



REPORT

Political party
financing in the
Republic of Moldova

Semester I, 2017



Promo - LEX

Advancing democracy and human rights

REPORT

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2017, Semester I



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INTRODUCTION

During August 2016–July 2019, Promo-LEX Association is implementing the ‘Democracy, Transparency and Accountability’ Program funded by the United States Agency for International Development (USAID). As part of this project, the Association intends, among other things, to develop a number of monitoring reports of political party funding (annual and semi-annual), in this case, from the perspective of the conducted activities and of reporting by parties to the mandated body – Central Electoral Commission (CEC).

In order to obtain an overview of the situation of Moldovan political parties’ finances for the semester I of 2017, Promo-LEX Association assessed 1 441 forms that reflect the activity carried out by 15 political parties – subjects of civic monitoring, and 201 forms reflecting their operational activity. A number of 35 semi-annual financial statements submitted to CEC, containing both qualitative and quantitative data on this subject, were analysed as well. As a result, of the total of 45 registered political parties, the Report targeted directly the formations that submitted semi-annual financial statements (I) for 2017 and/or the activity of which was monitored by observers.

The civic monitoring conducted all over the country helped Promo-LEX Association to reconstitute the overview of activities conducted by 15 political parties from the Republic of Moldova, during the reporting period. The overview, reconstituted by Promo-LEX observers, is available in still and video images on the www.monitor.md. These activities were analysed alongside with the financial data reported in the semi-annual and campaign reports submitted to CEC for the new local elections of May 2017. In addition, as regards other 20 political parties, the observers examined only the semi-annual financial statements that were submitted to CEC, since the observers did not find and report any of their field activities.

With this Report, Promo-LEX Association aims at monitoring the quality of political party financial reporting, of transparency and compliance indicators, and of the activity of mandated supervisory and control body. The final purpose of the Report is to improve the existing practices in the field and to prevent the violation of law by promoting the good practices of financial reporting among political parties.

MONITORING METHODOLOGY

The monitoring is aimed at reconstructing the overall picture of parties' expenses during the semester I of 2017 and at assessing the compliance of the reporting, recording and supervision activity with the legal norms in force. It was focused on the events conducted by political parties, including by their territorial organisations. At the conceptual level, the parties that did not have party offices in the level-two administrative-territorial units (ATU), and those that conducted at least one activity in the mentioned territory were considered as well. Hence, in order to assess the funding of political parties, the following actions were performed: field research method, use of open data by the analysis of the online platforms of monitored subjects (social media – facebook and odnoklassniki profiles of central and territorial party organisations, the party's website), review of the local media sources (the archive, libraries), informal discussions with community stakeholders (Local Public Administration (LPA)), business entities, citizens. Even if Promo-LEX Association is not an investigation body, all of its findings during the field monitoring were supported by photo and video evidence that were posted on the online platform www.monitor.md. The monitoring involved 35 territorial observers (assigned to level-two ATUs), 5 regional coordinators and members of central team of Promo-LEX Association. All the observers were informed about the project's aims, methodology and working tools. Every observer signed the Code of Conduct of Promo-LEX observers¹. The central team developed standardised forms for quantitative and qualitative data collection regarding the activity of political parties by using the monitoring method. The data collected by observers using the standardised forms were posted on the Promo-LEX internal and secured reporting platform, analysed, validated and summarised by the central team. The financial analyst compared the information from the parties' official financial statements submitted to CEC, analysed the information submitted by observers, and estimated the actual expenses of parties on the basis of information reported from the field. Finally, she related the obtained findings to the actual legal framework and assessed their compliance. Promo-LEX Association requested from the State Tax Service clarifying information about the existence of cash registers (CR), the list of political parties that use CR, the number of these devices owned by every political entity registered with MoJ, as well as the records of the collection of donations. Analysis of the data from the received documents is also included in the Report. The currencies used in this Report are expressed in Moldovan lei (MDL), at the exchange rate of EUR 1 = MDL 21.

1. <https://promolex.md/4689-codul-de-conduita-al-observatorilor-electorali-promo-lex/?lang=en>

SUMMARY

Promo-LEX Association conducted civic monitoring of political party funding for semester I of 2017. This Report contains findings related to the funding of political parties that were made by the network of national Promo-LEX observers, connected to the data from the semi-annual financial statements submitted by political parties to CEC. It also presents the analysis of regulatory changes during the reporting period, with regards to the funding of political parties, as well as recommendations for improving the regulatory framework, formulated as a result of monitoring.

The state subsidies offered to parties were not used by all the eligible political formations in 2016, so an amount of MDL 2 million was returned to the state budget. The main reason why CEC did not provide subsidies to those 11 subjects was that the latter refused or avoided to open bank accounts specifically designed for the use of public money.

In the first half of 2017, the legal framework on the funding of political parties did not change, meaning that it did not improve. Although the Constitutional Court requested the legislative body to improve the legal norms on funding of political parties and election campaigns, no progresses were registered in this respect. Moreover, the Parliament failed to use the combined efforts of the Central Electoral Commission and Non-Government sector, materialised in a working group designed for the same purpose.

The defective model of the financial statement, proposed by CEC, obstructs the access to full financial information. The lack of such expense categories as *'political consultancy'*, *'financial rewards for volunteers and electioneers'*, as well as the lack in the statements of such fields as *'expenses for street billboards'*, *'expenses for electronic advertising'*, *'expenses for promotional advertising'*, *'written media'* allow the subjects of reporting to generalize data thus minimizing the transparency of expenses from the above-mentioned expense categories.

Researches show insufficient information on the practice of *'collecting cash donations'* from individuals for political parties. A more serious fact is that the resort bodies, in this case STS, fail to show openness when are requested to provide confirmatory information for the examination of the Moldovan political parties' tax accounting and management practice.

Promo-LEX found that although the reporting index moved upwards (*from 30 parties in 2016 to 35 in 2017 (I)*), the reporting itself, however, remains faulty in terms of compliance with the requirements of filling in the financial statement. 4 out of 35 parties are subject to contraventional liability, because they reported about rented and owned offices, without reporting expenses related to their maintenance (*PAM, PSD, PRegiunilor, PVE*). Promo-LEX highlights that, by 2 May 2017, 3 political formations risked being sanctioned and/or forced to pay into the state budget and/or to reimburse the cash above the set ceilings, amounting to MDL 14 508 880: PDM – MDL 14 429 370; PPDA – MDL 63 110; PUN – MDL 16 400.

According to statements submitted to CEC, in the 1st semester of 2017 the membership fee category no longer represents an attractive funding source, decreasing from 24% in the semester I of 2016 to only 5% in the semester I of 2017; the donations constituted 38% in the reporting period, while in the semester I of 2016 – 75%. State budget subsidies constituted 25%. In the first half of 2017, one political formation (PCRM) reported a new income source – the income generated from the property management – with a share of 32% of the total income sources.

On the other hand, the share of expenses for print media and promotional materials was of 74%, party offices and their maintenance – 9%, staff expenses — 7%, meetings and events – 5%; telecommunications, trips in the country and abroad, payment of membership fees in international organisations and other expenses – 1%. However, Promo-LEX found, on the basis of political parties' statements, that the latter reported higher expenses for telecommunications (*internet, land-line and mobile telephone services*) rather than for national and international travel, while the observers reported significant distance travelled abroad and thousands of km travelled inside the country.

The field monitoring revealed that in 2017, 15 parties had under management at least 201 offices, 226 employees and only 2 vehicles in use. Promo-LEX identified misstatement of the reported expenses and estimated undeclared expenses: for rental and maintenance of offices – 8 political formations amounting to MDL 827 282, telecommunications – 8 formations amounting to MDL 33 078, expenses for work remuneration – 7 political formations amounting to MDL 1 710 880.

According to the Promo-LEX findings, 5 political formations (PDM, PSRM, PCRM, PN, PL) used administrative resources during the first semester of 2017. Regrettably, the law foresees contraventional sanctions for this unlawful practice only during election campaigns, but not between them. At the same time, according to the good international practices of Venice Commission, *the use of administrative resources is a more serious act of corruption than the use of public money for individual purposes or personal interests.*

Further, Promo-LEX found incomplete reporting of expenses on political promotion as well. In this manner, Promo-LEX estimated the following unreported expenses for: public events – MDL 286 813, by 2 political parties (PDM, PL); print media and promotional materials – MDL 130 849, by 2 political parties (PL, PLDM); trips within the country – MDL 224 372, by 6 political parties (PSRM, PN, PPEM, PL, PPDA, PPS) and MDL 18 435 051 trips abroad – by 5 political formations (PDM, PSRM, PCRM, PAS, PPDA).

Promo-LEX underscores that for the first time it found such a big gap between the amounts reported to CEC and the ones estimated by the association. At the same time, Promo-LEX believes that political formations would report the travel expenses in a more qualitative and transparent manner if this category of expenses would be divided in two distinct budget lines – *expenses for trips within the country and expenses for trips abroad*. In addition, the Association considers that the uncertainties related to real costs could be decreased only by regulating political advertising between elections, so that the advertising would be accompanied by: the expression 'political advertising', identification data of the person who paid for it and the date of the bank payment order.

Additionally, the photo and video evidence, placed on the online platform of Promo-LEX – <http://monitor.md/electoral/> shows that 15 political parties conducted at least 1 441 promotional activities in 2017, such as: political campaigns, social campaigns, signature collection, meetings, public demonstrations (rallies, marches), party events (organizational sessions, conferences), concerts, etc. for which they incurred expenses, but failed to report them fully. This is due to the current financial reporting model, which does not encourage transparency in reporting expenses for advertising (promotional and printed advertising, outdoor and mobile advertising, advertising in print media), as well as the unwillingness of political parties to declare all their expenses.

The tool of transferring the image in promotional activities, from charities or limited liability companies named after or associated with politicians – leaders of political parties, is used not only during the election campaigns, but also between the elections, by at least 4 political formations (PN, PDM, PSRM, PPS). It was also found that not only the name is a transferable attribute, but the launched campaigns as well. Thus, the 'Edelweiss' Foundation owned by Vlad Plahotniuc and the Democratic Party organised similar activities focused on elderly during the social campaigns. The PDM's campaign 'Reliable Grandchildren' and the charity foundation's campaign 'Respect for Elderly' had the same objectives – help elderly, conduct the sanitation of yards and provide certain material goods.

I. LEGAL ASPECTS OF POLITICAL PARTY FUNDING

1.1 Evolution of Legal Framework for the Funding of Political Parties in the 1st Semester of 2017

The political party funding in the Republic of Moldova is regulated by the Constitution of the Republic of Moldova, Electoral Code, Law No 294 of 21 December 2007 on Political Parties, the Annual Budget Law, Regulation on the Political Party Funding, Regulation on the Use of Cash Registers (CR) for Cash Settlements, Contravention Code, Criminal Code, Tax Code, and a series of regulations and instructions developed by the mandated institutions.

THE FORMAL LETTERS OF THE CONSTITUTIONAL COURT AFTER THE 2016 PRESIDENTIAL ELECTION

On 13 December 2016, the Constitutional Court of the Republic of Moldova (CCM) issued the Judgement No 34 Confirming the Election Results and Validating the Mandate of the President of the Republic of Moldova (Notification No 139e/2016), whereby, after the presidential election, it also highlighted the deficiencies in the system of funding political parties and election campaigns.

Given the concerns of national and international observers, CCM found that the defective implementation of legal provisions caused drawbacks in a number of aspects related to election competition, including funding and conducting of the election campaign.

In parallel with aforementioned judgement, CCM formulated 6 formal letters to the Parliament of the Republic of Moldova. According to Article 28¹ of Law on Constitutional Court, Parliament had to examine and settle them and then inform CCM about the results by 13 March 2017 at latest.

Thus, in its formal Letter No PCC-01/139e-34/5, the Court found that the representatives of the Moldovan Metropolitan Church, who are third parties, took part in the conduct of election campaign and used techniques to incite hatred by 'their aggressive involvement in presidential election, use of an extremist, xenophobic, homophobic and sexist language against an election candidate'. In addition, the Court stated that the electioneering and/or provision of financial or material support to election contestants, carrying out of acts, which violate the Constitution of the Republic of Moldova, constitute grounds to suspend the activity of religious cults and their component parts.

By this formal letter, CCM also highlighted the Article 38(3) of the Electoral Code, which prohibits any kind of direct or indirect funding or material support to the political parties' activity, of electoral campaigns/electoral contestants offered by religious organisations.

Additionally, the Court concluded that although the legal framework ensures a proper basis for democratic elections, there are still certain gaps and ambiguities. Particularly they refer to the collection and verification of signatures in support of candidates, funding and conduct of election campaigns, effective settlement of electoral disputes, implementation of mass-media related provisions and other aspects of electoral process.

JOINT OPINION OF THE VENICE COMMISSION ON THE DRAFT LAWS ON AMENDING AND COMPLETING CERTAIN LEGISLATIVE ACTS (ELECTORAL SYSTEM FOR THE ELECTION OF THE PARLIAMENT)

The Joint Opinion of the Venice Commission on the draft law amending the electoral system, which appeared on the Parliament agenda in March 2017, was rather negative. It expressed major concerns as regards the conservation of power by the current government, the lack of a consensus on changing the electoral system, and emphasised that *'such a fundamental change, while a sovereign prerogative of the country, is not advisable at this time'*.²

In this document, the international experts also drew the attention to the urgent need to regulate the funding of political parties and election campaigns, to the fact that the draft, which was endorsed and started being debated, did not include prior recommendations related to the regulation and surveillance of the activity of political parties and funding of election campaigns. The Venice Commission joint opinion also mentioned the experience of Romania, which renounced the mixed electoral system, and of Ukraine, where *'a number of independent candidates are linked to wealthy businesspeople, some of whom are also supporting political parties financially'*.

LEGISLATIVE ACTIVITY OF THE PARLIAMENT OF THE REPUBLIC OF MOLDOVA

The Parliament of the Republic of Moldova did not address the legal shortcomings mentioned in the CCM's formal letters, neither as it is provided by law – by 13 March 2017, nor by 30 June 2017. It also ignored the concerns of national and international observers regarding the funding of political parties and of election campaigns, stipulated in the Joint Opinion of the Venice Commission.

Instead of this, the Parliament adopted the Law No 82 of 25 May 2017 on Integrity, whereby it introduces a number of measures to ensure political integrity. Thus, in Article 7 of the aforementioned law, the legislator sets as a principle that political integrity climate shall be cultivated by: a) ensuring transparency in funding of political parties and of election campaigns and b) ensuring professional ethics and integrity of persons holding an elective position or an exclusively political position. The same law stipulates, in Article 8, the duties of the Court of Accounts, Central Electoral Commission and Office for Prevention and Fight against Money Laundering from the National Anti-Corruption Center in relation to checking on compliance with the transparency of funding of political parties, election contestants and election campaigns, as well as surveillance of financial flows related to politically exposed persons.

In addition, the Parliament also laid down, in the Law No 82, corruption acts, including political corruption acts, which are punishable under the contravention or criminal law.³

2. Venice Commission Opinion No. 884/2017 for the Republic of Moldova on the Draft Laws on Amending and Completing Certain Legislative Acts, CDL-AD(2017)012 Strasbourg / Warsaw, 19 June 2017
<https://promolex.md/wp-content/uploads/2017/06/ENG-opinia-Com-Venetia.pdf>

3. Article 44 of the Law No 82 on Integrity. j) illegal funding of political parties or election campaigns, violation of the rules for the management of the financial resources of political parties or electoral funds; b) use of undeclared, non-compliant, or foreign financial resources for funding of political parties; k) embezzlement of public heritage;;

EXTRA-PARLIAMENTARY POLITICAL PARTIES' INITIATIVES TO AMEND THE POLITICAL PARTIES' LEGISLATION

An extra-parliamentary party, Action and Solidarity Party (PAS), came with recommendations to amend the laws on funding of parties and election campaigns⁴. On 20 April 2017, it proposed to fund the parties depending, also, on the results of presidential election and to prohibit funding from the companies that signed contracts with the state. Moreover, PAS suggested to forbid donations accounting to more than 10% of the annual income from state institutions' staff, as well as funding from companies that already signed or were going to sign public procurement contracts with the state. At the same time, PAS proposed to amend the legislation in such a way that Moldovans from diaspora could donate to a party an amount of at most three average salaries per economy, which constitute MDL 15 900.

'We propose to decrease the amount of the maximum donation from individuals, that could be accepted by political parties, from 200 average salaries per economy, as it is now (MDL 1 060 000) to 6 average salaries per economy (MDL 31 800); decrease the amount of maximum donation from legal entities, that could be accepted by political parties, from 400 average salaries per economy, as it is now (MDL 2 120 000) to 12 average salaries per economy (MDL 63 600⁵).'⁶

THE ACTIVITY OF NATIONAL AND INTERNATIONAL OBSERVERS, OF SPECIALISED CSOS AIMED AT IMPROVING THE LEGAL FRAMEWORK ON FUNDING OF POLITICAL PARTIES AND OF ELECTION CAMPAIGNS

Promo-LEX Association launched two public appeals that were supported also by other Non-Government Organisations (on 2 February 2017⁷ and 6 April 2017⁸). They referred to the need to establish a Working Group responsible for the development of proposals amending the Electoral Code and the related legislation,⁹ as well as to speed up the procedures of amending the electoral legislation, in line with the CCM's formal letters and recommendations of the local and international election observation missions (EOM). The Working Group had to consist, with a balanced representation, of the Members of the Parliament of the Republic of Moldova, of representatives of the Central Electoral Commission, of extra-parliamentary political parties and of civil society organisations.

Promo-LEX EOM provided a total of 40 recommendations to the Parliament of the Republic of Moldova, regarding the amendment of the Electoral Code and of the related legislation, in the context of Presidential Election of 30 October 2016. Other 43 suggestions targeted the other parties involved in the electoral process (Central Electoral Commission, election candidates,

4. The current electoral system must be improved, not changed. Press release. Action and Solidarity Party (PAS). <http://unpaspentru.md/2017-politicienii-corupti-trebuie-sa-plece/>

5. The average salary per economy predicted for the first half of 2017 was of MDL 5300, according to the Government Decision No 1233 of 09.11.2016 Approving the Average Monthly Salary, Predicted for 2017

6. Ibidem, Note 7, statement of PAS representatives

7. A Public Appeal made to the Speaker of the Parliament of the Republic of Moldova; chairpersons of parliamentary factions; members of the Parliament of the Republic of Moldova, undersigned by 18 specialised organizations. <http://bit.ly/2kjXjcm>

8. On 6 April 2017, Promo-LEX Association, together with other seven Non-Government Organisations, requested the Parliament to speed up the procedures of amending electoral legislation, in strict accordance with the Constitutional Court's formal letters and recommendations of the local and international election observation missions. <http://bit.ly/2vTWD5U>

9. According to Articles 15 and 16 of the Law on Legislative Acts, to draft a legislative act, the Parliament has the right to establish a Working Group consisting of experts and specialists in a respective field. At the same time, Article 6 of the Regulation of the Parliament of the Republic of Moldova provides that parliamentary factions are entitled to make proposals for establishing working groups and groups of experts in various fields of activity.

law enforcement bodies, etc.). Concurrently, the appeal also referred to the concerns of the international election observation missions, particularly, OSCE/ODIHR and European Network of Election Monitoring Organizations (ENEMO). In their reports, they emphasised significant shortcomings related to the electoral process, including ambiguous provisions on the registration of election contestants, gaps related to the monitoring of the funding of election campaign and many other.

