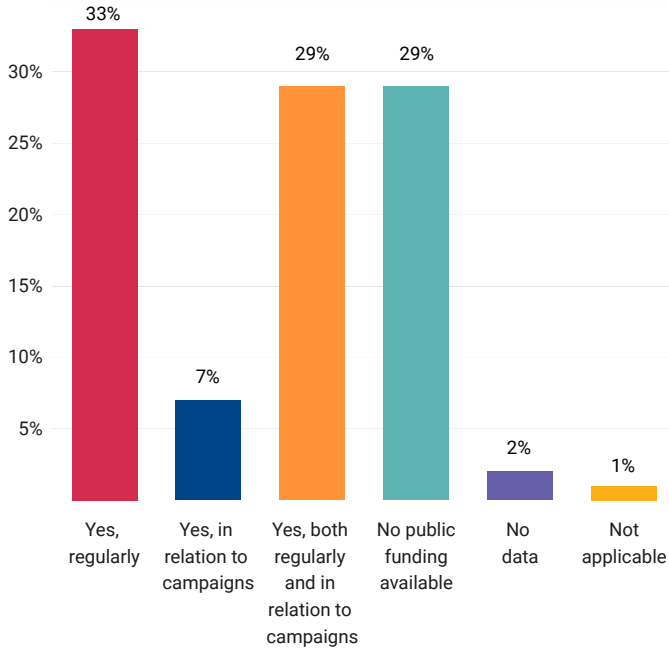
Kenya's 2011 Political Parties Act establishes provisions related to donation limits (Republic of Kenya 2011). Pursuant to article 28 of the law, no single contributor, whether an individual or a legal entity, may, in any one year, contribute to a political party an amount, whether in cash or in kind, exceeding 5 per cent of the total expenditure of the political party. According to article 12 of the 2013 Election Finance Act, the Independent Electoral and Boundaries Commission must, at least 12 months before a general election, prescribe by notice in the official gazette limits on total contributions and contributions from a single source that a candidate, political party or referendum committee may receive during the expenditure period (Republic of Kenya 2013). The law further stipulates that no contribution from a single source may exceed 20 per cent of the total contributions received by a candidate, political party or referendum committee.

Kosovo

Kosovo has instituted a cap on donations to political parties from both individuals and legal entities. Under article 5(1) of the 2010 Law on Financing of Political Parties, political subjects are allowed to receive contributions from individuals not exceeding EUR 2,000 (approximately USD 2,100) per calendar year and from legal entities not exceeding EUR 10,000 (approximately USD 10,500) per calendar year (Republic of Kosovo 2010). No specific limits have been set out for political parties during election years, but the limits for regular periods apply to campaign periods.

¹ The value of the UF can be calculated here: <<https://si3.bcentral.cl/Indicadoresiete/secure/Indicadoresdiarios.aspx?Idioma=en-US>>.

Figure 1.3. Provision of public funding for political parties



Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

Ecuador, Mexico, New Zealand, Panama and Samoa, among others, all registered political parties receive funding regardless of whether they are big or small, established or new. However, the provision of public funding to all parties carries the risk of political fragmentation as well as the creation of political parties just to receive public funding, thus wasting valuable state resources, as was observed in Thailand (Sirivunnabood 2023). Therefore, most countries which have a public funding system in place lay out an eligibility threshold, establishing clear criteria that parties must satisfy in order to receive public funding. Around the world the most frequently used eligibility threshold is to provide funding to those parties that have won more than a certain share of votes (used in 38 per cent of countries, including in Canada, Guatemala, Ireland, Japan, Madagascar, Taiwan and Thailand) (Table 1.2). A low threshold would make the criteria irrelevant, while a high threshold might make it difficult for new political parties to establish themselves.

Table 1.2. Eligibility threshold to receive public funding

Eligibility threshold	Percentage of countries that apply threshold	Comment
Registration as a political party	16.6%	Maximizes political pluralism but risks causing political fragmentation and wasting public resources.
Number of candidates nominated	5.5%	Ensures that funding is limited to parties that actively participate in elections.
Participation in elections	14.4%	
Representation in parliament	34.3%	Excludes irrelevant political parties but makes it more difficult for new political forces to become established.
Share of seats in previous election	18.2%	
Share of votes in previous election	38.1%	Ensures that access is limited to parties with popular support.

Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

1.2.2. Allocation criteria for public funding

In addition to setting an eligibility threshold, it is also important that the allocation criteria for the distribution of public funding and the weighting for each of the criteria be appropriate and balanced. While it may seem obvious that all eligible political parties should be provided with the same amount of funding, giving a party with low voter support the same amount of public funding as that of the largest party can be considered a waste of resources or seen as disregarding public will.

The most popular parameter for allocating public funding is to base it on a party's electoral success, whether proportional to the percentage of votes received or to the number of seats won, or to use a flat rate based on the number of votes received (Table 1.3). The downside of using this parameter is that most of the public funding ends up being allocated to the party in power, which may need less public funding than any other party. To avoid this situation, many countries, such as Albania (see Box 1.4), Austria, Brazil, the Republic of Korea, Moldova,

Mozambique, Panama and Zambia, use several criteria—for instance, allocating a certain portion of public funds equally to all eligible parties and the remaining funds based on the party's performance in the previous election.

Table 1.3. Allocation criteria for direct public funding globally (multiple answers allowed)

Allocation criteria for direct public funding	Percentage of countries that use each criterion	Comment
Equal funding provided to all eligible parties	26.0%	Supports political pluralism but could lead to party fragmentation; risks wasting public funds.
Number of members	3.3%	Favours larger parties with a strong membership base.
Flat rate by votes received	7.2%	
Proportional to votes received	37.0%	Connects financial support to electoral popularity but could lead to the largest parties getting the bulk of the funding.
Proportional to seats won	20.4%	
Proportional to candidates fielded	2.2%	More active parties get more funding (though fielding candidates may not be a good indicator of the level of activity).
Share of expenses reimbursed	2.2%	Supports private fundraising activities (but may reward parties with good business contacts).

Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

1.2.3. Ban on the abuse of state resources

In many parts of the world, the abuse of state resources by incumbents poses significant corruption risks in political finance, undermining fair competition and public trust in elections. This issue often arises in contexts where political incumbents, such as elected politicians or ruling-party members, use their access to state resources—whether material, human, coercive, regulatory, budgetary, media-related or legislative—to support their political campaigns and reduce the opposition's chances of success. In other words,

In many parts of the world, the abuse of state resources by incumbents poses significant corruption risks in political finance.

Box 1.4. Allocation of public funding in Albania

According to the 2008 Electoral Code of Albania, parties that attain over 1 per cent of the national vote in the most recent election of the same nature (general or local) are eligible to receive public funds to run an electoral campaign (Republic of Albania 2021: article 88.1). The amount of public funds that the parties receive is calculated based largely on the number of votes they gained during the previous election. Article 19 of the Law on Political Parties stipulates that parties should be provided with annual

public funds for their regular activities beyond electoral campaigns. More specifically, 70 per cent of the public funding allocated to political parties is based on the number of members the party has in parliament, 20 per cent is allocated equally to all parties that obtain over 10,000 votes, and 10 per cent is given to parties based on the number of votes they received in the previous election. Parties also receive free—but not unlimited—access to state media.

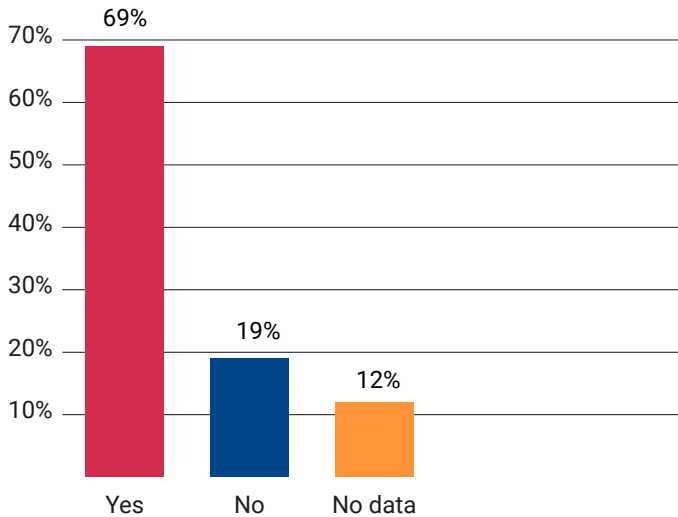
incumbents who abuse state resources gain an undue advantage over their opponents, skewing the political playing field.

To prevent the abuse of state resources, 69 per cent of countries worldwide ban the use of public resources, including public funds, infrastructure and administrative personnel, in favour of or against a particular political party or candidate, except regulated public funding (Figure 1.4). Provisions may take the form of an overall ban or a prohibition of specific types of abuse, including biased reporting in state-controlled media, public officials campaigning while on duty and the use of government vehicles or buildings for election campaigns (Box 1.5).

1.3. REGULATIONS ON SPENDING

Many countries regulate how parties and candidates can spend the money they raise—either in addition to or instead of donation limits. The most straightforward approach is to ban vote buying outright, but many countries also limit the amount that parties and candidates can spend. The underlying purpose is to level the playing field and to inhibit the ability of dominant, well-funded parties to simply flood the electoral marketplace.

Figure 1.4. Ban on the use of state resources



Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

Placing spending limits on political parties and candidates is another crucial measure for mitigating corruption risks in political finance. Capping the amount of money that political parties and candidates can spend during campaigns helps reduce the dependency on large donations from wealthy donors, special interest groups and illicit funding sources, who may expect political favours or policy concessions in return. Placing spending limits on political parties and candidates is also essential to level the playing field among political actors. Without such caps, better-funded parties and candidates can vastly outspend their competitors, making elections more about financial power than the merits of ideas or policy platforms. Enforcing spending limits would give parties with fewer resources a fairer chance to compete with better-funded opponents, ensuring that political contests are not disproportionately influenced by money.

1.3.1. Applying spending limits to political parties and candidates

When it comes to expenditures, regulations generally impose caps on how much a political party or candidate can spend on an electoral campaign. In 38 per cent of countries, including Bangladesh,

Placing spending limits on political parties and candidates is another crucial measure for mitigating corruption risks in political finance.

Box 1.5. Preventing the abuse of state resources during electoral campaigns

Ecuador

The 2008 Constitution of Ecuador (article 115) explicitly prohibits the use of state resources, government infrastructure and official advertising for electoral campaigns at all levels of government (Republic of Ecuador 2008). Similarly, article 203 of the 2009 Organic Law on Elections and Political Organizations reinforces this prohibition, barring state institutions from engaging in advertising or propaganda during electoral campaigns except for specific exemptions outlined in the law (Republic of Ecuador 2009). Article 207 of the same law further forbids the use of audiovisual spaces funded by public resources to promote the image, voice or name of individuals registered as candidates. Public officials running for office are prohibited from participating in public events—such as project inaugurations—if these events are financed with public funds except in cases where their attendance is directly tied to the responsibilities of their official duties. The law also limits the expenditure by public entities on information campaigns during the electoral period, restricting the total value or duration to the monthly average of their advertising budget from the previous year.

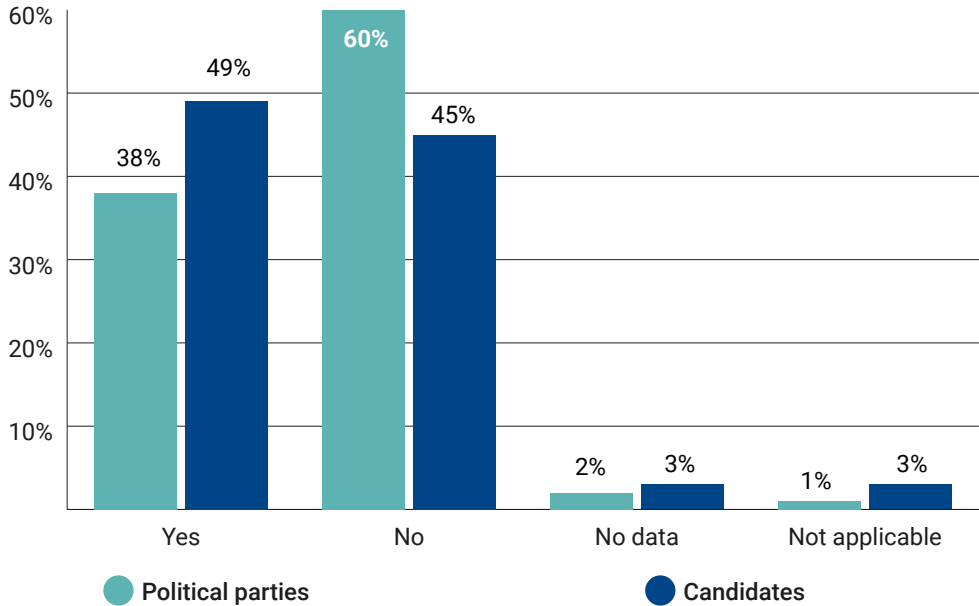
Mongolia

Political finance in Mongolia is governed by the 1992 Constitution (Mongolia 1992), the 2023 Law on Political Parties (Mongolia 2023) and the 2019 Law on the Election of the State Great Khural (Mongolia 2019). Article 34.6.3 of the Law on Political Parties prohibits donations to political parties from state bodies and local self-governing bodies; article 34.6.5 of the Law on Political Parties and article 56.1.4 of the Law on the Election of the State Great Khural ban donations from business entities that are wholly or partially state-owned. Similarly, article 48.5.4 of the Law on the Election of the State Great Khural prohibits the use of vehicles or other assets of a state or local self-governing authority, state or local government-owned or partially state or local government-owned legal entity for an election campaign in any manner in circumstances other than those set forth in the law.

