



# REPORT

Financing of political parties in the Republic of Moldova

**2017 RETROSPECTIVE**



**Promo - LEX**

*Promovarea democrației și a drepturilor omului*

# REPORT

## Financing of political parties in the Republic of Moldova

2017 RETROSPECTIVE



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## INTRODUCTION

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In the period of August 2016 – July 2019, the Promo-LEX Association implements the Democracy, Transparency and Responsibility Program, funded by the United States Agency for International Development (USAID). As part of this project, the Association aims at drawing up monitoring reports on semi-annual and annual financing of political parties, in this case, taking account of their activities and their reporting to the mandated body – the Central Electoral Commission (CEC).

In order to obtain an overview of political parties' financing in the Republic of Moldova in 2017, the Promo-LEX Association analyzed 2,510 forms filled in by monitors, presenting the activities of 16 political parties – subjects to civic monitoring, 497 forms that present their operational activity, 88 interview grids carried out at the territorial level of party organizations and 6 interview grids – at the central level of party organizations. Also, 77 financial reports, both semi-annual (semester I 2017) and annual, submitted to the CEC, containing both qualitative and quantitative data on this issues, have been analyzed. Consequently, out of the total of 45 registered political parties, the report directly addressed the political formations that submitted financial reports and/or those whose activity was observed by the monitors.

Through civic monitoring carried out throughout the country, the Promo-LEX Association reconstituted the array of activities of 16 Moldovan political parties over the reference period. The picture reconstituted by Promo-LEX monitors can be viewed in photo and video images on [www.monitor.md](http://www.monitor.md). These activities were analyzed, along with the financial data, indicated in the semi-annual/annual and campaign reports for the new local elections, held in May 2017 and November 2017, as well as for the referendum on the dismissal of the mayor general Dorin Chirtoaca, submitted to the CEC. Also, in the case of the other 26 political parties, only the semi-annual and annual financial reports provided to the CEC were examined, as monitors did not find or report any other activities carried out by these parties in the territory.

Through this Report, the Promo-LEX Association aims at monitoring the quality of party financial reporting, transparency and compliance with the legal norm, as well as the activity of the body, mandated to supervise and control them. The final aim of the Report is to improve the existing practices in the field and to prevent cases of breach of law by promoting good practice in financial reporting by political parties.

## MONITORING METHODOLOGY

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The purpose of monitoring is to reconstitute the general picture of parties' expenditure for the year 2017 and to assess compliance of reporting, recording and supervision activities with the legal norms in force. Monitoring focused on the events, conducted by the political parties, including through their territorial organizations. Conceptually, account was taken of those parties that did not have headquarters in Level II administrative-territorial units (ATUs), as well as those that carried out at least one activity in the territory. As a consequence, financing of parties' activities in the country was assessed by the field research method, the use of open data by scanning the online platforms of subjects to monitoring (social networks – Facebook and Odnoklassniki of the territorial and central party organizations, party webpage), by consulting the local media sources (archives, libraries), informal discussions with community actors (Local Public Administration (LPA), economic agents, citizens. Although the Promo-LEX Association is not an investigative body, all its findings made in the field monitoring process have been proven with photo and video recordings are placed on the online platform [www.monitor.md](http://www.monitor.md). The monitoring process involved 35 territorial monitors (referred to Level 2 ATUs), 5 regional coordinators and members of the Promo-LEX Central Team. All the monitors have been trained with regard to the purposes, methodology and working tools of the project. Each monitor has signed the Promo-LEX code of conduct<sup>1</sup>. The central team developed standardized forms for collecting quantitative and qualitative data on political party's activity. The data collected by the monitors in standard forms was stored on the Promo-LEX's internal secured reporting platform, analyzed, validated and synthesized by the central team. Our financial analyst compared the information from the official reports of the parties submitted to the CEC, analyzed the information submitted by the monitors, estimated the party's actual expenditure on the basis of the information reported from the territory. Finally, the analyst compared the findings to the current legal framework and assessed their compliance. The Promo-LEX Association requested from the Central Electoral Commission and the Court of Accounts clarifying information on the annual financial reports and data on the number of summons and offenses committed. The other entities that were requested to provide information were the Public Services Agency, which had to provide data on the number of cars that the parties have in their management and the State Tax Service with regard to the number of cash and control registers (MCC), the list of political parties using the MCC, the number of these devices, held by each political formation registered with the MJ, and on the evidence of donation collection. The analysis of the data from the documents received was also included in the report. The currencies used in this report are expressed in Moldovan Lei (MDL) at the rate of 1 EUR = 20 MDL.

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<sup>1</sup> <https://promolex.md/4689-codul-de-conduita-al-observatorilor-electorali-promo-lex/>

## SUMMARY

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The Promo-LEX Association made the civic monitoring of political parties' finances in 2017. This report shows the findings on political parties' funding. The results are based on the interviews with party representatives and observations, made by the Promo-LEX national network of monitors, being related to the data from the annual financial reports, submitted to the CEC by political parties. The Report also reflects the analysis of the evolution of the legal framework in the period concerned, on the political parties' funding, as well as recommendations for improvement of the legislation, developed as a result of monitoring.

Both the legislation on political parties and the electoral legislation were defective in 2017. Similar to the concerns and demands found in the Opinion of the Venice Commission of 7 December 2017, Promo-LEX identified the same deficiencies in banning donations from Moldovans, working outside the country; high level of annual ceilings for donations to political parties, made by individuals and legal entities; lack of supervision and enforcement of rules, governing the funding of political parties; ineffectiveness of the sanctions, imposed for violation of party financing rules, including the low level of contravention fines.

Promo-LEX reiterates in this report that *the public interest* with regard to the party donor identification data, in this case, donor's work and the donated amount, prevails over the "Personal Data Protection" and in the interest of transparency in the funding of political parties, these data deserve to be made public. In the opinion of Promo-LEX, the law expressly obliges the CEC to publish the donor's domicile and workplace in the annual report.

The Promo-LEX Association notes a breakthrough in parties' reporting on their financial management. If 30 out of 45 parties submitted annual reports to the CEC for the full year of 2016, then for 2017, 42 political parties out of 45 submitted reporting, thus accounting for a 93% compliance with the reporting rule, compared with 62% in 2016. Next, none of the 42 parties that submitted reports to the CEC exceeded the maximum annual limit of 101,300,222 lei, allowed by the legislation. The political formation closest to the maximum ceiling is the PDM, accounting for 66.29% of the maximum allowed, with declared revenues of 59,642,863 lei. Taking into account the fact that the maximum limit for the accumulation of revenues allowed for parties is more than enough, the Association recommends the Legislature to amend Art. 26 (para. 3) of Law 294 on Political Parties by introducing into the statement "derived from members' contributions and donations" the phrase "and state subsidies", thus ensuring that the maximum ceiling permitted by law also covers the third source of income – state subsidies.

Analysis of data from the annual financial reports reveals that sources of parties' financing were balanced in 2017, establishing the main ones: donations, state subsidies and memberships fees, leaving aside the isolated case of the PCRM, which recorded revenues from economic activity, specifically from marketing of its premises. Thus, the main source of funding accounts for donations of individuals, including party members, followed by subsidies from the state budget – 31%, membership fees – 14%, donations of legal entities – 2% and another 2% falls for a new source of funding – material donations and revenues derived from economic activities – 20%.

According to reports submitted to the CEC, out of the 42 political parties concerned, 23 indicated revenues of 129,811,493 lei and a total of initial balance of 41,308,249 lei, which is 74.65% more than in 2016, when revenues amounted to 96,905,367 lei. The amount of the reported expenditures is of 89,858,016.97 lei with a final balance of 81,261,726.3 lei that was transferred to the parties' accounts in 2018. The other 19 parties did not show any revenues or expenses.

The results of the research revealed insufficient information on the political parties' practice of "collecting donations" in cash from individuals. Furthermore, there is no openness on behalf of the competent bodies, in this case the State Tax Service, when they are asked to provide conclusive information necessary to investigate the practice of keeping evidence and fiscal account of political parties in the Republic of Moldova. Furthermore, in interviews with party representatives, Promo-LEX identified several complaints about this issue and reiterated its recommendation on keeping account of donations.

Imperfection of the financial report template, proposed by the CEC obstructs access to complete financial information. Lack of such expenditure categories as "political consultancy", "rewards for volunteers and agitators", as well as lack of headings referring to "street panel expenses", "e-advertising expenses", "promotional expenses" allow reporting subjects to generalize the data, minimizing the transparency of expenditure for these categories. This was also confirmed by parties in interviews. Among the issues raised by the parties are the difficulties of completing the annual report on financial management, lack of clarity of the provisions, referring to the destination of the expenditures, derived from the State Budget, highlighting the necessity of delimiting the allowed expenditures from state allocations from those of campaigning.

In 2017, 42 political parties reported to the CEC a number of 295,146 party members, 17.72 million lei of membership fees, 37.85 million lei of subsidies, 36.30 million lei of donations, 669 branches, 199 premises for rent and 165 persons on the staff. The results of civic monitoring of finances of 16 (active) political parties, carried out by the Promo-LEX monitoring network, show a different picture. Therefore, according to the monitoring results, in 2017, 16 parties had on account at least 210 offices, 177 people on the staff and 38 transport units in use. At the same time, these parties carried out at least 2,510 promotional activities and events, such as meetings with citizens, political campaigns, social campaigns, public demonstrations (rallies, marches), statutory activities (organizational meetings, conferences), social campaigns, door-to-door activities, national festivals, etc. For comparison, according to Promo-LEX monitoring results, in 2016, political parties of the Republic of Moldova held at least 1,054 events.

In the course of civic monitoring, Promo-LEX established the existing inaccuracy of reporting on real spending and estimated undeclared expenditure for lease and office maintenance in the case of 7 political parties, worth at least 2,146,874 lei<sup>2</sup>, for telecommunications – 7 political parties in the amount of 68,714 lei<sup>3</sup>, expenses for the remuneration of labor – 6 political parties in the amount of 2,188,433 lei<sup>4</sup>. Furthermore, Promo-LEX found inadequate reporting of spending on political promotion. Thus, the following undeclared expenses were estimated for the following: public demonstrations – 4 political parties<sup>5</sup> in the amount of 421,002 lei; press and promotional materials – 2 political parties<sup>6</sup> in the amount of 26,795 lei; trips across the country – 6 political parties in the amount of at least 101,383 lei<sup>7</sup> and 8 formations<sup>8</sup> – for trips outside the country in the amount of at least 39,525,472 lei.

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<sup>2</sup> PDM – at least 1,087,932 lei; PCRM – 620,992 lei; PNL – 9,714 lei; PL – 289,479 lei, PUN – 57,497 lei; PPRM – 74,816 lei; PVE – 6,444 lei.

<sup>3</sup> PAS – at least 3,943 lei, PPPDA – 4,744 lei, PNL – 6,696 lei, PL – 42,362 lei, MPA – 4,464 lei, PUN – 4,960 lei, PVE – 1,545 lei.

<sup>4</sup> PSRM – at least 719,130 lei, PDM – at least 938,405 lei, PN – at least 49,753 lei, PPS – 281,225 lei, PUN – 57,120 lei, PPPDA – 142,800 lei.

<sup>5</sup> PDM, PL, PAS, PPS.

<sup>6</sup> PL, PNL.

<sup>7</sup> PSRM, PN, PPEM, PL, PPDA, PPS.

<sup>8</sup> PDM, PSRM, PCRM, PAS, PPPDA, PPS, PUN, PN.

The total amount of unreported expenditures, estimated by Promo-LEX for the operational activity of parties and promotion activities in 2017 is at least 42,748,397 lei, or 10.51 times higher than the estimated unreported expenses in 2016, which amounted to 4,493,442 lei.

Promo-LEX draws attention to the fact that it repeatedly finds such a disparity between what was reported to the CEC and the Association's estimates. At the same time, Promo-LEX believes that political parties will report more qualitatively and transparently the expenses, if the form of political parties' report on financial management will be modified by separating the category of *travel expenses in the country and abroad* into two distinct budget lines; separating the expense category *"Maintenance and/or lease of premises"* into two distinct budget lines; introducing expense subcategories into the major categories of the annual financial report, similar to the financial report that election competitors present in election campaigns. For example: *"Expenses for volunteers'/agitators' reward"*, *advertising subcategories: TV, radio, electronic media, print media, billboards / street and mobile advertising, etc.*; including in the structure of the financial report a new category of expenditure that of *"consultancy expenses"*.

The Association also considers that only the regulation of political advertising in the period between the elections so that it contains the phrase "political advertising", identification data of the person, who paid for it and the date of the payment order could reduce uncertainties with regard to its real costs.

The reported cases and the number of confirmations on the phenomenon of abuse of administrative resources, especially *coercive* ones, raise alarming concerns. Thus, at least two political parties (PDM, PSRM) used administrative resources in 2017. Regrettably, we can deduce that in the case of abusive models of coercive administrative resources, such as threats of job loss, criminal and administrative prosecution, physical/psychological intimidation at both local and central levels, all this leads to an attenuated concept of fairness and equity between parties, affecting the very idea of the rule of law.

The instrument of image transfer from charitable foundations or LLCs that contain names of politicians or are associated with certain politicians and political party leaders to the promotional activities, was used in 2017 by at least 4 political formations (PN, PDM, PSRM, PPS) and at least 131 acts of charity were carried out for their benefit.

# I. LEGAL ASPECTS OF POLITICAL PARTIES' FINANCING

## 1.1. Evolution of the legal framework for the financing of political parties in 2017

Financing of political parties in the Republic of Moldova is regulated by the Constitution of the Republic of Moldova, the Electoral Code, Law no. 294 of 21 December 2007 on Political Parties, the Annual Budget Law, the Regulation on the Financing of the Activities of Political Parties, Regulation of the Use of Cash and Control Registers (MCC) for Cash Settlements, the Code of Contravention, the Criminal Code, the Tax Code and a series of regulations and instructions, developed by mandated institutions.

### *Opinions of the Venice Commission on the Political Financing System in the Republic of Moldova*

The Promo-LEX Association recalls that in June 2017, in the Opinion of the Venice Commission on the draft law on modifying the electoral system<sup>9</sup>, international experts also drew attention to the urgent need to regulate the funding of political parties and electoral campaigns. Moreover, the Opinion of the Venice Commission mentioned the experience of Romania that had abandoned the mixed voting system, as well as that of Ukraine, where “a number of independent candidates were linked to rich businessmen, who financially supported political parties”.

If we refer to the implementation of the recommendations, made by the Venice Commission (which are similar to those of the Promo-LEX Association) on the financing of political parties and electoral campaigns in the mixed voting system, we draw attention to the fact that some of them were implemented<sup>10</sup> by the authorities only in part, thus leaving room for uncertainties: *more comprehensive requirements on financial reporting of campaigns and setting criteria for spending limits; sufficient time to effectively monitor financial reports; the influence of business people or other local actors on candidates:*

- Recommendations on broader requirements for financial reporting of electoral campaigns have not been implemented, such provisions being neither present in the previous version of the Code, nor in the current one. At the same time, the Promo-LEX Association reiterates that, according to the monitoring of the financing of electoral campaigns, the category of expenditures for electoral advertising is the most expensive one (subcategories of street advertising, TV advertising), which is the reason why *Promo-LEX came up with the recommendation on its limitation in order to create fair conditions of electoral competition for all electoral actors.*
- In the previous version of the Electoral Code, the reporting period was 2 weeks. In the current version, art. 43 para. (1) provides for a reduction of the reporting period from 2 weeks to 1 week (interim reports). At the same time, the obligation to submit the final report 2 days before the election day is a restrictive measure for election competitors, who are in the position to avoid declaring the expenses incurred on the election day and thus, violate transparency measures.

<sup>9</sup> Venice Commission Opinion no. 884/2017 for the Republic of Moldova on Draft Laws amending and supplementing legislative acts, CDL-AD (2017) 012 Strasbourg/Warsaw, 19 June 2017, <https://promolex.md/wp-content/uploads/2017/06/RO-Opinia-Comisiei-de-la-Venetia-2017.pdf>

<sup>10</sup> Promo LEX Analysis: The level of implementation of the recommendations of the European Commission for Democracy through Law and the OSCE Office for Democratic Institutions and Human Rights for the Republic of Moldova on the draft laws amending and completing certain legislative acts (the electoral system for the election of Parliament) <https://bit.ly/2sN8mzx>

*Promo-LEX has repeatedly recommended extending the deadline for submitting final reports so that they are presented 2–3 days after the election day.*

- With regard to the influence of businessmen or other local actors on candidates, we note that the dependence of the spending ceiling on the number of voters in the election constituency is welcome and excludes the possibility of excessive spending in constituencies, where there are fewer voters.

On 7 December 2017, another Opinion of the Venice Commission came up with new findings and recommendations for the authorities to improve the system of political funding<sup>11</sup>. Even if the series of amendments to the Law on Political Parties, the Electoral Code and other laws, relevant to the financing of political parties and electoral campaigns in the Republic of Moldova in the period of 2015–2017 have improved several aspects, some recommendations made in the joint opinions of 2013 and 2017 and in the previous election observation reports remain unattained. Furthermore, various amendments have led to inconsistencies in the legal framework and introduced some provisions that are difficult to apply in practice and therefore, fail to be effective. Altogether, the main concern outlined in the Opinion seems to be the lack of a comprehensive monitoring and insufficient application of the rules. In this respect, it should be emphasized that an effective reform of the political financing in the Republic of Moldova is not only a matter of adopting laws, but rather of practical implementation of these laws and this depends on the political will to create a truly transparent system and fair conditions for all political parties. It is essential that any new regulation be drafted in such a way that it can be implemented effectively.

In the Opinion, four clear recommendations were formulated:

A. Permission of donations from Moldovan citizens, earning their income abroad, within clearly defined limits, subject to adequate transparency and close supervision;

B. In the light of the current context, additional reduction of annual ceilings for private donations to political parties and electoral competitors;

C. Significantly increasing supervision and enforcement of rules on party and campaign financing. The Central Electoral Commission (CEC) or another designated body should receive sufficient resources, including an appropriate number of financial audit experts, as well as a mandate with a clear obligation to audit the financial reports, submitted by political parties and electoral candidates, to verify the accuracy of the information submitted, to initiate inquiries into possible irregularities and use enhanced powers to coordinate with law enforcement authorities and other relevant bodies;

D. Tightening the regime of available sanctions for violating party and campaign funding rules and increasing the level of administrative fines, including by extending the deprivation of political parties of public funds due to other violations, not just due to the failure to enforce the CEC's citations.

