Sources of election campaigns’ financing

Law on Financing of Political Activities from 2011 provides an opportunity to finance electoral campaigns from the public and private sources.

The permitted private sources to finance these activities include all those assets that political entities can collect as part of their regular financing - membership fees, contributions from individuals and legal entities, in the form of gift items, free labor or non-market discount income (eg . depozite interest, rents from property renting) inheritance and legacies. Also, the Act speaks of bank loans and other financial institutions as a permitted source of funding.

For the financing of any election campaign a special account that can not be used for other purposes has to be opened. Specifically, in 2012. political entity which participates in the parliamentary, presidential, provincial and local elections will have to open a separate account for each campaign financing (and for every city and municipality in Vojvodina and for each constituency on a majority basis). The law does not prescribe the obligation to publish a special account for campaign financing.

Those political entities that already exist at the time of announcement of elections, for example, can fund their campaign by passing the funds collected for the regular operation to special accounts. It is not allowed to directly pay the costs from the account for financing of regular work. However, in this respect there is a limit - can not transfer funds to a political entity received from the budget to finance its regular work.Monitoring the fulfillment of this limitation is not easy, because the political entities do not have to hold funds received from the budget separately from those obtained from other sources. However, after the political parties file and publish their annual reports on the financing, with deadline 15th april 2012th, it will be possible to see how many resources and from what sources the disposal at the end of last year.

Given that political parties in Serbia do not have a large scale real estate that would be issued, nor the practice of property zaveštavanja political parties, it is obvious that as the dominant sources of revenue include the following:

Membership fees. Previous experience and reports of political parties on income shows that most parties do not collect dues or not or is not shown in the financial statements or revenues are not significant. From the annual financial report of the parliamentary party in 2010. it follows that the total sum raised from membership fees was 154 million dinars, of which more than three-quarters representing membership in the Democratic Party.

Contributions: Since the introduction of the Law on financing political activities imposed the obligation of political entities that publish information on large contributions received.The obligation exists when it comes to the contributions of a person who annually pass an average wage in the Republic. Deadline for publication is eight days from when the sum exceeds the amount of any kind. Previous monitoring has shown the following:

• U 2011. than 15 years of observations of the parliamentary parties, only six of them have indicated that it had more attachments (DS, G17 Plus, SNS, DSS, SPS, SPO). The above is a total of 384 major donors, of which only 13 legal entities and entrepreneurs.Total is in this way collected 59,755,457 dinars, of which 25,128,034 of business entities.

• In the first three months of 2012, and in particular the announcement of elections, it is very noticeable increase of this type of income. Parties are to report contributions in the past, have now joined the LDP, LSV, SDPS, JS, and SVM), and SNS reported no new major donor in 2012. Still more information on the SRS contributions are not published, PUPS, NS SDU and observed by the parties. Thus, a total of major donors (267) raised to 4 April 2012. 36,454,455 dinars, ie 60% of the amount for the whole of last year, but only 3,645,917 dinars comes from businesses.

• The status of political entities have not only registered political parties, but the electoral coalitions and citizens' groups to submit electoral list or nominate a candidate. However, it is notable that the coalition that filed the electoral list of candidates proposed or often do not have a special joint web-site (eg "turning point" Start up of Serbia "," SPS-PUPS-JS ") or do not disclose major contributions to the coalition Web sites ("The choice for a better life", "United Regions of Serbia"). Some of these lists are published on his party sites (such as LDP, which specifically mentioned that the items intended for financing the Republican or local campaigns, DS). It is also noticeable that some of the parties / lists that lead a very active campaign not published data on the major donors for several months (eg, SNS since last year, G17Plus since the beginning of February 2012).

Credits: Information on loans used to finance election campaigns are not yet available, except for occasional announcements of representatives of the parties to use such loans.As we previously drew attention during the writing of the Law and the call the Anti-Corruption and the Ministry of Finance to clarify some ambiguity in the law, the legal nature of the loan is controversial. They are the one place in the law are treated as "political entities income from private sources." However, the loan is essentially different from other forms of income because it has come back from some other source. When the loan used to finance the election campaign is still no when to return any of the source.If the repayment of the loan agreements after the filing of reports on campaign financing, then the supervisory authorities and the public may be deprived of timely information about the funds from which the loan will be repaid. Moreover, there is a possibility that the party repay the loan intended for the election campaign from funds received from the budget to finance its regular work. Although the law regulates some important questions about the loan (ie the loan on better terms than the market is treated as an attachment), there are open questions (eg whether to take a loan from a bank that is in partial state ownership, since otherwise financing of political party banned from enterprises that are owned by the state).

Budgets: As we noted at the time of the adoption of the budget of the Republic of Serbia for 2012. year, funds were allocated to finance the parliamentary election campaign (843 228 190 dinars) are properly allocated. However, it was omitted from the budget plan the same amount to finance the campaign for presidential elections, although it was known that the election campaign must begin this year, even if it was not the president's resignation. Also omitted is to provide funds for the control of campaign financing by the Agency. Means for controlling the parliamentary campaign 8,432,281.90 dinars, as much should be allocated for the control of the presidential election campaign, which, under the Act, should add no negligible amount for the control of provincial and local elections (4,216,141 dinars for the control of any electoral process in provinces and cities, and 2,108,070 for each municipality in which the election is held).

If the number of lists can not be changed, each of which pass the electoral list of collateral (at present 10), will be given before the election by the RSD 16,880,563.80. Those who enter the Assembly will be given to cover the cost of the campaign is 2.70089 million per mandate won. When it comes to presidential elections, if the budget be allocated in accordance with the Act, it is not certain, all nominators of candidates who pass the bond election will receive 42.161.409.5 dinars (if there is a total of ten). Those who pass the second round will also have more 21,080,704.8 dinars from the budget.

In addition, funding for the provincial election campaign has been allocated 54.194.506.83 dinars. On the basis of incomplete data for the budgets of local governments can be estimated that the financing of local campaigns will be set aside over 200 million. On the basis of these data can be estimated that the total level of legal budgetary allocations to finance the election campaign this spring to be more than 1.9 billion dinars, or about 17.4 million euros. Bearing in mind that the recent monitoring shows that the campaign largely of water in bulk for various types of elections, it is reasonable to expect that public funds would be enough to satisfy most of the costs of the campaign. Where public funds for this purpose are not clearly separated (eg in many municipalities, the budget for the presidential elections), there is a risk that funds are arbitrarily determined for this purpose and this causes inequality of candidates and requests for compensation.

Election guarantee: the guarantee of the Election Act that the newspaper should ensure that no budgetary funds are not squandered on the lists and candidates who do not have a realistic chance to achieve electoral success. List or a candidate who wishes to obtain funds from the budget before the election must deposit collateral in the form of mortgages, cash or securities. However, it remains unclear whether this purpose may use the funds on which political entities otherwise entitled to (eg whether a person to pass the property as collateral, although the value of the property exceeds the maximum contributions that a person must pay, may I use as collateral and funding from sources that can serve as an attachment), since, especially in case of bad electoral success, the election becomes a de facto guarantee of support given to the campaign.

Belgrade, 10 april 2012th