Honduras, North Macedonia, the Philippines, Slovenia, Thailand and the UK, political parties must adhere to a spending limit. Such caps are in place for candidates in 49 per cent of countries, including in Afghanistan, Algeria, Croatia, France, Latvia and the Maldives, among others (International IDEA n.d.) (Figure 1.5).

It is important that laws provide as clear a definition as possible of what constitutes an ‘election expense’ and that they stipulate the duration of an election campaign so that spending can be enforced properly. In Albania, for example, the electoral law stipulates that, as long as expenses were incurred for electoral purposes, regardless of when they were incurred, they should count as electoral expenses and be reported as such.

Figure 1.5. Countries with spending limits



Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

Countries employ a variety of methods to determine spending caps for election campaigns. Some set the cap based on the average monthly earnings or minimum wage, while others take into account the population of the electoral area or the number of votes when determining the absolute limit (Box 1.6). Whatever strategy is used, the cap must be appropriate. If it is set too high, it will not serve its purpose, and if it is set too low, it can hinder effective electoral campaigning and might even induce parties or candidates to circumvent the rules in place.

1.3.2. Applying spending limits to the third parties

In addition to political parties and candidates, it is important to note that so-called third parties, or non-contestant campaigners—organizations that are neither political parties nor candidates that spend resources and engage in electoral campaigns—pose a significant regulatory challenge in many countries. While the exact definition of such third parties may vary across countries, they typically include political action committees, unions, corporations

Box 1.6. Spending limits in practice: Country examples

Armenia: Fixed limit

Under the 2016 Electoral Code of Armenia (Republic of Armenia 2016), political parties can spend up to the following limits: AMD 500 million (approximately USD 1.25 million) for a National Assembly election, AMD 200 million (approximately USD 500,000) for the second round of a National Assembly election and AMD 300 million (approximately USD 750,000) for a municipal election in Yerevan. The limit for other municipal elections with over 25,000 electors is AMD 60 million (approximately USD 150,000), while the limit for municipal elections with between 4,000 and 25,000 electors is AMD 40 million (approximately USD 100,000).

Cabo Verde: Limit tied to public funding received by parties

Under Cabo Verde's 1999 Electoral Code, no presidential candidate, party, coalition or citizen-backed candidate group may spend more than 80 per cent of the total state subsidy on election-related expenses for any particular election (Republic of Cabo Verde 2010: article 128).

North Macedonia: Limit tied to registered voter list

The 2006 Electoral Code of North Macedonia determines the limit for electoral spending (Republic of North Macedonia 2006). By law, the expenditure limit is set at MKD 110 (approximately USD 1.90) per registered voter in the relevant electoral district per election, a limit that applies cumulatively across both rounds of a presidential election.

and special interest groups. They can have a significant influence on elections by supporting or opposing political parties, candidates or specific causes without having direct ties to any political campaign. If left unregulated, these entities could spend unlimited amounts, potentially overshadowing the voices of voters and distorting the political landscape. Such unrestricted spending could result in an uneven playing field where only well-funded interests can exert meaningful influence, undermining democratic principles of equal representation (OSCE/ODIHR 2012). This was observed in the 2006 election in Latvia when the involvement of third parties was significant but problematic considering they were unregulated then. Opposition parties were believed to have mobilized third parties to circumvent spending limits while campaigning on behalf of the parties (GRECO 2010). This led Latvian authorities to pass a legal amendment to bringing third parties within the ambit of the law.

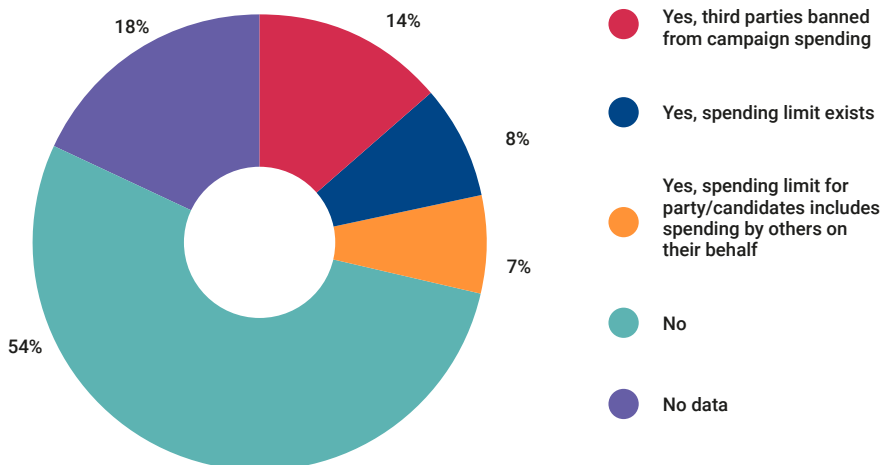
Third-party spending can be a conduit for opaque or foreign money, increasing the risk of corruption or external interference. Existing spending limits on political parties and candidates can be circumvented by channelling funding through third parties.

Moreover, we are seeing more of these third parties operate between electoral periods. Regulations on donations and spending tend to be particularly stringent during elections, while enforcement may be less strict between elections. Therefore, the current assumption under electoral law across much of the democratic world is that politics (or at least the kind of politics that requires strict regulation) happens only at election time, although the reality is that political debates can be influenced at any time during an election cycle.

By imposing spending limits, disclosure requirements and transparency measures, regulations on third parties help mitigate these risks and increase accountability. However, regulations on third-party spending are in place in only 29 per cent of countries globally (Figure 1.6), and not many of these countries have embraced strict regulations. However, several countries in Latin America—including Guatemala, Mexico, Panama and Paraguay—have implemented a proxy (complete) ban on third-party spending. There are other countries that have similar legislative arrangements both in Europe and elsewhere, including Canada (Box 1.7), Latvia, Lithuania, Mauritius, Moldova and the Seychelles.

Third-party spending can be a conduit for opaque or foreign money, increasing the risk of corruption or external interference.

Figure 1.6. Countries with limits on third-party spending



Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

Box 1.7. Regulating third parties and third-party spending in Canada

Under the 2000 Canada Elections Act (Government of Canada 2000), Canada established a robust system for regulating third-party involvement in elections. Key features of this system include the following:

1. *Definition of third parties.* A third party is defined as ‘any person or a group, other than a registered party, registered association, candidate, or nomination contestant’ (article 348.01).
2. *Eligibility for registration.* Third parties can register if they are (a) Canadian citizens or permanent residents; (b) corporations operating in and incorporated in Canada; (c) foreign-incorporated corporations doing business in Canada, provided their primary purpose is not to influence voters; or (d) groups led by Canadian citizens (article 349.6[2]).
3. *Registration threshold.* Registration is required once regulated activities incur expenses of CAD 500 (approximately USD 350) or more during an election period (article 349.6[1]).
4. *Public registry.* A Registry of Third Parties is maintained on the Elections Canada website for transparency (article 358.2).
5. *Dedicated bank account.* Third parties, under the 2018 Elections Modernization Act (Bill C-76), are required to open a separate bank account solely for campaign-related transactions (Canada 2018).
6. *Regulated activities.* The 2000 Canada Elections Act regulates three types of activities: (a) election advertising (‘an advertising message that promotes or opposes a registered political party or candidate, including by taking a position on an issue with which the registered political party or person is clearly associated’); (b) partisan activities ‘that promote or oppose a political party, nomination contestant, potential candidate, candidate or party leader, other than by taking a position on an issue with which the political party or person is associated’; and (c) election surveys ‘about voting intentions or choices, or about an issue with which a registered political party or candidate is associated, that a third party conducts or causes to be conducted ... [where the] results are used in deciding whether to organise and carry out regulated activities’ (article 349)
7. *Spending limits.* Annual spending caps for third-party activities are adjusted each year to account for inflation (e.g. CAD 602,700 [approximately USD 425,000] for regulated activities by third parties between 1 April 2024 and 31 March 2025) (article 350[1–5]).
8. *Campaign reporting.* Third parties must report all their campaign-related financial inflows and outflows within four months of an election (article 359.1).

1.4. REPORTING, DISCLOSURE AND OVERSIGHT MECHANISMS

Regulations on donations and spending are incredibly important, but transparency is widely regarded as the ‘most important requirement’ for the integrity of a political financing system (Nassmacher 2003).

People often commit corrupt acts because they lack sufficient disincentives, and transparency can be a powerful disincentive. When politicians' actions are subjected to increased scrutiny, they are less likely to act with bad intentions and more circumspect in their dealings with malign actors. Moreover, transparency concerning financial flows helps expose undue influence and conflicts of interest that could distort democratic processes. When political parties and candidates openly report their income and expenditures, it enables meaningful oversight and public scrutiny, limiting the ability of special interest groups to exert hidden control, thereby mitigating corruption risks in political systems.

The enforcement of existing regulations is equally important in ensuring compliance and accountability. Robust, independent regulatory bodies can detect, investigate and penalize financial misconduct in political finance. Consistent oversight discourages illicit activities, such as the abuse of state resources, foreign interference and organized crime, which often exploit regulatory gaps to infiltrate politics. Furthermore, strong oversight boosts public trust in political institutions by demonstrating a commitment to integrity and transparency.

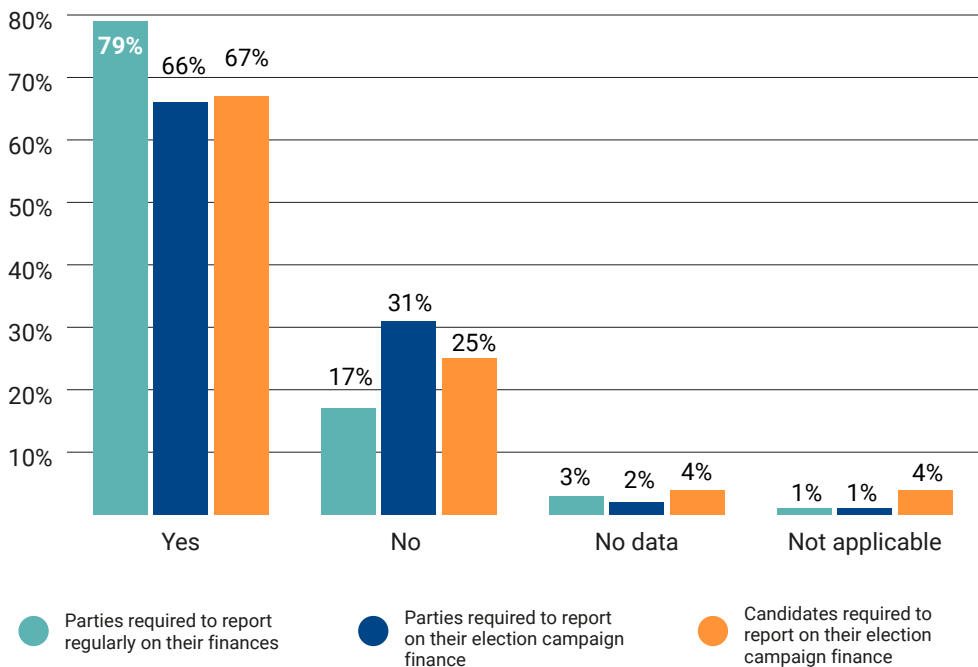
1.4.1. Reporting and disclosure of political finance

A lack of transparency surrounding the financing of political parties and elections is one of the major challenges related to money in politics (Falguera, Jones and Ohman 2014). The open and transparent funding of political parties and candidates is desirable because it helps ensure that everyone is playing by the rules, which in turn strengthens the integrity of and trust in politics. Furthermore, transparency helps expose the risk of undue influence over politicians and helps protect against the infiltration of illicit sources of money, thus contributing to the broader fight against corruption. The need for transparency of political party and campaign finances is enshrined in the UNCAC, which states that countries should 'consider taking appropriate legislative and administrative measures ... to enhance transparency in the funding of candidates for elected public office, and where applicable, the funding of political parties' (UNODC 2004: article 7).

Such transparency can be attained by requiring that political actors submit reports detailing how they raise and spend money. At least some form of reporting requirements exist—typically for both political parties and candidates—in nearly 80 per cent of countries (International IDEA n.d.) (Figure 1.7). An important consideration

when designing reporting requirements is the frequency and timing of reporting. Many countries require that parties submit financial reports both on a regular basis and specifically for election campaigns. In countries where political parties are active between elections, it is important that they report on their financial operations. Mandating financial reports only during election periods enables parties to circumvent rules by raising and spending money earlier in the process. On the other hand, when parties are required to report only on an annual basis, details on campaign expenditures might not become available until long after the campaign. Requiring reports during campaigns could provide voters with important insights, but this may not be practical in countries with limited staffing.

Figure 1.7. Reporting requirements for political parties and candidates



Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

However, transparency in and of itself is not enough; beyond the headline figures, countries approach transparency in different ways. For example, there is considerable variance in how much information

political parties and candidates are required to include in their financial reports. This can be broken down further into three levels of spending itemization: high, medium and low. High-level itemization is evident in countries such as Canada, the UK and the United States.

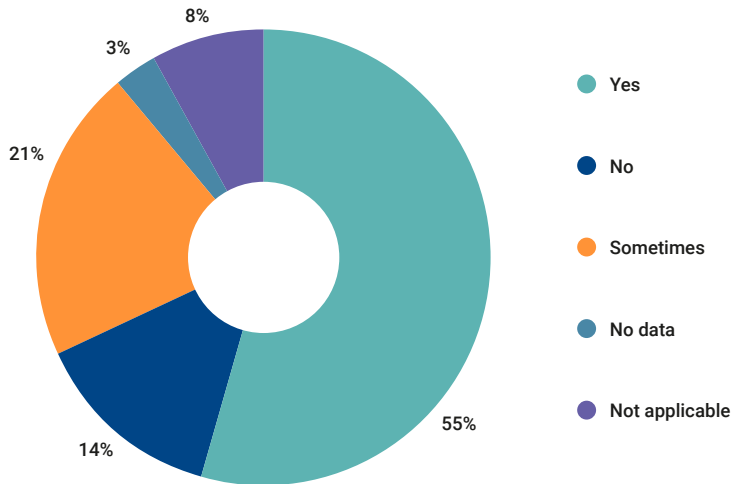
Another frequent point of debate is whether reports should disclose donor identities; doing so is required in more than half of the countries with reporting obligations (Figure 1.8). In some of these countries, such as Austria, Bangladesh, Bosnia and Herzegovina, Finland, Germany and Japan, the identity of donors is required only for contributions exceeding a certain threshold (International IDEA n.d.). These regulations aim to balance transparency with privacy for smaller donors, while also reducing the reporting burden.