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<sup>11</sup> JOINT OPINION ON THE LEGAL FRAMEWORK OF THE REPUBLIC OF MOLDOVA GOVERNING THE FUNDING OF POLITICAL PARTIES AND ELECTORAL CAMPAIGNS Adopted by the Council for Democratic Elections at its 60<sup>th</sup> meeting (Venice, 7 December 2017), CDL-AD(2017)027

## *Legislative activity of the Parliament of the Republic of Moldova*

In the first half of 2017, the Parliament of the Republic of Moldova failed to remedy the legal shortcomings presented to the Constitutional Court of Moldova (CCM) within the deadline set by the law – until 13 March 2017, neither until 30 June 2017. The concerns expressed in the Opinion of the Venice Commission and those of the national and international observers on the funding of political parties and electoral campaigns were also ignored.

However, in the second part of the year, the legislature made substantive changes to the electoral legislation, which also affected the financial reporting. Thus, on 20 July 2017, the Parliament of the Republic of Moldova approved Law no. 154 for amending and completing some legislative acts, which essentially changed the electoral system by moving from the proportional voting system to a mixed one.

Some of the changes made include regulations on the funding of electoral contenders/parties and financial reporting. Altogether, they can be positively assessed. For example:

- Reducing the ceilings for donations made by individuals and legal entities to the “Electoral Fund” account for an election campaign from 200 and 400 average monthly salaries to 50 and 100, respectively. In this respect, Art. 41 clause (e) reads as follows: “The ceilings for donations by individuals and legal entities to the ‘Electoral Fund’ account for an electoral campaign shall be of 50 and 100 average monthly salaries established for that year.”
- Acceptance of donations, including own financial means, by political parties during the election period shall be done only directly to the “Electoral Fund” account. Thus art. 43, para. (7) reads as follows: “During the electoral period, political parties have the right to accept donations only directly to the ‘Electoral Fund’ account, in accordance with the rules set out in this Code. The political party may transfer its own funds held on its account at the start of the electoral period to the ‘Electoral Fund’ account, provided the financial report is presented to the Central Electoral Commission, indicating the data referred to in para. (1).”
- However, the situation with donations to the “Electoral Fund” made by the party remains uncertain, in terms of its qualification as a legal entity, since the legal rule is not explicit in this respect. We remind the reader that, according to art. 41 para. (2) clause e) of the Electoral Code, the limits of donations to the “Electoral Fund” account made by legal persons for an electoral campaign constitute 100 average monthly salaries, established for the respective year. Simultaneously, art. 1 para. (1) of the Law on Political Parties states that political parties are voluntary associations with the status of legal person. Therefore, the party could not transfer its own financial means to the “Electoral Fund” account exceeding the amount of 100 monthly average salaries. However, the CEC’s position differs from the logic set out above, considering that the political party has a special status. Therefore, we believe that the legislature should be unanimous on this issue.
- Inclusion in the financial reporting of free services, provided by natural and legal persons and all voluntary activities. In this respect, Art. 43, para. (10) establishes the following: “All services and actions referred to in paragraph (8) provided free of charge by natural and legal persons and all volunteer actions, during the period of collection of signatures and during the electoral campaign, in favor of the candidate or electoral contender shall be evaluated by the initiative group and the electoral contender and shall be indicated in the financial report, according to the procedure established by the regulation, approved by the Central Electoral Commission.”

The Parliament also adopted Law on Integrity no. 82 of 25 May 2017, which introduced several measures to ensure political integrity. Through Law no. 82, the Parliament also made provisions for corruption acts, including political, liable to contravention and criminal liability<sup>12</sup>.

In addition, the Parliament also amended the Law on Political Parties, but these annexes did not directly address the issue of funding, referring to the terms of electoral litigation, change of the court in charge of examination of appeals, as well as the reorganization and termination of political parties' activities<sup>13</sup>.

### *Initiatives of extra-parliamentary political parties to amend the legislation on party and electoral campaigns funding*

An extra-parliamentary party, the Action and Solidarity Party (PAS), has come up with recommendations on amending the legislation on party and electoral campaigns funding<sup>14</sup>. On 20 April 2017, it proposed that party funding should also be made on the basis of the results, obtained in the presidential elections, and companies that have contracts with the state cannot make financial donations to the parties. Moreover, the PAS proposed that employees of state institutions should not be able to make donations in amounts greater than 10% of their annual income, and that firms that already have, or are about to conclude, public procurement contracts with the state should be prohibited the possibility to provide funding to parties. At the same time, the PAS proposed amending the legislation so that Moldovan citizens from the diaspora could donate a maximum of three average salaries for the total economy, i.e. about 15,900 lei.<sup>15</sup>

### *The activity of national and international observers and Civil Society Organizations (CSO) in the field, aiming at improving the legal framework for financial contributions to parties and election campaigns*

The Promo-LEX Association initiated two public calls also supported by other non-governmental organizations (on 2 February 2017<sup>16</sup> and 6 April 2017<sup>17</sup>). They aimed at creating a Working Group responsible for drafting amendments to the Electoral Code and related legislation<sup>18</sup>, as well as for speeding up the procedures for amending electoral legislation, according to CCM's Addresses, as well as the recommendations of the local and international Election Observation Missions (EOMs). The working group was to be constituted with a balanced representation of the MPs of the Republic of Moldova, representatives of the Central Electoral Commission, extra-parliamentary political

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<sup>12</sup> Article 44 of Law no. 82 on Integrity. j) illegal financing of political parties or electoral campaigns, violation of the management of financial means of political parties or electoral funds; b) the use of non-declared, non-compliant or foreign funds for the funding of political parties; k) embezzlement of public patrimony.

<sup>13</sup> Law no. 254 of 01.12.2017 (LP254 of 01.12.17, MO1-6 / 05.01.18 art. 14) for amending and completing some legislative acts <http://lex.justice.md/md/327053%2520/>; <http://lex.justice.md/md/373591/>

<sup>14</sup> The current electoral system needs to be improved, not changed. Press release. The Action and Solidarity Party (PAS). / <http://unpaspentru.md/2017-politicienii-corupti-trebuie-sa-plece/>

<sup>15</sup> Idem, p. 7, statement of PAS representatives.

<sup>16</sup> Public Appeal to the Speaker of the Parliament of the Republic of Moldova; Chairs of the Parliamentary factions; deputies of the Parliament of the Republic of Moldova, signed by 18 organizations. <http://bit.ly/2kjXjcm>

<sup>17</sup> On 6 April 2017, Promo LEX, together with seven other non-governmental organizations, urged the Parliament to urgently expedite the procedures for amending electoral legislation in strict accordance with the Constitutional Court's addresses and the recommendations of local and international election observation missions. <http://bit.ly/2vTWD5U>

<sup>18</sup> According to art. 15 and 16 of the Law on Legislative Acts, the Parliament has the right to set up Working Groups to draft legislative acts, with the involvement of experts and specialists in the field. Also, art. 6 of the Regulation of the Parliament of the Republic of Moldova stipulates that the parliamentary factions have the right to make proposals for the formation of working groups and experts in different fields of activity.

parties and civil society organizations. In the opinion of the initiators of the Appeals, the improvement of the electoral legislation had to be done without making changes to the electoral system itself. Regrettably, the legislature had another agenda, which focused primarily on the adoption of a new system to elect MPs.

We remind you that Promo-LEX EOM formulated 40 recommendations for the Parliament of the Republic of Moldova, aimed at amending the Electoral Code and related legislation, in the context of the presidential elections of 30 October 2016. Another 43 suggestions were addressed to the other parties involved in the electoral process (Central Electoral Commission, electoral contenders, law enforcement agencies, etc.). At the same time, the appeal also referred to the concerns raised by the International Election Observation Missions, in particular the OSCE/ODIHR and the European Network of Election Monitoring Organizations (ENEMO). In their reports, they highlighted significant deficiencies related to the electoral process, including ambiguous provisions on the registration of election contenders, deficiencies related to the monitoring of election campaign funding and much more.

On 27 and 28 April 2017, the Promo-LEX Association, in parallel with the launch of the study on Qualifying and Investigating Electoral Offenses and Contraventions and Political Financing<sup>19</sup>, trained public security officers and criminal investigation officers to facilitate the identification and investigation of offenses and contraventions related to the funding of political parties and electoral campaigns. In this respect, two trainings on the identification, qualification and investigation of contraventions and, respectively, of crimes with electoral and political tint were organized<sup>20</sup>. The topics discussed included information on the grounds for starting investigations into cases of offenses and contraventions with electoral and political background, evidentiary material, subjects for investigation, as well as tactics and methods of investigating offenses and contraventions with electoral and political background<sup>21</sup>.

On 28 September 2017, Promo-LEX presented *the Monitoring Report on the Financing of Political Parties for the First Semester of 2017*<sup>22</sup>, where it found that the legal framework for financing of political parties remained unchanged in the first half of 2017, although in the Constitutional Court addressed the Legislature requesting to finalize the legal rules on financing of parties and electoral campaigns. It also mentioned the imperfection of the financial report template, proposed by the CEC, as it impeded access to complete financial information. Lack of such expenditure categories as “political consultancy”, “rewards for volunteers and agitators”, as well as lack of such headings as “street panel expenses”, “e-advertising expenses”, “promotional expenses” allowed the reporting subjects to generalize the data, minimizing the transparency of spending in these categories. The

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<sup>19</sup> Qualifying and Investigating Electoral Offenses and Contraventions and Political Financing, <http://bit.ly/2w2klYz>

<sup>20</sup> The training on Qualifying and Investigating Electoral Offenses and Contraventions and Political Financing was held within the Promo-LEX project on Civic monitoring of political finances and support for the uniform application of the relevant legal framework in Moldova and the Democracy, Transparency and Responsibility Program financed by the British Embassy in Chisinau and the United States Agency for International Development (USAID).

<sup>21</sup> The statistics collected by Promo LEX experts show that during the three electoral campaigns (2014 parliamentary elections, 2015 local elections and 2016 presidential elections) in 2014–2016, the police identified 400 offenses and imposed fines for electoral offenses and political funding. Most of them – 286 fines – were imposed for unauthorized electoral display, followed by 95 fines applied for preventing the actions of the election body. At the same time, the figures of the General Inspectorate of Police show that during the period 2014–2016, there were 19 cases of contraventions sent to the courts, out of which 5 cases for preventing the activity of the election body and 13 cases – for unauthorized electoral display.

<sup>22</sup> Report on Financing of Political Parties in the Republic of Moldova. Semester I of 2017 was carried out within the project Civic Monitoring of Political Finances and Support for the Uniform Application of the Relevant Legal Framework in Moldova and the Democracy, Transparency and Responsibility Program financed by the Embassy of Great Britain in Chisinau and, respectively, by the United States Agency for International Development (USAID). <https://bit.ly/2xEodCg>

results of the study indicated insufficient information on the practice of political parties of “receiving donations” in cash from individuals. Furthermore, there was no openness on the part of the competent authorities, in particular the State Tax Service (SFS), when asked to provide conclusive information to investigate into the practice of tax evasion and fiscal account of political parties in the Republic Moldova.

On 17 October 2017, in a *case study* on the effects of the mixed electoral system on the fairness of the electoral process<sup>23</sup>, Promo-LEX presented the disproportionate advantages of the candidate on the national list of the party that is also an independent candidate in a uninominal constituency.

According to Promo-LEX, the legal provision allowing candidates, included in the national list of political parties, to be also independent candidates in uninominal constituencies creates prerequisites for indirect and camouflaged funding of electoral campaigns of those parties / electoral blocs, who will admit such situations. In this way, the rules of election contenders’ financing under the conditions of mixed electoral system create a favorable legal environment for avoiding reports on the amounts of money spent in order to indirectly promote the party. This becomes possible, when a person is on the list of a party, in the national constituency, and in the uninominal constituency as an independent candidate. In this situation, the money spent to promote the seemingly independent candidate indirectly adds value to the party, on behalf of which the person is running and with whom s/he can be associated. In this case, the issue of double financing of electoral contender’s campaigns in the national constituency and in the uninominal constituencies appears. Thus, a person who runs both on the list of the national constituency and on the uninominal constituency, contrary to the principle of equal opportunities, could benefit from a double funding, i.e. financial resources from party’s electoral fund and resources from the electoral fund of the independent candidate. These financial resources may be practically equal to two ceilings for an uninominal constituency. Promo-LEX reported this as an inequality to independent candidates in uninominal constituencies that will not be found simultaneously on lists for the national constituency.

The modification of the legal framework on the funding of political parties and electoral campaigns was mentioned in 2017 and in the studies, analyses, reports of the Association for Participatory Democracy (ADEPT), the Center for Legal Resources in Moldova (CRJM)<sup>24</sup>, the Institute for European Policies and Reforms (IPRE)<sup>25</sup> and IDIS Viitorul. Thus, in January 2017, the Executive Director of ADEPT, Igor Botan, specified in a policy brief that “Financing from the state budget should provide compensations for parties’ participation and their results not only for parliamentary and municipal elections, but also for the presidential election. At the same time, funding from the state budget should provide compensations not only for parties’ participation and results, but also offer support for the ability to attract small donations from more supporters”<sup>26</sup>.

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<sup>23</sup> Analysis: The Effects of the Mixed Electoral System – Status of the candidate on the national list of the party, who is also an independent candidate in the uninominal constituency <https://bit.ly/2x0RA0H>

<sup>24</sup> Proposals for amending and completing the National Integrity and Anti-Corruption Strategy Project (SNIA) for the years 2017–2020 <http://bit.ly/2wWyQik>

<sup>25</sup> IPRE Report elaborated under the project for Monitoring the Implementation of the Moldova-EU Association Agreement, supported by the Konrad Adenauer Foundation. The opinions reflected in this report belong to the authors and do not reflect the opinion of KAS. <http://bit.ly/2vB0HW3>

<sup>26</sup> Policy brief, elaborated with the regional project Monitoring implementation of select reform commitments under EU agreements in Georgia, Moldova, Ukraine, implemented with the support of the Soros Foundation-Moldova and the Eurasia Program of the Open Society Foundations. The opinions expressed in this publication belong to the authors and do not represent the opinions of the Soros Foundation-Moldova or the Open Society Foundations. <http://bit.ly/2uTUnXM>

On 21 November 2017, IDIS Viitorul presented the analytical note entitled “Problems and Challenges in Financing the Parliamentary Election *in the context of the Change of the Electoral System*”<sup>27</sup>, highlighting the shortcomings in the financing of the electoral campaign within the mixed electoral system: 1. Raising campaign costs by doubling spending per voter due to the introduction of uninominal constituencies, thus, contributing to the distortion of the election process by favoring election contenders with access to financial resources; 2. Multiplying problems in verifying the origin of financial resources and making monitoring of election spending more difficult; 3. The disproportionate influence of financial resources in the election process, which simultaneously generates new challenges in the implementation of the legal framework.

*The Promo-LEX Association notes that special attention is paid to this issue by all parties concerned in the process of political parties funding in the Republic of Moldova and concludes that being one of the pressing issues of the political and electoral system in the Republic of Moldova, it needs to be further reformed through transparency and control, and even by applying punitive measures. Therefore, administrative or criminal sanctions should be increased and regulated so that they can also be applied to legal entities. In this case, legislators should consider whether for some violations punitive sanctions should also be foreseen for political parties, not just for individual party members or their leaders.*

## **1.2. Implementation of recommendations on financing of political parties and election campaigns, formulated by Promo-LEX Association prior to 2017**

Following the monitoring of political parties’ activities and their finances during electoral and inter-electoral periods, the Promo-LEX Association has always issued recommendations for state authorities to continuously improve legislation in the field. In the most recent monitoring *reports on the elections of President of the Republic of Moldova of 30 October (November 13) 2016, the new local elections of 14 May 2017, as well as the new local elections / the referendum on the dismissal of the Mayor of Chisinau of November 19, 2017*, the Promo-LEX Association drew attention to a series of measures that need to be adopted in order to implement these recommendations.

In 2017, some of these recommendations were introduced in the Electoral Code, namely:

- Reducing the ceilings for donations from individuals and legal entities to the “Electoral Fund” account for an election campaign from 200 and 400 average monthly salaries to 50 and 100, respectively.
- Acceptance of donations, including own financial means, made by political parties during the electoral period only directly to the “Electoral Fund” account.
- Inclusion in financial reporting of services provided by natural and legal persons free of charge and all voluntary activities.
- Reducing the reporting period from 2 weeks to 1 week (interim reports) for election candidates (excluding independent candidates in local elections).

On the other hand, the Promo-LEX Association draws attention to the fact that the authorities still need to adopt a series of measures to implement recommendations in the arrears, resulting from

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<sup>27</sup> Analytical Note of IDIS VIITORUL, <https://bit.ly/2LssDC3>

the monitoring of the activity of political parties and their finances during electoral and inter-electoral periods<sup>28</sup>. These are:

- amending the Law on Political Parties (LPP) 294 by excluding the provision prohibiting the financing of electoral campaigns and political parties by Moldovan citizens temporarily based abroad;
- the precise prescription in the LPP no. 294 of the deadlines for the submission of semi-annual and annual financial reporting, according to the formula: financial reporting for the first semester – until 15 July of the current year, financial reporting for the second semester – by 15 January of the following year and annual reporting – up to 31 March of the following year;
- modifying art. 26 (para. 3) of LPP no. 294 by introducing in the statement “derived from membership fees and donations” the phrase “and subsidies from the state budget”.
- reduction of membership fees and donations collected annually from 0.3% of state budget revenues to 0.2%;
- reducing the ceilings for donations to political parties from individuals and businesses from 200 and 400 average salaries for all the economy to 50 and 100, respectively, to prevent unjustified influence of the private sector on political parties in Moldova;
- amending the Law on Political Parties by introducing the obligation to pay membership fees, determining the exact amount of the fee, the frequency of payment (monthly/semi-annually/annually) and the share of members that is minimally necessary for fee payment;
- amending the Law on Political Parties, as recommended by the Group of States Against Corruption (GRECO), by introducing the requirement of annual audit of political parties, whose annual revenues or expenditures exceed 1 million lei;
- completing the legislation, in line with the GRECO standards, to restrict, prohibit or strictly regulate donations from legal entities, supplying goods or services to the public administration whose representatives are party members;
- extending the range of sanctions and penalties, applicable to political parties for unjustified use of state budget subsidies, use of administrative resources, etc.
- modifying art. 26 (3) of LPP no. 294 on Political Parties by introducing in the statement “derived from membership fees and donations” the phrase “and subsidies from the state budget”.
- modifying the report on the financing of political parties by:
  - including in the report structure a new category of expenditure – “consultancy costs”;
  - the separation of expenditure category “Maintenance and/or lease of premises” into two distinct budget lines;

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<sup>28</sup> Promo LEX has always issued recommendations for state authorities to continuously improve legislation in the field. Recommendations were formulated in Local Elections Monitoring Reports of 14 (28) June 2015 and in the Report on the Election of the President of the Republic of Moldova of 30 October (13 November) 2016, in the study on Strategies, Practices and Political Party Financing Instruments in the Republic of Moldova, published on 30 March 2016, as well as in the Report on Financing of Political Parties in the Republic of Moldova. 2016 retrospective, released on 3 May 2017.