The organisations that signed the appeal¹⁰ requested from the Parliament of the Republic of Moldova the following: establish a Working Group (*February 2017*); develop draft laws amending the Electoral Code and related legislation (*February – March 2017*); debate and discuss publicly the draft (*April – May 2017*); the proposals on amending endorsed by the international institutions, specifically the Venice Commission and OSCE/ODIHR (*May – July 2017*); approve the amendments to the Electoral Code and related legislation (*September – October 2017*).

On 27 and 28 April 2017, Promo-LEX Association, in parallel with the launch of the study entitled 'Qualification and Investigation of Offences and Contraventions of Electoral and Political Funding Specifics'¹¹, trained the public security and prosecuting officers in order to facilitate the qualification and investigation of contraventions and offences related to the funding of political parties and election campaigns. Two training sessions on identification, qualification and investigation of contraventions and offences of electoral and political funding specifics were conducted in this respect.¹² During the training sessions, the experts presented to public security and criminal prosecution officers delegated by the General Police Inspectorate an analysis of national legislation and a number of methods for finding and settling contraventions and offences against political and other electoral rights.

The participants of the training session analysed the explanatory comments to the Articles 47-53 of the Contravention Code and Articles 181-182 of the Criminal Code, which refer to: impeding the exercise of electoral rights; using undeclared funds, obtained irregularly or from abroad, to fund political parties; violating the legislation on financial management of political parties and electoral funds; failing to implement the injunction of the Central Electoral Commission; hindering the activity of an electoral body; posting electoral information in unauthorized places; registration on several candidate lists; electioneering on the day before elections or on election day; violating electoral legislation by the members of electoral body; hindering the free exercise of election rights or the activities of electoral bodies; voter bribing; funding political parties or election campaigns illegally, violating the way of managing the political parties' funds or the electoral legislation; falsifying voting results.

10. 18 signatory organisations: East Europe Foundation, Institute for European Policies and Reforms (IPRE), Center for Investigative Journalism (CIJ), Terra 1530, Centre for Independent Journalism (CIJ), Legal Resources Centre from Moldova (LRCM), Association for Participatory Democracy (ADEPT), Students Alliance of Moldova, Transparency International – Moldova, Women's Association for Environment Protection and Sustainable Development, Independent Press Association (IPA), Institute for Public Policy (IPP),

11. The Promo-LEX study 'Qualification and investigation of offences and contravention of electoral and political funding specifics' <http://bit.ly/2w2klYz>.

12. The training 'Qualification and investigation of offences and contravention of electoral and political funding specifics' took place under the 'Civic monitoring of political parties finances and support for the uniform application of the relevant legal framework in Moldova' Project and the 'Democracy, Transparency and Accountability' Program of Promo-LEX, financed by the British Embassy in Chisinau and the United States Agency for International Development (USAID), respectively.

The participants discussed the grounds for initiating investigation of contraventions and offences of electoral and political funding specifics, the evidence, subject for investigation, as well as tactics and methods to investigate contraventions and offences of electoral and political funding specifics.¹³

Promo-LEX Association also presented, on 3 May 2017, its 2016 Report on monitoring of political parties funding¹⁴, whereby it stated particular progresses as well as irregularities in respect to: political parties' annual reporting to CEC, expressed its concerns and formulated recommendations regarding the ceiling of donations made by individuals and legal persons for political parties by decreasing the amount of donations to the proper average living standard; amendment of the Law on Political Parties No 294 (LPP No 294), by removing the provision that forbids funding of election campaigns and political parties from citizens of the Republic of Moldova living temporary abroad; extension of the number of sanctions and penalties imposed on political parties for unjustified use of state budget subsidies, use of administrative resources, etc.; explicit provision, in LPP No 294, of the semi-annual and annual financial reporting deadlines, according to the formula: financial reporting for the first semester – until 15 July of this year, financial reporting for the second semester – until 15 January of the following year and annual reporting – until 31 March of the following year.

The amendment of the legal framework on political party and election campaigns funding was also mentioned in 2017 in the studies, analyses and reports of the Association for Participatory Democracy (ADEPT), Legal Resources Centre from Moldova (LRCM) and of the Institute for European Policies and Reforms (IPRE). Therefore, in January 2017, the executive director of ADEPT, Igor Botan mentioned during a policy brief that 'The parties should be remunerated from the state budget for their results and for participating not only in the Parliamentary and municipal elections, but also in the Presidential Election. At the same time, parties should be remunerated from the state budget not only for participating in elections and for their results, but also for the support and for their capacity to attract small donations from more supporters'¹⁵.

On 24 February 2017, LRCM in partnership with ADEPT and Promo-LEX developed a document on the amendment and addenda to the 2017-2020 Draft National Strategy for Integrity and Anti-Corruption, sent for public consultations by the National Anticorruption Center (NAC). The document was focused on the Pillar IV 'Central Electoral Commission and political parties, in particular, the transparency of political party and election campaign funding'. The organisations proposed to review the existing criteria, to establish new criteria for funding the political parties

13. The statistic data collected by Promo-LEX experts show that in the period of those 3 election campaigns (2014 Parliamentary elections, 2015 local elections and 2016 Presidential Election) – the period of 2014–2016, the police had 400 contravention cases, for which it imposed fines for contraventions of electoral and political funding specifics. Most of the fines, particularly 286 fines, were imposed for posting electoral information in unauthorized places, followed by 95 fines imposed for hindering the activity of electoral body. At the same time, the data of General Police Inspectorate show that 19 contravention cases were brought to courts of law during 2014–2016, of which 5 causes of hindering the activity of electoral body and 13 of posting electoral information in unauthorized places.

14. 'Political Party Financing in the Republic of Moldova. 2016 Retrospective' Report was drawn up by Promo-LEX Association under the 'Civic monitoring of political parties finances and support for the uniform application of the relevant legal framework in Moldova' Project and the 'Democracy, Transparency and Accountability' Program, financed by the British Embassy in Chisinau and the United States Agency for International Development (USAID), respectively. The monitoring involved 35 territorial observers, 5 regional coordinators and members of the Central Team of Monitoring Democratic Processes Program of Promo-LEX Association. <http://bit.ly/2rHfCxl>

15. The policy brief, developed under the 'Monitoring implementation of select reform commitments under EU agreements in Georgia, Moldova, Ukraine' regional project implemented with the support of Soros Foundation-Moldova and Eurasia Program of Open Society Foundations. The opinions presented in this publication belong to authors and do not necessarily reflect the views of the Soros Foundation-Moldova or of the Open Society Foundations. <http://bit.ly/2uTUnXM>

from the state budget and further to reduce the private funding ceiling. To ensure transparency, it was proposed to place all the data from annual and semi-annual financial statements of political parties and the data regarding the funding of election campaigns on a digital platform, which would allow the data reuse; it was also proposed to ensure the digital/on-line interconnection of CEC platform for receiving the statements from political parties/election candidates with the database of State Tax Service (STS), of Court of Accounts (CA), of General Police Inspectorate (GPI). The last two proposals were focused on the addenda of existing legislation by introducing immediately the obligation to submit both types of statements – annual and semi-annual (both semesters). It was also proposed to publish the statements and the reports on election campaign funding by CEC; to reduce the ceiling for private donations made to political parties, which is a vital measure for avoiding the funding of parties from obscure sources and to reduce the political corruption, respectively¹⁶.

On 24 March 2017, IPRE launched an alternative progress report for 2014-2016, 'Implementation of the EU-Moldova Association Agreement'¹⁷. This report included the progress indicators and the legislative gaps related to the implementation of all the actions set in the 2014-2016 National Action Plan implementing the Association Agreement RM-EU (NAPIAA).

NAPIAA set the deadline for updating the national legal framework on political party and election campaigns funding by 30 September 2014. The Parliament adopted the addenda to the Electoral Code and the Law on Political Parties in April 2015. The IPRE Report stipulates that although the amendments to the Law on Political Parties brought more equity, transparency norms and control, the possibility to obtain funding from the state budget and the efficiency of amendments and addenda to the national legal framework were still low. The amendments were still too permissive, with a too high ceiling for annual donations from individuals (MDL 1 million) and legal entities (MDL 2 million). According to IPRE, the 'Regulations on the political party funding are not efficient enough in cases of funding through intermediaries, by using lending contracts or other types of contracts to transfer funds, and the final source of these funds are offshore enterprises.

Another reported problem was the need to fund independent candidates from state budget given that since 2016 they had the possibility to compete in the Presidential Election, meaning that they deserved to be regarded as subjects of subsidization. IPRE findings revealed that the current provisions on funding political parties from the state budget are not updated since they were adopted in 2015; in 2016 the direct election of the president of the country was reintroduced by the Decision of the Constitutional Court. At the same time, the amendments on political party funding exclude from the beginning the funding of independent candidates in case of victory in the elections. Thus, they concluded that the current framework on political party funding needs significant amendments.

16. Document on the amendment and addenda to the 2017-2020 Draft National Strategy for Integrity and Anti-Corruption for (NSIA). <http://bit.ly/2wWyQik>

17. IPRE report, developed under the project 'Monitoring of the implementation of the Association Agreement EU-RM', conducted with the support of Konrad Adenauer Foundation. Opinions expressed in this document belong to the authors and are not the opinions of KAS <http://bit.ly/2vBOHW3>

1.2. Implementation of Promo-LEX Recommendations, Developed Prior to the Monitoring Period, on the Funding of Political Parties and Election Campaigns

Given the change of electoral system from a proportional to a mixed one, the Promo-LEX Association found that the draft law¹⁸ that had to be voted in final reading¹⁹, already contained several recommendations made by Promo-LEX in the previous report for the Semester II of the period of reporting to CEC. Thus, Promo-LEX welcomes the initiative to introduce the following amendments to the Electoral Code through this draft law, which are the following:

- Article 38(e) having the following content: 'ceilings for the donations from individuals and legal entities to the 'Electoral Fund' in one election campaign constitute 50 and 100 average salaries, respectively, set for the respective year';
- Article 38²(6¹), having the following content: 'During the election period, the political parties have the right to accept donations only directly on the 'Electoral Fund' account, according to the rules set by this Code. On the date when election period begins, a political party can transfer its own financial means from its account to the 'Electoral Fund' account on the condition that its financial statement is submitted to the Central Electoral Commission, including the data set in;
- Article 38²(1)(9)' as follows: 'All the services and actions envisioned in para. (7), provided by individuals and legal entities without any costs, and all the volunteering actions conducted during signature collection and during the election campaign in favour of a candidate or an election candidate shall be assessed by the initiative group and by the election candidate, and shall be indicated in the financial statement according to the regulation approved by the Central Electoral Commission.';
- Article 65(6), the first position will have the following content: 'The political parties, the electoral blocks and the candidates in Parliamentary elections shall lodge their complaints on election funding to the Central Electoral Commission; the independent candidates in local elections shall lodge their complaints to the constituency electoral councils.'

At the same time, the Article III of the draft law – Final and transitory provisions – stipulates that within 3 months from the day this Law was published, the Government shall submit to the Parliament its proposals for aligning the legislation in force to this draft law, including regarding the financial mechanism to encourage the promotion of women in politics.

On the other hand, the Promo-LEX Association draws the attention on the fact that the authorities need to adopt a number of measures to implement the outstanding recommendations formulated as a result of monitoring the political parties and their funding during the electoral and inter-electoral periods²⁰. These are:

- have the Parliament introduce Article 87(a) of the Central Election Commission Regulation on Political Party Funding in the Law on Political Parties, so that since 2018, CEC has the right to suspend the transfer of state funds in the case of failure to pay the membership fees in

18. Draft law on the mixed-member electoral system

<http://www.jurnal.md/files/pdf/proiect-mixt-lectura-ii-prefinal-16-07-17-no-tracks-romana-1.pdf>

19. The draft Law on the mixed-member electoral system is the result of combining the draft Law on first-past-the-post voting system initiated by PDM and the draft Law on mixed-member electoral system initiated by PSRM.

20. Every time, Promo-LEX Association developed recommendations for state authorities in order to continually improve the relevant legislation. The recommendations were formulated in the most recent Reports entitled 'Monitoring of the General Local Elections of 14 (28) June 2015' and the Moldova Presidential Elections of 30 October (13 November) 2016, as well as in the 'Strategies, practices and tools for financing political parties in Moldova' Study, published on 30 March 2016, as well as in the report entitled 'Political Party Financing in the Republic of Moldova. 2016 Retrospective' launched on 3 May 2017

the established amount, according to the annual data, by more than half of political party members;

- lower the ceiling of membership fees and donations collected annually from 0.3% to 0.2% of the state budget revenues, in order to prevent undue influence of the private sector on political parties in Moldova;
- have the Parliament amend the Law on Political Parties by introducing the obligation of paying membership fees and by stipulating the exact amount of the membership fee and the periodicity of payment;
- amend the Law on Political Parties – in line with the GRECO (Groups of States against Corruption) recommendations – by imposing the requirement of annually auditing the political parties, the annual income or expenses of which exceeded one million MDL;
- amend the legal framework to prohibit paid electoral advertising and to make use of free electoral advertising in public media institutions, including by providing free airtime for election debates, broadcasting campaign meetings/sessions;
- supplement the electoral law to limit, prohibit or strictly regulate donations from legal entities that provide goods or services for public administration, in line with GRECO standards;
- amend the legal framework to make permanent the ‘Electoral Fund’ bank account for political parties involved in election campaigns, in order to eliminate the uncertainties and the problems related to the possible delays related to account opening.
- extend the range of sanctions and penalties applicable to political parties for misapplying state subsidies, using administrative resources, etc.
- provide explicitly in the LPP No 294 for the semi-annual and annual financial reporting deadlines, according to the formula: financial reporting for the first semester – until 15 July of this year, financial reporting for the second semester – until 15 January of the following year and annual reporting – until 31 March of the following year.
- amend Article 26(3) of the LPP No 294 by introducing the phrase ‘and subsidies from the state budget’ in the statement ‘derived from membership fees and donations’.

1.3. Supervisory and Control Body. Regulations and Sanctions

According to Article 29(4) of Law on Political Parties, CEC shall develop and approve forms for **annual financial statements**, which should contain information on:

- political party’s goods and revenues, including a classification of the revenues by types;
- all donations made to the political party, including the amount of the donation, donor’s identity (*full first/last name, name and organisational form of the institution*), residence/headofficeandposition/work place or type of activity;
- obligations and expenses of the political party, other than those related to the election campaign, grouped by operation expenses and goods’ management expenses;
- accounting data for the corresponding period of the legal entities established or otherwise controlled by the relevant political party. The election candidates, observing the forms developed by CEC, submit the financial statements central to the electoral body. These statements, in the chapter dedicated to goods received from individuals’ donations, include: donor’s name/surname, IDNP, year of birth, residence and work place.

Paragraph (3) of the same Article 29 stipulates that the information contained in the political parties’ annual financial statements on the collected income and incurred expenditures, including the identity of donors and donated amounts, as well as concluding information (conclusions) from the independent audit reports (opinions) shall be published on the website of the Central Electoral Commission within 48 hours from their receipt, as well as on the websites of the political parties, if there are any.

Thus, the cited law, while regulating and obliging parties to submit both annual and semi-annual statements, still makes an exception for the latter when it comes to the necessity to publish them on the CEC official website. We consider that the information in the semi-annual statements is as important as that in the annual ones and, therefore, we think that it is absolutely necessary to publish them.

Reiterating the information from the Reports on the Monitoring of the 2016 Presidential Election we should mention that, in accordance with Article 3 of the Law on Personal Data Protection, personal data are any information related to an identified or identifiable individual (subject of personal data). An identifiable person is one who can be identified, directly or indirectly, by reference to an identification number or to one or more specific elements related to their physical, physiological, mental, economic, cultural or social features. Respectively, both the IDNP and the residence, and the year of birth and the work place of a person can be qualified as personal data and therefore need to be protected. Nonetheless, the public interest as regards the donor's work place, which overlapped with the donated amount of money, prevails, therefore they should be made public to ensure the transparency of the political party funding.

On 31 January 2017, by Decision No 698²¹, CEC established monthly amount of the subsidies from the state budget for 2017, destined for political parties according to the results of the Parliamentary elections of 30 November 2014 and general local elections of 14 June 2015. In compliance with Article 2(10) of 2017 State Budget Law No 279 of 16 December 2016²², CEC was allocated MDL 40 000 000 for political party funding. According to Article 27(1) of the Law No 294-XVI of 21 December 2007 on Political Parties, the set amount of subsidies shall be distributed as follows: 50% – to the political parties according to the results of Parliamentary elections and 50% – to the political parties in proportion to the results of the general local elections. Monthly subsidy for each valid vote cast at the 2014 Parliamentary elections and 2015 local elections was of MDL 1.1102592²³ and, of MDL 0.4700385, correspondingly²⁴.

Subsidies allocated from the State Budget were supposed to be transferred monthly to the specially designated bank accounts, opened by the political parties, with provision of information to CEC. See Table 1, the amount of monthly subsidies allocated to political parties and electoral block from the state budget for 2017, according to the results of the Parliamentary elections of 30 November 2014.

21. Decision of the Central Electoral Commission No 698 of 31 January 2017
http://www.cec.md/files/files/698anexe1si2lacuantumpartide_7315482.pdf

22. Official Gazette of the Republic of Moldova, 2016, No 472-477, Article 943

23. Amount, set using the computation formula: (MDL 20 000 000.00: 1 501 151 valid votes cast): 12 months, where MDL 20 000 000.00 – is 50% of the amount of allocation provided for political party funding, as per Law No 279 of 16 December 2016, while 1 501 151 – is the total number of valid votes cast for the political parties and electoral blocks, which obtained results during the Parliamentary elections of 30 November 2014, according to the decision of the Central Electoral Commission No 3103 of 5 December 2014 'on the Parliamentary Election Results Tabulation of 30 November 2014'; exclusive of the valid votes cast for the 'Reforming Communist Party of Moldova' Political Party – 78 716, and those obtained by the independent candidates – 18 651;

24. Amount, set using the computation formula: (MDL 20 20 000 000.00: 1 501 151 valid votes cast): 12 months, where MDL 20 000 000.00 – is 50% of the amount of allocation provided for political party funding, as per Law No 279 of 16 December 2016, while 3 545 809 – is the total number of valid votes at local general elections of 14 June 2015 (election of municipal, district, village (communal), city counselors and mayors in the first round of election), cast for the political parties and electoral blocks, and for the candidates nominated by them, respectively, according to data extracted from minutes on the election results tabulation, developed by the lower level electoral bodies.