In South Korea, under article 42 of the 2005 Political Funds Act (Republic of Korea 2023), contributions below specific thresholds made to associations of political supporters are exempt from public disclosure. For presidential candidates or candidates in intraparty competitions for presidential elections, the threshold is raised to KRW 5 million annually (approximately USD 3,500). Similarly, in Romania, under article 11(2) of the 2006 Law on Financing the Activity of Political Parties and Electoral Campaigns (Republic of Romania 2006), a donor may request that their identity be undisclosed, provided their donation is within the limit of the annual amount of 10 minimum gross national salaries. This ensures that smaller donors can contribute to political campaigns without their personal details or donation amounts being publicly disclosed.

Countries also differ in terms of whether these reports must be accessible to the public. Approximately 20 per cent of countries do not require public access to financial reports, which goes against the intent of the UNCAC provision mentioned earlier (Figure 1.9). In other cases reports are available but are difficult to access or interpret. Ideally, reports should be posted online in an easy-to-read, searchable format, which should be the norm worldwide.

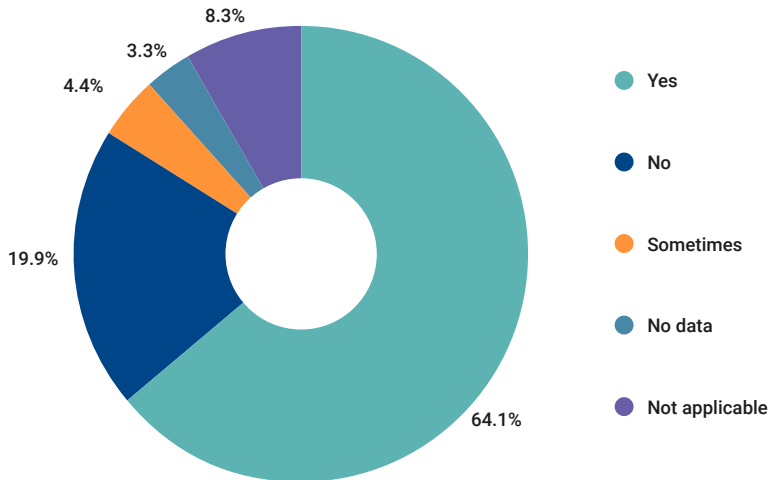
Spending details are provided relatively frequently through interactive online databases. Such databases should be considered a best practice that countries around the world should consider adopting.

Figure 1.8. Disclosure of the identity of donors in reports from political parties and candidates



Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

Figure 1.9. Public access to reports from political parties and candidates



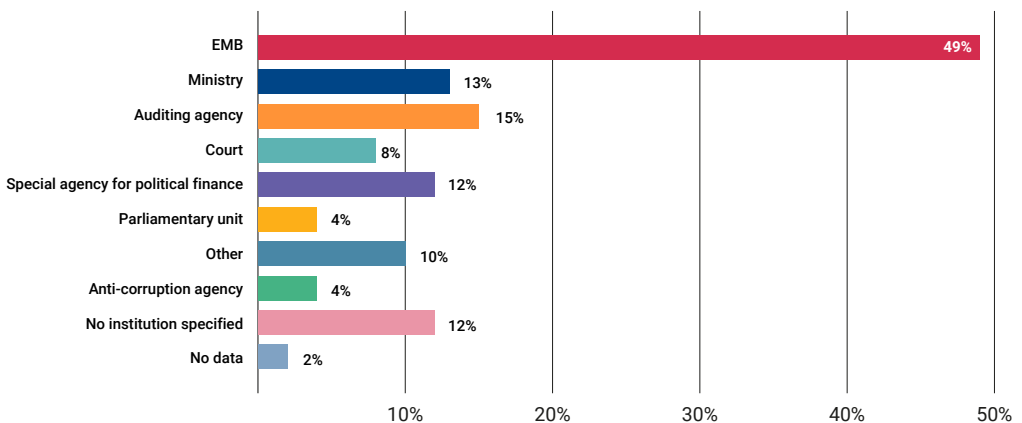
Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

1.4.2. Types of political finance oversight bodies

Even the strongest formal regulations are ineffective without proper enforcement. Therefore, any rules governing how political parties and candidates can raise and use funds must be paired with measures to ensure compliance. Political actors' compliance with finance regulations can be overseen by a variety of bodies, including electoral management bodies (EMBs), auditing agencies, courts, state comptrollers, anti-corruption agencies, parliamentary committees and state tax offices. The mandates of oversight agencies vary across countries; some nations consolidate multiple responsibilities within a single entity that collects financial reports, verifies disclosures, audits, investigates, and enforces sanctions—while others delegate these functions among multiple agencies based on their resources, capacity and specialized expertise (Duri and Resimić 2022).

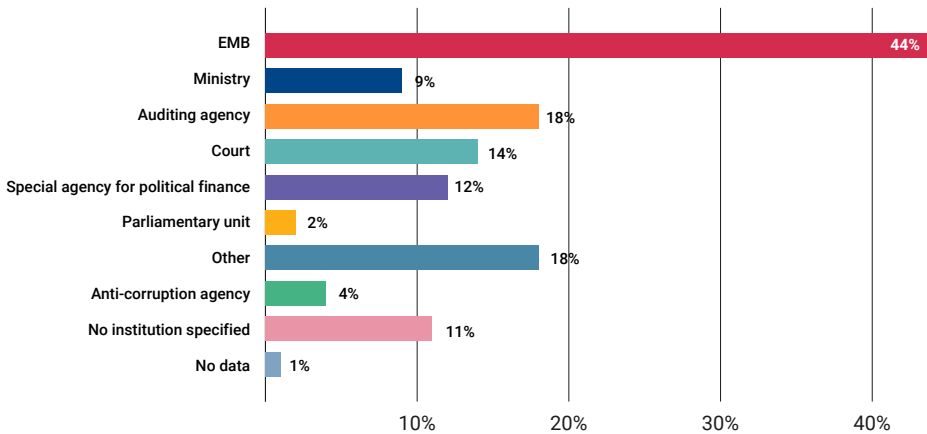
EMBs are most commonly given the legal mandate not only to receive political finance reports but also to examine them and investigate violations of political finance regulations. Similarly, auditing agencies, ministries and specialized agencies are also used. (See Figure 1.10 and Figure 1.11 for a detailed breakdown of the institutions responsible for receiving and examining reports.)

Figure 1.10. Institutions responsible for receiving political finance reports from political parties and candidates



Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

Figure 1.11. Institutions responsible for examining political finance reports and/or investigating violations



Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

Although the models and mandates of oversight institutions differ from one country to another (see Box 1.8), there is consensus that effective implementation of political finance regulations requires an oversight body with a clear mandate and sufficient resources to carry out its duties. Oversight authorities should meet the same requirements as those institutions that manage elections, which include:

- a clear, sufficient mandate that does not overlap with that of other institutions;
- an inclusive and transparent leadership appointment process to ensure independence from political pressures and maintain public trust;
- secure tenure for leaders and staff to guard against undue influence; and
- sufficient funding and budgetary oversight for the institution and a commitment within the institution to operate impartially and transparently, engaging constructively with those it regulates to promote compliance and prevent violations wherever possible.

Box 1.8. Different types of oversight agencies in practice

Estonia: Special Agency for Political Finance

In Estonia political parties, election coalitions and independent candidates must submit to the Political Party Funding Supervision Committee a report on their campaign expenses for elections to the Riigikogu (Estonia's parliament), the European Parliament or local councils. According to article 12.8 of the Political Parties Act, the committee verifies whether political parties, election coalitions and independent candidates have adhered to the established requirements (Republic of Estonia 1994).

Greece: Parliament

In Greece the financial reports of political parties and candidates are submitted to the Audits Committee, which is comprised of one member of parliament from each party or coalition of parties represented in the parliament and one member of each of the National Council, the Supreme Court and the Audit Council. The Audits Committee is also responsible for auditing the finances of parties and parliamentary candidates and may request additional information from parties or candidates to verify their financial data (Hellenic Republic 2002).

Japan: Ministry of Internal Affairs and Communications

In Japan the Ministry of Internal Affairs and Communications and the Election Administration Committee receive reports from political parties. Reports should be examined by the public fund inspector before they are submitted to the ministry and the committee (Japan 1948).

Panama: Electoral management body

In Panama, the Electoral Tribunal is the state institution with full powers in electoral matters, both administrative and legislative. The Electoral Tribunal has been tasked with the oversight of campaign finance; it regulates both public and private sources of funding, and determines spending limits, reporting requirements, and sanctions for non-compliance. The Electoral Code of Panama obligates both political parties and candidates to submit corresponding financial reports to the Directorate of Political Financing Oversight of the Electoral Tribunal for the purposes of audit (Republic of Panama 2022a). Decree 29 of 30 May 2022 provides that the Tribunal shall carry out the audits it deems necessary to verify compliance with all rules regarding the opening and management of the single campaign accounts, and of registrations for those who do not have an account; as well as the origin of their funding and campaign ceilings (Republic of Panama 2022b).

Taiwan: Audit institution

In Taiwan the Control Yuan is the authority responsible for receiving declarations of political donations. It is also authorized to ask political actors to submit documents, send inspectors or employ professionals to examine the authenticity of submitted documents, audit declarations and reject submitted reports if they do not meet the requirements or a test of authenticity. Under article 33 of the 2004 Political Donations Act, the Control Yuan is also empowered to impose administrative sanctions prescribed in the act (Republic of China 2018).

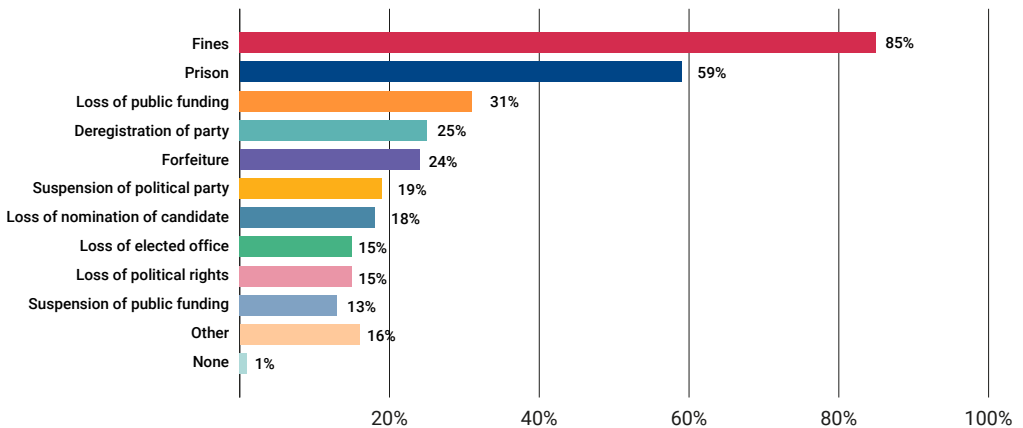
Sanctions for violations are another crucial aspect of effective enforcement of political finance regulations.

1.4.3. Sanctions for political finance violations

Sanctions for violations are another crucial aspect of effective enforcement of political finance regulations. Such sanctions could range from financial (fines, loss and/or suspension of public funding) to administrative (loss of elected office, loss of political rights) to criminal (imprisonment). Globally, fines are the most common measure used to punish political finance violations (Figure 1.12).

The range of sanctions varies across countries (Figure 1.12), depending on the type of violations. As such, it is important that sanctions be enforceable, dissuasive and proportionate to the nature of the violation. For example, a warning or a small fine could suffice for relatively minor infractions, such as failing to submit reports on time, or public funding could be withheld in case of a continuous refusal to submit reports in spite of reminders. In any case, party bans or dissolutions should be reserved for exceptionally serious violations. It is important to remember that, without proper enforcement, sanctions lack the capacity to realize any positive change, undermining the entire political finance regulatory system.

Figure 1.12. Sanctions for political finance violations



Source: International IDEA, Political Finance Database, [n.d.], <<https://www.idea.int/data-tools/data/political-finance-database>>, accessed 16 February 2025.

Box 1.9. Sanctions for political finance violations in Mexico

Mexico lays out a broad range of sanctions for political finance violations in the General Law on Electoral Institutions and Procedures (United Mexican States 2014). The majority of the sanctions are financial in nature—fines, loss of public funding and interruption of political advertising. Furthermore, sanctions may lead to the suspension of parties' and candidates' political rights. The sanctions laid out in article 456 of the law are summarized below:

1. A fine of up to 10,000 days of the general minimum wage may be levied, depending on the severity of the violation. In case of a violation of the provisions regarding campaign spending and donation limits, an additional fine may be levied equal to the excess of the permissible limit.
2. Depending on the severity of the violation, the public funding allocations to which parties and candidates are entitled may be reduced by up to 50 per cent.
3. The interruption of transmission of political or electoral propaganda meant to be transmitted within the time allocated by the National Electoral Institute.
4. In cases of serious and repeated conduct that violates the Constitution and the General Law on Electoral Institutions and Procedures, especially with regard to a political party's obligations regarding the origin and destination of its resources, said party's registration may be annulled.