- introducing expenditure subcategories into the major categories of the annual financial report, similar to the financial report that election candidates present for electoral campaigns. For example: “Expenses for volunteer / agitator rewards”, specific subcategories of advertising: TV, radio, electronic media, print media, street panels / mobile advertising, etc.;
- amending the CEC Regulation by introducing a new point, similar to point 20, with the following content: “If donations in cash are collected, the person responsible for collecting them will issue a receipt and immediately enter the cashing operation into the donation register, according to the new template of annex to the annual financial management report of the parties”;

*Analyzing the evolution of legislation on political parties and electoral legislation, Promo-LEX notes that in 2017, a number of improvements appeared in the legal electoral framework, but not in the political one. Similar to the concerns and recommendations found in the Opinion of the Venice Commission of 7 December 2017, Promo-LEX has previously identified the same shortcomings in banning donations from Moldovans working outside the country; continued high level of annual ceilings for private donations to political parties; lack of supervision and enforcement of rules on party and campaign financing; ineffectiveness of the existing sanctions regime for violating party and campaign funding rules, including low level of contravention fines.*

### **1.3. Supervisory and control body. Regulations and sanctions**

The Central Electoral Commission, empowered to act according to the Electoral Code and the provisions of Law no. 249, is an independent body responsible for overseeing and controlling the financing of political parties in the Republic of Moldova<sup>29</sup>, which includes both controlling the funding of the ordinary activity of political parties and electoral campaigns. In addition to the CEC, the Court of Accounts (CC), in accordance with the provisions regulating its activity, exercises control over the use of subsidies, received by political parties from the state budget. Both the CEC and the CC should issue detailed instructions and guidelines on the transfer, receipt and recording of donations, non-financial contributions to the benefit of political parties, and their use in accordance with the law, as well as other aspects, related to the funding of political parties and election campaigns.

The CEC has the mandate to verify and analyze the financial reports of political parties, with the right to request, for this purpose, more information from political parties and public or private institutions. The reports are public, as they are published on the website of the CEC within 48 hours after their receipt and acceptance, as well as on the websites of the political parties, if any.

The CEC also sets and transfers monthly amounts of state budget revenues to eligible political parties. According to art. 27 of the Law on Political Parties, political parties have the right to receive annual funding from the state budget on the basis of a regulation, approved by the CEC.

According to the provisions of art. 29 para. (4) of the Law on Political Parties, the CEC prepares and approves forms for the annual reports on financial management, which must contain information on:

- the goods and revenues of the political party, including grouping of these revenues by types;

<sup>29</sup> Article 30 of Law no. 249 On Political Parties stipulates the mandate of the supervisory and control body on the financing of political parties.

- all donations to the political party, including the amount of donation, donor's identity (full name, name of the organization and its organizational form), place of residence and occupation/place of work or type of activity;
- the political party's liabilities and expenses, other than those of the electoral campaign, grouped into operational expense and expenditure on property management;
- the accounting information, for the relevant period, of legal entities founded or otherwise controlled by the respective political party. In compliance with the forms, elaborated by the CEC, the election contenders submit to the central electoral body financial reports, which in the heading on the means received from donations of the individuals contain: the donor's name/surname, the IDNP, the year of birth, the domicile and the place of work.

The same Article 29, para. (3) establishes that information contained in the political party's annual reports on earnings and expenditure incurred, including donors' identities and donated amounts, as well as conclusive findings of the independent audit reports is placed on the website of the Electoral Commission within 48 hours of their receipt and acceptance, as well as on the websites of political parties if they exist.

Reiterating those mentioned in the Election Monitoring Reports, we note that, according to art. 3 of the Personal Data Protection Act, personal data is any information relating to an identified or identifiable individual (subject of personal data). An identifiable person is a person, who can be identified, directly or indirectly, by reference to an identification number, or one or more elements specific to his or her physical, physiological, psychological, economic, cultural or social identities. Respectively, IDNP and domicile, as well as the year of birth and the person's workplace can be qualified as personal data and therefore, need to be protected.

However, the public interest with regard to the donor's workplace and the donated amount, prevails over the "Personal Data Protection" and in the interest of transparency in the funding of political parties, these data deserve to be made public. In the opinion of Promo-LEX, the law expressly obliges the CEC to publish the donor's domicile and workplace in the annual report.

Promo-LEX reminds you that on 31 January 2017, by Decision no. 698<sup>30</sup>, the CEC set the monthly amount of state budget subsidies for political parties in 2017, taking account of the results of the parliamentary elections of 30 November 2014 and the general local elections of 14 June 2015. In accordance with art. 2 para. (10) of the State Budget Law no. 279 of 16 December 2016<sup>31</sup>, the CEC was allocated 40,000,000 lei to fund political parties. According to art. 27 para. (1) of the Law no. 294-XVI of 21 December 2007 on Political Parties, the amount of subsidies is distributed in the following way: 50% to political parties according to the results obtained in the parliamentary elections and 50% to the political parties in proportion to the results obtained in the general local

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<sup>30</sup> Decision of the Central Electoral Commission no. 698 of 31 January 2017 [http://www.cec.md/files/files/698anexe1si2lacuantumpartide\\_7315482.pdf](http://www.cec.md/files/files/698anexe1si2lacuantumpartide_7315482.pdf)

<sup>31</sup> Official Gazette of the RM, 2016, no. 472–477, art. 943.

elections. The monthly grant for each valid vote cast in the parliamentary election of 2014 and local elections of 2015 was 1.1102592 lei<sup>32</sup> and 0.4700385 lei<sup>33</sup>, respectively.

Subsidies from the state budget were transferred on a monthly basis to the bank accounts especially opened for this purpose by the political parties. See table no. 1, the amount of monthly subsidies from the state budget for 2017, allocated to the political parties and the electoral blocs, according to the results obtained in the parliamentary elections of 30 November 2014.

**Table 1. The amount of monthly subsidies allocated from the state budget for 2017 to the political parties and electoral blocs, according to the results obtained in the parliamentary elections of 30 November 2014**

Subsidies allocated from the state budget, lei		20,000,000			
Number of valid votes cast		1,598,518			
Independent candidates		18,651			
The Communist Reformist Party		78,716			
Number of votes for calculation		1,501,151			
No.	Political Party	Valid votes cast	Amount of monthly subsidies per vote (lei)	Amount of monthly subsidies (lei)	Amount of annual subsidies (lei)
1	Democratic Party of Moldova	252,489	1.1102592	280,328.23	3,363,938.74
2	Christian Democratic People's Party	11,782	1.1102592	13,081.07	156,972.88
3	Platform of Dignity and Truth Political Party	11,665	1.1102592	12,251.17	155,414.08
4	Liberal Democratic Party of Moldova	322,201	1.1102592	357,726.62	4,292,719.39
5	Liberal Reformist Party	24,956	1.1102592	27,707.63	332,491.53
6	Anti-Mafia People's Movement Political Party	27,846	1.1102592	30,916.28	370,995.32
7	National Liberal Party	6,858	1.1102592	7,614.16	91,369.89
8	Political Party of Socialists of the Republic of Moldova	327,912	1.1102592	364,067.31	4,368,807.89

<sup>32</sup> Amount determined according to the formula: (20,000,000.00 lei: 1,501,151 valid votes cast): 12 months, where 20,000,000.00 lei represents 50% of the amount of the allowance provided for the financing of political parties, according to the Law no. 279 of 16 December 2016, and 1,501,151 represents the total number of valid votes cast for political parties and electoral blocs, according to the results in the parliamentary elections of 30 November 2014, according to the decision of the Central Electoral Commission no. 3103 of 5 December 2014 "On the aggregation of the results of the elections for the Parliament of the Republic of Moldova on 30 November 2014", the number of valid votes cast by the Communist Reformist Party of Moldova – 78,716 and the one obtained by the independent candidates – 18,651.

<sup>33</sup> Amount determined according to the formula: (20,000,000.00 lei: 3,545,809 votes validly cast): 12 months, where 20,000,000.00 lei represents 50% of the amount of the allowance provided for the financing of political parties, according to the Law no. 279 of 16 December 2016, and 3,545,809 represents the total number of valid votes cast in the general local elections of 14 June 2015 (election of municipal councilors, district councilors, village councilors, town councilors, mayors in the first ballot) for political parties and the electoral blocs and candidates nominated by them, according to data extracted from the minutes of the results of the voting, compiled by the hierarchically inferior electoral bodies.

No.	Political Party		Valid votes cast	Amount of monthly subsidies per vote (lei)	Amount of monthly subsidies (lei)		Amount of annual subsidies (lei)
9	Moldova's Choice – Customs Union Electoral Bloc	Social Democratic Party	327,912	1.1102592	61,163.07	30,581.53	366,978.41
		Party of Regions of Moldova	55,089	1.1102592		30,581.53	
10	Democracy Home Political Party		2,449	1.1102592	2,719.02		32,628.30
11	People's Party of the Republic of Moldova Political Party		12,110	1.1102592	13,445.24		161,342.86

See table no. 2, the amount of monthly subsidies allocated to political parties and electoral blocs from the state budget for 2017, according to the results obtained in the general local elections of June 14, 2015.

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

Subsidies allocated from the state budget, lei					20,000,000	
Number of valid votes cast for district and municipal councilors, towns, municipalities and villages, mayors in the first ballot					3,776,831	
Independent candidates					231,022	
Number of votes for calculation					3,545,809	
No.	Political Party		Valid votes cast	Amount of monthly subsidies per vote (lei)	Amount of monthly subsidies (lei)	Amount of annual subsidies (lei)
1	Liberal Democratic Party of Moldova		757,210	0.4700385	355,917.84	4,271,014.03
2	Democratic Party of Moldova		734,567	0.4700385	345,274.75	4,143,297.06
3	Political Party of Socialists of the Republic of Moldova		558,028	0.4700385	262,294.63	3,147,535.58
4	The Liberal Party		437,630	0.4700385	205,702.94	2,468,435.27
5	Party of Communists of the Republic of Moldova		364,345	0.4700385	171,256.17	2,055,074.03
6	Our Party		349,717	0.4700385	164,380.45	1,972,565.36
7	European People's Platform of Moldova Electoral Bloc – Iurie Leanca	Democratic Action Party	246,735	0.4700385	57,987.47	695,849.7
		Liberal Reformist Party			57,987.47	
8	People's Party of the Republic of Moldova		21,084	0.4700385	9,910.29	118,923.50
9	National Liberal Party		19,741	0.4700385	9,279.03	111,348.36
10	Sor Political Party		14,918	0.4700385	7,012.03	84,144.41

According to the Decision of the Central Electoral Commission no. 1677, six political parties did not receive subsidies from the state budget. It is worth mentioning that they remained without allowances because they failed to open special bank accounts (PP Revival, PPNT, PPM, PSM, PLD, PPSM). This money was returned to the state budget in the amount of 134,154 lei (see table no. 3).

**Table 3. The list of political parties that for the year 2017 did not benefit from state budget subsidies for the 2014 parliamentary elections and local elections in 2015**

No.	Political Parties	Parliamentary elections of 30 November 2014	Local Elections of 14 June 2015	Total
		Annual amount	Annual amount	
1	REVIVAL Political Party	55,397.49	15,877.90	71,275.39
2	FOR NATION AND COUNTRY	22,609.32	–	22,609.32
3	The Patriots of Moldova	19,958.02	3,942.68	23,900.70
4	The Socialist Party of Moldova	–	8,330.96	8,330.96
5	The Law and Justice Political Party		7,298.76	7,298.76
6	The Socialist People's Party of Moldova		738.90	738.90

Art. 31 of the Law no. 294 establishes that political parties whose annual incomes or expenses exceed one million lei must carry out the internal audit at least once every three years. The audit must be performed by an external accountant, in compliance with the GRECO recommendations. Following the audit, the audit report must be submitted to the CEC together with the annual financial report. If the party benefited from subsidies from the state budget, the audit report must also be submitted to the Court of Accounts. According to the annual reports submitted to the CEC for 2016 and 2017, 9 political parties will be required to perform internal audits in 2019 (see Table no. 4).

*However, noting the periodicity with which audit missions are to be performed, the GRECO suggested to the authorities "to examine the possibility of increasing the frequency of periodic audits." At the same time, Promo-LEX has repeatedly come up with the recommendation to force political parties carry out internal audit once a year. In addition, in its opinion of 7 December 2017, the Venice Commission reverted to the recommendation that auditors should be certified, in accordance with the relevant legislation, to ensure transparency and full independence of auditors. In addition, the CEC should "also have the power to require external auditors, if necessary, as part of its oversight functions." The Venice Commission also recommended that auditing of financial reports be binding on all political parties, receiving public funding and not just on those that have revenues or expenses over 1 million lei each year, and these audits should be paid by public funds to prevent possible conflicts of interest.*

*Table 4. List of political parties that accumulated revenues in 2016 and/or 2017, exceeding the one million lei ceiling*

No.	Political party	2016		2017	
		Total income, lei	Initial balance, lei	Total income, lei	Initial balance, lei
1.	Liberal Reformist Party, PLR	1,034,745	0	33,600	473,193.19
2.	Party of Socialists of the Republic of Moldova, PSRM	12,088,239	14,590	3,185,850	2,795,459.67
3.	Our Party, PN	4,449,845.2	3,510,765	1,995,207.87	22,420,085.69
4.	Party of Communists of the Republic of Moldova, PCRM	6,813,380	48,015	27,581,052	4,268,018.45
5.	Democratic Party of Moldova, PDM	53,817,398	8,983	52,135,627.09	7,504,754.43
6.	Liberal Democratic Party of Moldova, PLDM	9,282,097	750	744,081.28	6,320,897.40
7.	Action and Solidarity Party, PAS	1,900,819.1	0	551,060.42	156,384.94
8.	Liberal Party, PL	4,993,917	8	3,877,122.82	11,455
9.	Sor Political Party, PPS	569,632	0	2,805,947	89,138.11

In 2016, the mandate to receive party annual reports was transferred from the Ministry of Justice to the CEC, which improved the political parties' reporting rate. Until April 2015, the Ministry of Justice was the body that received the financial reports of political parties. The number of financial reports submitted for 2011–2014<sup>34</sup> was well below those presented in 2016 and 2017<sup>35</sup>.

According to the mandate, for failure to present semi-annual and annual reports by political parties registered at the Ministry of Justice, the CEC summons the parties that do not report within the time limit set, or in the format provided by the legal framework. Thus, with regard to parties' reporting for the first semester of 2017, on 19 September 2017, the CEC found that seven political parties<sup>36</sup> failed to present their reports for the first semester and 8 formations<sup>37</sup> failed to comply with the deadlines set. Following these non-conformities, the CEC summoned 14 political parties<sup>38</sup> to appear on 30 and 31 October 2017 at the CEC headquarters to draw up reports on offenses. Finally, on 30 and 31 October 2017, only 2 reports of the 8 planned were drafted for PPRM and PPS, as only these parties turned up, as provided by the CEC. The other six parties did not appear. On 31 October 2017, five other parties were to appear in the CEC, but for various reasons, they did not come. Further on, on 9 November, five reports on contraventions were referred to the Chisinau District Court (Center headquarters) with respect to the persons in charge within the parties: PPRM, PPP, PC, PRM, PPDM. On 2 January 2018, another 9 reports on contravention were executed with respect to persons responsible and were referred to the Chisinau Court (Center headquarters): PAM, PSM, FSM, MSPRRM, PPUM, PSP, PP NOI, PPM, PPSM.

Following the examination of the trial court, seven reports on the offense are being examined; 7 reports have already been examined, 4 of which have been canceled, and in 3 cases, party leaders are found guilty of committing the offense, they were imposed a sanction in the form of a fine of 180 conventional units (c. u.), the equivalent of 9,000 lei, as follows: Livadaru Marin (PSP), Iaz

<sup>34</sup> For example, out of the 39 political parties registered at the Ministry of Justice in 2013, only 10 presented their financial reports, and in 2014 – 18 out of 43.

<sup>35</sup> Of the 45 registered political parties, 30 submitted reports to the CEC for 2016 and 42 to 2017.

<sup>36</sup> 1. PP NOI, 2. PRM, 3. MSPRRM, 4. PPR, 5. PPM, 6. PSP, 7. PPSM.

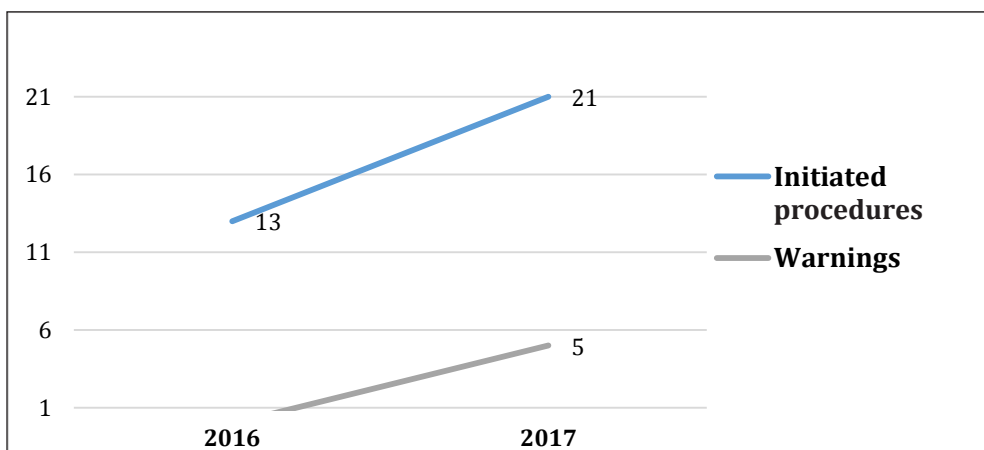
<sup>37</sup> 1. PC, 2. FSM, 3. PPRM, 4. PAM, 5. PPP, 6. PPDM, 7. PSM, 8. PPUM.

<sup>38</sup> With regard to the PPR, there were no summons, although the party is on the list of those who did not report to the CEC, since party chairman Vadim Misin died and no chair was elected in his place.

Rodica (MSPRRM), Ciobu Emilian (PPP). According to the CEC, the ascertaining agent – the President of the Commission, challenged the four court decisions of the court of first instance, by which the reports on the offense were canceled<sup>39</sup>. (See Annex 1 – Letter CEC 8/2225 of 24 April 2018).