TABLE 1.
The amount of monthly subsidies allocated to political parties and electoral block
from the state budget for 2017, according to the results of the Parliamentary
elections of 30 November 2014

Subsidies allocated from the state budget, MDL		20000000
Number of valid votes cast		1598518
Independent candidates		18651
'Reforming Communist Party of Moldova' Political Party		78716
Number of votes for calculation		1501151

No	Political party	Valid votes cast	Amount of monthly subsidies per vote (MDL)	Amount of monthly subventions (MDL)		Amount of annual subventions (MDL)		
1	2	3	4	5		6		
1	Democratic Party of Moldova	252489	1.1102592	280328,23		3363938,74		
2	People's Christian Democratic Party	11782	1.1102592	13081,07		156972,88		
3	'Dignity and Truth Platform' Political Party	11665	1.1102592	12251,17		155414,08		
4	Liberal Democratic Party of Moldova	322201	1.1102592	357726,62		4292719,39		
5	Liberal Reformist Party	24956	1.1102592	27707,63		332491,53		
6	People's Movement Anti-mafia Political Party	27846	1.1102592	30916,28		370995,32		
7	Liberal National Party	6858	1.1102592	7614,16		91369,89		
8	'Party of the Socialists from the Republic of Moldova' Political Party	327912	1.1102592	364067,31		4368807,89		
9	Moldova's Choice – Customs Union' Electoral block	Social Democratic Party	327912	1.1102592	61163,07	30581,53	733956,81	366978,41
		Party of the Regions from Moldova	55 089	1.1102592		30581,53		366978,41
10	'Democracy at Home' Political Party	2449	1.1102592	2719,02		32628,30		
11	'People's Party of the Republic of Moldova' Political Party	12110	1.1102592	13445,24		161342,86		

See Table 2, the amount of monthly subsidies allocated to political parties and electoral blocks from the state budget for 2017, according to the results of the general local elections of 14 June 2015.

TABLE 2.
The amount of monthly subsidies allocated to political parties and electoral blocks
from the state budget for 2017

Subsidies allocated from the state budget, MDL		20000000
Number of valid votes cast for district, municipal, town, commune and village counselors, mayors during the first round of elections		3776831
Independent candidates		231022
Number of votes for calculation		3545809

No	Political party	Valid votes cast	Amount of monthly subventions per vote (MDL)	Amount of monthly subventions (MDL)	Amount of annual subventions (MDL)
1	2	3	4	5	6
1	Liberal Democratic Party of Moldova	757210	0,4700385	355917,84	4271014,03
2	Democratic Party of Moldova	734567	0,4700385	345274,75	4143297,06
3	'Party of the Socialists from the Republic of Moldova' Political Party	558028	0,4700385	262294,63	3147535,58

4	Liberal Party		437630	0,4700385	205702,94	2468435,27		
5	Communist Party of the Republic of Moldova		364345	0,4700385	171256,17	2055074,03		
6	'Our Party' Political Party		349717	0,4700385	164380,45	1972565,36		
7	European Popular Platform from Moldova - Iurie Leanca' Electoral Block	Partidul Acțiunea Democratică	246735	0,4700385	115974,94	57987,47	1391699,33	695849,7
		'Liberal Reformist Party' Political Party			695849,7	695849,7		
8	'People's Party of the Republic of Moldova' Political Party		21084	0,4700385	9910,29	118923,50		
9	Liberal National Party		19741	0,4700385	9279,03	111348,36		
10	'Sor' Political Party		14918	0,4700385	7012,03	84144,41		

Note, that according to the Official Gazette of the Republic of Moldova (OG) No 253-264 (6176–6187) of 21 July 2017, in 2016, 11 parties of those that were going to receive subsidies from the state budget, according to the results of the 2014 Parliamentary elections and 2015 local elections, remained without allocations because they had not opened special bank accounts for this purpose (PPCD, PPDA, MPA, BE AMUV – PRegiunilor, PR, PPNT, PPM, BE PPEM – PAD, PSM, PLD, PPSM). These funds in the amount of MDL 2.0 million were returned to the state budget²⁵ (See Table 3).

TABLE 3.
List of the political parties that did not receive subsidies from the state budget for 2014 Parliamentary elections and 2015 local elections, for 2016

No	Political parties	Parliamentary elections of 30 November 2014		Local elections of 14 June 2015	
		Annual amount		Annual amount	
1	People's Christian Democratic Party		156384,23		3939,14
2	'Dignity and Truth Platform' Political Party		154831,28		
3	People's Movement Anti-mafia Political Party		369604,09		52557,41
4	'Moldova's Choice – Customs Union' Electoral block	Party of the Regions from Moldova	365602,235		8288,48
5	'REBIRTH' Political Party		55189,75		15818,36
6	'FOR THE NATION AND COUNTRY' Political Party		22524,53		
7	'Patriots of Moldova' Party		19883,18		3927,9
8	European Popular Platform from Moldova - Iurie Leanca' Electoral Block	Democratic Action Party	34032,35		693240,2
9	Socialist Party of Moldova				8299,72
10	Party of Law and Justice				7271,39
11	The Socialist People's Party of Moldova				736,13
TOTAL			1178051,65		794078,73

The Inter-institutional Working Group for drawing up of a draft law on amendments and addenda to the Electoral Code and the related legislation created with the CEC, has been an important tool in the institution's activity, including in the field of financial legislation. The Working Group consisted of members of CEC, Legal Committee on Appointments and Immunities of the Parliament of the Republic of Moldova, representatives of the Ministry of Justice, Bureau for Diaspora Relations and civil societies. Mission of the Working Group was to improve electoral legislation, including that for funding of electoral campaigns and political parties, taking into consideration the requests of the Constitutional Court as well. By the end of the monitoring period were held 7

25. The balance of allocations that were not used by the end of the year constituted MDL 2.0 million, of which MDL 1.2 million (9 political parties) – for funding of political parties that participated in the Parliamentary elections, and for funding of political parties that participated in the local elections – MDL 0.8 million (9 political parties). The subsidies intended for political party funding were not used in full because some of the political parties did not open separate bank accounts for the subsidies from the state budget.

meetings. On 23 May 2017 CEC examined the political parties' financial statements for 2016, where it found various violations of the Regulation on the Financial Management of Political Parties. CEC approved a report in this regard²⁶, which had to be submitted to the Parliament till 1 June, as per Article 30(4) of Law on Political Parties. Promo-LEX found that this Report was not examined at the Parliament Session neither within the legal term, nor by the end of the reporting period.

On 2 August 2017, CEC also initiated a contraventional proceeding against political parties which did not comply with the legal provisions on timely submission of financial statements for 2016. To this end, the minutes on administrative offences regarding 12 political parties had been drawn up and then submitted to the court of law for review²⁷. *According to the contraventional norms, failure of political parties to submit financial statements in due time and in line with the format established by the Commission, shall be sanctioned with a fine of 180 to 300 conventional units applied to the person in position of accountability.*

In the context of CEC obligation to perform actions provided for in the 2017-2020 National Strategy for Integrity and Anti-Corruption (NSIA)²⁸, CCET in partnership with the Institute of Democracy and Electoral Assistance (IDEA International) during 1 November 2016 – 31 December 2017 implemented the 'Supporting the Central Electoral Commission in Development of a Digital System to Report on Political Party Funding' project, which is aimed at helping CEC (consultation and training) in passing through all the stages necessary for application of a digital system for reporting on the income and expenditures of political parties, widely used at the international level. Some of the basic activities that were or are to be carried out are as follows: assessment of needs, meetings with the stakeholders, development of the digital form of financial statements, preparation of teaching materials and holding training sessions.²⁹

26. http://cec.md/files/files/Planuri%20si%20Rapoarte/C2_Raport%20catre%20Parlament%20finantare%20PP_2016.pdf

27. PAM; PSM; PLD; PPUM; PNOI; PRM; PE; PNT; MSPRRM; PPM; FSM; MSPFN

28. The draft of the 2017-2020 NSIA was approved and submitted to the Parliament for examination on 24 March 2017 by the Decision No 139 of 10.3.2017 <http://bit.ly/2o3o4qD>. Since the Annex to the respective GD is missing, see the document at the official NAC web-site – <http://bit.ly/2oNBW5G>

29. The Roadmap for development of this platform was drawn up during a workshop held by CCET in partnership with IDEA International and United Nations Development Program in Moldova (UNDP) in June 2016.

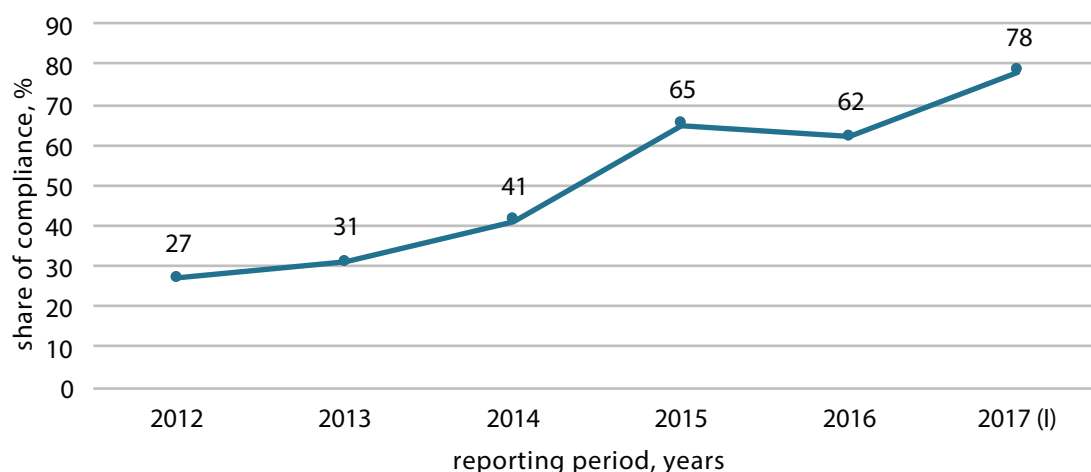
II. FINANCIAL REPORTING BY POLITICAL PARTIES

2.1. Reporting by Political Parties. Compliance and Transparency Indicators

According to Article 29(1) of the Law No 294 of 21 December 2007 on Political Parties and point 65 of Regulation on Political Party Funding, approved by CEC Decision No 4401 of 23 December 2015, political parties shall submit annual and semi-annual financial statements to CEC.

Promo-LEX Association noticed a progress of the parties in terms of submitting financial statements. In 2016, financial statements were submitted by 27 of 45 political parties for semester I and by 30 of 45 parties for the entire year. However, 35 of 45 political parties submitted their financial statements for semester I of 2017, which means a 78% compliance with the reporting requirement (See Chart 1).

Chart 1. Political parties' compliance with the requirement to submit annual financial statements



Data obtained on the basis of annual and semi-annual statements, published by the MoJ and CEC

2.1.1. FINANCIAL STATEMENTS OF THE POLITICAL PARTIES FOR SEMESTER I OF 2017

Promo-LEX findings reveal that by 15 July 2017, 19 of 45 political formations registered with MoJ submitted semi-annual statements to the competent authority³⁰. As the deadline expired, during 17 July – 20 July 2017, other 15 political formations³¹ submitted the mandatory financial statements. One party (PPP) did not have the seal of CEC with the assigned number and incoming date so that the date of submission to CEC could not be identified. The other 10 political formations³² failed to submit their semi-annual financial statements. According to CEC official website, 3 political parties (PCRM, PLR, PFSM) did not submit all the mandatory financial documents at the same time with Annex 8 – *Report on Financial Management*³³ and, according to the law, they risk getting contraventional fines³⁴.

30. PLD, PE, MSPFN, PUN, PPCD, PSD, PSRM, PRegiunilor, PPNT, PDM, PUCM, PVE, PPEM, PLDM, PL, PLR, PRSM, PPDA, PMAE.

31. PAM, PPRM, PC, PFSM, PDA, PAS, PCRM, PCNM, PAD, MPA, PL, MPSN, PN, PPS, PMUEM.

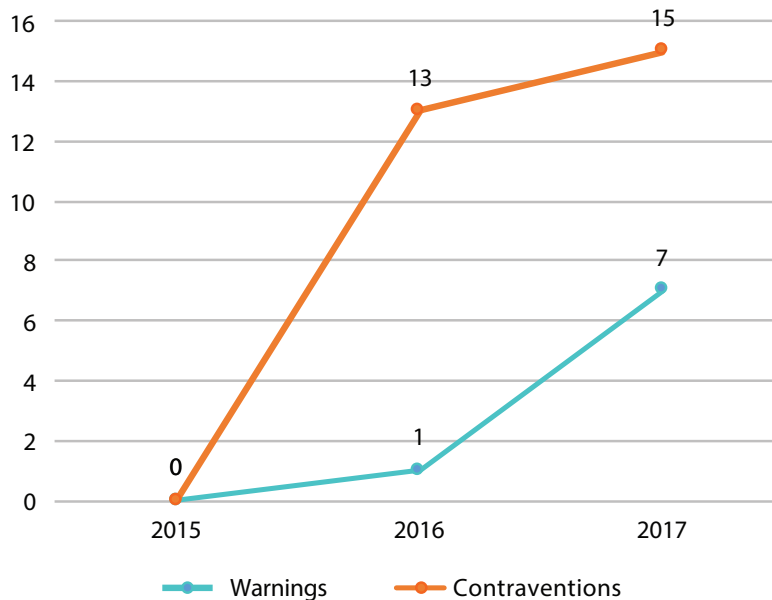
32. PSM, PPUM, PNOI, PE, PPDM, PPM, PSM, PR, PSP, PRM.

33. PCRM did not submit the annexes 2, 3 and 6 (the register of donations from legal entities, the register of donations from individuals, the register of donations of property); PLR did not submit the register of donations from legal entities and the register of donations of property; FSM did not submit the annexes containing the register of donations from legal entities and individuals.

34. The failure of political parties to submit annual financial statements in due time and in line with the format established by the Central Electoral Commission, including the failure to present complete data in the report are sanctioned with a fine of 180 to 300 conventional units applied to the person in position of accountability.

According to its competence, CEC shall take note of failure of 10 political formations to submit financial statements and shall warn them about the enforcement of the legal obligation to submit the financial statements. If a political party fails to submit the statements, then it shall be sanctioned as prescribed by the law in force. Subsequently, according to its mandate duties, CEC warned 7 political formations that failed to submit the financial statements for 2016³⁵ and later penalized 15 of them³⁶. (See Chart 2)

Chart 2. Number of sanctions applied by CEC, in dynamics



Data obtained on the basis of annual and semi-annual statements published by the CEC

Promo-LEX Association found that 14 of 35 parties, which reported to CEC, did not mention the address of the head office or contained incomplete data in this respect. At the same time, the statements submitted by 5 political formations did not comply with the filling-in rules. The headings of the statement were not filled in. Out of 35, 4 parties are punishable by contraventional sanctions, because they reported about rented and owned offices, without reporting expenses related to their maintenance (PAM, PSD, PRegiunilor, PVE). In one case, the political party (PRegiunilor) reported the rent costs, without reporting any rented office. At the same time, 4 political parties (MSPFN, PPP, PRSM, PPRM) did not fill in section I from the financial statement.

According to the Article 25(3) of the LPP No 294, the amount and payment method of membership fees paid by the members of a political party together with the total amount of fees accumulated by the party during the whole year, shall be published on its website and on the website of the Central Election Commission.

The monitoring reveals that 22 of 45 political formations registered with the Ministry of Justice, submitted to CEC the parties' statutes stipulating the amount and payment method of membership fees. Unfortunately, that information was not published on the official websites of political parties.

35. According to the draft Decision of CEC of 6 June 2017, the following political parties were warned by CEC about their failure to submit the annual statements (2016) within the established time frame: MPA, PCNM, PAD, MPSN, PPCD, PPSM, PUCM.

36. According to the draft Decision of CEC of 6 June 2017, a contraventional proceeding was initiated against the following political parties: PAM, PSM, PLD, PPUM, PNOI, PRM, PE, PPDM, PMUEM, PPNT, MSPRRM, PPM, PFSM, PPR, MSPFN.

The point 27 of the Regulation authorises CEC to lodge a request to the State Tax Service to check the sources of donations exceeding MDL 75 thousand³⁷. In addition, if needed, CEC may ask the Court of Accounts to conduct a control of the revenue sources, the accuracy of political parties' expenditure record keeping by intended destination. Promo-LEX findings reveal that only one political party accepted donations exceeding MDL 75 thousand: PDM – in 5 instances.

Local elections, with 7 participating political formations, took place in semester I of 2017³⁸. According to data posted on CEC website, only PPDA failed to submit campaign financial statements. Only 5 of 7 political formations included campaign expenses of MDL 28 326 in the semi-annual (I) financial statement for 2017. At the same time, PL did not report campaign expenses of MDL 7,000³⁹.

Publication of financial statements on www.cec.md

According to Article 22(2)(d) of the Electoral Code, Article 29(3) of the Law on Political Parties, No 294 and pt. 69 of the Regulation on Political Party Funding approved by CEC Decision No 4401 of 23 December 2015 (hereinafter – the Regulation), CEC must publish the information regarding the revenues collected and the expenses made by the political parties, including the identity of donors and the donated amounts within 48 hours from receiving it.

According to Promo-LEX analysis, in the case of financial statements and their annexes received in due time, CEC complied with the publication deadline requirement. Complete information is missing only in case of 3 political parties (PCRM, PLR, PFSM), which failed to submit all the mandatory financial documents at the same time with Annex 8 – Report on Financial Management. According to the law, they risk to be held liable for this contravention.

Out of the 35 parties that submitted semi-annual financial statements to CEC, 15 parties⁴⁰ have no official websites and, respectively, they did not publish semi-annual financial management data. Out of the 20 political formations that have websites, only 6 published semi-annual financial statements⁴¹, of which 3 political formations (PLDM, PSD, PAS) publish such information not only every semester, but every month, as provided in the Article 29(3) of the Law on Political Parties No 294⁴².

Point 32 of the Regulation on Political Party Funding, approved by CEC Decision No 4401 of 23 December 2015 (hereinafter referred to as the Regulation), stipulates that the amount of a cash donation made by an individual to a political party during a reporting year shall not exceed the average monthly salary per economy⁴³, established for the respective year⁴⁴.

37. În the body of the Tax Code, the phrases 'Main State Tax Inspectorate under the Ministry of Finance', 'Main State Tax Inspectorate', 'territorial state tax inspectorate', 'specialised state tax inspectorate', 'tax authority', 'territorial tax authority', in any grammatical form were replaced by the words 'State Tax Service' in the proper grammatical form, except for the cases when the Code provides otherwise, according to Law No 281 of 16 December 2016, in force since 1 April 2017.