Similarly, the law stipulates the following sanctions in the case of independent candidates:

5. A fine equivalent to up to 5,000 days of the minimum wage may be imposed.
6. Applicants may be stripped of the right to register as an independent candidate. If the candidate is already registered, their registration may be cancelled.
7. If an applicant fails to duly report and confirm the costs related to collecting citizen support, they will be barred from registering for the two subsequent elections. This penalty applies independently of any additional liabilities they may incur pursuant to the applicable legislation.
8. If an independent candidate fails to duly report and confirm their campaign costs and fails to reimburse them, they will be barred from registering as a candidate in the two subsequent elections. This penalty applies independently of any additional liabilities they may incur pursuant to the applicable legislation.

1.5. DESIGNING COMPREHENSIVE POLITICAL FINANCE REGULATIONS

This chapter has provided an overview of political finance regulations, highlighting global trends in regulating private donations, public funding, expenditures, reporting, disclosure and oversight mechanisms. While these measures are essential to ensuring transparency and accountability in political finance, no single regulatory model fits all contexts. Each country must carefully evaluate its unique political, social and economic environment to design a tailored regulatory framework. To succeed, they must balance the strengths and weaknesses of various regulatory options to address specific challenges effectively.

It is also crucial to note that a well-crafted regulatory framework does not automatically guarantee successful implementation or compliance. Gaps between regulations on paper and their enforcement in practice are common and can lessen their intended impact considerably. The effectiveness of political finance regulations often depends on the strength of enforcement mechanisms, political will and public oversight.

The next chapter delves into these challenges, exploring the barriers to implementing political finance regulations as well as compliance issues. It also examines emerging challenges such as digitalization, globalization and illicit funding, while proposing innovative solutions and best practices to strengthen the integrity of political finance systems globally.

Chapter 2

CHALLENGES AND SOLUTIONS IN COMBATTING CORRUPTION IN POLITICAL FINANCE

This chapter delves into the multifaceted challenges that undermine transparency and accountability in political finance and explores effective measures to address them. For example, a lack of strong global standards remains a critical obstacle. Existing regulations often contain gaps and loopholes, enabling covert funding and the circumvention of oversight mechanisms. Even where laws are robust, enforcement challenges arise due to their inconsistent application, insufficient capacity or a lack of political will. Moreover, the rise of online spending has introduced new complexities in monitoring political advertising and campaign finance, compounded by opaque algorithms and cross-border operations. Globalization adds to the challenges, as foreign entities increasingly influence domestic politics, often through undisclosed channels. The role of vested interests, particularly in lobbying, public procurement and concealed beneficial ownership structures, further entrenches corrupt practices. Additionally, illicit funding and organized crime find their way into political systems, threatening democratic processes and governance.

This chapter also highlights mitigating measures that have shown promise in responding to the challenges. Countries that have successfully updated their political finance regimes provide valuable lessons in improving transparency. Digital reporting and disclosure mechanisms, coupled with the use of AI for oversight, enhance real-time monitoring and analysis of political funding. The involvement of civil society fosters accountability, while interagency cooperation and information sharing ensure a coordinated response to transnational and emerging issues. Collectively, these strategies offer a pathway to strengthening political finance systems globally.

Even where laws are robust, enforcement challenges arise due to their inconsistent application, insufficient capacity or a lack of political will.

Currently, the 2004 UN Convention against Corruption is the only global instrument that addresses political finance transparency.

2.1. WEAK GLOBAL POLITICAL FINANCE STANDARDS

The absence of a universally recognized global standard to guide the design of political finance regimes poses a significant challenge in combatting corruption in this area. Transparent and accountable political finance systems are essential for safeguarding democracy, ensuring fair competition and preventing undue influence by vested interests. While nearly every country in the world has systems in place to regulate political finance, these systems often lack consistency.

Currently, the 2004 UN Convention against Corruption is the only global instrument that addresses political finance transparency (Box 2.1).

However, UNCAC article 7.3 lacks detailed provisions or guidelines on how to address the complex challenges relating to political finance in a comprehensive manner. The self-assessment checklist outlined in Box 2.1 provides some additional detail on the types of legislative and administrative measures that countries can take; however, they are framed only as illustrative examples to aid peer reviewers, rather than as normative guidelines on what constitutes a robust framework for political finance integrity. While the UNGASS political declaration raises the ambition to some extent, by committing member states to maintaining, developing and strengthening transparency measures, there are no further details on the modalities for bookkeeping, reporting, disclosure of political finance information or on accountability mechanisms. This lack of detail has resulted in fragmented efforts, with countries interpreting and implementing political finance rules in vastly different ways.

At the regional level, promising initiatives have emerged to fill this gap. Regional organizations, such as the Organization of American States (OAS), the Council of Europe and the African Union, have developed principles and guidelines tailored to their specific contexts (Box 2.2).

The regional frameworks described in Box 2.2 highlight critical elements such as transparency, accountability and oversight. However, without a cohesive global principle to unify these efforts, achieving a level playing field in regulating political finance remains an uphill battle. A comprehensive global standard is urgently needed to address this challenge.

Box 2.1. UN instruments and standards for political finance

UN Convention against Corruption

Article 7.3 of the UNCAC states the following: ‘Each State Party shall also consider taking appropriate legislative and administrative measures, consistent with the objectives of this Convention and in accordance with the fundamental principles of its domestic law, to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties’ (UNODC 2004).

In addition to the UNCAC itself, two more sources from the UN Office on Drugs and Crime (UNODC) system could be regarded as global standards on political finance.

1. *A self-assessment checklist*. Used for the implementation review mechanism, the self-assessment checklist outlines essential components for transparency, including (UNODC 2016):
 - legal definitions of political donations;
 - regulations governing campaign funding and sanctions for violations;
 - requirements for public disclosure of donations and maintaining separate accounts for campaign financing; and
 - transparency obligations regarding foreign donations and regular financial reporting.
2. *The UNODC Statistical Framework to Measure Corruption*. This framework provides a set of indicators to measure corruption related to electoral processes, including total campaign spending, perceptions of corruption and the existence of regulatory bodies overseeing campaign financing (UNODC 2023).

Political Declaration of the UN General Assembly Special Session on Corruption

The Political Declaration of the UN General Assembly Special Session on Corruption (UNGASS) emphasizes member states’ responsibility to ensure transparent elections (United Nations General Assembly 2021). It calls for measures that protect electoral integrity, promote accountability, and enhance transparency in the funding of political campaigns and parties to prevent corruption and build trust in public institutions.

To respond to existing challenges, a group of international and civil society organizations, including International IDEA, Transparency International, the International Foundation for Electoral Systems, the UNCAC Coalition Secretariat and the Westminster Foundation for Democracy, has been urging UNCAC signatories to enhance political finance transparency. For example, the group drafted a joint statement ahead of the 10th session of the UNCAC Conference of States Parties in 2023. The statement, which was signed by over 100 organizations, makes a compelling case for including the following actions in a new UNCAC resolution dedicated to strengthening article 7.3 of the UNCAC (Transparency International 2023):

Box 2.2. Examples of existing regional standards on political finance

African Union Convention on Preventing and Combating Corruption

The 2006 African Union Convention on Preventing and Combating Corruption is the only international treaty to have mandatory provisions on political finance, requiring members to 'incorporate the principle of transparency into funding of political parties'. Furthermore, article 10(a) of the convention prohibits 'the use of funds acquired through illegal and corrupt practices to finance political parties' (African Union 2006).

Recommendation Rec(2003)4 of the Council of Europe Committee of Ministers

Recommendation Rec(2003)4 of the Council of Europe Committee of Ministers aims to prevent corruption in political party funding and electoral campaigns. It emphasizes the need for public disclosure of donations, particularly those exceeding a specified threshold, and suggests measures to limit donation values and prevent the circumvention of established limits. Additionally, it has specific recommendations regarding media coverage of election campaigns (Council of Europe, Committee of Ministers 2003).

Organization of American States Inter-American Democratic Charter

The OAS emphasizes the importance of strengthening political parties and addressing the high costs of election campaigns. The 2001 Inter-American Democratic Charter highlights the need for a transparent financing system (OAS 2001). The OAS's Lima Commitment further encourages transparency and accountability in political financing, advocating measures that ensure legitimate contributions and penalize illicit funding (OAS 2018).

Organization for Security and Co-operation in Europe's Office for Democratic Institutions and Human Rights and Council of Europe's Venice Commission

The Organization for Security and Co-operation in Europe's Office for Democratic Institutions and Human Rights and the Council of Europe's Venice Commission provide comprehensive guidelines for political finance regulations, recommending restrictions on private contributions, a balance between public and private funding, limits on the use of state resources, criteria for the fair allocation of public financial support, spending limits for campaigns and enhanced transparency in party funding (OSCE/ODIHR 2023).

2015 New Delhi Declaration on Political Finance Regulation

The New Delhi Declaration on Political Finance Regulation was endorsed at a regional conference held in New Delhi in 2015. Drafted by International IDEA in partnership with the International Indian Institute for Democracy and Electoral Management and the Election Commission of India, the declaration outlines principles to guide political finance reforms in South Asia. It stresses the importance of realistic political finance regulations that protect the needs of political parties while ensuring a fair competitive environment (IIIDEM and International IDEA 2015).

(a) closing loopholes for illicit funds in politics, including foreign and anonymous donations; (b) introducing digital reporting and disclosure systems; (c) improving oversight and accountability of political finance regimes; (d) promoting knowledge, civic engagement and public participation; and (e) strengthening international cooperation to stem the flow of transnational illicit funds in politics.

In 2024 Transparency International published a position paper titled *Standards for Integrity in Political Finance*; the paper presents a holistic set of measures that outline the efforts needed to mitigate corruption risks and promote integrity in the financing of national-level political parties and election campaigns (Transparency International 2024). These standards, which are meant to be a blueprint for reform, were informed by a series of regional and global consultations with Transparency International's national chapters, as well as experts from governments, international organizations, election observation groups, civil society, media and think tanks. The standards cover issues ranging from transparency, organized crime and dirty money to gender, abuse of state resources and accountability. Both the statement as well as the standards have informed some of the recommendations provided at the end of the report.

Such advocacy efforts continue to highlight the critical need for more comprehensive global standards on political finance to counter the pervasive risks of corruption, foreign influence and opaque financial practices in politics. International organizations and civil society organizations play a vital role in maintaining momentum on this issue, ensuring that political finance reforms remain a priority on global anti-corruption and governance agendas. Sustained and coordinated advocacy is essential for closing regulatory gaps, harmonizing international norms, and fostering a culture of transparency and accountability across jurisdictions. By amplifying calls for such actions, the international community can better equip countries to safeguard the integrity of their political systems.

2.2. GAPS AND LOOPHOLES IN EXISTING REGULATIONS

Although most countries around the world regulate campaign finance, the legal frameworks in many of them contain numerous loopholes. Whether the issue is definitions, the circumvention of restrictions or the publication of data, no country has a perfect system.

2.2.1. Unclear definition of terms

To ensure that no loopholes are created, definitions of terms such as ‘donation’, ‘income’, ‘revenue’, ‘donor’, ‘expenditure’ and so on are critically important. A guide from the Commonwealth highlights the example of the UK, where the 2002 political finance law excluded loans on ‘commercial terms’ from donation regulations, allowing parties to bypass restrictions on foreign donors and disclosure requirements. Consequently, parties increasingly relied on large, undisclosed loans until 2006, when the law was amended to mandate disclosure of all loans (Commonwealth Secretariat 2020).

2.2.2. Lack of beneficial ownership transparency and anonymous donations

Over a quarter of the 181 countries included in International IDEA’s Political Finance Database (n.d.) have no restrictions on anonymous donations. Furthermore, 128 countries allow corporate donations to candidates, and 130 countries permit such donations to political parties, while only 90 countries around the world have provisions in place for beneficial ownership registers (Open Ownership n.d.). This means that, in many countries, anonymous donations can still be made through corporate donors that do not declare their true owners.

2.2.3. Third-party donations

As mentioned in the previous chapter, third-party campaigning poses significant corruption risks, as political parties can bypass spending limits by using proxy groups that claim to be independent. This loophole allows vested domestic and foreign interests to create false grassroots support. Despite these concerns, at least 107 of the 181 countries assessed (nearly 60 per cent) have no reporting obligations in place for third parties (International IDEA n.d.). For example, all seven countries analysed in a recent regional study of the Western Balkans and Türkiye fail to require that third parties report on their campaign activities and spending (Vrushni and Buchner 2023). Furthermore, 97 countries impose no limits on the amounts that third parties can spend on election campaign activities (International IDEA n.d.).

Third-party campaigning poses significant corruption risks, as political parties can bypass spending limits by using proxy groups that claim to be independent.

2.2.4. Risks of foreign donations and influence

While over 70 per cent of countries ban foreign donations in their legislation (International IDEA n.d.), foreign interests often cloak their financial support to political parties, candidates, campaigns and other politically influential groups through non-transparent or corrupt structures. Among the loopholes exploited to that end are in-kind financial support (e.g. loans or expensive gifts, tailor-made social media manipulation, advisory services), straw donors, foreign-controlled corporate vehicles and other third-party organizations (Valladares and Sample 2022).

For example, in the Western Balkans, where foreign influence on politics has been documented, legal frameworks often leave loopholes which can be exploited. In Albania, for example, the ban on foreign donations does not apply to gifts or assistance from foreign political parties, international unions of parties or foreign political foundations and organizations. In Bosnia and Herzegovina, only foreign political parties and foreign legal entities are banned from making donations, but donations from foreign individuals are permitted, and the law makes an additional exception for educational programmes aimed at the development and promotion of democratic principles (Vrushki and Buchner 2023).

2.2.5. Circumventing donation limits

Donation caps in political finance are designed to curb undue influence by limiting the amount individuals or entities can contribute to political parties or candidates. However, these caps can be exploited, posing significant corruption risks. A common tactic is splitting donations, where a large sum is divided among multiple individuals or entities to appear as separate smaller contributions, thereby circumventing the cap. This practice can obscure the true source of funding and enable donors to exert disproportionate influence while evading regulatory scrutiny. Another method involves using proxy donors such as employees or family members to make contributions on behalf of a single donor.

