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**Implementation Review Group**

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Agenda item 7

**Other matters**

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

The following document is being circulated in accordance with paragraph 1 (i) of resolution 4/6 of the Conference of the States Parties to the United Nations Convention against Corruption and rule 17, paragraph 3 (b), of the rules of procedure for the Conference.

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\*\* The present document is processed in the form in which it was received.



**Transparency International Submission  
to the 14<sup>th</sup> Session of the UNCAC Implementation Review Group**

**Call for UNCAC CoSP action on measures to enhance transparency of the funding  
of candidates and political parties (UNCAC Article 7.3)**

Opacity of political finance is a threat to democracy and integrity, as indicated by a growing body of evidence. Campaign finance is the weakest area of electoral integrity in the world.<sup>1</sup> Countries where political finance disclosure requirements either do not exist or are not enforced perform 50% lower in controlling corruption.<sup>2</sup>

UNCAC Article 7.3 requires special attention from the UNCAC Conference of States Parties (CoSP) when it meets in December 2023.

The article is the one truly global commitment to transparency in political finance. The 2021 UN-GASS Political Declaration §12 rightly called upon the UNCAC CoSP to ‘*maintain, strengthen, develop and implement measures*’ to ensure transparency with a view to ‘*preventing corruption, ensuring accountability, promoting good governance and reinforcing trust in public institutions.*’

**UNCAC Article 7.3 implementation – UNODC reports**

The 2023 UNODC report on country implementation of UNCAC prevention measures, based on second cycle reviews to date, concluded that either the *lack of comprehensive legislation or administrative measures*<sup>3</sup> or *inadequate rules*<sup>4</sup> for the funding of candidates and political parties is one of most prevalent challenges (possibly in as many as 65 out of 67 State Parties).<sup>5</sup> In addition, *funding of political parties* is one of the most frequently identified topics for technical assistance and legislative support.<sup>6</sup>

However, UNODC’s latest report on the technical assistance it has delivered does not refer to direct support for addressing such needs.<sup>7</sup>

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<sup>1</sup> See the assessment of 480 elections in 169 countries between 2012 and 2021 in: Electoral Integrity Project (2022), Electoral Integrity Global Report 2019-2021, p. 13. Available at: <https://www.electoralintegrityproject.com/reports>

<sup>2</sup> Transparency International (2020), *Building Political Integrity to Stamp out Corruption: Three Steps to Cleaner Politics*. Available at: <https://www.transparency.org/en/news/building-political-integrity-to-stamp-out-corruption-three-steps-to-cleaner-politics>

<sup>3</sup> UNODC (2023) *Implementation of chapter II (Preventive measures) of the United Nations Convention against Corruption: The thematic report prepared by the Secretariat*. Implementation Review Group Fourteenth session 12 -16 June 2023), (§4, p. 3 and Table 1 ) Available at: <https://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/12-16June2023/CAC-COSP-IRG-2023-5/2305071E.pdf>

<sup>4</sup> Op. cit §22, p. 11.

<sup>5</sup> Op. cit p. 3 (Table 1 indicates 65 states were issued a total of 194 recommendations on Article 7; though these recommendations are not disaggregated per challenge)

<sup>6</sup> See §14.g, p. 6 of UNODC (2023) *Analysis of technical assistance needs emerging from the country reviews and assistance delivered by the United Nations Office on Drugs and Crime in support of the implementation of the United Nations Convention against Corruption*. Implementation Review Group Fourteenth session, 12 -16 June 2023). Available at: <https://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/12-16June2023/CAC-COSP-IRG-2023-6/2305639E.pdf>

<sup>7</sup> None of the reported technical assistance activities in Section III of the 2023 ‘Analysis of technical assistance...’ document refers to the funding of political parties (see e.g., §40, §47).

### **Problem areas for further work under Article 7.3**

On the topic of transparency of the funding of candidates and political parties, UNODC's 2023 reports do not identify the specific challenges that make existing legislation and administrative measures either inadequate or lacking comprehensiveness.

A review of research and practice shows that one major challenge is that approximately 51 countries still lack even the most basic political finance transparency rules.<sup>8</sup>

In those countries that do have transparency rules, there is often a lack of adequate implementation. A 2021 Global Data Barometer survey of 109 countries found that of 85 countries that mandate publication of political finance information, only 53 of them had it published online.<sup>9</sup> Further, of those that published, only 37 countries did so with details of income and donors. The gold standard of disclosure i.e., common identifiers that facilitate scrutiny by anticorruption watchdogs from society and government, was found to be practiced in just 19 of 85 countries surveyed.