According to its competence, the CEC should take action with regard to the failure to submit financial reports by the political parties in the arrears and draw their attention to the fulfillment of the legal obligation to file reports on financial management. In the absence of reports, they will be subject to sanctions, according to the legislation in force. Thus, in 2016, the CEC initiated a contravention procedure with respect to 13 parties, and in 2017 (the first semester) with respect to 14<sup>40</sup> (see chart no. 2)

Chart 1. Contravention procedures initiated by the CEC



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

With reference to the annual reports for 2017, submitted on 31 March 2018, in its decision no. 1677<sup>41</sup> of 29 May 2018, the CEC named the political parties that did not submit reports on financial management for 2017 (PRM, PPM, PPRM), or those that failed to comply with the deadline for submission (FSM, PSP, PPUM, PPRM) and ordered drawing up contravention reports both for those who did not submit the reports and those who were late<sup>42</sup>. *The Promo-LEX Association considers that the current regime of sanctions for violating the Law on Political Parties and campaign financing rules is neither discouraging nor effective. In addition, the fines imposed under the provisions of the Code of Contravention and Criminal Code mentioned above, in conventional units, are too small, especially in comparison with the amounts that can be donated to a party or the state budget subsidies that can be collected by political parties. Promo-LEX, therefore, considers it appropriate to increase the fines above the current level.*

*Moreover, the Venice Commission and the OSCE/ODIHR recommend that the current regime of sanctions for violations of campaign funding rules be revised so as to guarantee dissuasive and effective sanctions, including by raising the level of administrative fines. At the same time, the concept of proportionate punishment should also be explicitly included in all the relevant provisions, in line with the previous statements of the Venice Commission and the OSCE/ODIHR.*

<sup>39</sup> According to the provisions of art. 468 paragraph (1) of the Code of Contravention, the ascertaining agent may appeal the contravention judgment.

<sup>40</sup> According to the draft CEC decision of 6 June 2017, the contravention procedures were initiated with respect to the following political parties: PAM, PSM, PLD, PPUM, PNOI, PRM, PE, PPDM, PMUEM, PPNT, MSPRRM, PPM, PFSM, PPR, MSPFN.

<sup>41</sup> CEC Decision no. 1677 on the financial management reports of political parties for 2017, published on 29 May 2018, <https://bit.ly/2JJW2KT>

<sup>42</sup> According to the draft CEC decision of 29 May 2018, the contravention procedure was initiated with respect to the following political parties: PRM, PPRM, PPM, FSM, PSP, PPUM, MSPFN.

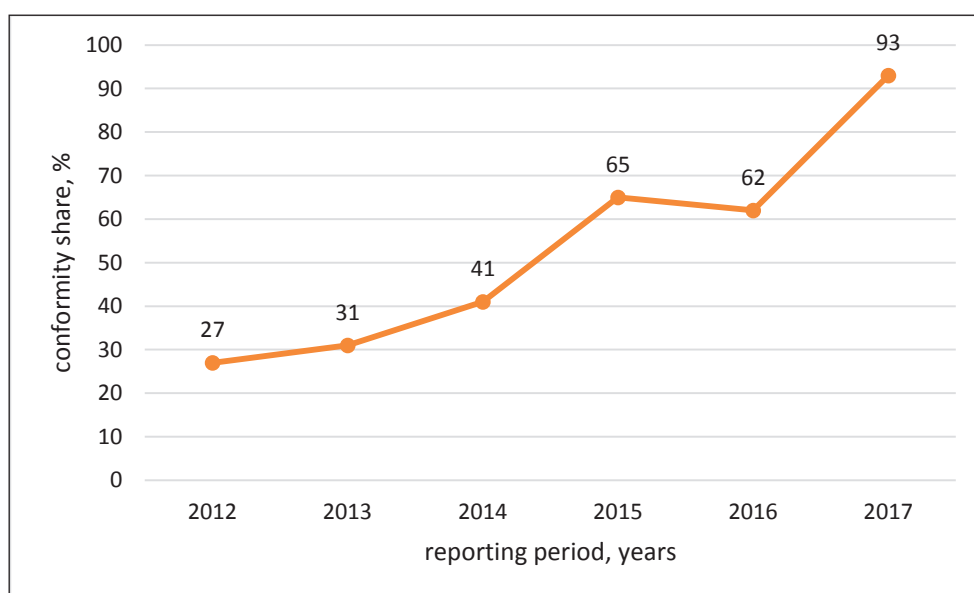
## II. FINANCIAL REPORTING OF POLITICAL PARTIES

### 2.1. Reporting of political parties. Indicators of compliance and transparency

In accordance with art. 29 (1) of Law no. 294 of 21 December 2007 on Political Parties and p. 65 of the Regulation on Financing the Activity of Political Parties, approved by the CEC decision no. 4401 of 23 December 2015, political parties have the obligation to submit to the CEC reports on financial management on a semi-annual basis.

The Promo-LEX Association notes the progress in party reporting on their financial management. If for the full year of 2016 – 30 out of 45 parties submitted annual reports to the CEC, then for 2017, 42 out of 45 political parties reported, thus accounting for a 93% compliance with the reporting standard compared to 62% in 2016 (see Chart 2).

Chart 2. Political parties' compliance with the requirement to present their annual financial reports



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

#### 2.1.1. Semi-annual reports (I) on party financial management for 2017

The findings of the Promo-LEX Association show that by 15 July 2017, 19 of the 45 political parties registered at the MJ submitted semi-annual reports to the mandated authority<sup>43</sup>. Another 15 political parties<sup>44</sup> presented the mandatory reports in the period between 17–20 July 2017, exceeding the deadline set. In addition, a party (PPP) did not have the CEC's stamp with the assigned number and date of entry, therefore, the date of report submission to the CEC could not be detected. The other 10 political parties<sup>45</sup> did not submit their semi-annual reports. According to the official

<sup>43</sup> PLD, PE, MSPFN, PUN, PPCD, PSD, PSRM, Party of Regions, PPNT, PDM, PUCM, PVE, PPEM, PLDM, PL, PLR, PRSM, PPPDA, PMAE.

<sup>44</sup> PAM, PPRM, PC, PFSM, PPDA, PAS, PCRM, PCNM, PAD, MPA, PL, MPSN, PN, PPS, PMUEM.

<sup>45</sup> PSM, PPUM, PNOI, PE, PPDM, PPM, PSM, Party of Regions, PSP, PRM.

website of the CEC, three political parties (PCRM, PLR, PFSM) did not present all the mandatory financial documents along with Annex 8 – *Report on financial management*<sup>46</sup> and, under the law, are liable to contravention fines<sup>47</sup>.

The Promo-LEX Association found that out of the 35 parties that reported to the CEC, in 14 cases, the reports did not contain the address of the headquarters, or contained incomplete data on this issue. At the same time, the reports of 5 political parties did not comply with the norms of completion. The deficiency consists in failure to fill in the report headings. Out of 35 parties, 4 are liable to contraventions because they reported leased premises and property, without reporting maintenance costs (PAM, PSD, Party of Regions, PVE). In one case, the party (Party of Regions) indicated spending on the lease, although it did not indicate any premises leased. At the same time, four political parties (MSPFN, PPP, PRSM, PPRM) did not complete the first compartment of the financial report.

According to art. 25, para. 3) of the Law on Political Parties no. 294, the size and manner of payment of membership fees are determined by the statute of the political party and, together with the total amount of contributions, accumulated annually by the party, shall be published on its website and on that of the Central Electoral Commission.

According to the monitoring, 22 political parties of the 45 registered at the Ministry of Justice presented to the CEC the statutes of the parties, which stipulate the manner and the extent of payment of membership fee. Unfortunately, the information was not published on the official websites of the political parties.

Point 27 of the Regulation stipulates that the CEC is empowered to submit to the State Tax Service a request to verify the provenance of donations exceeding 75,000 lei<sup>48</sup>. In addition, as required, the CEC may request the Court of Accounts to check the sources of revenue and the correctness of the record as intended by the political parties.

During the first semester of 2017, the new local elections were held, involving 7 political parties<sup>49</sup>. Judging by the data published on the website of the CEC, the only party that did not submit campaign financial reports was the PPPDA. Then, only 5 out of 7 political parties included in the semi-annual reports (I) for 2017 campaign expenses in the amount of 28,326 lei. At the same time, the PL did not report campaign expenses in the amount of 7,000 lei<sup>50</sup>.

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<sup>46</sup> The PCRM did not submit annexes 2, 3 and 6 (register of donations from legal persons (LP) and the register of donations of natural persons (NP) register of donations in the form of property; PLR did not submit the donation register from LP and register of donations in the form of property; the FSM has not submitted annexes to the donation register from individuals.

<sup>47</sup> Political parties' failure to submit reports on their financial management within the deadline and in format established by the Central Electoral Commission, including the submission of incomplete data in the report, shall be sanctioned by a fine of 180 to 300 conventional units for the person in charge.

<sup>48</sup> In the text of the Fiscal Code, the phrases "the Main State Tax Inspectorate attached to the Ministry of Finance", "the State Tax Inspectorate", "the territorial state tax inspectorate", "the specialized state tax inspectorate", "the territorial tax body", the tax body", in any grammatical forms, was substituted by the word combination "State Tax Service" with the corresponding grammatical forms, except where otherwise provided by the Code, according to Law no. 281 of 16.12.2016, in force on 01.04.2017.

<sup>49</sup> PSRM – 6 candidates, PDM – 6 candidates, PCRM – 4 candidates, PN – 3 candidates, PL – 2 candidates, PPPDA – 2 candidates and PAS – 1 candidate. The largest number of competitors registered for the position of mayor of Mereni (Anenii Noi) – 7 candidates and the village of Racovat (Soroca) – 5 candidates. No candidate withdrew its candidacy.

<sup>50</sup> <http://cec.md/index.php?pag=page&id=1963&l=ro>

Of the 35 parties that submitted semi-annual reports to the CEC, 15 parties<sup>51</sup> do not have official webpages, respectively, they did not publish data on their semi-annual financial management. Of the other 20 political parties that have webpages, only 6 published the semi-annual reports<sup>52</sup>, of which three political parties (PLDM, PAS, PSD) published this information not only on a semi-annual basis, but also on a monthly basis, as stipulated by art. 29, par. 3 of LPP no. 294<sup>53</sup>.

Point 32 of the Regulation on Financing of the Activity of Political Parties, approved by the CEC decision no. 4401 of 23 December 2015 (hereafter the Regulation), stipulates that the amount of cash donation given to a party by a natural person in the management year may not exceed an average monthly salary for the economy<sup>54</sup>, established for that year<sup>55</sup>.

The Promo-LEX Association reminds you, in this context, that on 2 May 2017, the Chisinau Court of Appeal (Chisinau CA) upheld the decision of the Center District Court of Chisinau of 30 September 2016, which challenged the administrative act and canceled the wording "The amount of the donation in cash, given to a party by a person in the management year, cannot exceed an average monthly salary established for that year", stipulated in point 32 of the CEC Regulation on the financing of the activity of political parties.

According to art. 255 and 363 of the Code of Civil Procedure, the time limit for appeal shall suspend the enforcement of the judgment pronounced by the court of the first instance, except for the cases provided for by the law. Also, the judgment shall be executed, in the manner established by law, after it has become final, except for the cases of immediate execution after the pronouncement. On the other hand, the Law on Administrative Litigation no. 793 of 10 February 2000 in art. 31 establishes that irrevocable court judgments, adopted under the terms of the quoted law, are with executory titles. 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 the judgements shall be governed by the provisions of the Code of Civil Procedure in the drafting of Law no. 155 of 5 July 2012, according to which the judgment is enforceable from the moment it becomes final.

According to the operative part of the aforementioned decision, it is a final one and therefore enforceable, which means that from the date of its adoption, 2 May 2017, the above quoted phrase is an obsolete one.

At the same time, we note that on 9 June 2017, the CEC appealed against the decision of the Chisinau CA requesting either admission of the appeal, cancelation of the decision issued by the Court of Appeal and pronouncing a new decision, whereby the summons brought to the respondents be restituted as contrary to the jurisdiction, or total rejection of the actions. At the same time, the People's Party of the Republic of Moldova filed an appeal in the part, where their action was rejected. On 6 September 2017, the Civil, Commercial and Administrative Board of the Supreme Court of Justice ordered the appeals filed by the CEC and PPRM to be considered inadmissible. The decision is irrevocable.

We remind you, in this context, that through the decision of the Center District Court of Chisinau of 30 September 2016, the phrase "personal code (IDNP)", set out in points 19 and 87 clause (a) of

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<sup>51</sup> PPDA, PAD, PPRM, PPP, MPSN, PPCD, PMUEM, PMAE, PLD, PE, PFSM, PAM, PPNT, PPUCM, MSPSN.

<sup>52</sup> PAS, PSRM, PN, PLDM, PSD, Party of Regions.

<sup>53</sup> According to the legal norm, the information contained in the annual/semi-annual reports of the parties submitted to the CEC is published (...) and posted on the websites of the political parties, if they exist.

<sup>54</sup> Until 19 July 2017, the average monthly salary projected for the economy was set at 5,300 lei.

<sup>55</sup> Parties that have not complied with this provision, in this case, acceptance/reporting of cash donations exceeding the amount of 5,300 lei, risk being penalized and/or forced to pay the amounts received to the state budget, or to return the amounts received above the established ceilings.

the Regulation on the financing of political parties, was annulled. Hierarchically superior courts upheld the judgment of the Center District Court of Chisinau. The lawsuit was filed by PNL, PPRM and PLR.

Promo-LEX reminds you that until 2 May 2017, three political parties received cash donations beyond the ceiling set by the CEC, and risk being held accountable and sanctioned, as the case may be. These parties could be obliged to pay to the state budget, or to return to the donors the non-conformed amounts received over the established ceilings: PUN – 16,400 lei, PDM – 17,592,450 lei, PPDA – 58,240 lei.

Thus, the Promo-LEX calculations for cash donations exceeding the ceiling of 5,300 were made until 2 May 2017 (see table no. 5).

*We draw the attention of the supervisory and control body to the limitation periods for the application of appropriate sanctions and, subsequently, to initiation of the procedures for refunding the amounts used by the political parties contrary to the normative provisions in force. (See table data no. 5)<sup>56</sup>*

*Table 5. Donations made in cash to the parties, over the established ceilings of 5,300 lei<sup>57</sup>, donations received by 2 May 2017*

Political party	No. donations (cash)	Amount of donations, lei (cash)	Ceiling allowed by the legal norm, lei	Conforming amount, lei	Nonconforming amount, lei	Payment to the state budget, lei
PPPDA	29	133,550	5,300	70,440	63,110	63,110
PDM	1,872	26,278,350	5,300	11,848,980	14,429,370	14,429,370
PUN	7	33,500	5,300	29,100	16,400	16,400
<b>Total</b>						<b>14,508,880</b>

*Data obtained from the analysis of the Promo-LEX central team*

### *2.1.2. Semi-annual reports (II) on party financial management for 2017*

Promo-LEX Association notes that, for 2017, similar to the monitoring experience of 2016, the CEC did not oblige the parties to report their revenues and expenditures for the second semester, operating with only two reporting periods (for semester I and annual). Thus, we remind you that on 7 January 2017, Promo-LEX launched a call to draw attention to the need to present and examine the reports on the financial management of political parties for the second semester of the year.

Moreover, Pomo-LEX found that one political party submitted voluntarily the semi-annual report for the second semester, which can be understood that this is desirable and would not be an impediment to the parties, if they were obliged to submit reporting to the CEC.

<sup>56</sup> For the cash donation calculations, only donations made between 01.01.2017 and 02.05.2017 were taken into account, as from 02.05.2017 the provision became obsolete, unless the SCJ decides otherwise.

<sup>57</sup> Parties that have not complied with this provision, in this case, the acceptance/reporting of cash donations exceeding the amount of MDL 5,300, risk being penalized and/or forced to pay to the state budget or to repay the amounts received above the established ceilings.

The Contravention Code, by art. 48, provides for sanctions for the use of undeclared, non-compliant or funds derived from outside the country by political parties. According to art. 30 of the Contravention Code, the general limitation period of the contraventional liability is one year. This means that, hypothetically, the CEC, being the competent body in this respect, will find out about undeclared funds that are used on 20 July this year only at the beginning of April of the following year. In the context, by excluding the obligation of political parties to submit reports for the second half of the year, de facto, the term in which the party can be sanctioned for certain contraventions is shortened. Therefore, the police, notified by the CEC, would objectively have about 3 months to investigate the case and enforce the sanction. If this deadline is exceeded, sanctions cannot be applied due to the expiry of the limitation period.

*In this context, the Promo-LEX Association asks the CEC to review the content of the Regulation on the Financing of the Activity of Political Parties. Referring to p. 65 of the Regulation, Promo-LEX states that the date for the semi-annual reporting was indicated in accordance with the logic set out above, but only 15 July was included, the date for the second semi-annual report being omitted. Therefore, in order to regulate the reporting of both semi-annual periods, the Regulation is to be revised.*

### 2.1.3. Annual reports on party financial management for 2017

According to the estimates of Promo-LEX, by 31 March 2018, 42 of 45 political parties registered with the MJ submitted annual reports to the mandated authority. Of these, four political parties presented the annual reports after the deadline set, between March 31 and April 7, 2018. The remaining three political parties did not submit annual reports (see table no. 6).

*Table 6. Compliance of political parties with the legal norm of reporting annual revenue and expenditure*

Reporting submitted within the time limit set (38)	Reporting submitted exceeding the time limit set (4)	Parties that failed to submit any reporting (3)
PPCD, PAM, PLD, MPSN, PPPDA, MSPRRM, PPS, MAE, PPPNT, PV, MPA, PPP, PPCNM, PMUEM, PNL, PDM, PVE, PLR, PE, PPUUCM, PPDA, PSD, PSM, Party of Regions, PSRM, PRSM, PN, PAS, PCRM, PLDM, PPRM, PPNOI, PUN, PPDM, PPEM, PL, PPSM, PC	FSM, PSP, PPUM, MSPFN	PRM, PPPR, PPM

*According to the analysis of Promo-LEX, the CEC complied with the terms of publication of the annual financial reports received in due time.*

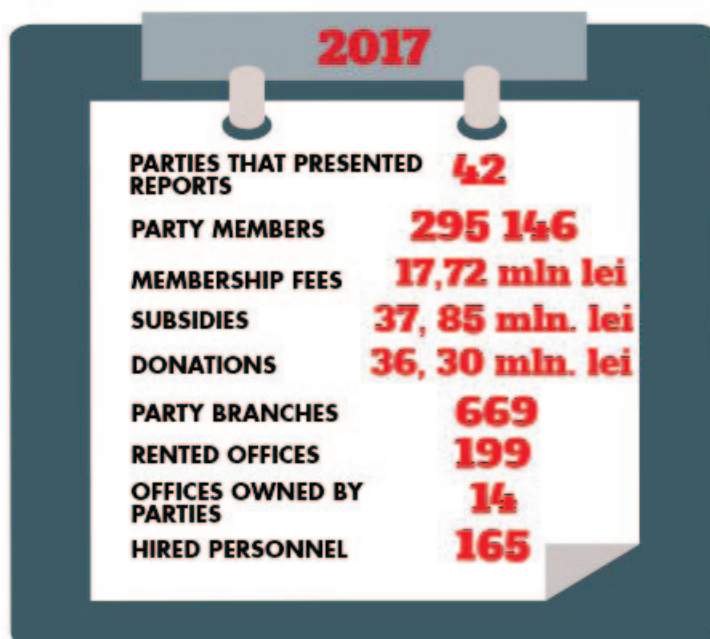
Given the high reporting ratio for 2017, the number of party members, subsidiaries, headquarters and staff employed, the amounts of donations and membership fees increased significantly compared to 2016 (see Chart no. 3).