An investigation by The Bureau of Investigative Journalism (TBIJ) showed that five of the UK's six main political parties had accepted illegal donations made on behalf of TBIJ, exposing how easy it is to bypass laws meant to limit improper influence by foreign donors. TBIJ arranged a series of small payments to each of the six major parties. The payments were individually less than GBP 500 (approximately USD 625)—the lower limit for a legal political donation—but surpassed that threshold once added together. Only

Donation caps in political finance are designed to curb undue influence by limiting the amount individuals or entities can contribute to political parties or candidates.

one party correctly identified and blocked the money. The other five failed to refuse or return the payments (Rose, Lock and Nash 2024).

2.2.6. Cash and in-kind donations

Nearly half of the 181 countries covered in International IDEA's Political Finance Database do not require donations to be processed through banking systems, making cash transactions susceptible to abuse because they are opaque and difficult to trace (International IDEA n.d.). Additionally, in-kind contributions remain unregulated in more than half of the world's countries, presenting significant risks, as such donations can be easily concealed (International IDEA n.d.). In North Macedonia, for example, the Special Prosecution Office launched an investigation into a former prime minister and ruling party for accepting EUR 4.9 million (approximately USD 5.1 million). According to the Special Prosecution Office, there was reasonable suspicion that the money originated from a crime committed by a group of people who enabled money laundering through the ruling party's local organizations by depositing cash in the party's account in the form of personal payments (Samardžiski 2021).

2.2.7. Limited or inaccessible disclosure

When it comes to the publication of political finance data, as the UNCAC implementation review mechanism highlights, challenges persist around disclosure obligations (United Nations Conference of the States Parties to the United Nations Convention against Corruption 2024). Even when reported to a relevant authority, financial information, in many cases, is not made available to the public or is made available only in formats that are not easily accessible and reusable. The 2021 Global Data Barometer (n.d.) survey of 109 countries found that only 20 provide financial data in machine-readable formats, with just 10 allowing bulk downloads. Most political finance reports lack critical details: 72 do not disclose in-kind or non-financial donations, 58 omit expenditure data, and 55 exclude information on public funding or membership dues.

The increasingly transnational nature of political finance requires cross-border and interagency collaboration.

2.3. ENFORCEMENT CHALLENGES

Although most countries have some sort of political finance regulations in place, many of them continue to face major challenges when it comes to enforcing those regulations, undermining efforts to ensure meaningful transparency and accountability in politics. A key issue is the lack of a mandate, resources, capacity and independence

on the part of oversight bodies. Cooperation across different regulatory bodies is often insufficient as well. The increasingly transnational nature of political finance requires cross-border and interagency collaboration, which is often hindered by differing legal standards and weak mechanisms for information sharing.

2.3.1. Lack of mandate

Having a clear mandate and explicit roles and responsibilities for oversight bodies in charge of controlling and monitoring political finance is crucial. Twenty countries globally have no institution mandated to scrutinize political finance reports or investigate infractions and reported offences (International IDEA n.d.). Furthermore, only 55 out of 109 countries surveyed by the Global Data Barometer (n.d.) have rules which empower an agency or official to ensure the accurate and timely collection and publication of political finance data.

Oversight of political finance is further hindered by unclear mandates; ambiguous thresholds for administrative, civil or criminal investigations; and weak coordination among enforcement bodies. Fragmented responsibilities can reduce the efficiency of investigations, resulting in wasted resources due to overlapping investigations, delays in information sharing and inadequate evidence (McDevitt n.d.). In the UK, for example, there is currently no single law enforcement body with overall responsibility for criminal enforcement of electoral finance laws or laws to prevent foreign interference (Spotlight on Corruption 2023). In some cases the mandate is too limited or too specific. In Germany, for example, state prosecutors possess investigative authority, but this power is constrained to a specific range of criminal offences related to political finance. This limitation narrows the scope of their investigations, preventing them from examining other potentially associated infractions that fall outside this defined category (Transparency International in Bosnia and Hercegovina 2024).

2.3.2. Lack of resources or capacity

Oversight agencies need the commensurate resources to conduct verifications and investigations. The lack of a dedicated budget and the human and technological resources necessary for oversight functions can severely restrict the ability of these agencies to conduct thorough audits and investigations. The workload associated with political finance tends to follow a cyclical pattern, with increased demands leading up to elections, during the submission of financial reports and while those reports are being reviewed (Ohman 2022).

Oversight of political finance is further hindered by unclear mandates; ambiguous thresholds for administrative, civil or criminal investigations; and weak coordination among enforcement bodies.

A study conducted by chapters of Transparency International in the Western Balkans and Türkiye found that, across the region, resources are often insufficient for political finance oversight bodies to fulfil their mandate (Box 2.3) (Vrushu and Buchner 2023).

2.3.3. Lack of independence or autonomy

Given the key role that oversight bodies play in regulating political parties, elections and campaigns, they often face political pressure, ranging from improper influence to intimidation or in some cases co-optation. In Bosnia and Herzegovina, for example, political interference in the work of the EMB has escalated to dangerous levels and takes different forms, ranging from obstruction of funding to threats, insults and attacks on its members. As a consequence of EMB decisions related to election irregularities, one employee needed police protection (Blagovčanin et al. 2023). A lack of judicial independence also has a profound impact. Case law across the Western Balkans, for example, shows that parties that no longer hold power usually face harsher punishment for violations (Ugi Zvekić, Roksandić and Dobovšek 2023).

Box 2.3. Examples of varying capacities of political finance oversight agencies

Albania: Following the 2021 elections, the EMB hired 17 auditors—below the legal minimum of 20—to review 32 parties.

Bosnia and Herzegovina: The EMB's audit department, with four auditors, struggles to cover over 100 parties, leading to delays of more than two years in publishing reports. Amendments to expand the department are pending with the Council of Ministers.

Kosovo: The Office for Registration, Certification and Financial Control has three internal staff and a contract with an auditing firm that has only three auditors—insufficient for reviewing reports from 50 political entities.

Montenegro: The Agency for Prevention of Corruption filled only 72 per cent of its required positions in 2022, with just 18 of the 54 needed staff available, rising to 20 during election periods.

Source: J. Vrushu and I. Buchner, *Bringing the Receipts: Political Finance Transparency in the Western Balkans and Türkiye* (Transparency International, 2023), <https://images.transparencycdn.org/images/2023_WorkingPaper_BringingTheReceipts_English.pdf>, accessed 15 February 2025.

2.3.4. Lack of interagency cooperation mechanisms

Interagency cooperation is essential for effectively enforcing political finance regulations due to the complexity and cross-sectoral nature of financial misconduct, enabling regulatory bodies, tax authorities, anti-corruption agencies and law enforcement to share expertise, resources and data. This collaboration helps identify and address the influence of illicit funding, foreign interference and organized crime on political processes. Nevertheless, such cooperation mechanisms are still not the norm in most countries and regions.

For example, the FORT database, compiled by the International Foundation for Electoral Systems, shows that 8 of the 12 countries in Eastern Europe and Central Asia have some form of memorandums of understanding in place with other institutions, including, in many cases, with the prosecution. However, the numbers of cases referred to the prosecution are mostly in the single digits. Furthermore, only 6 of the 12 countries have any informal cooperation mechanisms in place (IFES n.d.a).

Cross-border cooperation mechanisms are even weaker. Countries often rely on mutual legal assistance, which is triggered only for criminal cases. A lack of cooperation between oversight bodies at the administrative level, concerning data sharing, memorandums of understanding, joint investigations, and so on, greatly hinders the detection of transnational breaches of political finance regulations.

2.4. IMPACT OF DIGITALIZATION AND GLOBALIZATION ON POLITICAL FINANCE

Politics is transforming into an increasingly digital affair: many aspects of political organization and electoral campaigns are shifting online, with political parties and candidates spending more financial resources online. This shift is the result of the ongoing digitalization of society as a whole. In every country around the world, Internet use is continuously on the rise. As of 2024 global Internet penetration was around 66 per cent, meaning that two thirds of the global population have access to the Internet. In Western countries Internet penetration is even higher, at more than 90 per cent (Kemp 2024). Moreover, online advertising is considerably cheaper than traditional advertising, such as billboards, leaflets and television.

There has been remarkable growth in the use of digital tools and social media platforms for political and electoral campaigning.

Therefore, it is not surprising that there has been remarkable growth in the use of digital tools and social media platforms for political and electoral campaigning, not least for the reasons highlighted above but also for the opportunities online spaces provide for sophisticated microtargeting of the electorate. Many authors have even argued that we have entered a new era—or ‘fourth phase’—of data-driven political campaigning, focused on the collection and analysis of large amounts of individual-level data with the purpose of microtargeting groups of voters (Magin et al. 2016; Roemmele and Gibson 2020). This means that, in this new campaign environment, data—as much as spending—is the driving force. Vast quantities of personal data can be bought leading up to an election, analysed by consultants in the pre-election period and used to develop a strategy that is then enacted during the election itself.

Existing regulatory frameworks are often insufficient to cope with the digitalization of campaign finance and need to be adapted.

2.4.1. Regulatory gaps for the digital age

While digital campaigning creates new opportunities for political participation and reaching voters, regulators are confronted with new challenges when it comes to tackling this phenomenon. The primary factor to consider—when thinking about the opportunities, challenges and risks posed by new technology and digitalization in political finance—is that money in politics is ‘hydraulic’ (Issacharoff and Karlan 1999). It is like water; it finds the gaps and loopholes in a legislative regime and flows directly into them. It is a reasonable diagnosis that, even though some countries (e.g. Canada, Ireland) and blocs (e.g. the European Union) have passed robust legislation, existing regulatory gaps and loopholes can be found online. These gaps and loopholes are so extensive that the online space, as it relates to political finance, can still reasonably be called a ‘Wild West’ (Palese and Mortimer 2019). This means existing regulatory frameworks are often insufficient to cope with the digitalization of campaign finance and need to be adapted. However, many questions remain concerning how the rules should be changed and which regulatory approach should be followed, while striking a balance between ensuring fair political competition and electoral integrity, on the one hand, and respecting fundamental rights such as freedom of expression, on the other (Wolfs forthcoming 2025).

2.4.2. Third-party campaigning and foreign interference online

Third-party campaigning has long been a sensitive issue for regulators, but the new forms of digital communication have only exacerbated the challenges. The online space presents considerably more opportunities for third parties, including foreign third parties with malign intentions, to seep into a country’s political system or

campaign space and potentially circumvent traditional bans and limits on donations and spending. For instance, there are strong indications that foreign actors attempted to manipulate democratic elections in the EU by deepening polarization and eroding trust in the elections (Albrycht et al. 2021; Dunčikaitė, Žemgulytė and Valladares 2021). A report conducted on behalf of the European Parliament outlined two ways in which foreign powers can (often illegally) finance politics (European Parliament and Jones 2023):

1. *Foreign third-party campaigning.* Malign foreign actors undertake campaigns themselves (e.g. via social media) for or against political parties or candidates.
2. *Foreign-funded third-party campaigning.* Malign foreign actors fund other entities that engage in political campaigning (e.g. donating to an anti-immigration organization which might support a specific political party or candidate).

A recent example of an approach taken to regulate the influence of foreign money on third-party campaigns can be seen in the UK. The Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 (United Kingdom 2014) limits third-party campaign spending to UK-based entities (and eligible overseas voters) and requires that all third parties that spend over GBP 10,000 (approximately USD 12,500) in England or GBP 20,000 (approximately USD 25,000) in Northern Ireland, Scotland or Wales during an election register with the Electoral Commission. In Sweden, on the other hand, rules in place since 1962 (pursuant to the Swedish Penal Code) ban any individual from accepting money from a foreign power that is aimed at influencing public opinion concerning the country's form of government or matters of significance to national security.

2.4.3. Influencers and digital marketing firms

Political parties and candidates are increasingly turning to influencers, external experts and digital marketing agencies, referred to collectively as the 'influence industry', to shape or enhance their electoral campaigns. Social media has become a vital source of information and news for citizens, particularly younger audiences (Wolfs forthcoming 2025). For instance, a 2022 survey conducted in Argentina, Brazil, Colombia and Mexico revealed that social media was the primary channel for political information among 16–24-year-olds (Luminate 2022). Social media influencers can be hired either to endorse or campaign on behalf of specific candidates or political parties or to conduct negative campaigns focused on portraying political opponents in a bad light (Grassi 2024; Adetula

Social media influencers can be hired either to endorse or campaign on behalf of specific candidates or political parties or to conduct negative campaigns focused on portraying political opponents in a bad light.

2024). Similarly, the use of external experts and professional data and media companies to develop and carry out campaigns is also on the rise. This influence industry dominates political debates, which has serious consequences for our political experience, and our social and economic life (Tactical Tech n.d.). Moreover, one of the main concerns regarding the mobilization of industry players for campaigning is the lack of transparency in the financial transactions between political actors and these entities. Online platforms are unable to control or monitor any deals that are made off-platform, and appropriate reporting and transparency protocols are often lacking (Venslauskas 2024).

Because of the technical and legal complexities of online campaign activities, multiple oversight agencies often need to share responsibility for monitoring them.

2.4.4. Synergy between multiple agencies and actors

Because of the technical and legal complexities of online campaign activities, multiple oversight agencies often need to share responsibility for monitoring them. Effective oversight requires a clear division of responsibilities and established collaborative procedures. However, regulatory frameworks often lack such clarity, leaving oversight of online political advertising at the intersection of various agency mandates. This situation can lead to overlaps in responsibilities, causing competition between agencies or, conversely, leading to gaps where certain tasks are neglected. Stronger coordination among all monitoring bodies is essential for effective oversight.