Our analysis of the Global Data Barometer political integrity module showed that having a well-resourced and mandated agency in charge of collection and verification has a consistently positive effect on the publication of political finance information online.<sup>10</sup> Empowered and well-resourced agencies can provide clear guidance, user-friendly formats, filing systems that facilitate compliance, and perform verification that deters failure to report.

Furthermore, regulatory loopholes lessen the reliability of financial information reported or published and create incentives for political corruption, state capture and organised crime, or foreign interference.<sup>11</sup> Some of these loopholes identified in wider assessments of political finance systems across regions are:

- i. Largely inadequate timeframes for reporting and disclosure of campaign finance, which prevents citizens from making informed voting choices;
- ii. Most countries that allow companies to make donations, do not require the disclosure of beneficial ownership, or the link to physical persons;
- iii. High thresholds for anonymous donations, or largely unregulated donations in cryptocurrencies and other crypto assets without open ledger or unsupported by a central bank;

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<sup>8</sup> International IDEA Political Finance Database: "51. Is information from political parties and/or candidates to be made public?", available online on: <https://www.idea.int/data-tools/question-view/567>

<sup>9</sup> Global Data Barometer 2021, including 109 countries. Questions: "Is this data available online in any form?", and "Data contains details of income for each party or candidate". See <https://globaldatabarometer.org>

<sup>10</sup> Valladares, J. and J. Vrushu (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/>),

<sup>11</sup> See for instance: International IDEA (2020), *The Integrity of Political Finance Systems in Africa: Tackling Political Corruption*; *The Integrity of Political Finance Systems in Central and Eastern Europe: Tackling Political Corruption*; 'The Integrity of Political Finance Systems in Latin America: Tackling Political Corruption', Policy Paper Nos. 19, 20 and 21; Poder Ciudadano, Transparencia Internacional Brasil, Transparencia por Colombia, Sciences Po (2020) 'Financiamiento de la Política. Apuntes desde Una Mirada Regional', Available at <https://transparenciacolombia.org.co/wp-content/uploads/estudio-regional-comparado-financiamiento-de-la-politica.pdf>, p. 54

- iv. Extensive lack of regulation of third-party financing of activities to influence electoral outcomes, which makes them an attractive conduit to circumvent bans, donation caps and spending ceilings;
- v. Most countries lack parameters to determine the monetary value of in-kind donations;
- vi. Spending in digital platforms that publish and deliver online political advertising remains mostly unregulated and unreported;
- vii. Most countries have inadequate systems in place (e.g., lack of standardised itemised formats, digital solutions) for bookkeeping, reporting and disclosure of political finance;
- viii. Nearly half of countries do not require political parties, candidates, and third parties to handle cash flows through banking systems (most countries in Africa and Oceania, around a third of Europe, Americas and Asia);
- ix. Less than a third of countries have endowed oversight agencies with sufficient mandates to detect unreported financing the most effective powers and capacities to detect unreported flows (warnings, redflagging, data interoperability, referrals for investigation; requests of information and information sharing mechanisms with other agencies, etc) that build on or draw from existing infrastructures for anti-money laundering, tax evasion and other financial enforcement.<sup>12</sup>

### **Addressing implementation gaps**

The UNCAC CoSP should follow up on the UNGASS Political Declaration mandate to '*maintain, strengthen, develop, and implement measures* to enhance transparency in political financing as a means to prevent corruption, ensure accountability, and reinforce trust in government. To that end we call on the UNCAC CoSP to:

- request the Secretariat to conduct a comprehensive, in-depth survey of the specific challenges, good practices, lessons learned, and technical assistance needs in relation to effectively enhancing transparency of the funding of candidates and political parties by State Parties, pursuant to Article 7.3 of the Convention
- request the UNCAC Working Group on Prevention to give priority to discussing and making recommendations to the CoSP on appropriate legislative and administrative measures to improve the effective implementation of Article 7.3 of the Convention.

Berlin, 31 May 2023

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<sup>12</sup> Recommendations 55-58 in the 2019 Oslo Statement on Corruption Involving Vast Quantities of Assets while relevant, only partially address these issues. The statement was produced by a group of experts convened by UNODC. [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), p. 20.