38. PSRM – 6 candidates, PDM – 6 candidates, PCRM – 4 candidates, – 3 candidates, PL – 2 candidates, PPDA – 2 candidates and PAS – 1 candidate. Most of the candidates were ran for the position of mayor of Mereni village (Anenii Noi district) – 7 candidates and Racovat village (Soroca district) – 5 candidates. No candidate has withdrawn his/her candidacy.

39. http://cec.md/files/files/Alegeri%20Locale%20Noi/mai_2017/PL%20la%2012_05_17_compressed.pdf

40. PPDA, PAD, PPRM, PPP, MPSN, PPCD, PMUEM, PMAE, PLD, PE, PFSM, PAM, PPNT, PPUCM, MSPSN.

41. PAS, PSRM, PN, PLDM, PSD, PRegiunilor.

42. According to the legal requirement, the information from semi-annual/annual statements of the parties submitted to CEC shall be also published (...) on the websites of political parties, if they exist.

43. The average forecasted monthly salary per economy by 19 July 2017 was MDL 5300.

44. The parties that had not complied with this provision, i.e the ones that accepted/reported cash donations exceeding MDL 5 300, risked being sanctioned and/or forced to pay to the state budget or reimburse the amounts exceeding the established ceiling.

In this context, Promo-LEX Association reminds that on 2 May 2017 the Chisinau Court of Appeal (Chisinau CA) upheld the judgement of District Court Centre of Chisinau municipality, of 30 September 2016 that accepted the appeal of the administrative act and excluded the phrase: 'amount of a cash donation made by an individual to a political party during a reporting year shall not exceed the average monthly salary per economy established for the respective year', provided for in pt. 32 of the CEC Regulation on Political Party Funding.

According to Articles 255 and 363 of the Code of Civil Procedure, the appeal term shall suspend the execution of the first instance judgement, except for the cases envisaged by the law. In addition, the court judgement shall be enforced as prescribed by the law, once it becomes final, except for the cases of immediate execution after the judgement is made. On the other hand, the Law on Administrative Courts No 793 of 10 February 2000 provides in Article 31 that the final judgments adopted under the conditions of this law shall constitute writs of execution. In this respect, the Supreme Court of Justice (SCJ) explained and concluded in its Recommendation No 82 of 21 October 2015 that the enforcement of administrative judgements shall fall under the Code of Civil Procedure in the wording of the Law No 155 of 5 July 2012, according to which, the judgement shall be enforceable since the date it becomes final.

According to the operative part of the decision mentioned above – the decision is final and, thus, enforceable, which means that since the date of its adoption, 2 May 2017, the cited phrase is obsolete.

At the same time, it is important to mention that on 9 June 2017, CEC filed a second appeal against the decision of Chisinau Court of Appeal, seeking its admission, the quashing of the appellate court's decision and a new decision whereby the summons submitted by the respondents despite not having the powers to are returned or whereby the actions would be fully rejected. As a result, on 11 July 2017, the 'People's Party of the Republic of Moldova' political party submitted a reference to the CEC second appeal and requested to declare it inadmissible.

On 6 September 2017, the Bench of the Collegium for Civil, Commercial and Administrative Cases of the SCJ ordered to recognise as inadmissible the second appeals of CEC and of the 'People's Party of the Republic of Moldova' political party. The court resolution is indefeasible.

Note that the decision of Chisinau Centru District Court of 30 September 2016 excluded the phrase 'personal code (IDNP)' from point 19 and point 87(a) of the Regulation on Political Party Funding. The hierarchically higher courts maintained the decision of Chisinau Centru District Court. The writ of summons was drafted by PNL, PPRM, and PLR.

According to Promo-LEX analysis, by 2 May 2017, 3 political factions obtained cash donations exceeding the ceiling set by CEC and they risk being held liable and sanctioned, as may be required. These parties may be forced to transfer the amount exceeding the ceiling to the state budget or to return it to the donors: PUN – MDL 16 400, PDM – MDL 17 592 450, PPDA – MDL 58 240.

Thus, Promo-LEX made the calculations regarding the cash donations exceeding the ceiling of MDL 5 300 before 2 May 2017 (See Table 4). After the date of 2 May (inclusively), the calculations were not based on any ceiling provided for as a benchmark in the CEC Regulation (*See Table 4.1.*)

We would like to draw the supervisory and control authority's attention to the limitation periods for the enforcement of proper sanctions and to the initiation of the procedure for the reimbursement of the amounts that the political parties used in violation of the law in force. (*See the data in the Table 4*)⁴⁵

45. The calculations of cash donations covered the donations made during 1 January 2017 – 2 May 2017, because on 2 May 2017 the provision stopped being enforceable, unless the SCJ decides otherwise.

TABLE 4.
Cash donations made to parties exceeding the ceiling of 5 300⁴⁶,
donations collected by 2 May 2017

Political party	No of (cash) donations	Amount of (cash) donations, MDL	Legally allowed ceiling, MDL	Compliant amount, MDL	Non-compliant amount, MDL	Transfers to the state budget, MDL
PPDA	29	133 550	5300	70 440	63 110	63 110
PDM	1872	26 278 350	5300	11 848 980	14 429 370	14 429 370
PUN	7	33500	5300	29100	16 400	16 400
Total						14 508 880

Data obtained on the basis of the analysis of central team of Promo-LEX

TABLE 4.1.
Cash donations to parties, collected during 2 May – 30 June 2017

Political party	No of (cash) donations	Amount of (cash) donations, MDL	Legally allowed ceiling, MDL
PPDA	7	28 275	n/a
PDM	387	3 163 080	n/a
PUN	17	27 000	n/a
Total	411	3 218 355	n/a

Data obtained on the basis of the analysis conducted by the central team of Promo-LEX

To clarify the legal regime of cash donations and the practice of political parties to keep the complete tax accounting of cash donations received from party members or other citizens, the Promo-LEX Association requested information from the State Tax Service (STS). When asked whether a tax receipt is issued upon the collection of donations – the answer was affirmative. Moreover, the tax receipt shows the difference between collecting the donations and collecting the membership fees – which can be made only if a tax receipt is issued. Another question asked by Promo-LEX was about the political parties registered with STS as owners of CRs and about the number of such CRs owned by political parties. STS answered with delay and provided incomplete information, arguing that the information cannot be revealed to the stakeholders. (See Annexes 1 and 2).

2.2. Funding Sources of Political Parties

According to the legislation in force, and namely Law No 294 on Political Parties – Article 25(1) and CEC Regulation on Political Party Funding – point 4, the funding sources of political parties shall be: a) membership fees; b) donations; c) subsidies from the state budget; d) other legally-obtained revenues, expressly provided for in the statute of the political party and not prohibited by the law⁴⁷. The law also expressly provides that political parties cannot use financial sources other than those stipulated in paragraph (1). According to paragraph (5) of the same article, the income obtained from legitimate funding sources is exempt from taxes or is taxable according to the Tax Code.

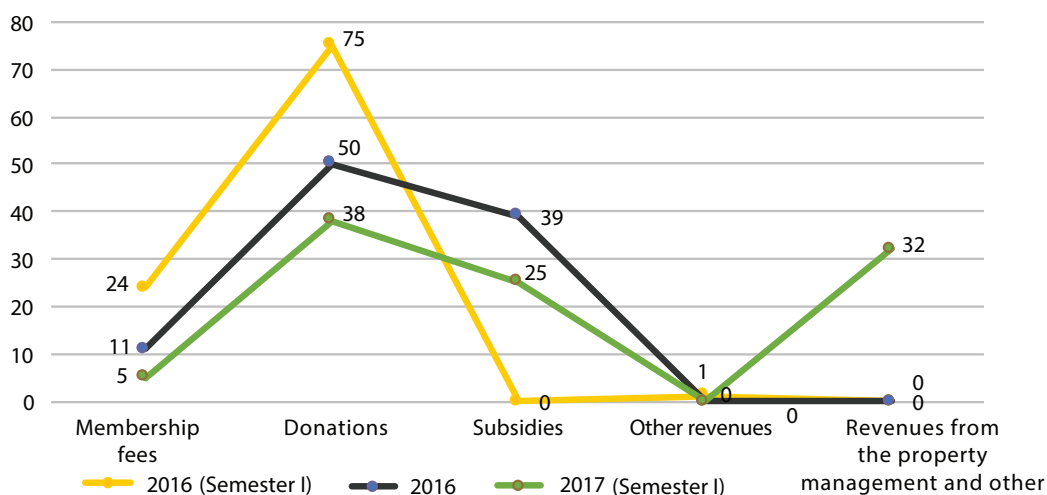
46. The parties that failed to comply with this provision, particularly acceptance/reporting of cash donations exceeding MDL 5 300, risk being sanctioned and/or forced to transfer the amount exceeding the ceiling to the state budget or to reimburse it.

47. According to Article 24(3) of LPP No 294, political parties are also entitled to gain income from editorial activity, activity closely related to its property management, as well as other activity which brings profit for party's needs.

Political parties' annual financial statements for 2017 show that donations were their main source of funding, amounting to MDL 30 864 016 , (38% of the total revenue). The next category was the revenue obtained from property management activity, amounting to MDL 26 009 229 (32%), subsidies from the state budget amounting to MDL 19 966 551 lei (25%) (25%), and membership fees amounting to – MDL 4 125 299 (5% of the total amount). PDM had the highest revenue – MDL 35 156 846 and this accounts for 76% of its revenue collected during 2016. The Promo-LEX Association emphasizes that PCRM, PAS and PDM are those 3 political formations that obtained revenue from property management activities. However, the highest revenue of MDL 26 000 000 (32%)⁴⁸ was still registered by PCRM.

The dynamic analysis of the data from the annual financial statements for 2016 and semester I of 2017 reveal that the state subsidies have changed the balance of revenue sources in 2016, debuting with 39% and decreasing by 14 percentage points in 2017, at the expense of a new funding source – *revenue from property management*. Compared to the same period of the previous year, we note a significant decrease of the share of membership fees, from 24% in 2016 (I) to only 5% in the first half of 2017. The same thing happened in case of donations, which decreased from 75% to 38%. (See Chart 3).

Chart 3. Funding sources of political parties



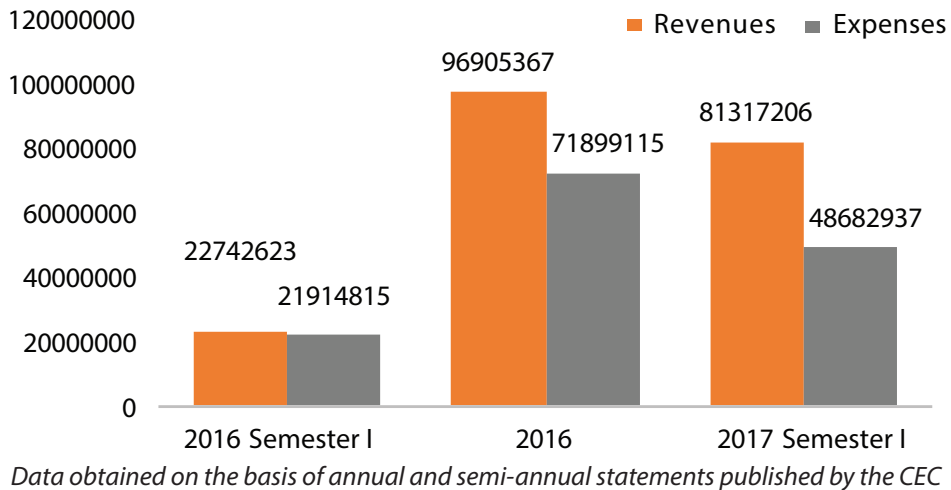
Data obtained on the basis of annual and semi-annual statements published by the CEC

2.3. Revenues and Expenses of Political Parties that are Reflected in the Financial Statements

According to the annual statements submitted to CEC, 23 of 35 concerned political factions reported revenues of MDL 81 317 206 with an initial balance of MDL 28 684 964 on 1 January 2017. The other 12 parties did not report revenues and expenses.

48. Promo-LEX draws the attention on the fact that 32% of revenue obtained from property management is characteristic only for PCRM, which sold some of the owned buildings.

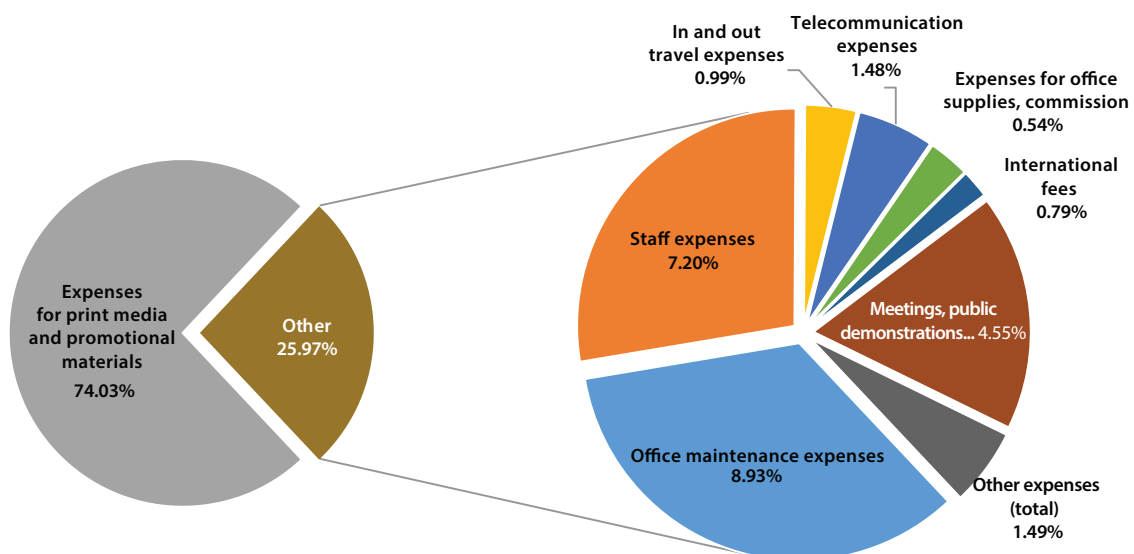
Chart 4. Dynamics of parties' semi-annual and annual and revenues and expenses, lei



During the first semester of 2017, the parties reported expenses of MDL 48 682 937 with a final balance of MDL 61 304 098 on 30 June 2017. Compared to the same period of the previous year, the political parties obtained more revenues and spend more. (See Chart 4).

Traditionally, most of the expenses are for print media and promotional materials – MDL 36 041 664 (74% of the total expenses); the second largest category being expenses for party offices and their maintenance – MDL 4 345 568 (9%); staff expenses constituted MDL 3 504 581 (7%) – being the third largest category followed by the expenses for meetings and public events – MDL 2 217 465 (5%); expenses for national and international travel; expenses for telecommunications; payment of membership fees in international organisations; expenses for bank commission/office supplies and other expenses – 1% each from the total expenses. It should be mentioned that in semester I of 2017, the expenses reported for telecommunications – MDL 718 275 were higher then those for national and international trips – MDL 480 793 given that experts estimated and established that de facto, the national and international trips are more expensive than telecommunication services. (See Chart 5).

Chart 5. Share of expenses by categories of expenses



Data obtained on the basis of annual and semi-annual statements published by the CEC

The Promo-LEX Association found a 5% increase of the category of expenses 'Press and promotional materials' during the first half of 2017 compared to the annual reporting in 2016 when the same category of expenses was of 69% and recommends to regulate political advertising in the time between elections, so as for the expression 'political advertising' to be added, and for the identification data of the person who paid for it and the date of the bank payment order to be available.

III. CIVIC MONITORING OF POLITICAL PARTY FUNDING AND ESTIMATION OF THE UNREPORTED EXPENSES

3.1. Monitoring the Operational Activity⁴⁹ of Political Parties

Monitoring parties' operational activity is about observing how their internal practices and mechanisms work, their activity-specific processes, as well as the resources these organisations own and manage.

According to Promo-LEX monitoring at central and territorial branches of political parties, in 2017, 15 political parties managed 201 offices, 226 employees and 2 private vehicles. The data from the annual statement of parties submitted to CEC for semester I of 2017 indicate more rented offices and more employed persons. (See Table 5)

TABLE 5.
The liabilities of 15 political parties in semester I of 2017⁵⁰

Political party	No of rented offices		No of owned offices		No of transport units	No of employed persons	
	Report data	Monitoring-based data	Report data	Monitoring-based data	Monitoring-based data	Report data	Monitoring-based data
1. PDM	11	35	-	-	-	10	53
2. PAS	2	2	-	-	-	0	3
3. PSRM	42	41	-	-	-	28	46
4. PPDA	4	12	-	-	-	-	7
5. PN	33	34	-	-	-	2	36
6. PPEM	3	6	-	-	-	-	10
7. PCRM	8	22	12	-	2 (personal)	23	38
8. PLDM	16	8	-	-	-	27	0
9. PLR	8	2	-	-	-	9	-
10. PNL	1	1	-	-	-	2	6
11. PPŞ	10	8	-	-	-	0	5
12. PL	27	27	-	-	-	-	18
13. MPA	1	1	-	-	-	2	-
14. PPD	0	1	-	-	-	0	-
15. PVE	1	1	-	-	-	0	0
Total	166	201	12	0	2	103	226

Monitoring-based data and data obtained on the basis of political parties statements submitted to CEC

According to Promo-LEX findings, all the 15 political parties⁵¹ monitored at territorial/district and central level had volunteers that conducted several party activities *pro bono*, but these activities were not reflected in the annual financial management statement. In addition, the Association notes the lack of this category of expenses in the semi-annual financial statement model, which explains the lack of expenses.

49. The term 'operational' comes from 'operation', 'procedure' which refers to operations and allows for the optimal performance of activity-specific procedures. Thus, the optimal operational activity of parties relates to their day-to-day function, using and supervising the human, material, financial, information resources they manage, in a word, using their assets and liabilities.

50. The table includes the political parties which, according to data from the statements submitted to CEC and/or on the basis of Promo-Lex civic monitoring, had liabilities during semester I of 2017.

51. PDM, PAS, PSRM, PPDA, PPEM, PCRM, PLDM, PLR, PNL, PPS, PL, MPA, PPD/PUN, PVE.

Thus, *Promo-LEX reiterates its recommendation to standardise the financial statement forms for political parties during election campaigns and between them and to introduce the category 'Expenses for volunteers/ electioneers remuneration' – a budget line similar to the one in the model statement on election campaign funding.*

3.2. Monitoring Party Campaigning

3.2.1. ACTIVITIES OF POLITICAL PARTIES IN SEMESTER I 2017

According to Promo-LEX findings, 15 political parties conducted 1441 promotional activities and events during the first semester of 2017, such as: meetings, public demonstrations (rallies, marches), statutory activities (organizational sessions, conferences), social campaigns, door-to-door activities, etc. For purposes of comparison, according to Promo-LEX, in 2016, Moldovan political parties conducted at least 1054 events (*See Table 6*).

All the activities listed were found by the Promo-LEX observers and were supported by photo and video evidence made available on the online platform www.monitor.md, of *ushahidi* type, which is available for every interested citizen.