In Mexico electoral oversight involves at least three institutions—the National Electoral Institute (specifically its Technical Audit Unit, which monitors online activities), the Federal Electoral Tribunal and the Specialized Prosecutor for Electoral Crimes. The complexity of online political campaigns, particularly the use of influencers, highlights the need for these institutions to collaborate closely. However, unclear rules and responsibilities often hinder effective oversight. Addressing the potential misuse of influencers in political campaigns requires significant interagency coordination, which can be difficult to achieve in practice (Agrawal, Hamada and Fernández Gibaja 2021).

2.5. ILLICIT FUNDING AND ORGANIZED CRIME

Organized crime poses a growing threat to peace and prosperity worldwide. Transnational illicit networks have spread, strengthening their ability not only to carry out their activities across borders and evade capture but also to exert control over territories and populations in every region of the world.

Organized criminal groups interfere with political and electoral processes through four main types of activities: (a) electoral fraud; (b) state-led electoral manipulation; (c) election-related violence; and (d) illicit campaign funding (Briscoe and Goff 2016). This section focuses on the last form of interference, illicit campaign funding, which takes place mainly during the campaign period. Around the world, evidence shows that political finance is a common channel for organized criminal groups to launder their cash and buy political leverage. By pumping illicit funds into political parties and election campaigns, they aim to influence elected officials in order to weaken law enforcement efforts, enable themselves to operate with impunity and gain support for their illegal enterprises.

The type of concession expected from elected officials in return for illicit funds provided during campaigns varies in accordance with their institutional roles and powers. In Guatemala, for example, local mayors can issue identity papers, so the provision of these documents to organized criminal organizations may be a point of particular interest, motivating them to support candidates for local office (Krujit 2011). In Brazil, where municipalities are in charge of zoning laws and construction permits, organized criminal groups have targeted local elected officials for several reasons, but especially because building houses in the neighbourhoods they control is one of their main sources of income (Veloso Hirata et al. 2021).

While this phenomenon is most pervasive in Latin American countries, studies have shown that it is also present in Africa, Asia and the Western Balkans (Box 2.4).

2.5.1. High campaign costs and insufficient legitimate funding

In many countries the high cost of entering into politics and running political campaigns makes candidates vulnerable to the influence of organized crime. Limited access to legitimate public and private funding exacerbates the problem, and criminal organizations exploit this gap by offering financial support in exchange for future favours—if and when the candidates they support are elected—such as shelving or preventing judicial investigations or legal proceedings against gang members and organized criminals, weakening legal and institutional mechanisms to combat them, and implicitly ceding territorial control by national and local governments (Lara Otaola and Rosales 2022). In Nigeria, for example, the ruling political party, the All Progressive Congress (APC) require candidates to pay NGN 100 million (approximately USD 66,600) for nomination

Box 2.4. Illicit financing of politics around the world

Indonesia

Indonesia's anti-money-laundering agency, the Financial Transaction Reports and Analysis Centre, uncovered suspicious transactions, presumably stemming from drug trafficking and illegal mining and logging, amounting to tens of trillions of rupiah (hundreds of millions of US dollars), implicating thousands of individuals across all political parties in the run-up to the 2024 legislative elections. These irregularities were noted when political parties' accounts remained stagnant during the campaign period, while the accounts of legislative candidates received substantial amounts of money, including from suspicious sources during the second half of 2023. The findings highlighted systemic weaknesses in Indonesia's political financing framework, enabling the persistent influence of moneyed interests and illicit activities on democratic processes (Nababan, Sulistyono and Basyari 2023).

North Macedonia

The Talir case in North Macedonia highlighted systemic issues involving illicit funding of the ruling party, the Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity (VMRO-DPMNE). The party was accused of laundering nearly EUR 500 million (approximately USD 550 million) between 2009 and 2015 through illegal donations and the misappropriation of public funds. These funds were allegedly funnelled into party accounts and used to finance political campaigns and infrastructure projects, bypassing legal regulations on campaign financing. On 22 May 2017 the Special Prosecution Office launched an investigation that led to the indictment of senior party officials, including former Prime Minister Nikola Gruevski (Ugi Zvekić and Roksandić 2021).

Zambia

Zambia's history of authoritarian rule and prevalence of violence have created an environment where illicit funding serves as a tool for political mobilization (Brosché, Fjelde and Höglund 2020). In 2023 the Financial Intelligence Centre identified significant increases in suspicious transaction reports during election years. For instance, the number of such reports analysed by the centre increased from 155 in 2022 to 15,696 in 2023 (Transparency International Zambia 2024). These figures underscore the centre's growing capacity to identify illicit financial transactions, presenting an opportunity for law enforcement agencies to act decisively if they have the necessary political support. Despite these advancements, a lack of comprehensive enforcement of existing frameworks regulating political party financing and limited investigative powers on the part of the relevant authorities pose significant challenges in controlling the illicit funding being funnelled into politics from industries such as illegal mining, logging and narcotics. Strengthening regulatory frameworks and ensuring accountability in political financing, including through the submission of audited financial reports, remain critical to safeguarding Zambia's democratic processes (Transparency International 2024).

forms to be a presidential candidate, forcing them to rely on 'loans' from donors which would eventually be paid back through inflated public contracts and other abuses of public resources (Itodo 2022; Chayes 2015). Political parties also benefit from links to organized crime, as they need to mobilize support and money to fund electoral campaigns and party-building activities. Criminal organizations not only may have money to invest (and launder) in these activities, but they also frequently have access to and control over cheap or forced labour that can be put to work to the benefit of their preferred candidates.

2.5.2. Weak regulation and oversight

Since drug trafficking (and other illicit businesses that fuel illicit networks) is a transnational business, international cooperation is essential for tracking and stopping the flow of dirty money into politics. The 2019 Oslo Statement on Corruption Involving Vast Quantities of Assets includes a specific recommendation reflecting this understanding: 'Addressing state capture, foreign funding in politics and the penetration of political parties by organized crime groups should be prioritized by national and international stakeholders' (UNODC 2019: 9).

It should be noted, however, that international legal regimes, such as the UN Convention against Transnational Organized Crime (UNTOC) or the UNCAC, have been slow to provide more detailed provisions on how political finance integrity is connected with corruption and organized crime. For example, the 10th UNCAC Conference of States Parties failed to adopt a resolution on the topic despite significant pressure from civil society (Transparency International 2023). The *Legislative Guide for the Implementation of the United Nations Convention against Transnational Organized Crime* does not mention political finance issues (UNODC 2017), nor does the *Model Legislative Provisions against Organized Crime*, published by the UNODC (2022). The legislative guidelines for the UNCAC also fail to go beyond copying and pasting article 7.3 of the Convention.

Moreover, a lack of effective political finance regulation at the national level is a critical vulnerability that enables and incentivizes criminal groups to use illicit campaign funding to influence political decisions. For instance, foreign donations or contributions from unregistered sources, such as diaspora communities, are often poorly controlled, providing an avenue for organized crime to finance candidates. This type of illicit funding has been observed in countries such as El Salvador and Ghana, where diaspora groups affiliated

A lack of effective political finance regulation is a critical vulnerability that enables and incentivizes criminal groups to use illicit campaign funding to influence political decisions.

with political parties are increasingly providing both monetary and in-kind support for electoral campaigns. A lack of oversight of and accountability for these funding efforts is considered a vulnerability not only for money laundering and bribery but also for state capture by foreign entities disguised as diaspora groups (Nyarko 2021). In some cases, even state-level monitoring mechanisms fail to trace the origin and destination of such funds, leaving political systems open to exploitation.

2.5.3. Institutional weaknesses

Many countries struggle to enforce criminal laws due to systemic corruption and limited institutional capacity. Judicial systems are often compromised, with politicians and officials shielding criminal groups from prosecution. In some cases organized crime actively influences legislative and judicial decisions, weakening existing frameworks meant to counter illicit funding and infiltration. The inability of institutions to hold offenders accountable further emboldens criminal organizations, making it difficult to break the cycle of corruption and crime.

Another challenge is the level of independence of police and security forces in relation to elected officials. Where these officials are formally or informally empowered to appoint law enforcement, illicit networks might find it enticing to gain control of or influence over them before or during campaigns in order to extract benefits later. If the police and security forces have greater independence, as in Bolivia, direct bribery of law enforcement officials and security forces might be a more efficient path to ensuring impunity (Krujit 2011: 47). Thus, independence does not correlate with an absence of corruption, but it might impact how it manifests.

Organized crime often exploits institutional vulnerabilities at the local level as a way of infiltrating political systems.

2.5.4. Geographic and regional factors

Organized crime often exploits institutional vulnerabilities at the local level as a way of infiltrating political systems. In rural or remote areas the lack of an effective state presence allows criminal networks to co-opt local politics, often through intimidation or financial support. The power of local elected officials over the appointment (and removal) of municipal and state police officers and their ability to direct public contracts make these officials the main targets of organized criminal groups (Briscoe and Goff 2016: 45). Temporary political organizations and smaller municipal structures, as well as regions of strategic importance, such as border areas and drug trafficking corridors, are especially susceptible to such influence, due

to weak governance and their limited capacity to enforce regulations and resist external influences.

In Brazil, for instance, there is a growing concern about the infiltration of organized crime into local politics. By supporting candidates for mayor and city council through illicit funding and other means, major organized criminal groups such as the Comando Vermelho and Primeiro Comando da Capital drug-trafficking factions have sought to obtain influence over local governments to secure contracts, especially for garbage collection and public transportation (Godoy and Mazzoco 2024), in order to launder the proceeds of their criminal enterprises. Organized crime is also frequently interested in and benefits from changes to local zoning laws, which could lead to environmental degradation. As these major criminal organizations—originally from São Paulo and Rio de Janeiro, respectively—gain footholds in other regions of the country, including in the Amazon, drug trafficking is becoming increasingly associated with illegal mining, further fuelling a vicious cycle of destruction of the rainforest (Gonçalves and Mariz 2024).

2.5.5. Cultural and structural issues

Cultural practices such as clientelism, vote buying and patronage create an environment conducive to the influence of organized crime. Politicians may seek out or be vulnerable to criminal organizations whenever they need to improve their political or personal positions. In many cases political systems prioritize personal enrichment over public service, leading candidates to accept bribes or misuse campaign funds for personal gain. These structural vulnerabilities make it easier for criminal organizations to infiltrate political systems, as politicians prioritize their self-interest over accountability or ethical governance.

Honduras is the country with the highest rate of vote buying in Central America. The predominance of clientelist structures and patronage networks leads to an increased reliance on the use of state resources to win elections, either through direct payments or through social programmes (Lara Otaola and Rosales 2022: 13). Insufficient transparency and the difficulty of auditing in-kind donations in small municipalities make it even more difficult to enforce legislation aimed at keeping dirty money from organized crime out of politics.

Cultural practices such as clientelism, vote buying and patronage create an environment conducive to the influence of organized crime.

2.6. GOOD PRACTICES AND PRACTICAL EXAMPLES FROM SELECTED COUNTRIES

This section describes good practices from selected countries that demonstrate a range of effective and innovative solutions to address corruption risks in political finance. Highlighted examples include the timely updating of existing political finance laws to reflect evolving challenges, the introduction of digital reporting and disclosure platforms to enhance transparency, and the use of AI to improve oversight capabilities and active engagement with civil society. These examples provide practical and actionable strategies to address issues such as campaign finance transparency, third-party spending, real-time monitoring and public accountability, offering valuable insights for tailoring approaches to different political and cultural contexts.

Most countries have been slow to institute any meaningful legislative reform when it comes to advertising online or on social media platforms.

2.6.1. Legal and regulatory reforms

Placing limits on online campaign expenditure

Most countries have been slow to institute any meaningful legislative reform when it comes to advertising online or on social media platforms, often creating a loophole for the movement of money and making limits or bans on traditional advertising increasingly ineffective. In a handful of countries that have regulations in place, the nature of the regulations varies widely, including a requirement to register online advertising profiles (e.g. Argentina and Indonesia); outright bans (e.g. Comoros); targeted bans, such as on election day and the eve of polling (e.g. Armenia and Malaysia); bans on payments to influencers (e.g. Brazil); and regulations on specific content appearing in online advertisements (e.g. Iraq, Paraguay, the Philippines) (Power et al 2024). Several countries that demonstrate best practice in specific areas are highlighted in Box 2.5.

Curbing organized crime in politics through legislative measures

The UNTOC provides an overarching framework for legislative measures designed to address organized crime (UNODC 2022). As these measures address illicit funding in politics, it is important to consider how law enforcement measures are applicable to electoral courts or electoral prosecution systems, since it is the responsibility of these institutions to prevent organized crime from interfering in elections.

Specific restrictions on political funding might also help combat illicit funding from organized crime. Such measures might include bans on anonymous donations, enforcement against the use of proxy donors, limits on private donations, measures to restrict in-kind

Box 2.5. Examples of online campaign spending regulation: Canada, Ireland and Latvia

Canada

Canada has been a pioneer of best practice in campaign and political finance regulation, including in the online space, since at least the early 2000s. Canada has regulations in place that provide specific guidance for online platforms, including the following:

- a clear definition of what an online platform is, with regulations that apply to those platforms that satisfy the definition;
- unique visitor thresholds that are used to determine which online platforms must maintain advertising repositories;
- clear guidance on the kind of political ads (partisan and election-related) that must be included in these advertising repositories;
- guidance on the kind of information that should be included in these repositories; and
- rules that apply to both political parties and other entities.

Ireland

Although Ireland's Electoral Reform Act was passed in 2022, it is one of the most comprehensive regulations seen in recent times (Republic of Ireland 2022). Its key provisions include the following:

- the use of digital imprints, including the prominent display of the text 'political advert', a button or hyperlink to a transparency notice that includes details on the buyer of the ad, confirmation of whether microtargeting was used, confirmation of whether lookalike targeting was used, the total amount paid or due to be paid, the estimated size of the audience, the number of views, the relevant election or referendum and a link to the platform ad archive;
- obligations for online platforms to verify the identity of the purchasers of online political advertisements;
- strict limits on advertisements commissioned from abroad unless they are commissioned by (a) a citizen of Ireland; (b) a company, corporation or unincorporated body that maintains offices in Ireland; or (c) a citizen (or company, corporation, unincorporated body or political party) of an EU member state provided the advertisement relates to elections to the European Parliament; and
- the establishment and empowerment of an electoral commission to (a) monitor online political advertising; (b) monitor online platforms; (c) monitor buyers of online political advertising; and (d) educate, investigate and enforce compliance (and non-compliance).

