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**Statement submitted by Transparency International, a  
non-governmental organization in consultative status with  
the Economic and Social Council\***

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**Transparency International Submission  
to the 10th Session of the UNCAC Conference of State Parties**

**Recommendations for UNCAC CoSP to address challenges in the transparency of the funding of candidates and political parties (UNCAC Article 7.3)**

**Introduction**

Transparency and accountability of political finance help deter conflicts of interest, state capture, and corruption in public office,<sup>1</sup> strengthening the integrity of democratic institutions and elections.<sup>2</sup> This submission provides recommendations for the 10<sup>th</sup> UNCAC Conference of States Parties (CoSP) to address challenges in the enhancing of transparency of funding of candidates and political parties (Article 7.3 of the Convention).

The analysis draws from (i) second cycle reviews of the Mechanism for the Review of Implementation of the UNCAC,<sup>3</sup> (ii) the International IDEA Political Finance Database covering 181 countries,<sup>4</sup> (iii) the 2021 Global Data Barometer survey of open data practices in 109 countries,<sup>5</sup> as well as (iv) in-depth assessments conducted by Transparency International chapters in six Western Balkans countries and Türkiye -not covered in (iii).

The recommendations build upon the ‘Principles on transparency in political finance’ prepared by the Expert Group on Transparency in Political Finance convened in May 2019.<sup>6</sup>

**Most prevalent challenges in political finance transparency worldwide**

The Thematic Report on the Implementation of Chapter II (Preventive measures) indicates that [i] ‘lack of comprehensive legislation or administrative measures,’ [ii] ‘adequate limits to private donations’; ‘restriction of’ [iii] anonymous and [iv] ‘foreign donations’, [v] ‘effective disclosure obligations’ and [vi] ‘oversight and audit mechanisms’ are “most prevalent challenges” in the implementation of Article 7.3. As the report however does not detail how many of the 82 countries face these challenges, Table 1 provides an estimate of how widespread they are across the world.

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<sup>1</sup> Governments perform 50% lower in controlling corruption where political finance is not adequately enforced. Transparency International (2020), *Building Political Integrity to Stamp out Corruption*. Available at: <https://www.transparency.org/en/news/building-political-integrity-to-stamp-out-corruption-three-steps-to-cleaner-politics>

<sup>2</sup> An analysis of 480 elections in 169 countries between 2012 and 2021 shows campaign finance performs the weakest, see: Electoral Integrity Project (2022), *Electoral Integrity Global Report 2019-2021*, p. 13. Available at: <https://www.electoralintegrityproject.com/reports>

<sup>3</sup> United Nations Office on Drugs and Crime (2023) *Implementation of chapter II (Preventive measures) of the United Nations Convention against Corruption: Thematic report prepared by the Secretariat*, 5 October 2023, (§4, Table 1, pp. 2-3; §20, p. 10). Available at: <https://www.unodc.org/documents/treaties/UNCAC/COSP/session10/CAC-COSP-2023-4/2319167E.pdf> (accessed on 21 November 2023)

<sup>4</sup> *International IDEA Political Finance Database*. Available at: <https://www.idea.int/data-tools/data/political-finance-database> (last accessed on 21 November 2023)

<sup>5</sup> Global Data Barometer 2021, See <https://globaldatabarometer.org> (last accessed on 21 November 2023)

<sup>6</sup> United Nations Office on Drugs and Crime (2019) *Preventing and combating corruption involving vast quantities of assets, Expert recommendations*, pp. 21-23. Available at: [https://www.unodc.org/documents/corruption/Publications/2019/19-10467\\_Preventing\\_Combating\\_Corruption\\_ebook.pdf](https://www.unodc.org/documents/corruption/Publications/2019/19-10467_Preventing_Combating_Corruption_ebook.pdf)

**Table 1 – Most prevalent challenges for implementation of Article 7.3 from a global perspective**

<b>Identified challenge and/or recommendation issued (2nd cycle review, art 7.3, Secretariat thematic report)</b>	<b>Evidence from survey of 109 countries by the Global Data Barometer Political Integrity Module, and 181 countries surveyed International IDEA’s Political Finance Database</b>
<i>Lack of comprehensive legislation or administrative measures to regulate the funding of candidates for elected office and the funding of political parties (...)</i>	✓ 57 out of 181 countries do not mandate political parties to report on their election campaign finances; 50 out 181 do not mandate candidates to report on their election campaign finances.
<i>(...) adequate limits to private donations / (...), to establish limits for private donations that could result in a conflict of interest;</i>	✓ 100 and 96 out of 181 countries do not establish limits for donations to candidates and political parties, respectively. 101 countries do not regulate third-party financing.
<i>(...) restrictions of foreign donations / (...), apply restrictions on foreign donations</i>	✓ Over 70 out of 181 countries do not establish bans on foreign donations from foreign interests to candidates, and 54 to political parties
<i>(...) restrictions of anonymous donations / (...) prohibit anonymous donations</i>	<ul style="list-style-type: none"> <li>✓ 64 out 181 countries in the world do not ban or restrict anonymous donations to candidates; most do not require the disclosure of beneficial ownership of corporate donors, or link to physical persons;</li> <li>✓ Nearly half of 181 countries do not require political parties, candidates, and third parties to handle cash flows through banking systems.</li> </ul>
<i>(...) ensure the information reported included the identity of persons providing funding</i>	✓ Only 37 out of 109 countries surveyed in the Global Data Barometer publish political finance information online with details of income and donors. Common identifiers that facilitate scrutiny by anticorruption watchdogs, was found to be practiced in just 19 countries.
<i>(...) effective disclosure obligations / ...proactively and systematically make donation registers public</i>	✓ Only 53 out of 109 countries surveyed by the Global Data Barometer publish political finance information online.
<i>(...) effective oversight and audit mechanisms/ ...ensure the existence of an effective enforcement, monitoring and oversight system</i>	✓ Less than a third of 181 countries have endowed oversight agencies with the most effective powers and capacities to detect unreported financing.