The analysis of political party campaigning activities during the first part of 2017 reveals a diversity of political events organised before the 2018 election period and ordinary events organised by political parties from the Republic of Moldova. These have been largely carried out on the occasion of extraordinary political events (changing of electoral system), national and international holidays, religious holidays and sport events. Political campaigns were an ordinary thing during the first semester of 2017 (mobilizing and organizing members, supporters and party followers to attend the protests for and against certain initiatives, attracting signatories to support certain ideas, attracting the attention of international community on the political disparities in the country and political changes that should have been happen).

For example, PDM conducted at least 70 political campaigns (with the involvement of electioneers and collectors of signatures) of the total number of events and activities found; PSRM – 27 of 380, PL – 12 of 108. In addition, a number of 359 party activities were conducted. During these activities the formations conducted 'door-to-door' activities: PDM – 27, PSRM – 81, PPDA – 5, PL – 6, PN – 30; meeting with the citizens; PSRM – 20, PDM – 60; PPDA – 9; PAS – 4; PL – 1, PPS – 1. (*See Table 7*.)

It should be mentioned that the events organised by PDM during the 'First-past-the-post Voting' political campaign and after that the campaign for promoting the mixed voting were the result of combined efforts between PDM and other two policy advice companies – 'Podesta Group'⁵² and 'Burson-Marsteller'⁵³.

52. The agreement with 'Podesta Group' entered into force on 22 June 2016 and expires on 21 June 2017. According to the agreement published on <https://www.fara.gov/docs/5926-Exhibit-AB-20160701-82.pdf>, PDM paid for the services of 'Podesta Group' USD an amount of 600 thousand. In addition, according to the agreement, PDM pays for each business class flights of 'Podesta Group' consultants, transfers, accommodation and food.

53. The agreement between PDM and 'Burton-Marsteller' was signed in 2016, as confirmed for Newsmaker in the company office from Bruxelles. The representatives of the firm mentioned that the collaboration with PDM started in March 2017, therefore it is impossible to submit the financial statement regarding the activity with the governing party from the Republic of Moldova. At the same time, the spokesperson of the Democratic Party, Vitalie Gamurari said to Newsletter that the firm 'Burson-Marsteller' was hired to conduct an opinion poll among 12 thousand persons throughout the Republic of Moldova. The company's services cost at least EUR 10 000 per month.

Further, to research and determine the perception of citizens about changing the electoral system, IMAS conducted an opinion poll at the request of PDM⁵⁴ among 600 citizens from abroad and another opinion poll in partnership with the American company Lake Research Partners⁵⁵. The expenses for political consultancy, the services for polling and measuring the opinion shall be expressed in the chapter 'Expenses for press and promotional material'.



Banner în sectorul Ciocana care promovează votul uninominal pentru Parlament. FOTO: Sandu Tarlev

TABLE 6.
Type of events and activities organized by political parties during 2017

	Christmas	1 June	Town Day or Village Day	8 March	Easter	Social campaigns	Political campaigns	Family Day	9 May	Statutory activities	Other party activities	Total events
PDM	3	8	6	17	9	94	70 ⁵⁶	14	9	102	87	434
PSRM	1	21	3	12	3	53	27 ⁵⁷	1	24	117	114	380
PL	2	1	0	2	5	1	12 ⁵⁸	0	0	28	56	108
PCRM	0	1	0	0	0	2	0	0	6	12	10	31
PN	0	7	4	14	21	63	16 ⁵⁹	0	13	57	114	313
PPEM	0	0	0	0	1	0	0	0	0	2	0	3
PPȘ	0	0	0	1	0	30 ⁶⁰	0	0	0	6	0	37
PLDM	0	0	0	0	0	1	4	0	0	13	9	27
PLR	0	0	0	0	0	0	0	0	0	3	1	4
PAS	0	1	0	0	0	0	4 ⁶¹	0	0	5	12	21
PNL	0	0	0	0	0	0	0	0	0	1	1	2
PPD/PUN	0	0	0	0	0	0	0	0	0	4	0	4
PPDA	0	1	0	2	0	0	8 ⁶²	0	0	0	21	32
PVE	0	0	0	0	0	0	0	0	0	3	2	5

54. The Barometer of Diaspora was conducted during the period between 17 February – 7 March 2017. Around 600 citizens over the age of 18 and living abroad participated in the poll. The Interviews were conducted on the phone and no one knows how much costs such a poll.

55. The opinion poll 'Perception about the Government, Political Parties and Electoral System in the Republic of Moldova' was conducted during April-May 2017 in 382 localities, except for those from the left bank of the Nistru river. The poll was conducted by the American company Lake Research Partners, with IMAS, at the request of PDM. The information on the cost of that poll could not be clarified.

56. Campaign for modifying the electoral system 'First-past-the-post Voting'

57. Campaign for the dismissal of the Chisinau Mayor, Dorin Chirtoaca

58. Campaign for the dismissal of the President of the Republic of Moldova

59. Protests against changing the electoral system

60. Launch of mobile social shops

61. Protests against changing the electoral system

62. Protests against changing the electoral system

TABLE 7.
Types of activities organised by political parties during the events

Types of activities	PSRM	PDM	PAS	PN	PL	PPEM	PPDA	PPŞ	PCRM	PLDM	PLR	PVE	PNL	Total
Meetings with citizens	20	60	4	1	1	-	9	1	-	-	-	-	-	96
Concerts	2	9	-	-	2	-	-	4	1	-	-	-	-	18
Door to door	81	27	-	30	6	-	5	-	-	-	-	-	-	149
Participation in pro/against protests	3	5	3	28	-	-	16	-	-	5	-	-	-	60
Marches	23	3	1	3	3	-	-	-	7	-	-	-	1	41
Debates	-	6	-	5	-	-	5	-	5	1	-	-	-	22
Sporting events	7	15	-	6	1	-	-	-	-	-	-	-	-	29
Cleaning activities	18	10	-	11	-	-	1	-	-	-	-	-	-	40
Banquets	2	5	-	1	-	-	-	-	-	-	-	-	-	8
Automobilistic march	-	-	-	1	-	-	-	-	-	-	-	-	-	1
Press conferences	1	1	2	-	-	-	1	1	-	1	-	1	-	8
Social markets	-	-	-	-	-	-	-	11	-	-	-	-	-	11
Inauguration of monuments/party offices	2	3	-	-	3	-	-	2	1	-	1	-	-	12
Laying of flowers	9	3	-	17	11	-	-	1	4	-	-	-	-	45
Blessings	-	-	-	1	-	-	-	-	-	-	-	-	-	1
Total	168	147	10	104	27	0	37	20	18	7	1	1	1	



The 'Edelweiss' Foundation of Vlad Plahotniuc and the Democratic Party organised similar activities during the social campaigns focused on the elderly. For example, the campaign 'Reliable Grandchildren' and 'Respect for the Elderly' of the charity foundation had the same objectives – help the elderly, conduct the sanitation of yards and provide certain material goods.

PSRM organised in 2017 most events to mark the day of 9 May (24) and at least 27 events during the political campaign 'Dismissal of Chisinau Mayor'. Besides that, they also held sport events, organized concerts and marches. At the same time, during the first semester of 2017, PDM organised the most expensive concert to celebrate the Victory Day and Europe Day.



In addition, on the background of these events, a number of activities was carried out by which the political parties sent their message to the citizens – either through discussions or through information campaigns, using printed and promotional materials and street billboards, or congratulating on the occasion of the holidays, when they gave gifts or donations in the form of goods or money. These activities couldn't have been implemented without incurring expenses.

It seems that the expenses for all of these events were incurred by the aforementioned political parties or by their supporters. These expenses had to be reported in a standard annual report template. The report was going to be submitted by 15 July 2017 to the mandated body – the Central Electoral Commission. The report template contains several budget lines for purposes of payment, but those related to the quantification of events and activities described above are the following:

- expenses for organizing public meetings/demonstrations,
- expenses for press and promotional materials,
- expenses for trips within the country and abroad,
- expenses for telecommunications,
- expenses for office supplies.

The Promo-LEX observers reported the practice of using the transfer of image through promotional activities conducted by philanthropic organisations associated to politicians or by limited companies associated to parties. Promo-LEX observers identified three such foundations: 'EDELWEISS' Foundation of Vlad Plahotniuc⁶³, 'Renato Usatii' Foundation⁶⁴ and 'Solutia'⁶⁵ charitable foundation and a SRL through which a party makes political advertising, but does not bear costs related to it (PPS). It is important to note that 'Magazine Sociale' SRL (Social Shops) was registered with the State Registration Chamber (SRC). The founder of this SRL is 'Pentru Orhei' Association, which is run by Victor Melnic; by 18 August 2017 the association was run by the business woman Ilona Sor. At the same time, we reiterate that the foundation is a not-for-profit apolitical organisation, which does not provide any political/electoral support to any candidate or political stakeholder. Using the image transfer tool – foundations, in the name of which there are names of politicians or which are associated with certain politicians (political parties) get indirectly involved in political party campaigning. (See Table 8.)

63. Vlad Plahotniuc is the Chairperson of the Democratic Party of Moldova.

64. Renato Usatii is the Chairperson of 'Partidul Nostru' political party.

65. Launched by Igor Dodon – the former Chairperson of the Socialist Party of Moldova (2011-2016), and managed by the socialist MP – Alla Dolinta.

TABLE 8.
Practice of using the image transfer by the organisations associated to the politicians or limited companies associated to parties

	District	Date of donation	Donated amount/ quantity	Beneficiaries of the donation
Sor Political Party	Orhei district, Piatra and Jeloboc, Peresecina, Pohorniceni, Chiperceni, Step-Soci, Pelivan villages	30 January 2017 – 29 March 2017	n/a	Launch of 'MERISOR' social shops for pensioners, etc.
Sor Political Party	ATUG, Comrat town	3 April 2017	n/a	Launch of 'MERISOR' social shops for pensioners, etc.
Sor Political Party	Chisinau municipality, Buiucani sector, Rascani sector, Ciocana sector	24 January 2017 – 06 March 2017	n/a	Launch of 'MERISOR' social shops for pensioners, etc.
'Renato Usatii' Foundation	Basarabasca district	21 May 2017	Estimated cost – MDL 48 300	Concert funded during the Town Day of Basarabasca. The following singers performed: Pasa Parfenii, Nelly Ciobanu, Sunstroke Project, Doredos, Irina Crug, Rojdestvo.
'Renato Usatii' Foundation	Donduseni d.	22 May 2017	Estimated cost – MDL 58 800	Concert funded during the Town Day. The following artists have performed: Sunstroke Project, Constantin Moscovici, Rojdestvo, Doredos, the Ensemble of Culture House, Pasa Parfenii, Nelly Ciobanu, Irina Crug.
Fundația "Renato Usatii"	Balti Municipality	1 January 2017	Estimated cost – MDL 33 600	Concert funded during the Christmas holidays during which the following artists have performed: Natalia Gordienco, Ionel Istrati, and the bands Lume, Sunstroke project, Edict.
Fundația "Renato Usatii"	Balti Municipality	7 January 2017	Estimated cost – MDL 23 100	Concert funded during the Christmas holidays during which the following artists have performed: Nely Ciobanu, Doinita Gherman, Brio Sonores.
'Renato Usatii' Foundation	Soldanesti d.	21 April 2017	MDL 4 000	Article published in the 'Cuvantul' local newspaper, issue No 16 of 21 April 2017
'Solutia' charitable foundation	Comrat d.	23 April 2017	MDL 15 000	A number of 100 socially vulnerable people from Gagauzia received packages with foodstuffs from 'Solutia' fund.
'EDELWEISS' Foundation of Vlad Plahotniuc	Alcedari v., Soldanesti d.	16 June 2017	n/a	The Foundation of Vlad Plahotniuc organised the campaign, the mobile paediatric office and provided consultancy services
'EDELWEISS' Foundation of Vlad Plahotniuc	Cotuijenii Mari v., Soldanesti d.	15 June 2017	n/a	The Foundation of Vlad Plahotniuc organised the campaign, the mobile paediatric office and provided consultancy services
'EDELWEISS' Foundation of Vlad Plahotniuc	Oliscani v., Soldanesti d.	13 June 2017	n/a	The Foundation of Vlad Plahotniuc organised the campaign, the mobile paediatric office and provided consultancy services
'EDELWEISS' Foundation of Vlad Plahotniuc	Mereseni v., Rezina d.; Mandac v., Drochia d.; Milestii Mici v., Ialoveni d.; Sarata Galbena v., Hincesti d., and Valeni v., Cahul d.	29 May 2017	MDL 1 000 000	The Edelweis Foundation awarded prizes to 5 finalists – mayors of the above mentioned villages during the contest entitled 'The Village of the Future'. They developed projects for the development of localities.
'EDELWEISS' Foundation of Vlad Plahotniuc	Riscani d.	22 May 2017	MDL 400 000	The financial support amounting to MDL 400 000 was offered to the centre 'Phoenix' for children with special needs, which covers 400 children beneficiaries.
'EDELWEISS' Foundation of Vlad Plahotniuc	villages Trifanesti, Izvoare, Cernita, Cenusă, Pajila – Floresti	24 May 2017	n/a	The Foundation of Vlad Plahotniuc organised the campaign, the mobile paediatric office and provided consultancy services
'EDELWEISS' Foundation of Vlad Plahotniuc	Ghelauza v., Straseni d.	27 June 2017	Estimated cost – MDL 1 000	Edelweiss Foundation installed an access ramp in the yard of Olga Baltaga from Ghelauza village.
'EDELWEISS' Foundation of Vlad Plahotniuc	Tatarasti v. and Panasesti v.	9 June 2017	Estimated cost – MDL 20 000	Edelweiss provided health care and home-based care, household products and packages with food products to 40 beneficiaries of the campaign entitled 'Respect for the Elderly'

3.2.2. STRUCTURE OF POLITICAL PARTIES' EXPENSES FOR CAMPAIGNING IN 2017

Trips within the country and abroad

According to the data provided by Promo-LEX observers, for the 1 441 events held in the first half of 2017 by the Moldovan political parties – at least 167 056 km were travelled across the country and at least 21 trips were made abroad in the interest of the party (See Table 9).

TABLE 9.
Trips made by the Moldovan political parties abroad in 2017 (I)

Political party	Trip destination	No of delegates	Accommodation cost, MDL	Ticket cost/round trip, MDL	Period of stay	No of tickets
PSRM	Chisinau – Moscow	2 persons	4200	10878	2 days	2
	Chisinau - Beijing	6 persons	25200	87 570	4 days	6
	Chisinau - Moscow	2 persons	4200	10878	2 days	2
	Chisinau - Baku	3 persons	6300	28728	2 days	3
	Chisinau - Moscow	1 person	2100	5439	2 days	1
PDM	Chisinau - Washington DC	3 persons	6300	18144000	2 days	rented charter ⁶⁶
	Chisinau - Bruxelles	3 persons	0	3360000	1 day	rented charter
PLDM	Chisinau - Malta	5 persons	10500	54 075	2 days	5
	Chisinau - Berlin	1 person	2100	8295	2 days	1
PPDA	Chisinau - Berlin	1 person	1050	8295	1 day	1
	Chisinau - Bruxelles	1 person	1050	6720	1 day	1
	Chisinau - Bruxelles	1 person	1050	6720	1 day	1
	Chisinau - Iasi	1 person	0	1167,5	1day	Car ⁶⁷
	Chisinau - Malta	1 person	1050	10815	1 day	1
PCRM	Chisinau - Beijing	13 persons	10500	175539	10 days	13
	Chisinau - Berlin	1 person	6300	8295	6 days	1
PAS	Chisinau - Bruxelles	1 person	1050	6720	1 day	1
	Chisinau - Bruxelles	1 person	1050	6720	1 day	1
	Chisinau - Bruxelles	1 person	1050	6720	1 day	1
	Chisinau - Malta	1 person	1050	10815	1 day	1
	Chisinau - București	3 persons	0	4750,5	3 days	Car ⁶⁸

Public meetings/demonstrations, concerts

A typical activity of political parties in the Republic of Moldova, from the reporting category – public meetings/demonstrations – and which is usually costly, is the organization of concerts. Local and national artists perform at such events. Thus, according to Promo-LEX observers, at least 5 political parties (PDM, PPS, PL, PSRM PCR) organized 18 concerts in the first half of 2017 – all of them were organized on the national holidays, on town day or village day, but also at party events.

PDM organised at least 9 concert to mark different occasions, starting with the 'First-past-the-post Voting' (4), town/village days (2), International Women's Day (2), 9 May (1). A mobile stage was used during the concerts (3 cases). The following artists performed: O-Zone band (45 min), Dima Belan (60 min), Aleksandr Serov (30 min), Veaceslav Dobrinin (30 min), Italian singer Pupo (20 min), Akord band (20 min), as well as Anna Lesko (20 min), 'Zdob si Zdub' (30 min), Izvoras ensemble

66. According to [http://www.airchartersguide.com/Operator_Info/PRIVAJET+LTD/98462/MALTA+\(VALETTA\)/68149](http://www.airchartersguide.com/Operator_Info/PRIVAJET+LTD/98462/MALTA+(VALETTA)/68149), the lease cost of a charter is of EUR 1 000 per hour. The expenses for renting the charter to fly from Chisinau to Washington DC were calculated for 72 hours.

67. The expenses include the money for gas, green card – EUR 40 and tax disc – EUR 3.5

68. The expenses include the money for gas, green card – EUR 40 and tax disc – EUR 3.5

from Cahul (60 min), Iurie Sadovnic (2) – (90 min), Natalia Gordienko (3) – (110 min), local folk ensemble – (30 min), Adriana Ochisanu – (60 min), folk dance ensemble ‘Briulet’ from Cubolta v., Singerei d. – (30 min), Ioana Capraru – (30 min), Nicolae Palit – (30 min), Costi Burlacu and Corina Tepes – (50 min), Olga Ciolacu – (20 min), Puppet Theatre ‘Piciul Julien’ – (90 min).

PSRM organised at least 2 concerts to mark holidays like 9 May and 8 March. The concerts were organised using the mobile stage (in one case). Local ensembles of singers and the dancers of the ensemble ‘Mostenitorii’ performed at those concerts.



PL organised at least 2 concerts. Maria Sarabas – (30 min), the ensemble ‘Plaiesii’ – (20 min), and an actor who played the character of Alexandru Ioan Cuza performed during the concerts organised by PL.

PPS organised at least 4 events during the campaign ‘Golden Age’ launched by the party. These events were attended by local artists and folk ensembles from Taraclia.

PCRM organised at least 1 concert to mark the International Women’s Day, with the composer Marian Starcea – (30 min), Riki Ardezianu – (30 min) and the laureates of international festivals performing.