Latvia

Latvia serves as a good example of best practice in the areas of income, expenditure and reporting, requiring the following:

- detailed itemization of spending, including a category for advertising on the Internet except for the websites of political organizations; and
- regulations for third parties covering spending limits, the mandatory inclusion of disclaimers on third-party advertisements and an obligation for platforms to refuse advertisements if they exceed spending limits.

Box 2.6. Regulatory measures to curb illicit money in politics

Guatemala

In order to prevent the flow of dirty money into electoral campaigns, Guatemala imposed a ban on donations from individuals who have been convicted of corruption or money laundering-related offences or whose assets have been confiscated because of their ties to criminal activities. All campaign donors have to register with the Supreme Electoral Tribunal. The country's Criminal Code also establishes a two-tier system of sanctions, with harsher criminal penalties for accepting illicit donations from organized crime groups than for non-reported donations from legitimate sources. Although the enforcement of these restrictions poses a challenge, the establishment of a permanent prosecutor's office specializing in electoral offences has been a positive development (Sanz-Levia and Jiménez-Sánchez 2021).

Mexico

The General Law on Electoral Institutions and Procedures, enacted in 2014 as part of Mexico's electoral reforms, provides a framework for curbing illicit campaign financing. The law requires that candidates report their income and expenses within a strict three-day window, ensuring timely oversight and transparency (United Mexican States 2014; United Mexican States n.d.). The law also imposes limits on campaign expenditures and contributions, prohibiting funds from unauthorized sources. In addition, the Authorized Supplier National Registry, managed by the national election authority, tracks market prices and verifies the accuracy of financial reports (Briscoe and Goff 2016: 22). This mechanism supports compliance with financial disclosure requirements and deters potential abuses. Violations of these regulations result in significant penalties, including fines and other sanctions, further enhancing the accountability and integrity of Mexico's electoral processes.

Nigeria

Nigeria's Electoral Act 2022 (Federal Republic of Nigeria 2022) establishes a comprehensive framework for curbing the illicit flow of money into politics, focusing on transparency, accountability and strict financial oversight. Political parties are required to submit detailed annual statements of assets, liabilities and funding sources to the Independent National Electoral Commission, with mandatory public disclosure through national publications and official websites. These measures ensure greater transparency in political financing and deter illegal contributions.

The Electoral Act also sets firm limits on campaign expenditures and donations, requiring that contributors disclose their identities and the sources of their funds. Violations, such as exceeding spending caps or accepting unverified donations, are met with severe penalties, including significant fines, forfeiture of funds and imprisonment. Additionally, election expenses must be clearly documented and audited, with political parties responsible for submitting accurate reports by specified deadlines (ActionAid Nigeria 2023).

Box 2.6. Regulatory measures to curb illicit money in politics (cont.)

Peru

Following an initiative instituted in Colombia, the Government of Peru introduced sanctions for political parties whose members are convicted of serious crimes (Duque Daza 2024). In 2015 the Congress of Peru approved the 'empty seat' bill, aimed at curbing the influence of drug trafficking and organized crime in government. Pursuant to the law, if a member of parliament is unseated for having ties to drug trafficking, money laundering, terrorism or human trafficking, their political party will forfeit the right to appoint a replacement for the vacated congressional seat, and the seat will remain vacant. This measure was enacted to combat the infiltration of organized crime into politics and to hold parties and their leaders accountable for endorsing individuals with ties to criminal organizations and corrupt companies (Galvis 2014).

donations and to ensure that such donations can be audited, and sanctions for receiving funding from illicit sources. Several countries, such as Guatemala, Mexico, Nigeria and Peru, have already adopted measures to address these challenges (Box 2.6).

2.6.2. Digital solutions

Digital reporting and disclosure

In recent years a growing number of countries have adopted online reporting and disclosure systems to meet the broader demand for political finance transparency. These systems enable political parties and candidates to submit financial information through digital platforms, via either a dedicated website or specialized software. The information submitted is stored in a centralized database managed by the responsible monitoring agency, thus enabling comprehensive monitoring, categorization, analysis and verification. The information is then made available online, either as downloadable data files or through searchable databases (Jones 2017).

Online reporting and disclosure systems play a vital role in enhancing political integrity by fostering transparency and supporting anti-corruption efforts. These systems integrate with other mechanisms, leveraging shared data to identify patterns and expose potential corruption (Santiso and Roseth 2017). By making political finance data more publicly accessible in user-friendly formats, these systems empower voters to hold parties and candidates accountable. Although not a definitive solution to political finance reporting issues, such systems have the potential to improve the verification process and increase oversight by media and civil society, making a significant contribution to broader transparency initiatives.

Box 2.7. Online reporting and disclosure platforms in selected countries

Argentina: Software-based reporting and disclosure portal

Political finance reporting software can be downloaded from the website of the National Electoral Chamber. Political parties and candidates use the software to provide itemized reports on income and expenditures during electoral campaigns and at other times. They can also include the names, identification numbers and addresses of donors (donors' addresses can be geotagged on a map), as well as the value of their contributions. The information is subsequently published in PDF format on the website of the National Electoral Chamber. However, the summary data for presidential and parliamentary elections is published on the chamber's website in Excel format.

Australia: eReturns web-based reporting and disclosure portal

The Australian Electoral Commission's eReturns portal is available to political parties, candidates, third parties, donors, associated entities and senate groups. Account holders can upload spreadsheets and manually correct the information provided. The completed data fields are reviewed before submission, and amendments are allowed after submission but before publication. Those who do not submit their returns electronically through the eReturns portal can send them by post, fax or email directly to the commission, which then manually enters the data into the returns management system. In its disclosure interface, the platform provides summary and detailed data for parties, candidates, donors, associated entities and third parties. Data is available for both donations and expenditures, although only summary expenditures for political parties are available. Users can also find the name and address of the donor and the type and value of the donation made; they can search data on all entities and access original receipts and make basic comparisons between data points.

Estonia: Mandate of the Party Funding Oversight Committee

Estonia's political finance reporting system relies entirely on open-source software for the disclosure of financial information contained in the reports submitted by electoral contestants, and it uses the civil register to verify donors.

The Estonian Party Funding Oversight Committee enforces compliance through three key functions:

1. *Report verification.* The committee conducts a thorough audit and analysis of party finance reports, bolstering their credibility by identifying irregularities that may suggest unreported in-kind contributions, such as unpaid invoices.
2. *Information gathering.* The committee can request additional information or documentation from political parties, candidates or service providers, ensuring transparency regarding the terms, payments and conditions of the services provided.
3. *Enforcement and penalties.* The committee can issue administrative fines ranging from EUR 500 to EUR 15,000 (approximately USD 525–15,625) for violations such as late report submissions or improper campaign expenses, and it refers serious cases, such as the submission of false information, to law enforcement for criminal prosecution (OECD 2016).

Artificial intelligence for political finance oversight

While AI-related challenges—concerns about deepfakes, AI-powered misinformation and numerous other potential problems—have been thoroughly covered in recent literature and the popular press, the many potential benefits of AI have received much less coverage. International IDEA’s report *Artificial Intelligence for Electoral Management* highlights the ways in which AI can be harnessed at three stages of the electoral process—before, during and after elections (Juneja 2024).

AI can be used in many ways in the post-electoral period, such as consolidating political finance documents (Box 2.8), accelerating manual practices considerably and reducing the potential for electoral fraud. Electoral oversight bodies across the world are often constrained by resources and time. This makes their job of investigating wrongdoing, including political finance violations, incredibly challenging. This means investigations conclude long after elections have taken place, and often too late to enable voters to make informed decisions. Future adoption of technologies like AI can address this challenge by using cutting-edge technology to improve oversight bodies’ capacity to detect non-compliance in real time.

However, these solutions pose certain risks. The biggest challenge in utilizing AI-powered tools is adopting these new technologies without causing public concern. Human beings often do not trust innovations because of the difficulty involved in understanding them. In terms of its use for political finance oversight, the primary challenge is ensuring that AI-powered tools are not used to take oversight (and potential sanctioning) out of the hands of commissioners themselves. To mitigate public concerns, it is essential that AI-powered tools be used only to assist with electoral oversight—never to replace it. Keeping oversight in human hands is not just a guiding principle; it is an absolute necessity.

2.6.3. Civil society involvement

Civil society organizations and actors can play a crucial role in political finance monitoring and oversight by highlighting flaws in the regulatory process, identifying gaps in implementation, and proposing workable remedies and solutions (Box 2.9). They do so by:

- analysing political finance reports from political parties and candidates, investigating their accuracy and sharing the data provided in those reports with the electorate (in countries where official political finance data is scarce, civil society organizations collect this data themselves);

AI can be used in many ways in the post-electoral period, such as consolidating political finance documents, accelerating manual practices considerably and reducing the potential for electoral fraud.

Box 2.8. AI for political finance oversight in the UK

Researchers in the UK have been using natural language processing and optical character recognition to automate the analysis of election spending data (Power et al. 2024). This initiative was launched when manual coding of all invoices provided to the UK Electoral Commission for the 2019 general election revealed that GBP 1 out of every GBP 10 spent could not be categorized (Dommett and Power 2022). To address this issue, an automated classification system was devised which incorporated a ‘red flag’ check to highlight potential areas of non-compliance. In addition to this powerful tool, the research team also formulated best and worst practices for campaign transparency in an attempt to adopt a system of standardized invoicing.

The incorporation of these tools moves the UK—and any other countries that adopt these technologies—closer to the ideal of real-time electoral oversight which can detect, sanction and prevent electoral malpractice as it occurs.

- conducting voter education activities, whereby voters are alerted to the long-term costs of vote buying and other political finance issues that are harmful to the political process; and
- advocating reform in collaboration with political parties, donors and government agencies.

Box 2.9. Examples of civil society engagement to promote political finance transparency

Georgia

In December 2022 the Parliament of Georgia amended the Election Code and the Organic Law on Political Associations of Citizens, adding new provisions on political finance transparency (Natroshvili 2023). Despite the amendments political corruption remains a critical issue in Georgia.

Transparency International Georgia regularly publishes newsletters where it provides summary statistics on the funding that each political party receives and highlights potential cases of undue influence where the owners of companies that are awarded public contracts are also substantial donors to the ruling party. To strengthen the monitoring, detection and exposure of political corruption, Transparency International Georgia has created a suite of interconnected online platforms which, when used together, can provide a clear overview of political corruption risks:

1. [Politicaldonations.ge](https://politicaldonations.ge) provides information about all donations made to Georgian political parties since 2012. In addition, the platform provides information on the business interests of political party donors.

Box 2.9. Examples of civil society engagement to promote political finance transparency (cont.)

2. Tendermonitor.ge lists all expenses incurred by public institutions through state procurement.
3. Tendermonitor.ge is linked to politicaldonations.ge and companyinfo.ge, which provides information about company ownership.

Ghana

In Ghana civil society organizations discovered that major campaign donors had been awarded government contracts via sole-sourcing or restricted tendering procurement processes in which the values of the contracts were considered 'exceedingly high' (Nyarko 2021). This finding demonstrates the potential of cross-referencing procurement data with political finance information in order to track potential cases of corruption and conflicts of interest.

Guatemala

In Guatemala civil society organizations have played an important role in identifying the infiltration of organized crime into politics. In 2015 the International Commission against Impunity in Guatemala (Comisión Internacional contra la Impunidad en Guatemala, CICIG) published a report on the financing of politics in Guatemala, which exposed the pervasive links between political financing in the country and organized crime. The report highlighted that about 25 per cent of the funds spent in elections originate from organized crime, most notably drug trafficking, making campaign financing a key avenue for narco-traffickers to influence politics (CICIG 2015). To assess the amount of illicit funds used in campaigns, the commission used data from Civic Action (Acción Ciudadana), a civil society organization which audits and estimates how much campaigns spent on publicity and compares that against the amount of legal funds the parties received (CICIG 2015). Civil society organizations also helped identify candidates with connections to organized crime (Menchu and Barrera 2019).

Sri Lanka

In Sri Lanka six prominent election observation organizations, including Transparency International Sri Lanka, People's Action for Free and Fair Elections, the Campaign for Free and Fair Elections, the Centre for Monitoring Election Violence, Hashtag Generation and the Institute for Democratic Reforms and Electoral Studies, established an online campaign finance observation tool to observe the campaign expenditures of election candidates during the 2024 presidential election (Chandha Salli Meetare n.d.). The tool offers insights into the campaign expenditures of election candidates, focusing on specific cost categories, such as mainstream media, social media, public campaigns, public events, press conferences and launch ceremonies, and campaign offices. The data was collected by trained election observers from the six organizations who were deployed in each electorate across the country or observed social media and mainstream media campaigns. The data was verified by a coordinator from each organization and a secretariat with staff from all the organizations involved. The platform aggregates all the reports submitted by election observers (Chandha Salli Meetare n.d.).

2.6.4. Institutional approaches to strengthening oversight

By implementing robust legal frameworks, empowering independent oversight bodies and enhancing monitoring mechanisms, governments can establish a fair and transparent political finance landscape. Additionally, leveraging technology, engaging civil society and adopting international best practices can strengthen enforcement and promote a culture of accountability. These measures collectively ensure that political financing aligns with democratic principles and the public interest.