The Promo-LEX Association found that out of 42 parties that reported to the CEC, 13<sup>58</sup> formations failed to appropriately fill in compartment I of the financial management report. In the present case, they failed to reflect information relating to the number of party members, number of staff members, party branches, international organizations to which the party is affiliated, number of

<sup>58</sup> PRSM, PPP, PMUEM, MSPRRM, PE, PSP, FSM, PAM, PSM, PPDM, PN, PPUUCM, PLR.

own premises or rented premises. These parties either left a blank space or entered a “dash”, which does not serve as conclusive information.

Chart 3. General data presented in the annual reports for 2017



Out of 42 parties, 4 (PSD, PAM, PPNOI, PC) are subject to sanctions for contravention because they reported rented and owned premises, failing to report unavoidable expenses, related to their rental and maintenance (communal services, aqueduct and sewerage, electricity). Out of 42 parties, 12 indicated staff employed and 13 indicated staff spending. Thus, a political party indicated staff costs without reporting the employment of a person. The party concerned is the PAS and, in this context, Promo-LEX notes the negligence on the part of the PAS in adequate reflection of all the expenditures under this heading.

Promo-LEX also notes lack of information on the official website of the CEC on the PLDM's donors in 2017. At the same time, it notes that in the financial reports of the PLDM, donations from individuals (party members) in the amount of 134,630 lei are recorded. Promo-LEX draws attention to the fact that the CEC did not take action with respect to non-compliance with legal requirements.

According to the analysis of Promo-LEX, 3 political parties are liable to be penalized and/or forced to pay to the state budget, or to return non-conforming amounts received above the ceilings set by 2 May 2017. We draw the attention of the supervisory and control body to the limitation periods for the application of the appropriate sanctions and subsequently, to the initiation of procedures for refunding the amounts, used by the political parties contrary to the normative provisions in force (see table no. 5).

In the second semester of 2017, the referendum on the dismissal of the Mayor of Chisinau was held in Chisinau, with the participation of two political parties (PSRM and PL). According to the data published on the website of the CEC, all the participants submitted reports on financial support. Only one participant in the referendum incurred expenses and presented reports on accrued revenues and expenditures incurred, the PL not incurring expenses. Promo-LEX notes the reporting of expenses for the referendum of 2017 in the annual financial report of the PSRM, which included significant campaign spending in the amount of 13,497,652.67 lei.

Promo-LEX appreciates the CEC's effort to take its stand as a monitoring and controlling body of political party funding on 29 May 2018, when it cautioned the parties against several non-compliances in completing the report on the financial management of the political party for 2017. The following was indicated by the CEC:

- inconsistency of the data in *the heading leader of the party (name/surname/signature)* with those presented to the Ministry of Justice in the case of 6 formations: MAE, PPC-NM, PMUEM, PSM, PPEM, PPNOI;
- absence of signature of party treasurer on the reports on the financial management of the political party for 2017 in the case of 6 parties: PAM, PPSM, PPDA, PSP, PPNOI, PPUM;
- lack of information on the mode membership fees payment in the case of a political party (no name is given), 17 parties have internal acts regulating the payment of membership fees, 12 parties made public the information on the way of paying membership fees<sup>59</sup>;
- non-submission or incomplete presentation of the membership fee registers in the case of 7 parties: PSM, MSPFN, FSM, Party of Regions, PSP, PCRM, PUN;
- non-submission of donation registers by: PSM, MSPFN, FSM;
- non-submission of the register of donations in the form of properties, goods, free services under more advantageous conditions than the commercial value, in the case of 2 parties: PSM, MSPFN;
- improper reflection of financial information in the report filed by 5 formations<sup>60</sup> (initial balance, final balance, total funding sources and total expenditure, donations, etc.);
- non-submission of monthly information on party spending of funds from state budget, in the case of one political party: PPDA.

## 2.2. Political parties' sources of funding

According to Law no. 294 on Political Parties art. 25, para. (1) and the CEC Regulation on the financing of political parties point 4, the sources of political parties' funding are a) membership fees; b) donations; c) subsidies from the state budget; d) other legal revenues obtained and expressly stipulated in the statute of the political party and not prohibited by law<sup>61</sup>. At the same time, the law expressly stipulates that political parties cannot use other sources of funding than those provided in para. (1). In accordance with para. (5) of the same article, the revenues obtained from legal sources of financing shall be exempt from taxation, or taxed in accordance with the provisions of the Tax Code.

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<sup>59</sup> The CEC requested information from 18 political parties on the regulation of membership fee payment.

<sup>60</sup> PPUCM, PUN, PPDA, PPPDM, PLDM.

<sup>61</sup> Legal provisions stipulate that political parties can obtain income, including from editorial activity, activities directly related to property management, as well as other income-generating activities, for the needs of the party, according to art. 24 paragraph (3) of LPP no. 294.

It should be noted that according to the law, the annual revenues of a political party from membership fees and donations cannot exceed the equivalent of 0.3% of the state budget revenues for that year. Thus, for 2017, this ceiling amounted to 101,300,222 lei<sup>62</sup>.

According to the annual reports, none of the 42 parties that submitted their reports to the CEC did not exceed this ceiling. The party closest to it is the PDM, accounting for 66.29% of the maximum allowed, with declared revenues of 59,642,863 lei and an amount of 7,504,764.43 lei remaining in the account of the previous year (initial balance), thus totaling 67,147,627.32 lei.

*Taking into account the fact that the maximum ceiling for the accumulation of income allowed for parties is more than sufficient, the Association recommends amendment of Art. 26 (para. 3) of Law 294 on Political Parties by introducing in the statement “derived from membership fees and donations” the phrase “and state subsidies”, thus ensuring that the maximum permitted by law also covers the third source of income – state subsidies.*

The annual reports of the political parties for 2017 show that the main source of their funding was the donations of individuals, amounting to 41,265,119 lei (32% of the total revenues for 2017). The next main source of financing are subsidies from the state budget, amounting to 39,921,922.87 lei (31%), the third in size are revenues from economic activity – 26,071,422.59 lei (20%) and, finally, membership fees, in the amount of 17,624,104 lei (14%). The donations from legal entities in the amount of 2,456,990 lei and other revenues derived from material donations / services rendered in the amount of 2,471,934.38 lei constituted 2%.

Analysis of the data of the annual financial reports for 2016 and 2017 reveals that the main source of funding is donations, mostly of individuals, including party members. The use of this source of funding diminished from 49% in 2016 to 32% in 2017. The second source is the state budget subsidy, accounting for 31% in 2017 from a 39% start in 2016, when the provisions on public funding were first applied. Membership fees, which have fallen steadily, from 34% in 2013<sup>63</sup> to 11% in 2016, account for 14% in 2017. Compared with previous years<sup>64</sup>, we see a slight increase in the share of donations from legal entities from 1% in 2016 to 2% in 2017. At the same time, it is worth mentioning that the revenues from the economic activity account for 20% in 2017, as a result of the commercial activity of the PCRM headquarters<sup>65</sup>, two other parties, PDM and PAS, also registered revenues from the economic activity allowed by the legislation. Next, in 2017, a new source of funding appear that, namely that of *material donations*, which accounted for 2% for 5 political parties<sup>66</sup> (see Chart 4 – Funding sources for political parties).

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<sup>62</sup> The result was obtained in the context, in which revenues from the state budget for the year 2016 amounted to 33,766,740.7 thousand lei.

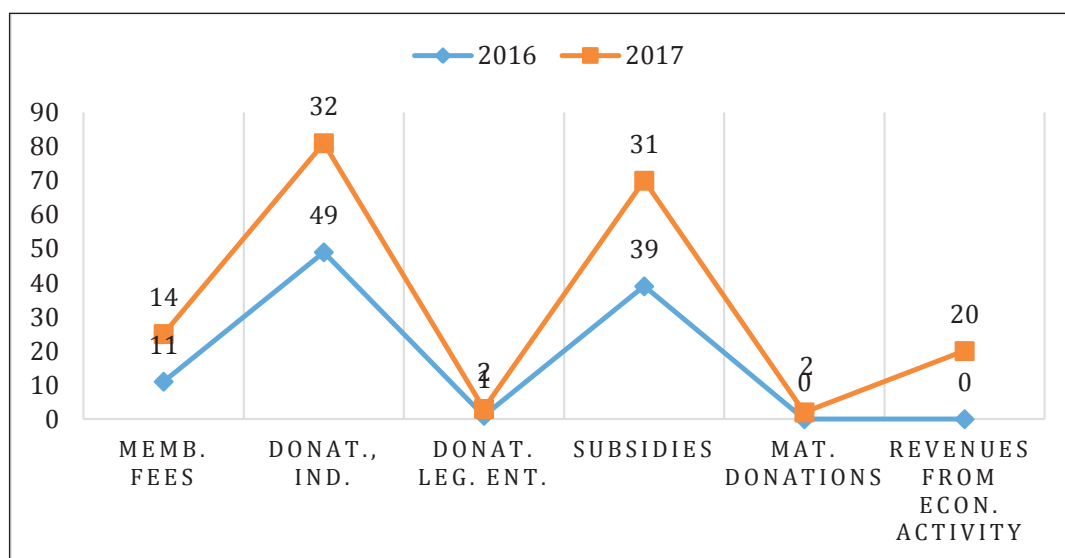
<sup>63</sup> Promo LEX Report on Financing of Political Parties in the Republic of Moldova. 2016 retrospective (p. 25) <https://bit.ly/2rHfCxl>

<sup>64</sup> Idem.

<sup>65</sup> Promo LEX points out that 20% of the proceeds of property management are the result of the isolated case of the PCRM that sold some property owned by the party.

<sup>66</sup> In 2017, 5 political parties registered material donations: PLDM – 524,391.28 lei, PAS – 38,731.85 lei, PPPDA – 37,204 lei, PN – 19,682.87 lei, PLR – 18,500 lei, PPS – 448,815 lei.

Chart 4. Political parties' sources of funding in dynamics, %



Promo-LEX finds that the sources of party financing were rather balanced in 2017, noting that the main ones are donations, state subsidies and memberships fees, with the exception of the case of the PCRM.

*We underline that, according to the OSCE/ODIHR<sup>67</sup>, legislation should keep a balance between public contributions (state budget subsidies) and private one (donations, membership fees) as sources of funding for political parties. Under no circumstances should the allocation of public funds limit or interfere with the independence of a political party.*

Thus, for 2017, the ratio between public and private funding is 31% to 69%, which is a fair use of resources. At the same time, it is important to note the use of state funds so that they are mainly used for party consolidation activities and not exclusively for electoral campaigns.

A fact that raises questions is the reason for the low share of donations from legal persons. In the interviews with the central parties, Promo-LEX found the reluctance of the respondents of 5 parties to collect donations from legal entities, declaring that donors complained of pressures after they appeared in the financial reports. This explains the low share of this type of donation. Promo-LEX points out that such cases of abuse by the authorities are contrary to the letter of the law and need to be stopped.

#### Sources of parties funding consist of:

- Membership fees of 359 party members for 16 parties (PDM, PLDM, PSRM, PL, PCRM, PAS, PPPDA, PN, PLR, PUN, PPS, PNL, PPEM, Party of Regions, PSM, PSD) in total amount of 17,624,104 lei;
- financial donations of 3,941 individuals in the amount of 41,265,119 lei for 12 political formations (PDM, PLDM, PSRM, PL, PCRM, PAS, PPPDA, PLR, PUN, PPCNM, PPRM, PPEM);
- donations from 3 legal entities for 3 political formations in the amount of 2,456,990 lei (PPS, PPPDA, PPEM);

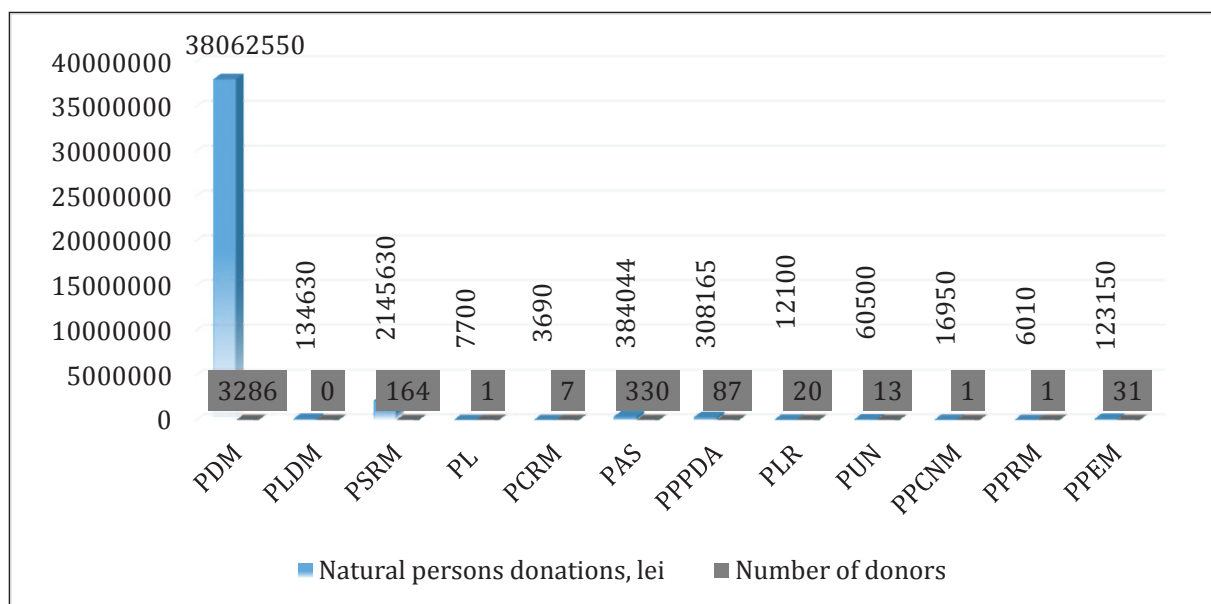
<sup>67</sup> Extract from the OSCE/ODIHR Directorates – on General Legal Framework of Political Parties, <http://cesko.ge/res/docs/8600.pdf>

- material donations in a total amount of 1,087,325 lei for 6 political formations (PLDM, PAS, PPPDA, PN, PLR, PPS)

According to the analysis of the Promo-LEX OM, a political party (PDM) registered donations with a “big” index – from 75,000 to 1 million lei, from 19 donors, individuals. They fall under point 20 of the CEC Regulation on financing of electoral campaign, in this case under the need for the State Tax Service (SFS) to check the source of the financial contributions to the electoral contenders. On 25 May 2018, by its Decision, the CEC notified the SFS of the necessity to begin rigorous checks.

If we compare the sums of donations accumulated by political parties from individuals in 2017 to the number of donors indicated in the reports submitted to the CEC, simulating a hypothetical situation, where each donor would donate equally, then it would come out that the donors of the PSRM made the highest contributions: PSRM – 13,083 lei, PDM – 11,583 lei, PPCNM – 16,950 lei (1 donor), PL – 7,700 lei (1 donor), PPRM – 6,010 lei, PUN – 4,654 lei, PPEM – 3,973 lei, PPPDA – 3,542 lei, PAS – 1,164 lei, PLR – 605 lei, PCRMM – 527 lei. In the case of the PLDM, we reiterate the lack of information on the CEC’s official page on the donors’ list for 2017, although the donations from individuals (party members) are mentioned in the report amounting to 134,630 lei (see Chart 5).

Chart 5. Distribution of donations, lei



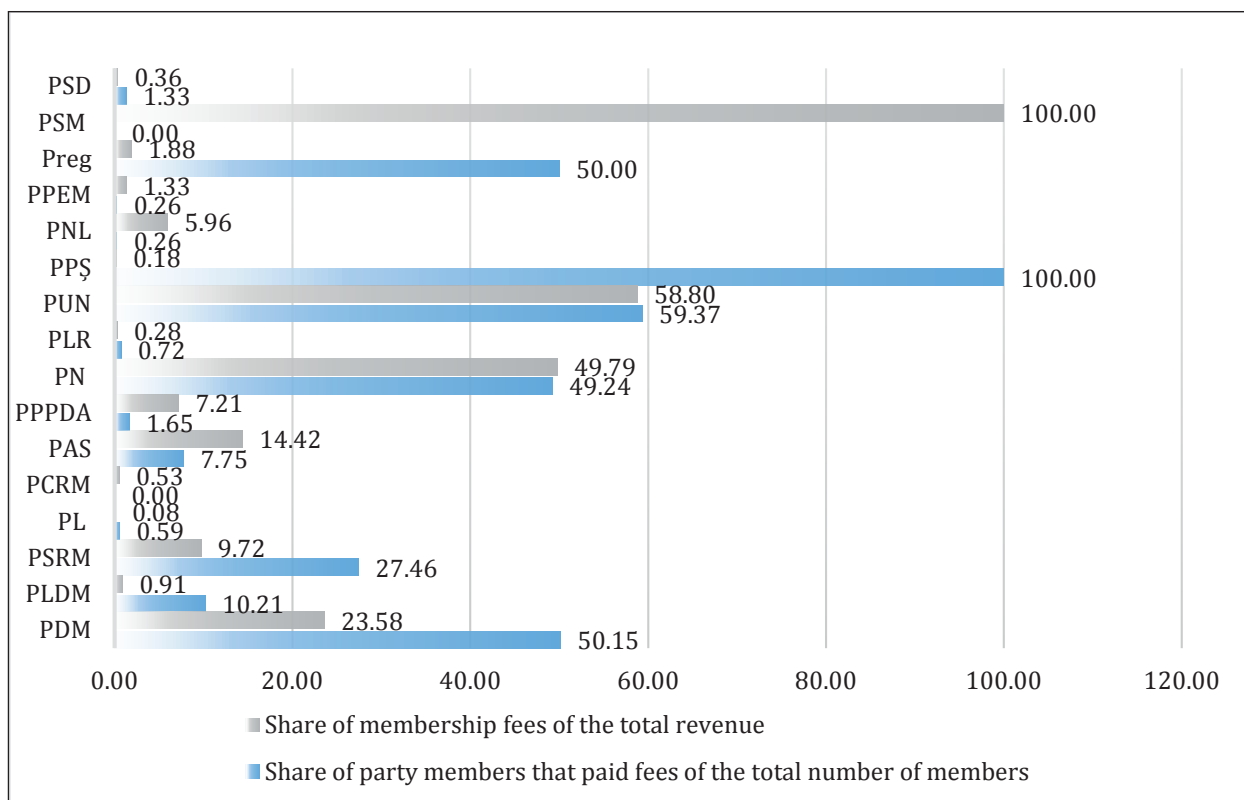
With regard to the membership fees, the Promo-LEX analysis finds that although 39 out of 42 parties reported party members, only 16 formations indicated membership fees, of which 12 are beneficiaries of state budget allocations. On the other hand, the other eight political parties that benefit from allowances fall behind in this regard<sup>68</sup>. It should be pointed out that, although the provisions of the CEC Regulation<sup>69</sup> obliging parties that receive state budget subsidies to collect fees from at least half of their members were abolished in 2017 by a court order, some of the parties strictly followed them even *post-factum*. These are the Party of Regions, the Popular Republican Political Party, the National Unity Party, our Democratic Party and Our Party (PN) (see Chart 6).