Advertising in local and regional press

According to Promo-LEX observers, only 5 political parties (PN, PDM, PL, PSRM and PPDA) appeared in the first semester of 2017 in the local and regional press. (See Table 10)

TABLE 10.
Advertising in local and regional press

Political party	Article size in cm ²	Number of articles and the regional/local periodical	District
PDM	475	Article in 'Unghiul' local newspaper of 24 March 2017	Ungheni
	600	Article in 'Unghiul' local newspaper of 17 March 2017	Ungheni
	1000	Article in 'Glia Drochiana' district newspaper of 30 June 2017	Drochia
	1250	Article in 'Glia Drochiana' district newspaper of 9 June 2017	Drochia
	110	Article in 'Glia Drochiana' district newspaper of 2 June 2017	Drochia
	720	Article in 'Glia Drochiana' district newspaper of 31 March 2017	Drochia
	110	Article in 'Glia Drochiana' district newspaper of 28 April 2017	Drochia
	1330	Article in 'Glia Drochiana' district newspaper of 31 March 2017	Drochia
	1000	Article in 'Glia Drochiana' district newspaper of 24 March 2017	Drochia
	500	Article in 'Glia Drochiana' district newspaper of 17 March 2017	Drochia
	110	Article in 'Glia Drochiana' district newspaper of 1 March 2017	Drochia
	1000	Article in 'Glia Drochiana' district newspaper of 7 February 2017	Drochia
	450	Article in 'Glia Drochiana' district newspaper of 10 February 2017	Drochia
	500	Article and congratulation message in 'Glia Drochiana' district newspaper of 1 January 2017	Drochia
	PN	990	3 articles in 'Observatorul de Nord' local newspaper
13000		13 articles in 'Glia Drochiana' district newspaper during the period between 10 February – 12 May 2017	Drochia
500		Article in 'Glia Drochiana' district newspaper of 3 February 2017	Drochia
2284		4 articles in 'Svet' local newspaper of 13 March – 4 May 2017	Taraclia
330		Article in 'Meleag Natal' local newspaper of 31 March 2017	Briceni
11000		11 articles in 'Cuvantul' between 12 February – 5 May 2017	Rezina
7000		7 articles in 'Cuvantul' local newspaper between 3 February – 7 April 2017	Soldanesti
468		Article in 'Cuvantul' newspaper of 3 February 2017	Rezina
234		Article in 'Cuvantul' newspaper of 19 May 2017	Rezina
520		Article in 'Expresul' of 3 February 2017	Ungheni
PL	500	Article in 'Observatorul de Nord' local newspaper	Soroca
	3330	3 article in 'Cuvantul' newspaper between 24 March – 31 March 2017	Soldanesti
PSRM	400	Article in 'Svet' newspaper of 4 may 2017	Taraclia
PPDA	24	Article in 'Cuvantul' newspaper of 23 June 2017	Rezina

Print and promotional advertising

Print, promotional and outdoor advertising is widely used by all political parties in quantities that differ from party to party. Thus, PDM and PSRM are at the top of the list in this regard, as they used a whole arsenal of materials to disseminate their messages during the first semester of 2017. (See Tables 11 and 12)

TABLE 11.
Promotional materials used by political parties in semester I of 2017, units,

Political party	balcony	T-shirt	bag	card	coat	parka	bag	cap	Pioneertie	Big flag	Small flag	tricolor/ribbon	newspaper	flyer	leaflet	A3 Poster
PDM ⁶⁹	2300	1009	-	-	207	-	137	824	-	321	1024	-	1000000	13294	5250	400
PSRM ⁷⁰	4410	1345	60	-	458	53	-	1067	-	1998	1200	-	2478705	4000	350	-
PN ⁷¹	-	550	-	-	246	-	-	162	-	818	3	-	200 000	510	240	-
PL ⁷²	-	-	-	-	-	-	-	-	-	185	-	-	350	150	560	30 0000
PPŞ	100	100	900	400	-	-	-	-	-	-	-	-	1500	-	-	-
PPEM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PCRM	-	500	-	-	-	-	-	-	32	105	-	100	-	-	-	-
PAS ⁷³	-	-	-	-	-	-	-	-	-	-	-	-	1000	-	-	-
PPDA	-	50	-	-	-	-	-	-	-	-	-	-	1725	1100	-	-
PLDM	-	-	-	-	-	-	-	-	-	15	3	-	-	-	53	20
PPD	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-
PNL	-	-	-	-	-	-	-	-	-	9	-	-	-	-	-	-

TABLE 12.
Number and type of street advertising of political parties for semester I of 2017, unit.

Partid politic	Billboard	Banner			Cort	Panou mobil
	6x3m ²	2X4m ²	10X15m ²	standard	auto	
PDM	23	29	1	23	0	
PSRM	17	41	2	36	0	
PL	0	7	0	35	0	
PPŞ	1	7	0	0	2	
PN	5	18	0	0	0	
PLDM	0	2	1	0	0	
PPD	0	3	0	0	0	
PAS	0	1	0	0	0	
PPDA	0	3	0	0	0	
PCRM	0	7	0	0	0	
Total	46	118	4	94	2	

69. 'Moldova Democrată' newspaper, 'Universul' Printing com. 2431, pr. 700 000 (Ro)

70. 'Socialistii' newspaper, A3, color No 1, 2, 4, – 24 pages each; 'Edit Tipar Grup' SRL Printing house, order No 76 (Ro), pr. 162 000 copies; order No 77 (Ru), pr.202 000 copies of 26 January 2017; order No 200 (Ro), pr. 183 000 copies; 'Socialistii' newspaper, A3, color No 7, 8, 9, 10, 11, 12, 13, 14, 15 – 11 pages each; 'Edit Tipar Grup' SRL Printing house, order No 201 pr. 237 000 copies, of 1 March 2017; order No 339, pr. 200 000 copies; order No 340, pr. 243 000 copies, of 6 April 2017; order No 405, pr. 172 800 copies; order No 406, pr. 225 205 copies, of 12 April 2017; 'Socialistii' newspaper No 12, 13, 14, 15 – 16 pages each; order No 530, pr. 180 000 copies, No 531, pr. 240 700 copies, of 23 May 2017; order No 692, pr. 185 000 copies; order No 693, pr. 248 000 copies, of 22 June 2017.

71. Newspaper 'Puterea e in adevar' ['Power Resides in Truth'], 'Universul' Printing company, order No 2388, pr. 200 000 copies

72. A4 calendars, 'Sirius' Printing company, contract No 21 of 11 April 2017 pr. 30 000 copies.

73. Newspaper 'Impreuna' ['Together'] – 1000 copies

3.3. Expenses that the Political Parties Incurred but did not Report in the Semi-Annual Statements, as Found by the Promo-LEX Observers

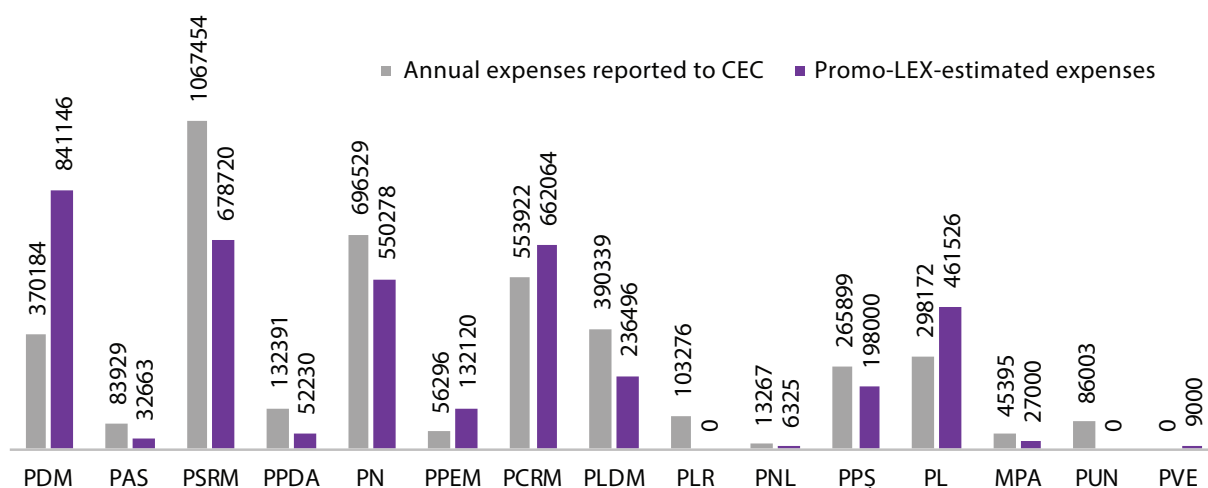
3.3.1 POLITICAL PARTIES' OPERATIONAL EXPENSES

a) Expenses for maintaining and/or renting offices

According to Promo-LEX findings, all 35 parties reported expenses in their semi-annual statements, but not all the expenses correspond with the association's estimates. The minimal real amount of expenses for unreported rental by 4 political formations for 201 offices of 14 parties⁷⁴, found by Promo-LEX observers, is MDL 827 282. The calculation basis used by Promo-LEX to estimate the real rental expenses supposes the multiplication of the surface of the party office, estimated by Promo-LEX observers, by the price per 1 m² at district level (See Annex 3). The expenses for office maintenance services were calculated by multiplying the minimum monthly fee for one office for electricity – MDL 110, water – MDL 60, gas – MDL 30, with the number of offices of each EC and with the period of activity – 6.0 months.

Thus, PDM did not report expenses for maintaining and/or renting the offices of at least MDL 470 962; PPEM – MDL 75 824; PCRM – MDL 108 142; PL – MDL 163 354, PVE – MDL 9 000. (See Chart 6)⁷⁵

Chart 6. Expenses for maintaining and/or renting the offices, MDL



b) Expenses for telecommunications

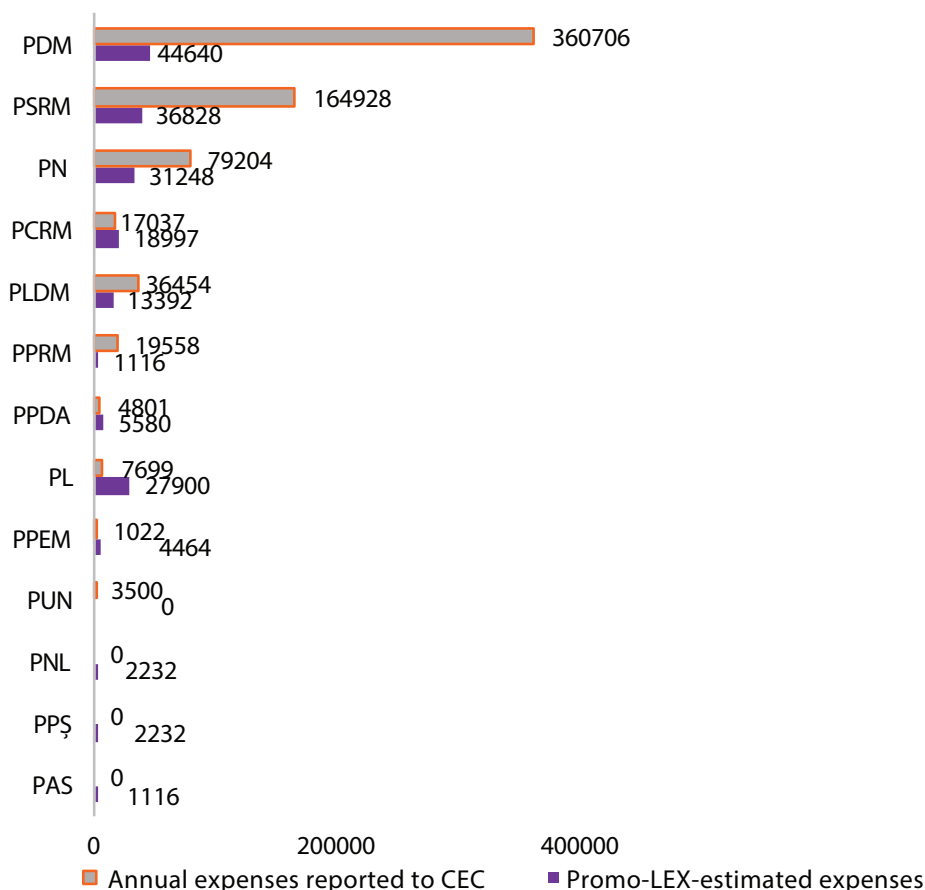
Telecommunication expenses include landline telephone services and the internet. The expenses were calculated by multiplying the number of offices of each political party, reported by the Promo-LEX observers, by the minimum monthly fee for these services (landline telephone – minimum fee of MDL 6, internet per office – a fee of MDL 180), multiplied with the period of activity – 6 months.

According to Promo-LEX observers, during this period, 14 parties used communication services (landline telephone and internet). Most of parties did not report such expenses. After comparing the reported data with those estimated by Promo-LEX, the results showed significant differences of MDL 33 078 for 8 formations: MPA – MDL 1 116, PAS – MDL 1 116, PPS – MDL 2 232, PNL – MDL 2 232, PPEM- MDL 3 442, PL – MDL 20 201, PPDA – MDL 779, PCRM – MDL 18 997. (See Chart 7)

74. According to Promo-LEX observers, during the first half of 2017, only 14 of 45 registered political parties had offices, respectively, expenses for maintaining and/or renting the offices.

75. In June 2017, the Political Party DREAPTA (PPD) changed its name to National Unity Party (PUN). PUN submitted a semi-annual statement to CEC, but PPD didn't.

Chart 7. Telecommunication costs, MDL



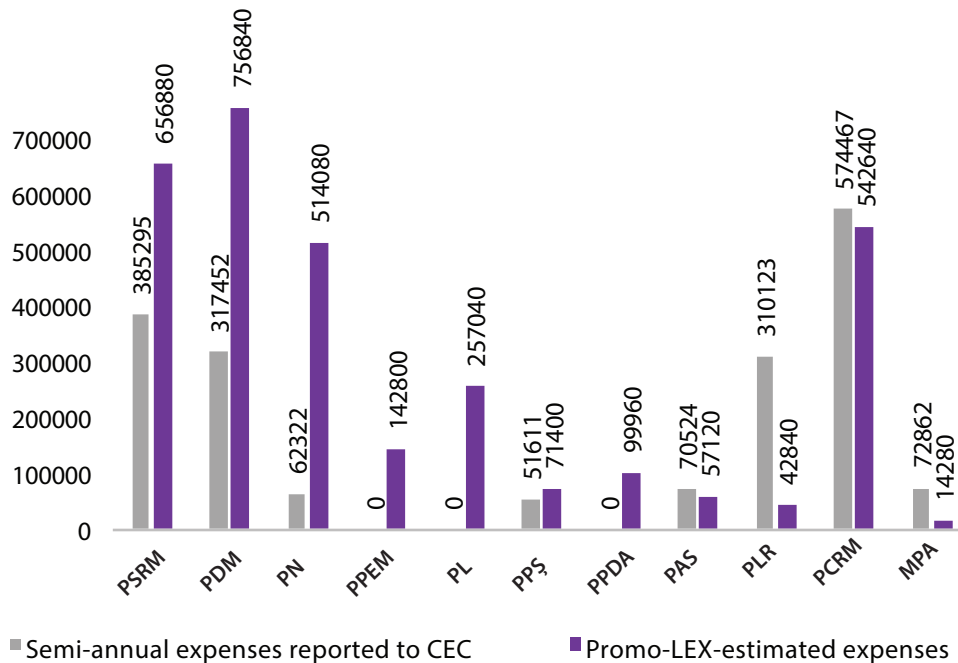
c) Expenses for work remuneration

The expenses for work remuneration were calculated by Promo-LEX Association by multiplying the minimum guaranteed salary in the real sector for 2017 – MDL 2 380 per month by the number of employees reported by Promo-LEX observers and by the length of the monitored period – 6 months. According to Promo-LEX observers findings, at least 13 parties employed 226 persons in parties’ representative and territorial offices. Promo-LEX estimated minimum expenses of at least MDL 3 848 955 for work remuneration, while the cumulative amount reported to CEC by those 11 parties is of MDL 3 784 200. Thus, having compared the data, the amount of unreported expenses by those 7 political formations goes up to MDL 1 689 558. (See Table 13 and *Chart 8*)

TABLE 13.
Differences between the expenses reported to CEC by those 7 outstanding parties and the expenses estimated by Promo-LEX, MDL

Political party	Persons in positions of accountability	Differences between the expenses reported to CEC and those estimated by Promo-LEX, MDL
PSRM	46	-271585
PDM	53	-439388
PN	36	-480318
PPEM	10	-142800
PL	18	-257040
PPŞ	5	-19789
PPDA	7	-99960
Total	175	-1 682 320

Chart 8 Expenses for work remuneration of political parties' employees, MDL



f) Expenses trips within the country and abroad

In this regard, Promo-LEX observers reported the vehicles each of the 14 political parties owned or used (See Table 2). It was not possible to estimate the expenses incurred for those vehicles because this was not about the evaluation of expenses for a certain event (with concrete data regarding the distance traveled and the means of transport used), but for numerous activities organised both by the territorial and central branches of the political party, throughout the calendar year.

g) Use of administrative resources

According to the Promo-LEX findings, 5 political formations used administrative resources during the first semester of 2017. Unfortunately, the law foresees contraventional sanctions for this unlawful practice during election campaigns, but not between them. At the same time, according to the good international practices of Venice Commission, the use of administrative resources is a more serious act of corruption than the use of public money for individual purposes or personal interests⁷⁶. (See Table 14).

76. 'In this context, we define the abuse of state resources an activity for political gain in one or another form. Thus, it is different from ordinary acts of corruption like for example, personal enrichment. Here is a practical example – if a member of parliament steals public money to give it to his/her party, then we have a case of abuse of administrative resources; if the same members of parliament take the money for themselves for personal enrichment, then it is a case of ordinary corruption. While these two types of activities damage the public welfare, the first is obviously more damaging from political point of view, because it threatens to undermine the democratic principles.'