2.6.5. Interagency cooperation

Given the variety of challenges—both existing and emerging—related to political finance, several bodies and institutions are responsible for monitoring and oversight. To address these challenges, enhanced, interconnected information systems are needed to enable the adequate (and expedited) assessment of issues such as the integrity of donation sources, the legality of donated funds, and the veracity of reports presented by individuals and political parties (Lara Otaola and Rosales 2022: 18). By fostering collaboration and sharing resources, expertise and real-time information, different agencies can create a robust framework for detecting fraud, enforcing political finance laws, and ensuring transparency and accountability.

Box 2.10. Examples of institutional strategies

Albania: Deploying monitors in the field

Albania's Central Electoral Commission oversees campaign finance compliance through field monitors who track compliance with finance regulations during campaigns. According to Albania's Electoral Code (OSCE Presence in Albania 2021), monitors ensure compliance with campaign finance limitations and monitor the abuse of state resources. For the 2021 parliamentary elections, 64 monitors were deployed across the country, trained on the new guidelines, and equipped with checklists and templates for reporting violations. However, late deployment, limited access to campaign schedules and challenges in identifying the misuse of state resources impeded their efforts. Monitors reported incidents and submitted reports every 10 days, which contributed to the Central Electoral Commission's post-election audit and review processes (IFES n.d.b).

France: Evolving the role of National Commission for Campaign Accounts and Political Financing

France established its National Commission for Campaign Accounts and Political Financing to ensure transparency and accountability in campaign financing. This independent administrative authority has two main tasks—monitoring the campaign accounts of candidates elected by direct universal suffrage (excluding senatorial elections) in constituencies with at least 9,000 inhabitants and verifying compliance with political party financing regulations (Jouan 2016). The commission enforces rules requiring the appointment of a financial representative at the start of campaigns, adherence to spending limits and the prohibition of anonymous donations. Non-compliance can result in severe sanctions, including fines, the disqualification of candidates or the annulment of election results (Boring 2019).

The commission's framework has evolved to address contemporary challenges, with significant amendments introduced in 2020 (Republic of France n.d.). These changes strengthened oversight mechanisms and modernized operations to ensure more rigorous enforcement of financial regulations. Furthermore, broader reforms targeted foreign influence and misinformation in elections by prohibiting foreign entities from funding political candidates and requiring greater transparency in campaign advertisements.

India: Voluntary code of ethics for better transparency of online political advertising

In 2019 the Election Commission of India and the Internet and Mobile Association of India signed a voluntary code of ethics which entailed four key commitments on the part of social media companies. First, the companies agreed to conduct education and awareness campaigns and to establish a fast-track mechanism for taking action on objectionable posts reported to the Election Commission under various electoral laws. Second, they agreed to take action within three hours of reported violations of the mandatory 48-hour campaign-silence period before voting. Third, they pledged to ensure pre-certification of all political advertisements published on their platforms by the government's media certification and monitoring committees. Finally, they committed to reporting paid political advertisements in a transparent manner and to labelling them accordingly (Internet and Mobile Association of India and Election Commission of India 2019). In addition to this voluntary code, the Election Commission's Model Code of Conduct, which remains in effect throughout the campaign period, also applies to social media companies.

Box 2.11. Examples of interagency cooperation

Colombia: Interinstitutional cooperation against illicit campaign financing

The Colombian Government's Electoral Offences Policy 2022–2025 (Republic of Colombia 2022) aims to coordinate the efforts of the state and its agencies in combatting crimes that undermine political participation, limit representation at the national and local levels, and erode citizens' trust in state institutions. The policy's key priorities are (a) preventing electoral crimes; (b) combatting the influence of organized crime on democratic participation; and (c) reducing corruption within the electoral system.

The policy calls for coordination and collaboration among key institutions in order to address electoral crimes; it also calls for the participation of civil society actors and specialized commissions under the Ministry of the Interior and Ministry of Justice.

The policy assigns responsibility for certain actions to the Commission for Monitoring Electoral Crimes. The commission comprises key institutions such as the National Civil Registry, the Prosecutor-General's Office, the Ombudsman's Office, the Ministry of Justice, the State Council and the National Police. Other institutions, including the Ministry of the Interior, the Ministry of Education, the Ministry of Foreign Affairs, the National Electoral Council, and civil society organizations play supporting roles (Republic of Colombia 2022).

Lithuania: Legislative framework mandating interagency cooperation

Lithuania has a comprehensive legal framework in place and multiple institutions that collaborate to ensure transparency and accountability in political finance. The Central Election Commission plays a crucial role in monitoring the financial activities of political parties and candidates and is responsible for ensuring compliance with the laws governing political finance. Pursuant to article 19.5 of the 2004 Law on Funding of Political Campaigns and Control of Funding Thereof, the State Tax Inspectorate is mandated to verify whether donors had sufficient income to make donations and whether that income was taxed in accordance with the procedure established by law (Republic of Lithuania 2004).

The State Tax Inspectorate then informs the Central Election Commission about its inspections and any legal violations uncovered during the inspections (Republic of Lithuania 2004). Finally, the Chief Official Ethics Commission oversees conflicts of interest involving public officials, including those related to political finance. The Ethics Commission also provides guidance and enforces regulations concerning ethical conduct in public service (Republic of Lithuania 2008).

Chapter 3

RECOMMENDATIONS

3.1. POLICYMAKERS AND OVERSIGHT AGENCIES

3.1.1. Regulation on private contributions

1. In order to prevent the undue influence of one donor or a small group of donors, establish a reasonable limit on donations from a single source, whether an individual or a legal entity. Also apply this limit to donations from candidates and political parties to their own campaigns.
2. Prohibit donations from corporations that are fully or partially state-owned, participate in public procurement tenders, or receive state subsidies, permits or concessions.
3. Ban anonymous donations; where a ban is not feasible, impose appropriate limits on anonymous donations.
4. Prohibit donations to political parties and candidates from foreign sources, including foreign governments, citizens and legal entities, and establish clear definitions of what constitutes a foreign legal entity.
5. Establish criminal liability for individuals who knowingly solicit or accept political funding from illicit sources.

3.1.2. Provision of public funding

1. Consider direct public funding for political parties on an annual basis; ensure that the eligibility threshold and allocation criteria are objective and non-discriminatory, while allowing for political pluralism and safeguarding against abuse.
2. Provide subsidized access to public media outlets for political parties and candidates, especially during campaign periods, based on reasonable allocation criteria.

3. Develop clear guidelines on the permissible and prohibited use of state resources, including human, financial, material and other resources, by political parties and candidates during elections.

3.1.3. Spending regulations

1. Place limits on expenditures by political parties and candidates to reflect local realities; these limits should be determined through a consultation process based on objective data.
2. Review regulations on third parties and ensure that they are brought in line with regulations on political parties and candidates.
3. Review the regulated campaign periods and explore the feasibility of regulating parties, candidates and third parties in election and non-election years to the same (or a similar) degree.
4. Explore the feasibility of bringing online advertising regulations in line with restrictions on traditional media advertising. Require that publishers of advertisements, including social media platforms, maintain a register of all political advertisements, detailing the ad's owner, sponsor and authorizing body; the amount spent; the number of impressions; the reach and duration of the ad; the targeting criteria; etc.
5. Require online platforms to implement measures preventing third parties from misusing paid online communications to evade political finance regulations. These measures could include relevant disclosure requirements, identity verification, and reporting systems for detecting non-compliant or suspicious advertisements.
6. Pass a law requiring that spending above a certain threshold be accompanied by an invoice in a machine-readable format.

3.1.4. Reporting and disclosure requirements

1. Require that political parties, candidates and third parties maintain detailed financial records in compliance with international accounting standards, including details on their income and expenditures, and the identity of donors and vendors, as well as assets and liabilities.
2. Mandate that political parties, candidates and third parties process all transactions through dedicated bank accounts for political and campaign purposes, which should be transparent and open to public scrutiny.
3. Require that political parties, candidates and third parties report on itemized income (cash and in-kind contributions) and expenditures, including details on transaction values and dates and the identity of donors and vendors. Adopt a regulation

requiring that reports allow for the categorization of different expenses, including for preparing and placing online ads, whether directly or through intermediaries.

4. Adopt requirements on reporting deadlines to allow for verification, auditing and accountability, requiring annual and election-specific reports from political parties and campaign reports from candidates and third parties, including interim reports prior to election day.
5. Standardize reporting formats, introduce digital solutions and other systems to ensure seamless reporting, and provide political actors with appropriate training on their use.
6. Require that the oversight agency responsible for receiving political and campaign finance reports publish them in as close to real time as possible, through a centralized and user-friendly platform that provides searchable and accessible information in open-data formats.
7. Disclose certain data points, such as itemized income and expenditures, the identity of donors and vendors, etc.
8. Where there are privacy and security concerns associated with revealing the identity of small donors, place reasonable limits on the aggregate permissible amount of donations to a political party, candidate or campaign whose source is not publicly identified.

3.1.5. Oversight mechanisms

1. Empower an independent oversight body with the necessary mandate and sufficient resources to effectively monitor and enforce compliance with political finance regulations.
2. Provide training and resources for staff responsible for oversight of political and campaign finance.
3. Introduce effective, dissuasive and proportional civil, administrative, disciplinary and criminal sanctions for political finance violations. Provide the responsible agencies with a sufficient mandate and human and financial resources to investigate and prosecute violators. A repository of all the sanctions imposed should be available for public scrutiny.
4. Work with researchers and computer scientists to test the use of AI-powered tools in electoral oversight activities before, during and after an election, while adhering to the central tenet of human-in-the-loop oversight.

3.1.6. Interagency cooperation

1. Ensure proactive collaboration between political finance oversight agencies and other relevant institutions—such as tax and audit

authorities, anti-corruption and financial intelligence units, law enforcement and judiciary—to track and investigate potential political finance violations and prevent the flow of illicit money into politics.

2. Enhance cooperation with private entities, including social media platforms, to ensure that their policies on political advertising are in line with national laws on political and campaign finance.
3. Collaborate with civil society and other watchdog groups to deploy monitors to investigate political finance violations.

3.2. POLITICAL PARTIES

3.2.1. Internal policies and practices

1. Include political finance policy in party manifestos, which will make parties more accountable to citizens and demonstrate a commitment to levelling the playing field and tackling illicit funding.
2. Conduct an independent external audit of financial reports and make them available to the public in a user-friendly format.

3.2.2. Compliance with laws

1. Ensure that the sources and amounts of donations received are in line with existing regulations.
2. Cooperate with oversight bodies and submit required reports and documentation without delay.

3.2.3. Foster transparency

1. Introduce self-regulatory mechanisms even where formal regulations may not exist or are not comprehensive. Make intraparty procedures transparent, demonstrating to the public how they are preventing illicit funding.
2. Publish detailed and timely financial reports, including itemized income sources, expenditures, assets and liabilities, through accessible, public-facing financial dashboards.

3.2.4. Foster a culture of integrity

1. Train party members and candidates on ethical fundraising, spending and compliance with regulations.
2. Cultivate an internal party culture that prioritizes transparency and rejects corrupt practices.

3.3. PRIVATE ENTITIES

3.3.1. Corporations

1. Establish clear internal policies and guidelines governing political donations, including contribution limits, restrictions and approval processes.
2. Set up board committees to monitor and approve political donations and ensure alignment not only with corporate values but also with broader societal goals, avoiding funding that promotes narrow corporate interests at the expense of public welfare.
3. Publish on websites and in annual reports detailed reports on all political donations, including the amounts, recipients and purpose of contributions.
4. Collaborate with industry peers to develop and adhere to voluntary standards for political finance transparency.

3.3.2. Social media platforms

1. Ensure compliance with political finance laws wherever they operate.
2. Ensure that all political advertisements are labelled and include information on who paid for them, who authorized them, the targeting criteria used and the amount spent.
3. Maintain publicly accessible, searchable libraries of all political advertisements, including the information outlined above.
4. Implement safeguards to prevent foreign entities from funding or running political ads during elections in another territory.
5. Allow regulatory bodies and the public to monitor campaign spending in real time by offering application programming interfaces or dashboards with detailed data on political advertising expenditures.

3.4. CIVIL SOCIETY ORGANIZATIONS AND MEDIA

1. Serve as an effective watchdog when it comes to compliance with political finance regulations by systematically documenting and analysing political parties' and candidates' finances, and make the information publicly accessible in a way that is easy to understand.
2. Work closely with oversight agencies and political parties to provide feedback on measures to promote political finance transparency.

3. Carry out awareness-raising activities to educate the public on the role of money in politics and the negative repercussions of violations of political finance regulations, including vote-buying and vote-selling practices.

3.5. INTERNATIONAL ACTORS (INTERNATIONAL ORGANIZATIONS, DONOR AGENCIES, ETC.)

1. Prioritize the issue of political finance as part of larger efforts to curb corruption, focusing on building the capacity of oversight agencies to carry out their role in monitoring and enforcing compliance with political finance regulations.
2. Provide support to strengthen internal party controls and to build the capacity of political party leaders and officials.
3. Document and share best practices from different countries and make them available for collective learning. Create spaces for dialogue and to exchange best practices.
4. Upon request from national stakeholders, provide technical support for drafting or updating political finance laws and regulations, drawing on global best practices.
5. Together with civil society organizations and national governments, continue calling for better global norms and standards for political finance transparency.

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Political finance plays a crucial role in democracy by enabling political parties and candidates to engage with voters and participate in elections. However, if left unchecked, it can undermine democratic integrity, foster corruption and allow undue influence. Ensuring fair and transparent political finance, therefore, is essential for protecting democracy and preventing corruption.

This report examines the global landscape of political finance regulation, highlighting both progress and persistent challenges, including use of foreign and anonymous donations, unregulated third-party spending, illicit funding and the growing influence of digital platforms. Beyond regulations, the report underscores the importance of effective enforcement, independent oversight and international cooperation in strengthening political finance systems. It also explores innovative solutions, such as digital transparency tools and artificial intelligence, that can enhance accountability.

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