<sup>68</sup> Parties that benefited in 2017 from state budget subsidies but did not collect contributions: PPDA, PVE, PPRM, PPCD, MPA, PPCNM, PAD.

<sup>69</sup> Point 87, clause a) of the Regulation on the financial management of political parties stipulates that the Central Electoral Commission has the right to suspend the transfer of state subsidies in the case of the failure of more than half of members of the political party to pay membership fees in the established amount on the basis of annual information.

According to the draft National Anticorruption Strategy for the years 2017–2020<sup>70</sup>, the objective of publishing in open format the data on the financing of political parties and electoral campaigns by the CEC was established, by creating a periodically updated electronic module, the deadline for the elaboration of the module being the IV quarter of 2017. In this context, the CEC will be the authority that will continually monitor the de facto number of party members, their retention, as well as their flow, ensuring that since 2018, the legal rule on paying membership fees is respected.

Chart 6. Payment of membership fees, %

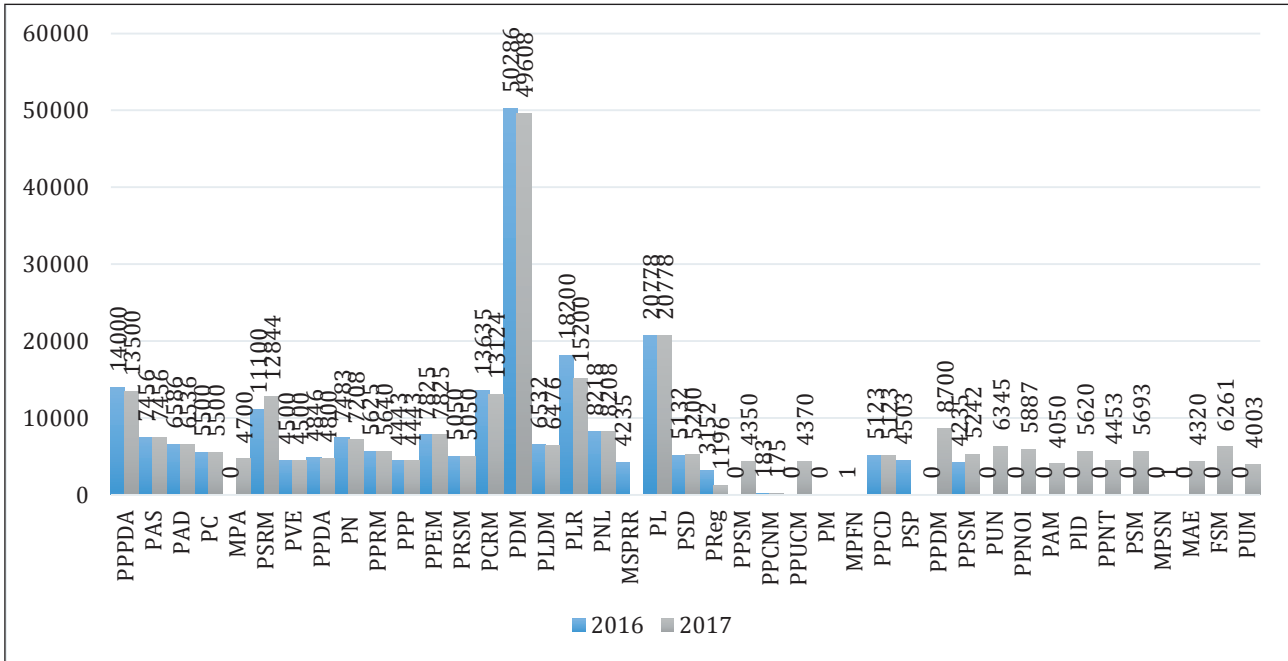


Further, according to the annual financial reports, submitted to the CEC by 39 political parties that reported members, the total number of party members in 2017 was 295,146 and according to the information submitted to the CEC by the political parties for 2016, it was 228,627 people. Therefore, we find a positive difference of 66,519 people, in the context in which in the first case 42 parties reported, and in the last, only 30 (see chart no. 7).

Based on Chart no. 6, it is noted that for most of the parties that reported members in 2016 and in 2017, their number did not vary substantially. On the whole, however, the number of reported members increased in 2017 due to the parties that did not report in 2016.

<sup>70</sup> The draft NAS for 2017–2020 was approved and submitted to the Parliament for consideration on 24 March 2017 by Decision no. 139 of 10.03.2017 – <http://bit.ly/2o3o4qD>. Since the Annex to this Government Decision is missing, see the document on the official CNA website – <http://bit.ly/2oNBW5G>

Chart 7. Fluctuations of party members, 2016–2017



In addition, according to the interviews taken by Promo-LEX, most parties interviewed in 2016 referred to migration of members or abandonment of membership as a major problem faced in that year. On the other hand, in 2017, of the interviewed parties, 5 mentioned strengthening of party membership on the eve of parliamentary elections of 2018.

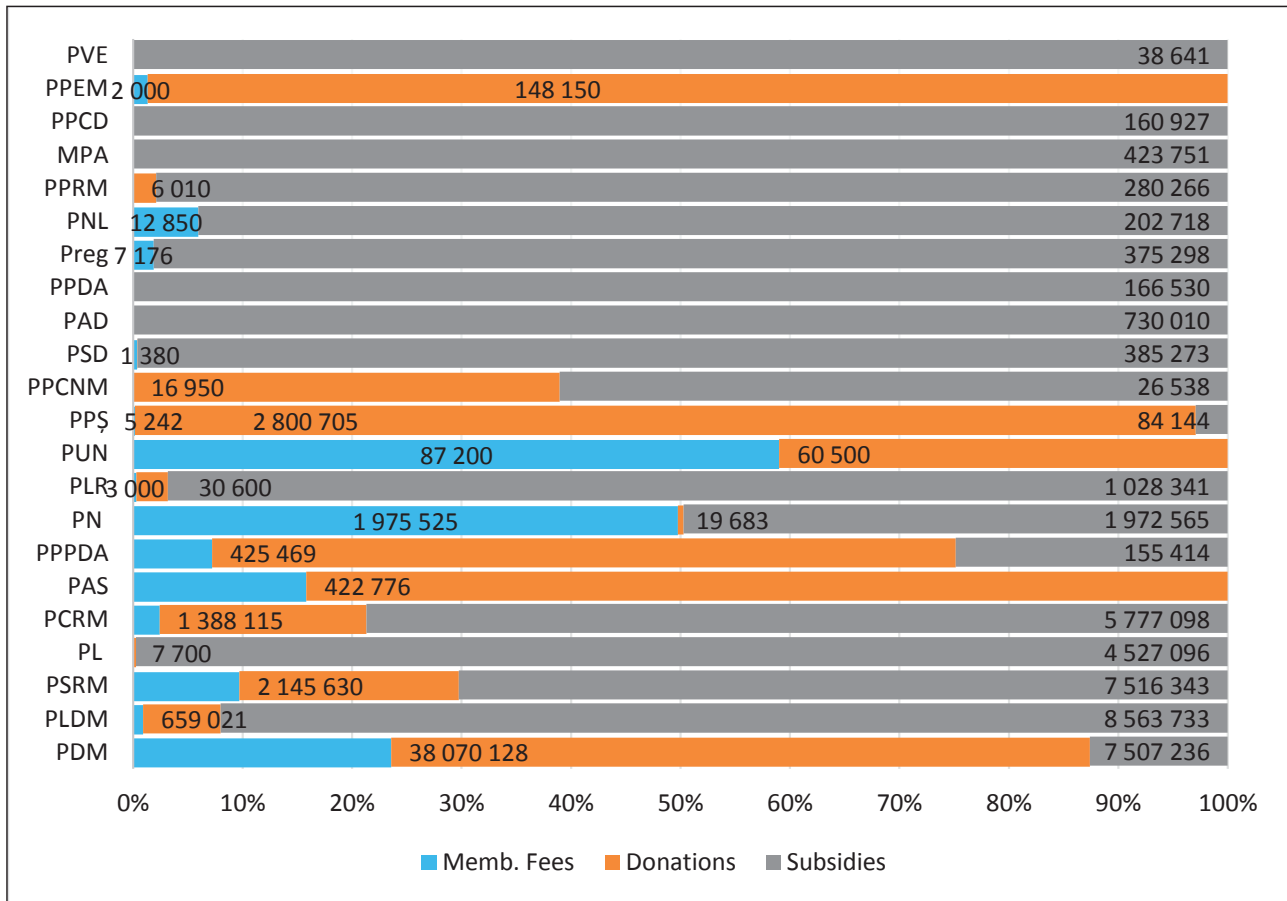
### 2.3. Revenues and expenditures of political parties reflected in the reports

According to the annual reports submitted to the CEC, out of the 42 political parties concerned, 23 indicated revenues of 129,811,493 lei and a total of 41,308,249 lei as initial balance, 74.65% more than in 2016, when revenues amounted to 96,905,367 lei. The amount of the reported expenditures is of 89,858,016.97 lei with a final balance of 81,261,726.3 lei that was transferred to the party account in 2018. The other 19 parties did not show any revenue or expense.

There are six political parties that had a single source of income: PAD, MPA, PPCD, PPDA, PVE – all counted exclusively on financing from the state budget in 2017 and the PSM – on membership fees. There are 8 political formations that had more diversified sources of funding: Party of Regions, PSD, PL, PPS, PNL, PLR, PPEM, PPRM, which indicated symbolic sums either as membership fees or donations with the main contribution from the state budget or from legal entities. Other 9 formations indicated diversified sources of donations (from physical/legal persons, material goods) as well as membership fees and subsidies, or other revenues: PLDM, PCRM, PDM, PAS, PN, PPPDA, PSRM, PPCNM, PUN (see chart no. 8).

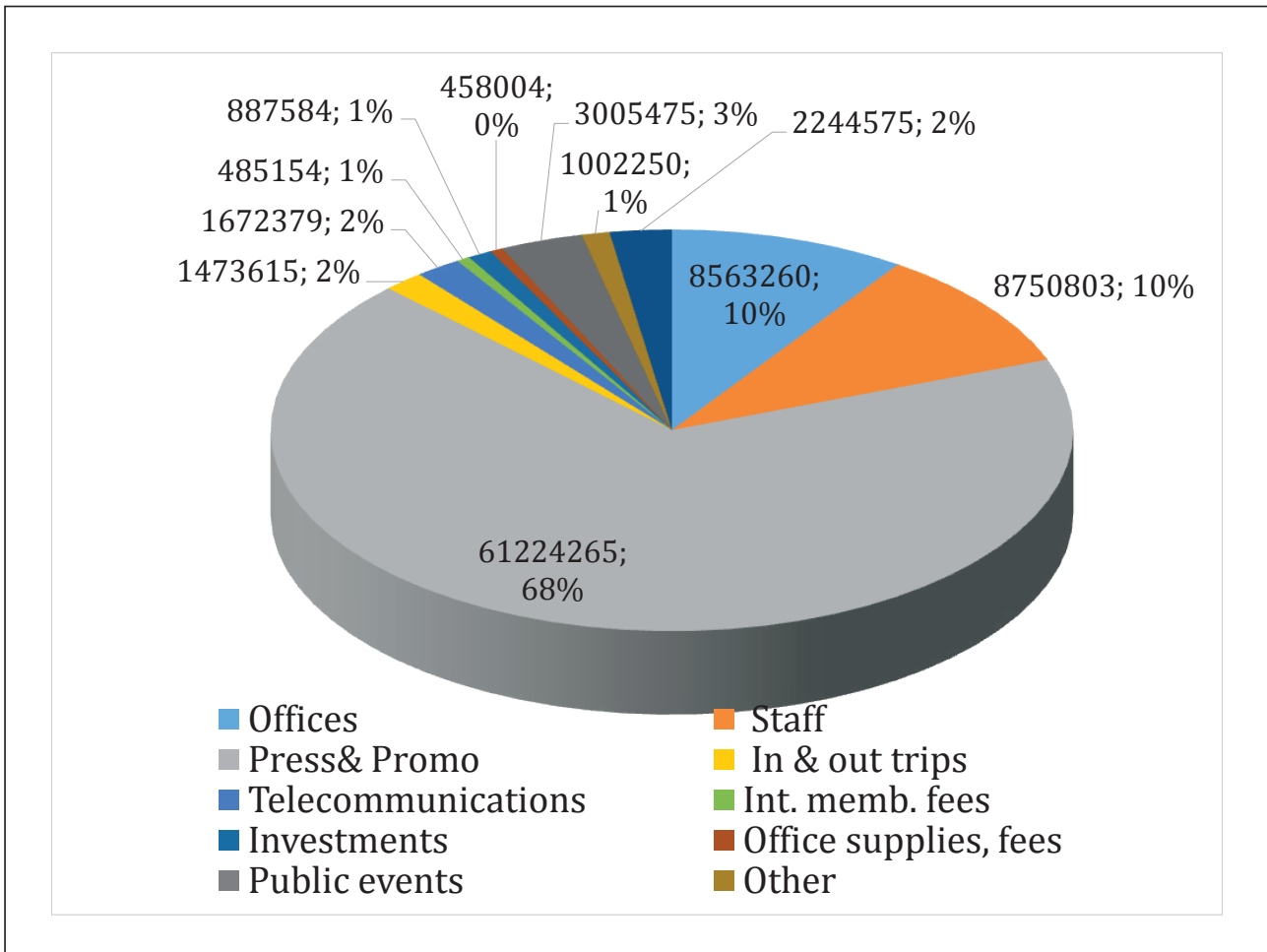
Promo-LEX draws attention to the fact that the revenue collection practice should be balanced and diversified so that there is no major gap between public contributions (state budget subsidies) and private contributions (donations, membership fees) (see chart no. 8).

Chart 8. Sources of funding segregated by political party, lei



Traditionally, parties' spending on press and promotional materials recorded the highest share (68%) – 61,224,265 lei of the total expenditure; the categories of expenditures for office maintenance and personnel are the following: (10%) each of 8,750,803 lei and 8,563,260 lei; followed by expenses for meetings and public demonstrations (3%) – 3,005,475 lei, expenses for internal and external travel (2%); telecommunication expenses (2%); election campaign expenses (2%); payment of a membership fee to international organizations, bank fees / office supplies and other expenses (see chart no. 9).

Chart 9. Share of expenditure by category



If we refer to the use of subsidies paid from the state budget, then we notice, on the one hand, the use of subsidies left on the parties' account since 2016. On the other hand, their use in 2017 was either restricted for ordinary parties' activities so that they remain on the final balance account and later be transferred for the year of 2018, which is an electoral one. Thus, of the 20 subsidy-receiving formations, 8 accrued entirely the allowances received in 2017 on their final balance.

If the other parties spent the remaining subsidies of 2016, the PDM is the only party that did not use this money at all, accumulating the highest final balance of 14,999,675 lei, money accumulated from the state budget allocations for 2 years. It is seen in table no. 7 that in 2017, only the PDM did not use any public money for the party's statutory activities (see table no. 7 – *Share of expenditures of parties that received subsidies from the state budget in 2017* and table no. 8 – *Destination of expenditures of all political parties in 2017, lei*).

*Promo-LEX finds a violation of the entire philosophy of public funding by accumulating public money on accounts for 4 years and not using it. The purpose of funding from the state budget is, in fact, consolidation of party structures, funding statutory activities and training of members. Thus, we warn that those who abuse of public funding, using the money only in electoral campaigns run the risk of falling into the area of unfair political and electoral competition, creating situations of unfair competition with other political parties that use public money outside electoral campaigns.*

Table 7. Share of expenditure of parties that benefited from subsidies in 2017

No.	Political parties	Initial balance	Office maintenance	Staff	Press & promotional materials	Travel expenses in & out	Tele-communication	International fees	Investments in movable and immovable property	Office supplies, fees	Events, public manifestations	External/Compulsory Audit	Other (total)	Final balance
1.	SPRM	99.77	97.66	100	96.47	0	98.55	0	100	94.75	0	0	0	97.29
2.	PVE	0	100	0	0	0	100	0	100	0	0	0	0	100
3.	PPPDA	28.83	34.55	0	19.18	0	30.82	0	0	31.25	0	0	31.13	11.74
4.	PN	70.77	100	0	17.24	0	100	0	80.76	82.06	82.89	100	0	58.73
5.	PPRM	100	100	0	100	100	100	0	100	100	100	0	0	100
6.	PCRM	99.15	96.96	91.49	98.69	19.44	100	100	100	76.31	28.39	0	22.11	18.07
7.	PDM	99.67	0	0	0	0	0	0	0	1.19	0	0	0	99.96
8.	PLDM	99.67	100	100	12.19	94.97	100	97.16	100	0	0	0	0	100
9.	PLR	98.93	100	100	100	100	0	0	100	100	0	0	0	0
10.	PNL	100	100	100	0	0	0	0	0	100	0	0	0	100
11.	PPS	94.04	14.64	0	2.24	0	1.98	0	2.31	50.79	0	0	0	62.16
12.	PL	99.85	99.96	100	96.91	100	100	100	0	91.48	0	0	0	99.94
13.	PSD	100	0	100	100	100	0	0	0	100	0	0	0	100
14.	MPA	0	100	100	0	0	0	0	100	100	0	0	0	100
15.	PCNM	0	67.25	0	100	0	79.30	0	0	69.38	0	0	0	63.60
16.	PPDA	100	100	100	100	100	100	100	0	100	0	0	100	100
17.	PPCD	0	100	0	0	0	0	0	0	100	0	0	0	100
18.	Party of Regions	0	99.65	100	0	72.01	86.76	0	100	86.10	100	0	0	100
19.	PPUCM	100	67.25	0	100	0	79.30	0	69.40	0	0	0	0	61.00

Table 8. Destinația cheltuielilor tuturor partidelor politice în 2017, lei

Political party	Lease & office maintenance	Staff	Press and promotional materials	Travel in & out	Telecommunications	Delegations	International fees	Investments in movable and immovable property	Office supplies, bank fees	Audit	Events, public manifestations	Other total	Electoral campaign
PDM	594,360	603,835	48,396,631	754,639	875,706	0	223,732	0	97,969	0	388,122	159,074	53,884
PLDM	772,040	3,354,034	251,671	285,326	78,170	0	44,003	73,316	38,485	0	167,314	524,391	0
PSRM	2,098,308	994,470	5,946,417	0	345,282	0	0	135,317	68,277	0	1,541,302	9,154	2,150,236
PL	633,573	202,116	381,362	103,395	15,670	0	165,553	0	7,760	0	24,200	0	0
PCRM	703,136	1,548,291	1,667,867	76,131	53,172	15,277	42,229	52,290	92,021	0	101,763	27,692	3,690
PAS	170,032	108,917	224,872	13,320	521	0	0	3,250	8,364	0	62,034	91,265	3,561
PPPDA	231,879	0	327,522	0	13,112	0	0	21,709	22,998	0	2,732	1,229	0
PN	1,427,831	121,607	2,224,581	0	163,661	0	0	36,900	46,060	63,000	590,894	76,202	27,788
PLR	239,375	602,947	187,540	156,435	7,937	0	0	204,644	21,660	0	0	0	0
PUN	86,003	0	26,235	0	6,200	0	0	0	837	0	35,000	200	0
PPS	834,428	289,975	993,300	0	42,945	0	0	296,578	13,340	0	12,742	102,299	0
Party of Regions	159,502	161,768	0	17,720	2,042	0	0	24,262	4,364	0	4,934	1,019	0
PSM	0	0	10,393	5,650	1,850	0	0	0	2,350	0	12,458	0	0
PSD	0	337,941	268,056	36,300	0	0	0	0	11,091	0	0	0	0
PPDA	10,482	0	59,760	14,600	9,200	12,300	0	0	7,345	0	48,600	4,242	0
PVE	11,556	0	0	0	687	0	9,637	745	0	0	0	0	0
PNL	28,236	275,400	0	0	0	0	0	0	0	0	0	0	5,416
PPEM	136,528	0	780	0	7,100	0	0	0	2,019	0	0	0	0
PPCNM	47,680	0	16,519	0	3,584	0	0	0	1,430	0	0	0	0
MPA	88,329	149,502	115,010	0	0	0	0	8,438	8,612	0	0	29	0
PPCD	156,000	0	0	0	0	0	0	0	1,136	0	0	378	0
PPRM	133,984	0	125,750	10,100	45,540	0	0	30,135	1,696	0	13,380	0	0
PAD	0	0	0	0	0	0	0	0	0	0	0	0	100

In a simulation exercise on the reported expenses for office lease and maintenance, based on the number of offices published by the CEC, Promo-LEX divided the reported amounts by the number of premises leased, reported by the parties and the 12 calendar months. As a result, the PPRM, was revealed with a monthly amount of 11,165 lei for its offices, after which come the PCRM, PAS and PUN (see Table 9 and chart no. 10).