TABLE 14.
Use of administrative resources

Types of abuses	Political party	PSRM	PDM	PN	PL	PCRM
Use of service car		1	-	-	1	1
Use of public spaces and material resources (LPS facilities)		1	4	1	3	-
Use of human resources during working hours		-	9	1	-	1
Providing public spaces for free		1	-	-	-	1
Total		3	13	1	4	3

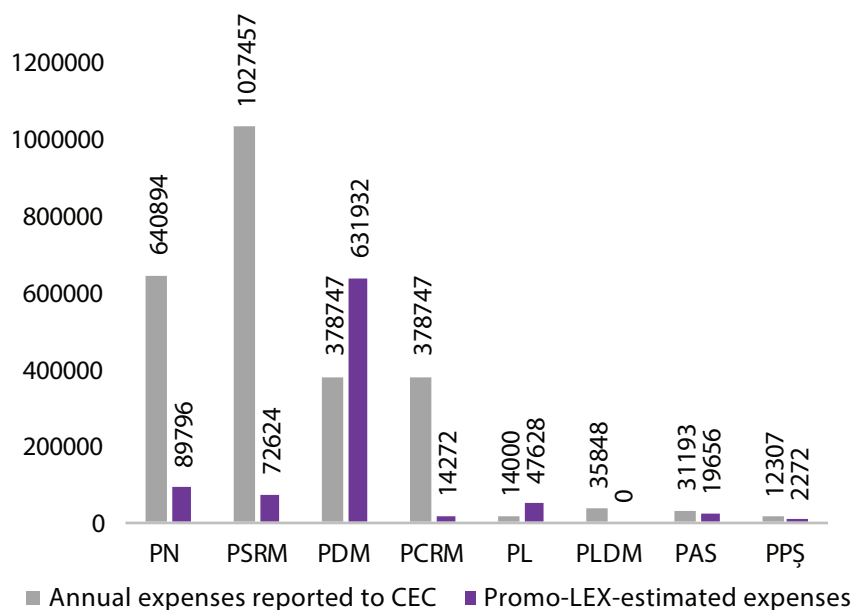
3.3.2 ESTIMATION OF EXPENSES FOR POLITICAL PARTIES' EVENTS AND CAMPAIGNING THAT PROMO-LEX OBSERVERS FOUND BUT THAT PARTIES DID NOT REPORT IN THEIR ANNUAL STATEMENTS

a) Expenses for public events

The expenses for this line budget for public events include the fees for persons who organised and conducted the events (for example, artists, animators, moderators, trainers – multiplying the fee of each artist (market rate) by the actual working time per event), the costs for rental of space, stage, sound equipment, media coverage of events on www.privesc.eu, and in local and regional press, printing and promotional material, street and mobile billboards, transport expenses, etc.

According to Promo-LEX observers, at least 5 political parties incurred expenses for organizing 18 concerts (where at least 26 artists and bands performed), 1 party congress 42 marches, of which one car march, etc. Some of these events were shown to the general public via www.privesc.eu. According to estimates, 2 political parties (PDM, PL), the data of which we looked into, did not report actually incurred expenses of MDL 286 813 for organizing the events (rent of the venues, remuneration or expenses for having the event publicized). (See Chart 9 and Tables 15, 16).

Chart 9. Expenses for public demonstrations, MDL



In the above graph, Promo-LEX was able to count only the expenses for concerts and their media coverage, as well as for publicizing public demonstrations (marches, protests, party congresses, press conferences) via the www.privesc.eu platform. In the tables below, these categories of expenses are presented separately.

Expenses for trips, promotional materials and print advertising, mobile billboards and other categories, for the organization of demonstrations, can be found in l), j), k), l) of the same report.

TABLE 15.
Expenses for concerts and their media coverage

	Fees, artists	Mobile stage	Media coverage of concerts www. Privesc.eu	Total
PDM	504 000	79 800	34 692	618 492
PPŞ	n/a	n/a	n/a	n/a
PSRM	15 000	21 000	-	36 000
PL	25 200	n/a	n/a	25 200
PCRM	2000	n/a	n/a	12 000

TABLE 16.
**Expenses for having other public demonstrations covered by the media,
including press briefings**

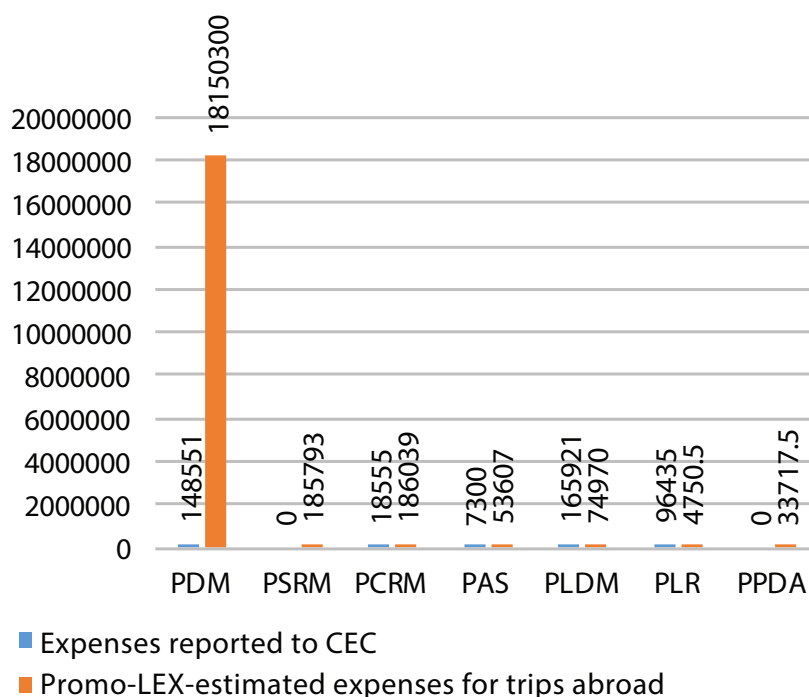
	PN	PSRM	PL	PAS	PDM	PCRM	PPŞ
www. Privesc.eu ⁷⁷	89 796	36 624	22 428	19 656	13 440	2 272	2 272

b) Expenses trips within the country and abroad

The calculation of expenses for trips within the country was done by multiplying an average fuel consumption of 9 l/100 km (car), 10 l/100 km (minibus), 35 l/100 km (bus) by the distance travelled and by the fuel price of MDL 16.6/l. The Promo-LEX Association estimated the expenses for trips within the country on the basis of distances travelled reported by observers. Thus, PLDM travelled at least 2 688 km, PN – 27 711 km, PCRM – 3 552 km, PL – 13 274 km, PAS – 3 097 km, PPEM – 404 km, PPDA – 7 350 km, PPS – 568 km, PLR – 2 568 km.

⁷⁷. According to the spoken statements of the www.privesc.eu administration, the media coverage and the live broadcast of political parties' events were free of charge.

Chart 10. Expenses for trips abroad, MDL

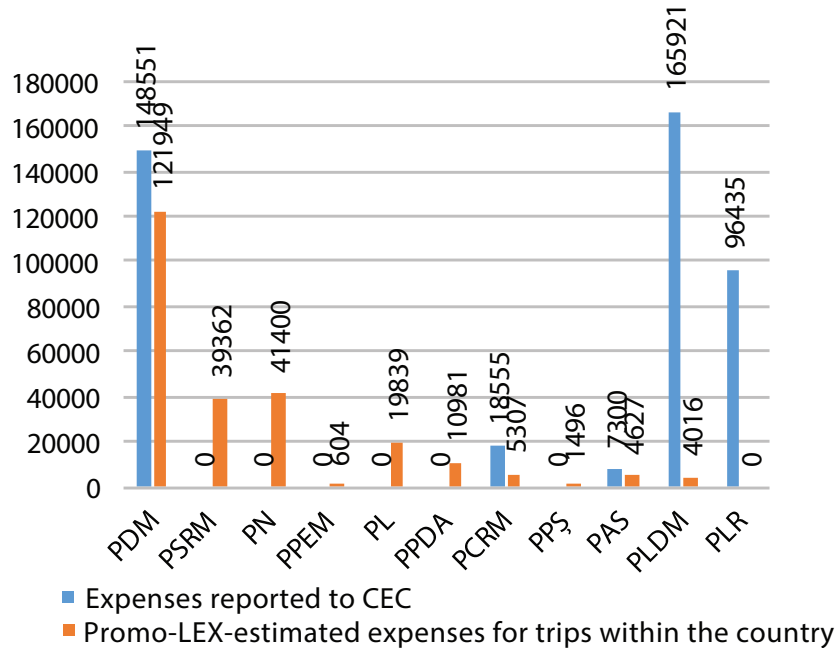


According to Promo-LEX observers, at least 11 political parties incurred expenses for trips required for organizing various promotional or statutory activities, including those reported above. Only 2 parties reported apparently real expenses in the statements filed with CEC (PLDM and PLR). Other 3 parties (PDM, PCRM, PAS) reported smaller expenses than Promo-LEX estimated. Of these, 6 parties (PSRM, PN, PPEM, PL, PPDA and PPS) reported for this expenditure category 0 (zero) expenses, while Promo-LEX estimates show the opposite. (See Chart 11).

The estimates of expenses for trips made abroad include the cost of plane tickets and the minimum protocol cost for accommodation per delegate. The trips were different from case to case. Thus, the leaders of PLDM, PAS and PPDA attended the Congress of European People’s Party (PPE) in Malta on 29 March 2017. The Leaders of PAS, PPDA, PCRM, PDM travelled to Bruxelles for different occasions. They also travelled to Washington DC – PDM; Berlin – PPDA, PAS, PLDM; Moscow – PSRM, PCRM; Beijing – PCRM, PSRM; Bucuresti – PLR and Iasi – PPDA.

Promo-LEX findings reveal that at least 6 political parties (PSRM, PN, PPEM, PL, PPDA, PPS) did not report an amount of MDL 224 372 for trips within the country (See Chart 10) and 5 factions (PDM, PSRM, PCRM, PAS, PPDA) did not report an amount of MDL 18 435 051 for trips made abroad. (See Table 2 and Chart 11)

Chart 11. Expenses for trips within the country, MDL



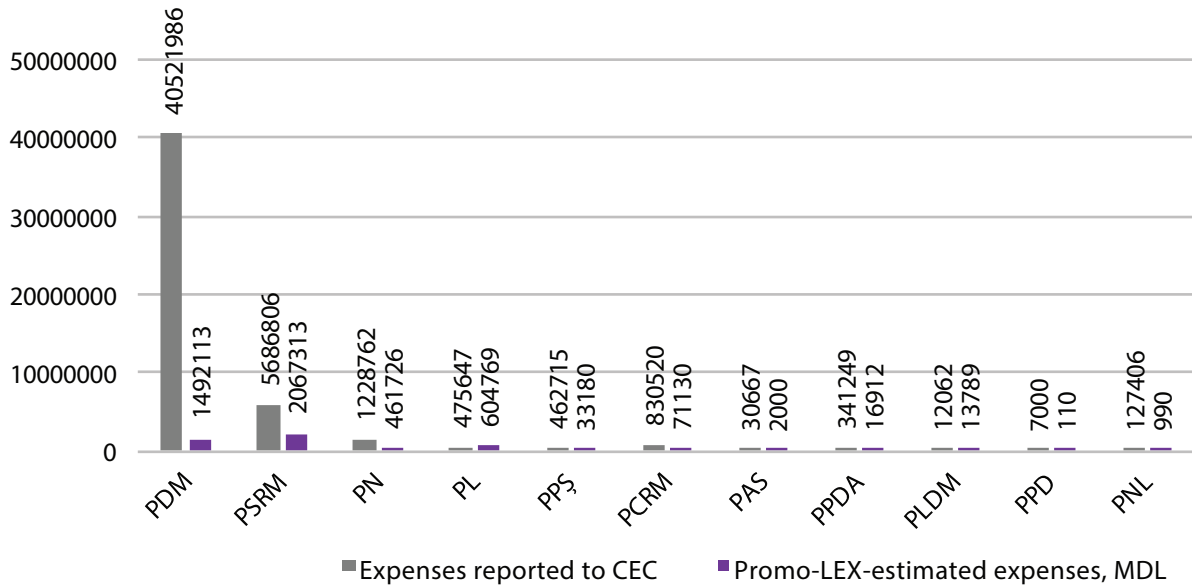
Promo-LEX recommends to separate the category of expenses for trips within the country and trips made abroad in two different budget lines (spending destinations) to provide clarity on these two different types of expenses in terms of costs and additional implications (accommodation, per diem, etc.)

c) Expenses for press and promotional materials

The calculation of expenses for promotional and printing materials was done by multiplying each type of promotional material, reported by Promo-LEX observers, by the minimum prices on the market. According to Promo-LEX observers’ verifications, the estimated minimal monthly price for a u. of A3 glossy paper poster is MDL 2.5 at a pr. of 5 000 copies; 1 u. of A3 color glossy paper calendar – MDL 2.5; 1 u. of A4 matte paper poster – MDL 0.5 at a pr. of 15 000 copies, for a brochure/ book of 110 pages – MDL 49.9, for a u. of A3 newspaper – MDL 0.48 at a pr. of 100 000 copies, for a u. of 21x20cm² flyer – MDL 2, for a u. of door hanger at a pr. of 200 000 copies, glossy paper – MDL 2.5; 1 u. of 15x20 cm² flyer at a pr. of 300 000 copies – MDL 0.5; 1 u. of 10x12 cm² flyer at a pr. of 50 000 copies – MDL 1. 1 balloon with a message and logo – MDL 2.5, 1 magnet with a message and logo – MDL 3.5, 1 A5 flyer – MDL 0.5, 1 9x11,5 cm² sticker – MDL 3.

According to Promo-LEX observers, at least 11 political parties spent money on press and promotional materials. In 10 cases, Promo-LEX found and estimated lower spending than the parties reported, which is a positive thing, and only in the case of two parties (PPEM and PLDM) the estimates were higher than the expenses. (See Chart 12)

Chart 12. Expenses for print media and promotional materials, MDL

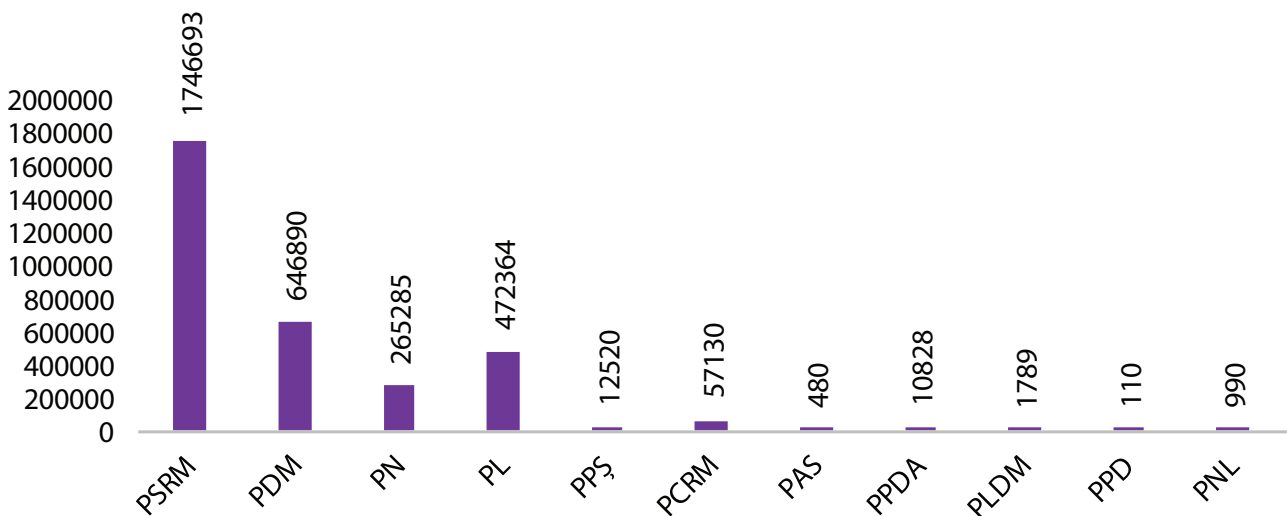


We also mentioned that this category and budget line became a ‘universal’ one that leaves room for maneuver and can be mistaken for another spending destination, such as spending on political consultancy, promotional advertising, print advertising, outdoor advertising and, last but not least, for print media.

Promo-LEX Association identified in this situation a breach that would allow parties to camouflage their payment purposes as they please. The report form used during the electoral period was more detailed than this one is and the budget lines relate strictly to one category and not to three or four categories.

To compare, Promo-LEX estimated parties spending (and included the estimates in the Chart entitled *Expenses for press and promotional materials*) through the lens of the report form for campaigning, including: 3 distinct advertising subcategories (*promotional advertising and print advertising, print media advertising, outdoor and mobile advertising*). Chart 13 shows that all the aforementioned parties incurred promotional and print advertising expenses.

Chart 13. Estimated expenses for promotional and print advertising, MDL

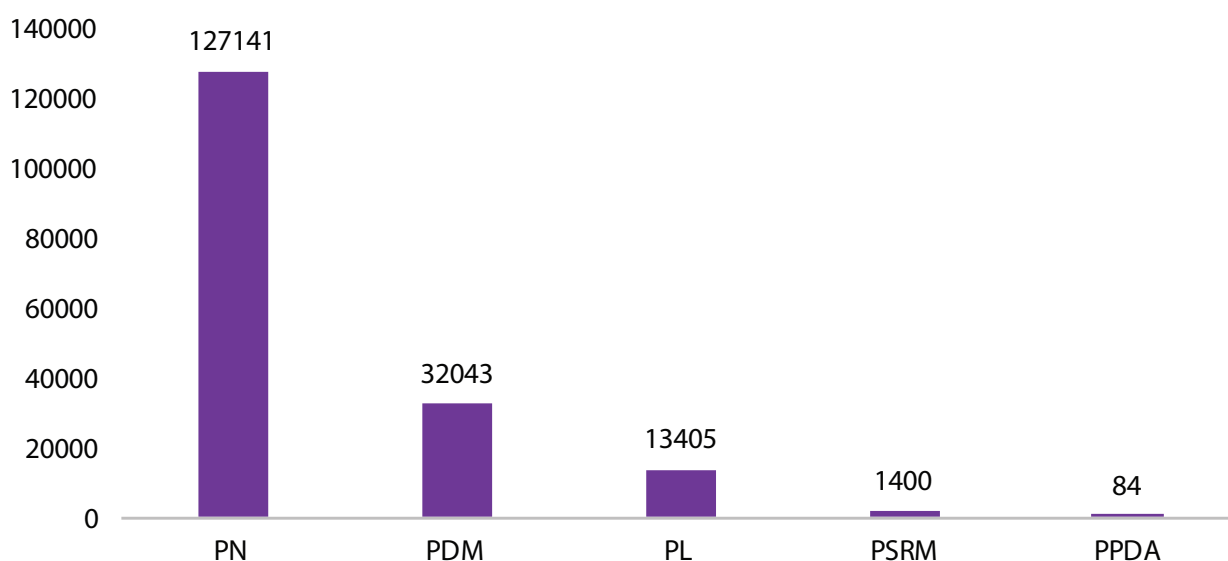


The second category of expenses relates to expenses for advertising in the local/regional print media. The calculation of the expenses for advertising in the local and regional print media was

done by multiplying the size in cm² of each type of promotional product reported by Promo-LEX observers either by the price per 1 cm² of product, indicated by the observers, or by the average price on the Republic of Moldova market – MDL 3.5/1 cm². According to Promo-LEX observers, at least 5 political parties (PN, PL, PSRM, PPDA and PDM) spent money for promotional materials in the local and regional press. (See Chart 14).

Promo-LEX found that political parties involved minors in the electioneering activity. As for the cases of minors involved in different promotion campaigns (for example, to distribute newspapers) reported by Promo-LEX observers, it is important to note that the Article 13(3) of the Law on Child Rights prohibits the involvement of minors in political activity or their affiliation to political parties.