## Challenges in six Western Balkans countries and Türkiye<sup>7</sup>

A decade of reforms in Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Kosovo, Serbia and Türkiye has resulted in limits to private donations to political parties, including corporate donations capped at low thresholds. Also, all Western Balkans countries ban anonymous donations to political parties and have imposed substantial restrictions on foreign donations to political parties.

However, without beneficial ownership registries in place, regulations of self-candidate financing, reporting obligations for both candidates and third parties campaigning in elections, to name three prominent legal loopholes, transparency remains elusive in the region.

Further implementation challenges regard the quality of publication and the accountability for compliance with political finance obligations, or its lack thereof:

- **Publication:** None of the seven countries discloses political finance information online and in open data formats that would allow for bulk downloads and wide scrutiny. Further, while the six Western Balkans countries disclose each donation to parties with donor names, only Albania does so with unique identifiers, and Bosnia and Herzegovina, Kosovo and Serbia publish information in a timely manner.
- **Accountability:** The effectiveness of oversight is challenged in two regards. First, agencies require more resources to conduct the legally mandated verification and auditing on time. Another common challenge is that while investigative and sanctioning powers for non-compliance exist in law, they are either not sufficiently dissuasive or enforced in practice.

A growing body of evidence shows that political finance challenges are wider in scope, as described in our [earlier submission to the 14th Session of the UNCAC Implementation Review Group](#), that they weaken the reliability of financial information reported or published, and create incentives for corrupt actors to seek to enter or influence politics.

### Addressing Article 7.3 implementation challenges

Transparency International urges the CoSP to fulfil the commitment in the Political Declaration of the 2021 UN General Assembly Special Session against Corruption to *‘maintain, strengthen, develop and implement measures’* to ensure transparency in the funding of candidates, political parties and campaigns,<sup>8</sup> and make a priority the issuing of guidelines to give full effect to article 7.3 of the Convention. This should include measures to:

- 1. Close regulatory loopholes that enable illicit funding of political parties, candidates and election campaigns.** States parties must enact and enforce laws to ensure that each donation, its amount, and the identification of its donor, is reported and publicly disclosed to an appropriate authority. States parties must establish adequate limits for donations that could result in a conflict of interest, ban donations from anonymous and foreign sources, ban donations from

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<sup>7</sup> Based on: Transparency International (2023) ‘Bringing the Receipts. Political Finance Transparency in the Western Balkans and Türkiye’, forthcoming.

<sup>8</sup> Resolution S-32/1, adopted by the General Assembly on 2 June 2021, *Our common commitment to effectively addressing challenges and implementing measures to prevent and combat corruption and strengthen international cooperation*, §12, p. 6

companies that do not disclose their beneficial owners, and stop the use of third parties to circumvent financial obligations.

2. **Introduce compulsory systems for digital reporting and disclosure of political finance information, including the identity of persons providing funding.** States parties should develop digital tools for the timely and comprehensive reporting of political contributions and expenditures at all levels of elected office, and disclosure to a competent oversight authority and the public.
3. **Improve oversight and accountability of political finance regimes.** Evidence shows that having a well-resourced and mandated oversight agency has a consistently positive effect on transparency.<sup>9</sup> States parties should strengthen oversight bodies with resources and monitoring, investigative, and enforcement powers; as well as credible sanctions to deter breaches.
4. **Promote knowledge, civic engagement and public participation.** States parties should actively engage civil society, encourage public participation in political finance oversight, including of the honest use of public resources in election campaigns, and protect the rights of whistle-blowers who expose corruption within the political finance system.

Berlin, 27 November 2023

Transparency International Secretariat

Transparency International Macedonia

MANS Montenegro

Transparency International Bosnia and Herzegovina

Kosova Democratic Institute

Transparency Serbia

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<sup>9</sup> Valladares, J. and J. Vrushni (2022) 'Building a greater understanding of political integrity data infrastructures', available on Global Data Barometer (<https://globaldatabarometer.org/2022/05/building-a-greater-understanding-of-political-integrity-data-infrastructures/>),