Chart 10. Annual expenses divided by the number of offices, lei

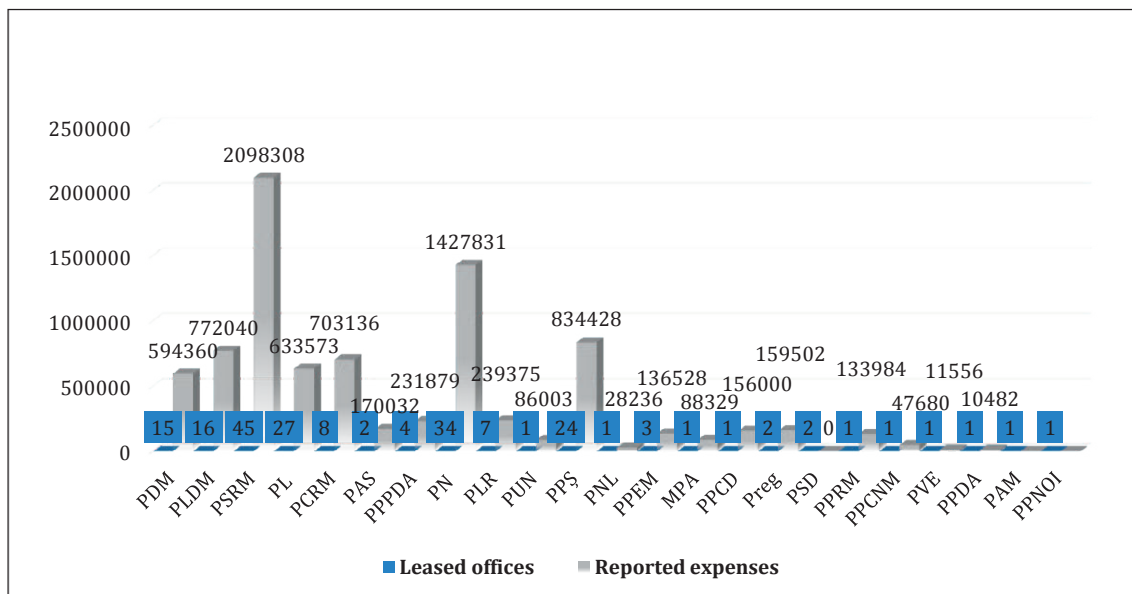


Table 9. Segregation of office expenses per calendar month and per year

	Number of offices leased	Annual expenses per office, lei	Monthly expenses per office, lei
PDM	15	39,624	3,302
PLDM	16	48,253	4,021
PSRM	45	46,629	3,886
PL	27	23,465	1,956
PCRM	8	87,892	7,324
PAS	2	85,016	7,085
PPPDA	4	57,970	4,831
PN	34	41,995	3,500
PLR	7	34,196	2,850
PUN	1	86,003	7,167
PPS	24	34,768	2,897
PNL	1	28,236	2,351
PPEM	3	45,509	3,792
MPA	1	88,329	7,361
PPCD	1	156,000	13,000
Party of Regions	2	79,751	6,646
PSD	2	0	0
PPRM	1	1,339,840	11,165
PPCNM	1	47,680	3,973
PVE	1	11,556	963
PPDA	1	10,482	874
PAM	1	0	0
PPNOI	1	0	0

A similar exercise was carried out in the case of the reported expenditure for the staff employed. Thus, the best paid staff is that of the PLDM – 27,950 lei per month, the PCRM – 12,902 lei per month and the PSRM – 8,287 lei per month. The least paid is the PN with 1,013 lei per month (see chart no. 11 and table no. 10).

Chart 11. Annual expenses divided by number of employees, lei

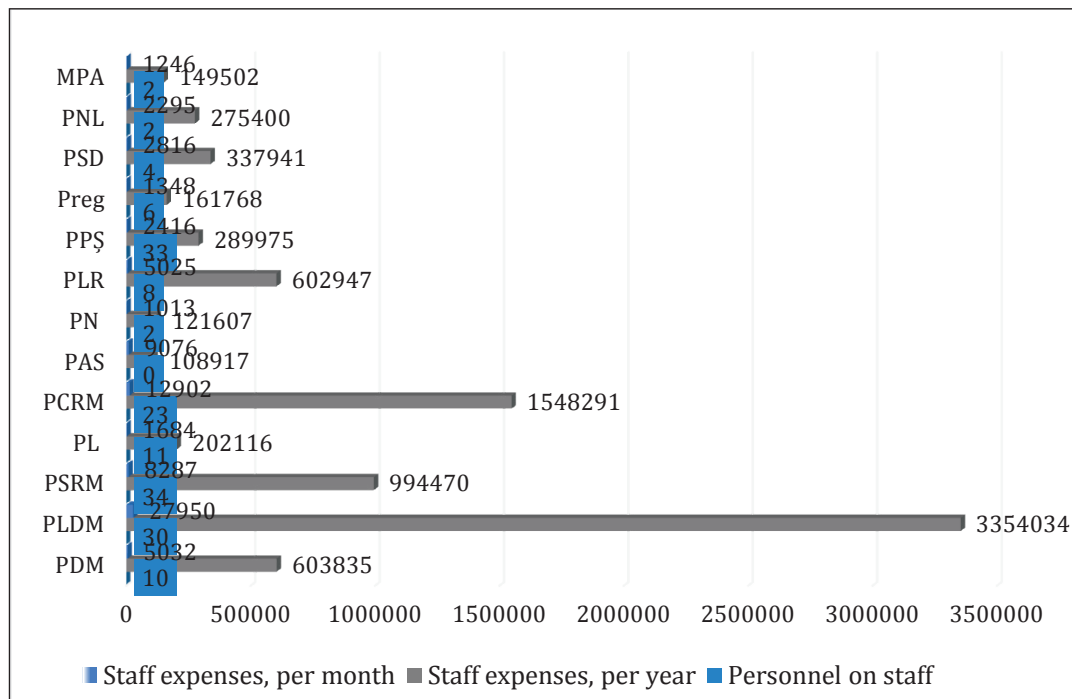


Table 10. Segregation of staff expenses, per month and per year

	Personal încadrat	Cheltuieli de personal, anual	Cheltuieli de personal, lunar
PDM	10	603,835	5,032
PLDM	30	3,354,034	27,950
PSRM	34	994,470	8,287
PL	11	202,116	1,684
PCRM	23	1,548,291	12,902
PAS	0	108,917	9,076
PN	2	121,607	1,013
PLR	8	602,947	5,025
PPŞ	33	289,975	2,416
Preg	6	161,768	1,348
PSD	4	337,941	2,816
PNL	2	275,400	2,295
MPA	2	149,502	1,246

### III. CIVIC MONITORING OF FINANCING OF POLITICAL PARTIES AND ESTIMATION OF UNEMPLOYED EXPENDITURE

#### 3.1. Monitoring of political parties' operational activity<sup>71</sup>

##### 3.1.1. General Aspects of political parties' financial management

Monitoring of parties' operational activity is related to the observation of their internal operating practices and mechanisms, processes specific to their activity, as well as of the resources that these organizations possess and manage.

According to the monitoring carried out by Promo-LEX at the level of central and territorial offices of political parties in 2017, 16 political parties registered 303 territorial organizations, 210 offices in management, 177 persons on the staff and 38 transport units. At the same time, the territorial organizations involved volunteers in their ordinary activities, which were not reported to the CEC. The data obtained by Promo-LEX in the monitoring process, indicates discrepancies between these data and those presented to the authority mandated to check the reports (see table no. 11).

To obtain official information on the transport units, owned by the political parties in the Republic of Moldova in 2017, Promo-LEX requested information from the Public Services Agency of the Republic of Moldova on all political parties in the Republic of Moldova that held vehicles in the period of 1 January to 31 December 2017 and data on their registration. The Agency's response motivated its refusal to provide information of public interest by the fact that *relations between the holder of the Transport Units Register and the consumers of information are established on a contractual basis, i.e. for payment (see Annex 2).*

Parallel to party monitoring, Promo-LEX organized talks with party representatives on their annual funding for 2017, the problems identified, trends and concerns at both district and central levels. There were 6 interviews at the central level (PN, PPS, PCRM, PLDM, PPPDA, PAS) and 82 at district level. So, to begin with, we will outline the problems they faced in 2017. Promo-LEX identified some operational issues that are predominantly emerging at the district level, such as *lack of funds*, a problem reported by the territorial organizations (TOs) of 5 political parties: PCRM, PL, PLDM, PDM and PPPDA; *insufficient number of transport units* in 5 TOs: PDM, PCRM, PL, PPS, PSRM; *insufficient number of members* – in 3 TOs: PL, PCRM, PNL.

Promo-LEX reminds that most political parties that identified financial problems are funded from the state budget, and at the end of 2017, they had on their bank accounts resources that were transferred for 2018. For example, PDM had 14,999,675 lei left, PLDM – 10,039,962 lei, PSRM – 208,890 lei, PL – 6,881,896 lei, PCRM – 33,213,716 lei. At the same time, financial problems, being only reported by territorial organizations, indicate a more institutional than operational problem, as long as the management of finances is largely carried out at the central level of party organizations<sup>72</sup>.

<sup>71</sup> The term "operational" derives from the phrase "operation", "procedure", which refers to operations and allows the performance of specific procedures in an optimum manner. Therefore, the operational activity of the parties relates to their daily routine functioning in optimal conditions, by using and controlling the human resources they manage, the material, financial, informational, in one word, by capitalizing on assets and liabilities.

<sup>72</sup> Being asked "What is the way of allocating the subsidies from the state budget to the territorial organizations?"

*We would like to emphasize, in this context, that according to the international practice, the way in which parties manage their finances, reveals the extent to which citizens participate in political life. At the same time, less centralized systems enhance the professionalism of party's territorial organizations and stimulate greater activity of local politicians, making them contact the electorate more frequently.*

On the other hand, the problems highlighted by central party organizations are the following: *difficulties in completing the annual financial management report of the party (PCRM), difficulties in collecting donations from online platforms or even through bank transfers*, since banks do not always indicate the identity of the donor in the bank documents provided by the legislation in force, donations by electronic means, such as the Internet or SMS, are not yet spread and do not have the appropriate legal framework (PLDM, PAS<sup>73</sup>). Another issue highlighted at the central level of the PLDM was lack of clarity of the provisions regarding the destination of expenditures made from the state budget, provisions in LPP no. 294 on political parties. The PLDM sees the need to delimit spending allowed from the funds of state budget and campaign allocations. It also pointed out the difficulty of collecting donations through the use of cash and control register (MCC) and stated the recommendation to modify the law so that donations can be collected without the use of cash registers.

The biggest problems expressed by both central and territorial organizations concerned *corruption* in the society (territorial offices of the PL, MPA), *abuse of administrative resources* by the authorities, as well as by the governing parties (PLDM, PN, PPPDA, PAS, territorial offices of PLDM, PN, PPPDA, PCRM), *pressures, threats, coercive actions, framed up cases* (territorial offices of PL, PCRM, PLDM, PAS, PN).

Against this background, in 2017, Promo-LEX monitored this phenomenon more closely and asked the parties at both central and territorial levels what they believe about the use of administrative resources, in this case, abuse of power and its impact on their ordinary activity (see sub-chapter 3.1.2).

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all 6 respondents (PCRM, PAS, PLDM, PN, PPPDA, PPS) responded that all subsidies are managed by the Central offices.

<sup>73</sup> PAS is the only political party that created an online donation collection platform – October 2017. According to an interview with the central party organization, after months of proper functioning on 18 March 2018, the platform was blocked due to internal procedures of the MAIB.

Table 11. Liabilities of 16 political parties in 2017<sup>74</sup>

No.	Political party	Branches		Offices leased		Staff employed		Volunteers		No. units of transport
		Annual report data	Monitoring data	Annual report data	Monitoring data	Annual report data	Monitoring data	Annual report data	Monitoring data	
1	PDM	41	50	15	41	10	54	N/A	YES	18
2	PLDM	21	22	16	10	30	9	N/A	YES	5
3	PSRM	44	44	45	41	34	60	N/A	YES	4
4	PL	39	30	27	26	11	1	N/A	YES	5
5	PCRM	41	31	8	21	2.3	16	N/A	YES	1
6	PAS	21	21	2	2	0	2	N/A	YES	0
7	PPDA	36	21	4	8	0	5	N/A	YES	1
8	PN	33	34	34	28	2	6	N/A	YES	4
9	PLR	22	2	7	1	8	2	N/A	YES	0
10	PUN	1	9	1	5	0	2	N/A	YES	0
11	PPS	24	19	24	17	33	20	N/A	YES	0
12	PNL	29	5	1	3	2	0	N/A	YES	0
13	PPEM	21	14	3	3	0	0	N/A	YES	0
14	MPA	0	3	1	2	2	0	N/A	YES	0
15	PPCD	2.3	2	1	1	0	0	N/A	YES	0
16	PPRM	0	1	1	2	0	0	N/A	YES	0
<b>TOTAL</b>		<b>396</b>	<b>303</b>	<b>190</b>	<b>210</b>	<b>155</b>	<b>177</b>	<b>0</b>	<b>0</b>	<b>38</b>

Data obtained from Promo-LEX monitoring and data obtained from the political party reports submitted to CEC

<sup>74</sup> The table includes political parties that, according to the data presented to the CECs and/or the Promo LEX civic monitoring, held liabilities in 2017.

According to the Promo-LEX findings, all the 16 political parties monitored at the territorial/district and central levels had volunteers, who apparently *pro bono* carried out several party activities that were not reflected in the annual financial management report. At the same time, the Association notes the lack of that category of expenditure in the semi-annual financial report template, which explains the absence of expenditures.

Thus, *Promo-LEX reiterates its recommendation on the standardization of financial reporting forms for political parties during and outside electoral campaigns, in particular, by introducing the expenditure category "Expenses for volunteer / agitator rewards"; a budget line similar to that of the template report on the financing of electoral campaigns.*

### 3.1.2. Aspects related to the monitoring of administrative resource abuse

According to the legislation of the Republic of Moldova, the term *Administrative Resources* includes all public goods, including favoring or consenting to their (public goods) illegal use. International Standards<sup>75</sup> define administrative resources in a wider way, namely, resources of a human, financial, material, coercive nature and in kind. Resources in kind include benefits from social programs, e.g. institutional assets and such resources as payment of salary in the form of facilities, the use of public spaces, including service cars and other intangible resources accessible to both public servants and election candidates, holding control over public sector staff, finance and allowances, as well as state media institutions, access to public facilities.

Monitoring of administrative resources abuse was done on the basis of interview grids for both central and territorial organizations. There were 82 interviews at the territorial level and 6 at the central level with the party structures of PPS, PCRM, PAS, PLDM, PN, PPPDA (central and territorial level) and PDM, PL, PNL, MPA, PPEM, PSRM, PUN (territorial only). Out of the 82 territorial interviews, only 66 representatives of the territorial organizations provided answers to questions pertaining to administrative resource abuse, the other 16 respondents avoided to provide answers.

The issues reflected in the interviews included: *fairness of the treatment of party's territorial organizations in accessing financial resources; physical or psychological intimidation, threats or other forms of pressure on party members or other parties in order to change their decision / vote / political behavior / affiliation, to compel them to participate in public/political events; offering of undue goods and services to determine party members to change their decision, vote, behavior, political affiliation or participate in political events.* Only "face-to-face" interviews were used as a working tool.

With regard to the *fairness of the treatment of party territorial organizations in accessing financial resources* in 2017, 62% of the 66 territorial organizations interviewed (respondents), talked about fair treatment on behalf of the central party organizations and 38% about an unfair one. Among the TOs, who responded negatively are: PCRM (1 case)<sup>76</sup>, PDM (4)<sup>77</sup>, PLDM (2), PNL (2), MPA (1), PAS (1), PN (4), PPEM (2), PSRM (1), PPPDA (1), PPS (2)<sup>78</sup>.

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<sup>75</sup> Directives of the Venice Commission and the OSCE/ODIHR, adopted by the Council for Democratic Election at the 54<sup>th</sup> Meeting (Venice, 10 March 2016) and the Venice Commission at the 106<sup>th</sup> Session plenary session (Venice, 11–12 March 2016) – "Preventing and Combating the Abuse of Administrative Resources During Election Processes", p. 5.

<sup>76</sup> Distribution of money to the TOs is discussed at every meeting at the central office, but nothing is distributed.

<sup>77</sup> In one case, the PDM TO reported inadequacy of the financial means for transport expenses as part of the unfair process of resource allocation.