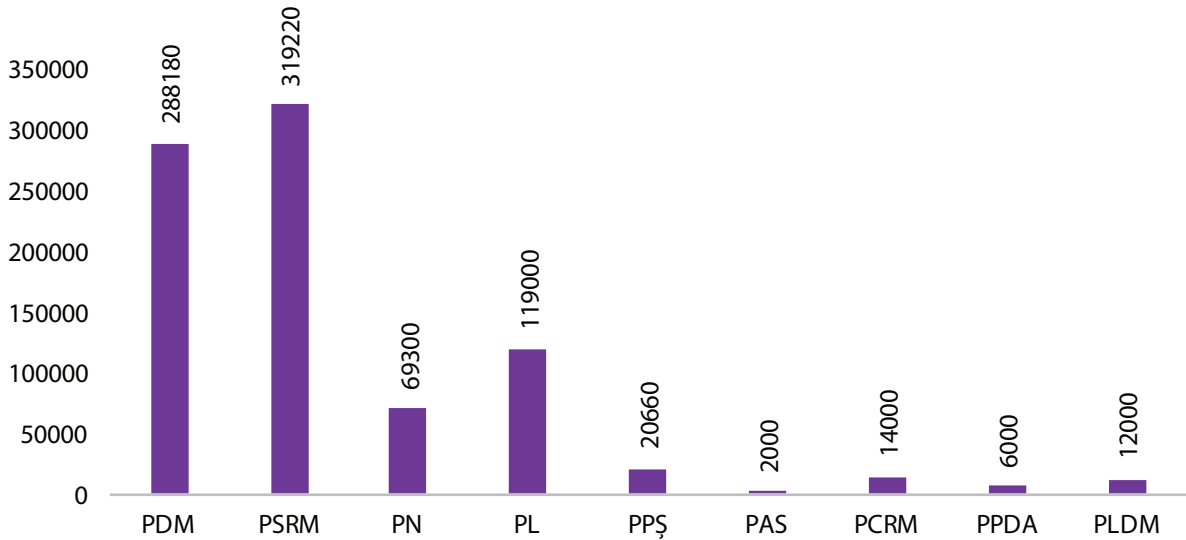
Chart 14. Estimated expenses for advertising in print media, MDL



The third category includes *expenses for outdoor and mobile advertising*. To estimate the expenses for the street billboards, the market value of prices for different panel models was verified. This, the minimum monthly fee to place a street billboard of 6x3m² is at least MDL 6 660, a street billboard of 15x12 m²/20x10 m² – at least MDL 20 200, a LED billboard - MDL 7 770, a street billboard of 1.80x2m² – at least MDL 2 220, a banner of 1.5x2 m² – at least MDL 2 000.

According to the Promo-LEX findings, at least 9 political parties spent money on outdoor and mobile advertising. (See Chart 15)

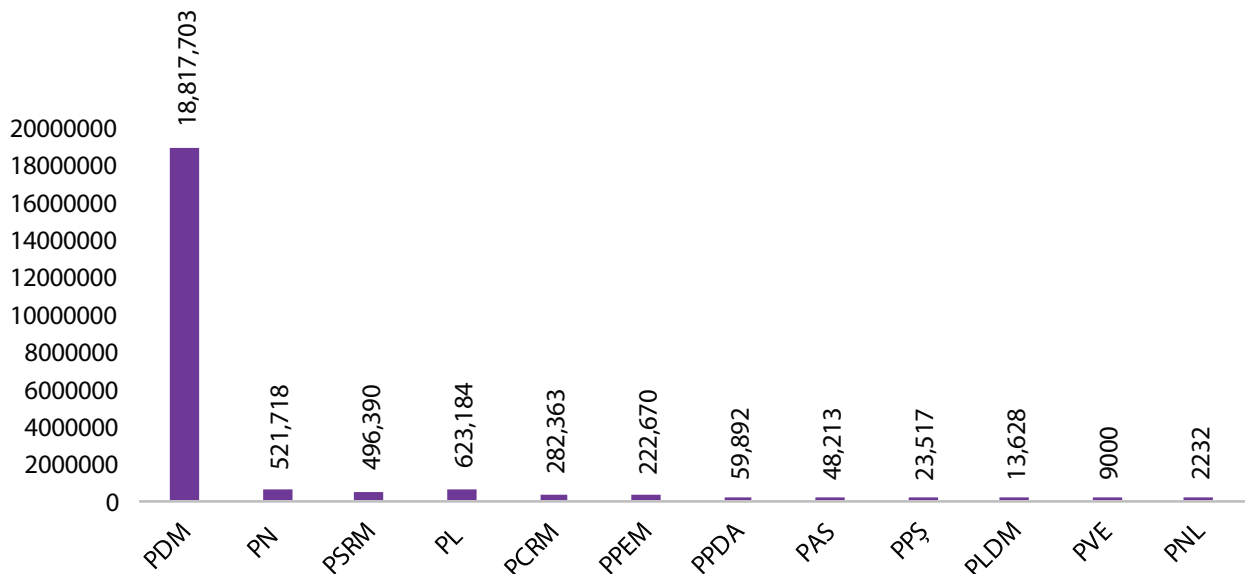
Chart 15. Estimated expenses for outdoor advertising, MDL



Promo-LEX states the urgent need to regulate political advertising in the time interval between elections, so that the advertising would be contain by such signs: expression 'political advertising', identification data of the person who paid for it and the date of the bank payment order, like during the election campaign.

The Promo-LEX Association found that 12 political parties failed to report expenses amounting to MDL 21 120 510 (See Chart 16). Promo-LEX also claims that this amount is not a complete one, as the category of expenses 'for press and promotional materials' does not allow for the elucidation of 3 other types of spending by parties for political promotion, which are significant. So, Promo-LEX found there was lack of transparency in the *de facto* reporting of party spending on advertising and the fact that the current model of financial reporting adds to the shadowing of certain types of expenses of political parties in the Republic of Moldova.

Chart 16. Total unreported expenses found by Promo-LEX Association, MDL



Promo-LEX Association recommends again the urgent amendment of Annex 8 to the CEC Regulation on Financial Management of Political Parties by detailing Section III of the statement. Thus, it is recommended to delimit the 'press' and 'promotional materials' categories where the 'press' category should mean 'advertising' and include the subcategories specific to advertising: TV, radio, digital media, print media, billboards/outdoor and mobile advertising.

Therefore, Promo-LEX recommends introducing subcategories under major expenditures, like in the financial statement that electoral candidates submit during electoral campaigns.

RECOMMENDATIONS

TO THE PARLIAMENT OF THE REPUBLIC OF MOLDOVA:

- Supplement Article 29(3) and (4) of the Law on Political Parties with provisions that would oblige the CEC to publish both the annual and semi-annual financial statements, disclosing data about the amount donated, the donor's identity (full name/surname, name and organizational form), residence/head office and position/work place or type of activity;
- Regulate political advertising in the time interval between elections, so that the advertising would be accompanied by such signs: expression 'political advertising', identification data of the person who paid for it and the date of the bank payment order.
- Amend LPP 294 by diminishing the ceiling of donations from individuals and legal entities to political parties, according to the average standards of living.
- Extend the range of sanctions and penalties applicable to political parties for using administrative resources, so that they would be also applicable in intervals outside the election campaigns.
- Provide explicitly in the LPP No 294 for the semi-annual and annual financial reporting deadlines, according to the formula: financial reporting for the first semester – until 15 July of this year, financial reporting for the second semester – until 15 January of the following year and annual reporting – until 31 March of the following year.
- Amend Article 26(3) of the Law No 294 on Political Parties by introducing in the statement 'derived from membership fees and donations' the phrase 'and subsidies from the state budget'.

TO THE CENTRAL ELECTORAL COMMISSION:

- Amend the financial statement template:
 - separate the category of expenses 'Business trips inside and outside the country' into two distinct budget lines;
 - separate the category of expenses 'Maintenance and/or rent of premises' into two distinct budget lines;
 - introduce expenditure subcategories into the major categories of the annual financial statement, similar to the financial statements that electoral candidates submit during electoral campaigns. For example: 'Expenses for rewarding volunteers/agitators', advertising subcategories: TV, radio, digital media, print media, billboards/outdoor and mobile advertising, etc.;
 - include in the structure of the financial statements a new category of expenditure – 'expenses for consultancy services';
- Amend Article 20 of the CEC Regulation by introducing the following content: 'Where cash donations and membership fees are collected, the person responsible for collecting donations and membership fees shall issue a receipt and immediately record the cashing in the Register of membership fees, according to the template in Annex 1 to this Regulation';
- Check aspects related to bank transfers and whether the parties' donors have banking accounts.

TO POLITICAL PARTIES:

- Observe the obligation to amend the Party Statute by establishing the amount and payment method of the membership fees. At the same time, submit this information to the Central Electoral Commission, together with information on the total amount of membership fees gathered annually by the party;
- Obey the legal provisions about publishing on the party's website the special banking account number, semi-annual and annual statements, information on the amount of membership fees and the payment method;
- Create official websites for political parties that receive allocations from the state budget and provide information about this to the Central Electoral Commission;
- Obey the legal provision on the use of the cash register for the collection of cash donations;
- Ensure the transparency of revenue collection and of funds spent during the inter-electoral time period;
- Not to use administrative resources in the annual activity;
- Avoid the involvement of minors in political activity, agitation or their affiliation to political parties.

TO LAW ENFORCEMENT BODIES:

- Investigate, in accordance with the contravention or criminal law, the cases mentioned in this Report, which are raising questions about some deviations from the provisions of the legislation in force;
- Apply sanctions for exceeding the ceiling for cash donations, in line with the statute of limitations and, subsequently, initiate the procedures of having political parties pay the amounts they used in contradiction with the regulatory provisions by 2 May 2017.

TO THE STATE TAX SERVICE:

- Check how political parties keep records of donations by means of using the cash registers.

LIST OF ABBREVIATIONS

LPA – Local Public Authorities

Art. – Article

CC – Court of Accounts

CEC – Central Election Commission

CCET – Center for Continuous Electoral Training and Research

GRECO – Group of States against Corruption

LPP – Law on Political Parties

CR – Cash registers

MoJ – Ministry of Justice of the Republic of Moldova

EOM – Election Observation Mission

MPA – People’s Movement Anti-mafia Political Party

MPSN – ‘Speranța-Hadejda’ Movement of Professionals

MSPFN – ‘New Force’ Social-Political Movement

MSPRRM – Social-Political Movement of the Roma People from the Republic of Moldova

TB – territorial branch

PAD – Democratic Action Party

PAM – Agrarian Party of Moldova Political Party

PAS – Action and Solidarity Political Party

PC – Conservative Party

PCNM – ‘Our Home - Moldova’ Political Party

PCR – Party of the Communists of the Republic of Moldova

PDA – ‘Democracy at Home’ Political Party

PDM – Democratic Party of Moldova

PE – European Party

PFSM – ‘Moldova Salvation Front’ Political Party

PL – Liberal Party

PLD – Party of Law and Justice

PLDM – Liberal Democratic Party of Moldova

PLR – ‘Liberal Reformist Party’ Political Party

PMAE – ‘European Action Movement’ Party

PMUEM – ‘United Moldova’ Party

PN – “Our Party” Political Party

NAPIAA – National Action Plan Implementing the Association Agreement

PNL – Liberal National Party
PNOI – New Historical Option Political Party
PPCD – People’s Christian Democratic Party
PPDA – ‘Dignity and Truth Platform’ Political Party
PPDM – ‘People’s Democratic Party of Moldova’ Political Party
PPEM – ‘People’s European Party of Moldova’ Political Party
PPM – ‘Moldova’s Patriots’ Party
PPNT – ‘For the Nation and Country’ Political Party
PPP – ‘HOMELAND’ Political Party
PPRM – ‘People’s Party of the Republic of Moldova’ Political Party
PPSM – The Socialist People’s Party of Moldova
PPS – Sor Political Party
PR – ‘REBIRTH’ Political Party
PRegionilor – Party of the Regions from Moldova
PRM – Republican Party of Moldova
PRSM – ‘Russian-Slavic Party from Moldova’ Political Party
PSD – Social Democratic Party
PSM – Socialist Party of Moldova
PSP – ‘Party of the Progressive Society’ Political Party
PSRM – ‘Party of the Socialists from the Republic of Moldova’ Political Party
PUCM – Centrist Union of Moldova Political Party
PUM – Political Party for Moldova’s Union
PUN – National Unity Party
PVE – Green Environment Party Political Party
STS – State Tax Service
NSIA – National Strategy for Integrity and Anti-Corruption
ATU – Administrative Territorial Unit

Annex 1. Letter from Promo-LEX, requesting information from STS

Promo - LEX

Promovarea democrației și a drepturilor omului

bd. Ștefan cel Mare și Sfânt 127
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www.promolex.md

Nr. 157 din 27 iunie 2017

D-lui Serghei Pușcuța
Șeful Serviciului Fiscal de Stat

str. Constantin Tănase nr. 9, Chișinău MD-2005

C E R E R E *de acces la informație*

Asociația Promo-LEX solicită respectuos acces la informațiile publice pe care le posedă Serviciul Fiscal de Stat (SFS) și de care asociația are nevoie în procesul de monitorizare a finanțării partidelor politice în perioada anului 2017.

În continuare, asociația specifică faptul că art. 34 al Constituției Republicii Moldova și Legea privind accesul la informație nr. 982-XIV din 11.05.2000, garantează dreptul persoanei de a avea acces la orice informație de interes public. Simultan, conducându-se de legislația în vigoare menționată dar și în speță, de art. 3.1. din Regulamentul Nr. 2407 din 24.07.1998 cu privire la modul de exploatare a mașinilor de casă și control (MCC) cu memorie fiscală, precum și reieșind din faptul că SFS este posesorul informațiilor solicitate, conducându-se de drepturile garantate de Constituția Republicii Moldova și legea privind accesul la informații, solicită:

1. Prezentarea informației și a listei tuturor partidelor politice din Republica Moldova care dețin MCC și sunt înregistrate în Registrul unic al MCC către 30 iunie 2017¹.
2. Prezentarea informației privind numărului exact de MCC pe care fiecare partid menționat la pct.1 de mai sus, le-a deținut pe parcursul anului 2016 și le deține către 30 iunie 2017.

Cu respect,

Ion Manole
Director executiv, Asociația Promo-LEX

¹ A se vedea anexa la Cererea respectivă, cu lista IDNO a partidelor politice ce au depus rapoarte financiare anuale la Comisia Electorală Centrală (CEC) pentru anul 2016. Promo-LEX nu deține informații în privința celorlalte 15 partide politice care nu au depus rapoarte anuale pentru anul 2016 la CEC.

Annex 2. Letter from STS, answer to Promo-LEX request of information

MINISTERUL FINANTELOR
AL REPUBLICII MOLDOVA
SERVICIUL FISCAL DE STAT



МИНИСТЕРСТВО ФИНАНСОВ
РЕСПУБЛИКИ МОЛДОВА
ГОСУДАРСТВЕННАЯ НАЛОГОВАЯ
СЛУЖБА

MD-2005, mun. Chișinău, str. Constantin Tănase nr.9
Tel. (373 22) 82-33-53, Fax (373 22) 82-33-54, mail@sfs.md

www.sfs.md

02/ iulie 2017 nr. 26-11/1-13-12864
La nr. 157 din 27 iunie 2017

A.O. PROMO-LEX
MD-2004, mun. Chișinău,
bd. Ștefan cel Mare și Sfânt nr. 127

Serviciul Fiscal de Stat a examinat Cererea de acces la informație privind prezentarea informației și a listei tuturor partidelor politice din Republica Moldova care dețin mașini de casă și control cu memorie fiscală și comunică următoarele.

Regulamentul cu privire la aplicarea mașinilor de casă și control pentru efectuarea decontărilor în numerar, aprobat prin Hotărârea Guvernului nr. 474 din 28 aprilie, stipulează că se permite efectuarea decontărilor bănești în numerar fără aplicarea mașinilor de casă și control cu memorie fiscală (MCC) numai în cazul desfășurării activităților prevăzute în „Lista genurilor de activitate al căror specific permite efectuarea decontărilor bănești fără aplicarea mașinilor de casă și control”, anexa la Regulament.

Prin pct. 17 al anexei, încasarea taxelor de aderare, cotizațiilor sau cotizațiilor de membru este scutită de aplicarea MCC, fiind substituită cu eliberarea bonurilor de plată (formulare tipizate de documente primare cu regim special). Alte încasări de numerar efectuate de partidele politice, în cazul în care plătitorul nu depune mijloacele bănești nemijlocit la contul bancar, urmează să fie înregistrate prin intermediul MCC.

Cât privește informația despre numărul de MCC pe care-l deține fiecare partid politic (din lista anexată la Cererea de acces la informație), aceasta nu poate fi prezentată, dat fiind faptul că potrivit art. 131 alin. (5) lit. 1) al Codului fiscal nr. 1163-XIII din 24 aprilie 1997, organele cu atribuții de administrare fiscală sunt în drept să prezinte mijloacelor de informare în masă - informația despre sumele de plăți achitate la bugetul public național și /sau încălcările fiscale dacă acest fapt nu este în detrimentul intereselor legale ale organelor de drept și judiciare.

Director adjunct

Iuri LICHII

Annex 3. List of office rent prices per 1 m², by districts⁷⁸

1	Orhei	1 m ² = MDL 240
2	Soldanesti	1 m ² = MDL 100
3	Hincesti	1 m ² = MDL 150
4	Cahul	1 m ² = MDL 103
5	Telenesti	1 m ² = MDL 96
6	Balti Municipality	1 m ² = MDL 150
7	Vulcanesti	1 m ² = MDL 100
8	Basarabasca	1 m ² = MDL 80
9	Soroca	1 m ² = MDL 80
10	Cimislia	1 m ² = MDL 50
11	Chisinau Municipality	1 m ² = MDL 300
12	Gagauzia ATU	1 m ² = 98 lei
13	Stefan Voda	1 m ² = MDL 90
14	Taraclia	1 m ² = MDL 80
16	Leova	1 m ² = MDL 116
17	Ocnita	1 m ² = MDL 120
18	Drochia	1 m ² = MDL 100
19	Anenii Noi	1 m ² = MDL 100
20	Floresti	1 m ² = MDL 110
21	Criuleni	1 m ² = MDL 161
22	Singerei	1 m ² = MDL 170
23	Glodeni	1 m ² = MDL 50
24	Dubasari	1 m ² = MDL 20
25	Riscani	1 m ² = MDL 100
26	Donduseni	1 m ² = MDL 100
27	Edinet	1 m ² = MDL 110
28	Briceni	1 m ² = MDL 100
29	Falesti	1 m ² = MDL 100
30	Calarasi	1 m ² = MDL 100
31	Straseni	1 m ² = MDL 170
32	Nisporeni	1 m ² = MDL 110
33	Causeni	1 m ² = MDL 100
34	Rezina	1 m ² = MDL 110
35	Ungheni	1 m ² = MDL 270
36	Riscani	1 m ² = MDL 100

78. According to the findings of Promo-LEX observers.



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Advancing democracy and human rights

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