<sup>78</sup> According to PPS, to date the issues related to the transportation of products for the social store are not resolved, a common warehouse for Rezina and Soldanesti is to be built.

With regard to the level of *physical or psychological intimidation, threat or other forms of pressure on party members or members of other parties, in order to change their decision / vote / behavior / political affiliation, to compel them to participate in public/political events*, responses varied. The vast majority of respondents – 70% denied the existence of such cases, yet 30% of respondents confirmed such abuses. These include a part of the PL, PLDM, PNL, MPA, PN, PPPDA, PCRM, PSRM, PDM territorial organizations. The authors of the abuse alleged by respondents were members of the PDM in 14 cases, reported by PL<sup>79</sup> (2), PLDM (1), PNL (1)<sup>80</sup>, MPA (1)<sup>81</sup>, PN (6)<sup>82</sup>, PPPDA (3)<sup>83</sup>; PSRM – 4 cases, reported by PCRM (1), PDM (1), PN (2)<sup>84</sup>; others – 1 case reported by PSRM Edinet TO<sup>85</sup>.

The same question only with regard to the interlocutors has the following results, 82% of them (66 TOs) denied such an incidence, yet 18% confirmed it and indicated the PDM representatives as the main authors of abuse – in 8 cases reported by the PL 1), PLDM (2), PNL (1), MPA (1), PN (3)<sup>86</sup>, PPPDA (1)<sup>87</sup>; PSRM in 4 cases, reported by PN (2)<sup>88</sup>, PCRM (1), PDM (1).

With regard to *offering undue goods and services to determine party members to change their decision, vote, behavior, political affiliation or participate in political events*, 84% of the 66 respondents denied witnessing such cases. However, 16% of them confirmed the existence of such situations. The authors of the abuse mentioned by the respondents were the PDM in 5 cases, reported by PN (5)<sup>89</sup>, PPEM (1)<sup>90</sup>, PPPDA (1)<sup>91</sup>, PL (2); the PSRM in a case reported by the PCRM<sup>92</sup>.

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<sup>79</sup> A mayor (a former PL member) was charged with a criminal case and forced to join the PDM and a current district councilor from PL was filed a criminal case and had to join the PDM.

<sup>80</sup> Several party members reported that they were discouraged by third parties by saying, “Why do you need to be in this party? you have no perspective” etc.

<sup>81</sup> An entrepreneur from the ATU was detained and proposed through the commissioner of the police inspectorate to join the PDM to be released from his 4-month detention (September-December 2017).

<sup>82</sup> 1) The members of the PDM territorial office of the ATU imposed by pressures the city mayor to sign a typical statement to blackwash the party chair Renato Usatii and other colleagues. Thus, he left the PN to settle the problem of his criminal cases, filed against him at the order of the PDM.

2) A man was summoned by the PDM mayor and criticized for being part of the PN, risking being discharged of work or having problems.

3) As chair of the PN territorial office of Floresti, many party members were intimidated by release from the offices they held.

<sup>83</sup> 1) June 2017, several people who were to participate in the protest against the mixed electoral system were warned with criminal cases against them.

2) For political reasons, a district chair was dismissed.

<sup>84</sup> 15 local councilors left the political formation.

<sup>85</sup> In 2017, several businessmen of the district exercised pressures on several members of the PSRM territorial office in the country. As a result, these members ceased their activity. The chair of the territorial office informed us that he is not sure which party they are from, so he does not want to provide wrong information.

<sup>86</sup> 1) Through intermediaries, the TO representative received messages influencing him to change his political affiliation. The relatives of the person were psychologically intimidated by PDM allies to influence the person to leave the PN.

2) Several representatives of the PDM exercised pressure on the person, being intimidated, pressed, scared that he will lose his work and that he must change his political affiliation.

<sup>87</sup> A member of the PDM wrote on the Facebook network and in the newspaper Cuvântul denigrating words about Gligor V. (November-December 2017).

<sup>88</sup> The chair of the PN TO was threatened by several police officers with incrimination of a criminal case.

<sup>89</sup> 1) A well-publicized case that occurred in 2017, when the PDM organized the protest in support of the mixed electoral system, giving the citizens money to move to Chisinau.

2) A chair of the PN primary organization was summoned by the director of the district co-operative enterprise and proposed bribes to join the PDM.

3) The mayor of a district bribed a mayor from a village to join the PDM.

<sup>90</sup> Some were influenced to change their party to keep their job.

<sup>91</sup> A person from CNAS, an ODN journalist, did not want to join the PDM.

<sup>92</sup> PSRM influenced the decision of some members of the PCRM Riscani to leave its ranks and move on to the socialists.

As for the same phenomenon, only this time, with regard to interlocutors, the vast majority of respondents – 92% denied this, yet 9% confirmed such situations. Among the TOs that gave affirmative answers are the PPEM, PCRМ, PN. The authors of the abuse alleged by the respondents were representatives of the PN in a case reported by the PCRМ; the PDM – in a case reported by PPEM<sup>93</sup>, the PSRM in a case reported by the PN<sup>94</sup>.

32% of the 66 respondents confirmed the authorities' pressure on political actors in the ATU, based on political criteria, threatening with loss of job, and 68% denied this. Nominally, the respondents confirmed in 16% of cases and denied 84% of the cases. The authors of the abuse referred to by the respondents were the PDM, in 14 cases reported by the PCRМ (1)<sup>95</sup>, PL (1), PLDM (3)<sup>96</sup>, PN (4), PPPDA (3)<sup>97</sup>; the PL reported by the PL (internal party tensions); the PLDM – in a case reported by PPEM<sup>98</sup>, the PSRM – in 4 cases reported by the PCRМ (2) and the PN (2)<sup>99</sup>. The authors of the abuse were the PDM, in 6 cases reported by the PLDM (1), PN (2), PL (1)<sup>100</sup>, PPPDA (1), PN (1)<sup>101</sup>; the PSRM – in 3 cases reported by the PDM, PCRМ and the PN (See chart no. 12).

To understand the degree of democracy at the local level in 2017, we inquired about the respondents' perception of respect for fundamental human rights (e.g., the right to freedom of expression, the right to association and assembly) in the Republic of Moldova. Of the 66 respondents, the vast majority – 62% said that these rights do not exist and the level of democracy is very low. Only 35% responded that the rights are respected. Among the TOs that gave negative responses are the PL (6)<sup>102</sup>, PN (11)<sup>103</sup>, PCRМ (3)<sup>104</sup>, PLDM (5)<sup>105</sup>, PNL (1)<sup>106</sup>, MPA (1), PAS (3)<sup>107</sup>, PPEM (1), PSRM (3), PPPDA (5)<sup>108</sup>, PUN (1)<sup>109</sup>.

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<sup>93</sup> A higher position was offered for the vote in favor of a person's dismissal and then a training opportunity was proposed.

<sup>94</sup> The chair of the district TO was offered a sum of money to change his decision and join the PSRM.

<sup>95</sup> Several officials of the mayor's office or district council filed requests for exit from the PCRМ, motivating in a "whisper" that they were afraid of losing their jobs.

<sup>96</sup> We were informed about the case of a woman employed in the district education department that had been threatened. Another case concerns the secretary of the PLDM territorial office, who was employed in the district labor force office and because she was a member of the party she was subject to great pressure and was released from work.

<sup>97</sup> 1) 15 members of the PPPDA territorial office, including the chair of the city organization, were threatened by the PDM members telling them they risk losing their jobs. 2) We were informed that the PPPDA territorial organization has many supporters in the villages of the district, but because they are employees of the LPA or other state institutions, they are obliged not to support the PPPDA territorial organization.

<sup>98</sup> Two people lost their positions, one joined the PDM and remained in office.

<sup>99</sup> The mayor of the settlement, a PSRM member, threatened the chair of PN primary organization in the village.

<sup>100</sup> Through the Post of Moldova, the trade unit belonging to the respondent was liquidated, following his participation in the protests.

<sup>101</sup> 1) Financing the mayoralties, unmotivated persecution by opening criminal cases against the interviewee, the husband of to some party member.

2) A former vice-mayor was dismissed because she did not join the PDM.

<sup>102</sup> There is no rule of law / there is a captured state / A total corruption is ruling in the state, human rights in Moldova are not respected.

<sup>103</sup> Most people are intimidated to determine them join the parties that are ruling, we are a captured state.

<sup>104</sup> There are many cases of abuse of power. Parties that have a strong position destroy other parties, using less legitimate tools. In order to attract certain individuals, threats by criminal cases, either against the persons concerned or their relatives are used.

<sup>105</sup> We live in a captive state. We don't have a clear vision of the state's future.

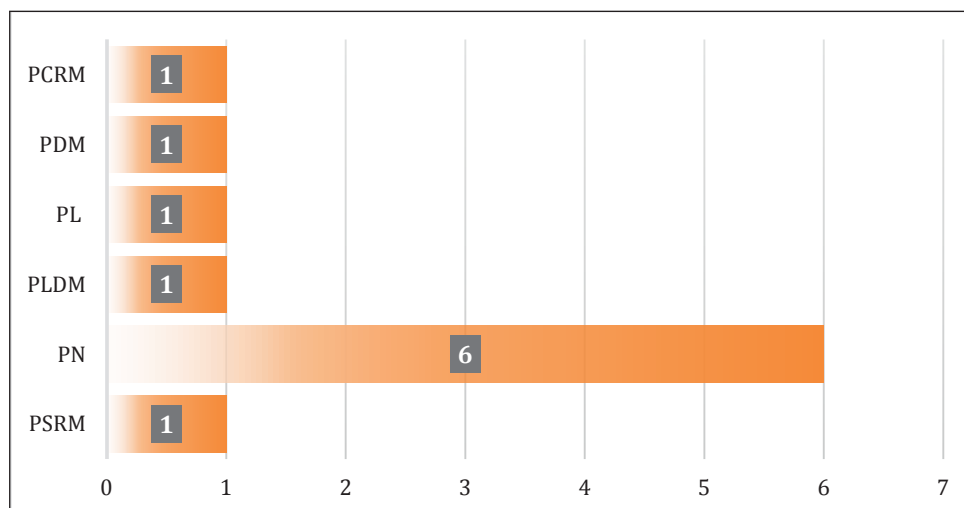
<sup>106</sup> Laws don't work here.

<sup>107</sup> We live in a captive state.

<sup>108</sup> At the rally in Chisinau, drivers at the entry to the city were warned they had no right to protest.

<sup>109</sup> Citizens' trust in law institutions is below zero.

Chart 12. Threats of loss of office in case of non-adherence to a political party, district level



At the central organizations level, specific cases of abuses on respondents and party colleagues were reported by the PPPDA, PN, PAS, PCRPM, PLDM. In the case of the PPPDA, there are 33 cases of pressure reported during 2017 and in 2016 (criminal and contravention cases – arrests resulting from protests organized in 2016 and 2017).

*Concluding on the findings of monitoring of the use of administrative resources at the level of party organizations, we would like to mention that the reported cases and the number of confirmations of abuse of administrative resources are alarming. Regrettably, we can conclude that in the case of abusive models of coercive use of administrative resources, such as threats of job loss, initiation of criminal and contravention cases, physical/psychological intimidation at both local and central levels, all this leads us to the dilution of the concept of fairness and equity between parties, affecting the very idea of the rule of law.*

### 3.2. Monitoring the promotional activity of political parties

According to the findings of Promo-LEX, in 2017, 16 political parties conducted 2510 promotional activities and events such as meetings with citizens, political campaigns, social campaigns, public demonstrations (rallies, marches), statutory activities (organizational meetings, conferences) social campaigns, door-to-door activities, national festivals, etc. For comparison, in 2016, according to the findings of Promo-LEX the political parties in the Republic of Moldova held at least 1054 events (see table 12).

All the activities listed were identified by Promo-LEX monitors and proven by photo and video evidence that was placed on the online platform of [www.monitor.md](http://www.monitor.md), powered by *Ushahidi* platform and which is public for every interested citizen<sup>110</sup>.

<sup>110</sup> Promo-LEX Platform, <http://monitor.md/electoral/main>



*Image downloaded from the web, author rights: unimedia*

The analysis of promotional activities of political parties in the first half of 2017 reveals mainly the emphasis on the political situation before the electoral period of 2018, as well as regular events organized by the political parties in the Republic of Moldova. These were held largely in the context of extraordinary political events (change of the electoral system), national and international holidays, church holidays and sporting events. If political campaigns were widely used in the first half of 2017, in the second half of 2017, social campaigns prevailed (at least 174 cases), on the other hand, cultural events also intensified, namely concerts devoted to City Days, religious holidays, amounting to at least 128 cases, offering of gifts, material aids and food to socially vulnerable people reached a ceiling of at least 61 cases. In the second part of the year, door-to-door activities were widely used, reaching at least 110 cases<sup>111</sup>. These activities were most actively used by the PSRM in the second semester. Thus, the PSRM held at least 66 *door-to-door activities*, distributing party newspapers and promotional materials.

As for political campaigns, we should mention the activity of the PDM. For example, it carried out at least 70 political campaigns (involving agitators, signature collectors) out of a total of 434 events and activities found; the PSRM – 27 of 380, the PL – 12 of 108. Party activities were also used in full, reaching a total of 359. This category also includes door-to-door activities: the PDM – 27, PSRM – 81, PPDA – 5, PL – 6, PN – 30; meetings with citizens: PSRM – 20, PDM – 60; PPDA – 9; PAS – 4; PL – 1, PPS – 1 (see *table no. 13*).

We would like to remind you that the events, held by the PDM during the political campaign “Uninominal vote” and subsequently, the promotion of the mixed electoral system, were the joint effort of the PDM and two political consultancy companies: Podesta Group<sup>112</sup> and

<sup>111</sup> For comparison, see Promo LEX Report for the first semester 2017, <https://bit.ly/2xEodCg>

<sup>112</sup> The agreement with Podesta Group entered into force on 22 June 2016 and expires on 21 June 2017. According

Burson-Marsteller<sup>113</sup>. Further, in order to research citizens' perception of the change of the electoral system, IMAS conducted an opinion poll at the order of the PDM<sup>114</sup> on a sample of 600 citizens across the country and another survey, conducted in partnership with the American Lake Research Partners<sup>115</sup>. Expenditures on political consultancy, opinion polling and opinion surveying should be reported under the heading "Expenditure on press and promotional materials", because there is no other suitable category of expenditure in the annual report.

The activity of charity foundations, attached to political parties or politicians in the Republic of Moldova, was especially prominent in the second half of 2017, so that it covered at least 131 cases: "With all the Heart" Benefit Foundation,<sup>116</sup> founded by the first lady of the Republic of Moldova, Galina Dodon, which can be considered an affiliate of the PSRM, has at least 61 charitable acts, Vlad Plahotniuc's "EDELWEISS Foundation"<sup>117</sup>, affiliated with the PDM – at least 49; "Renato Usatii" Foundation,<sup>118</sup> affiliated with the PN – at least 14 cases and the Association of Orhei (founder Social Stores LLC)<sup>119</sup> affiliated with PPS – at least 7 cases. Their activities consisted predominantly in providing material help to needy and vulnerable social categories, sponsoring concerts, held on City Days or religious celebrations, national holidays; offering free medical consultations, arranging children's playgrounds and equipping them with slides, benches and the necessary infrastructure, offering financial donations, offering scholarships for students, sanitation activities, helping seniors, offering help to elderly homes, etc. (see table no. 14).

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to the agreement published on <https://www.fara.gov/docs/5926-Exhibit-AB-20160701-82.pdf>, the services of Podesta Group cost 600 thousand dollars. Also, according to the agreement, the PDM assumes all expenses for each business class flight of Podesta Group consultants, transfers, accommodation and food.

<sup>113</sup> The agreement between the PDM and Burson-Marsteller was signed in 2016, confirmed by Newsmaker at the company's office in Brussels. The representatives of the company mentioned that the collaboration with the PDM started in March 2017, so it is impossible to present the financial report on the activity with the ruling party in Moldova. At the same time, Democratic Party spokesman, Vitalie Gamurari, told Newsmaker that Burson-Marsteller was committed to conducting a poll on a sample of 12,000 people across Moldova. The company services cost at least 10,000 EUR per month.

<sup>114</sup> The Diaspora Barometer was conducted by IMAS in the period between 17 February and 7 March 2017. About 600 citizens, aged over 18, living outside the country participated in the poll and the interview was taken by phone. The cost of such a survey is unknown.

<sup>115</sup> The opinion poll on Public Perception of Governance, Political Parties and the Electoral System of the Republic of Moldova was conducted in the period between April–May 2017 in 382 settlements, except for those on the left bank of the Nistru River. The study was conducted by the American company Lake Research Partners jointly with IMAS, at the request of the PDM. The information on the cost of that survey could not be elucidated.

<sup>116</sup> Founded by the first lady, Galina Dodon, wife of the former President of the Party of Socialists of the Republic of Moldova (2011–2016) and administered by Alla Dolin, Socialist deputy.

<sup>117</sup> Vlad Plahotniuc is the chair of the Democratic Party of Moldova.

<sup>118</sup> Renato Usatii is the chair of Our Party (PN).

<sup>119</sup> SOR Foundation is an LLC used by the PPS to carry out political promotion activities.



Source: Promo-LEX observer



Source: Promo-LEX observer

Table 12. Type of events and activities organized by political parties in 2017

	Christmas 7 January / 25 December	National festivals	1 June	City/ Village Days	8 March	Easter Holi- days	Social Cam- paigns	Political Cam- paigns	Fam- ily Day	9 May	Statutory activities	Other party ac- tivities	Total Events
PDM	19	33	8	37	17	9	189	70 <sup>120</sup>	14	9	251	245	901
PSRM	4	4	21	13	12	3	135	27 <sup>121</sup>	1	24	252	195	691
PL	3	1	1	0	2	5	1	12 <sup>122</sup>	0	0	43	69	137
PCRM	0	0	1	1	0	0	5	0	0	6	38	17	68
PN	2	2	7	12	14	21	63	16 <sup>123</sup>	0	13	74	126	353
PPEM	0	0	0	0	0	1	0	0	0	0	2	0	3
PPŞ	1	0	0	0	1	0	30 <sup>124</sup>	0	0	0	19	74	125
PLDM	0	0	0	2	0	0	2	4	0	0	26	11	45
PLR	0	0	0	0	0	0	0	0	0	0	3	1	4
PAS	0	0	1	0	0	0	0	4 <sup>125</sup>	0	0	24	27	56
PNL	0	1	0	0	0	0	0	0	0	0	1	1	3
PUN	0	0	0	0	0	0	0	0	0	0	19	4	23
PPPDA	0	0	1	0	2	0	2	8 <sup>126</sup>	0	0	44	34	91
PVE	0	0	0	0	0	0	0	0	0	0	3	5	8
MPA	0	0	0	0	0	0	0	0	0	0	1	1	2
PPRM	0	0	0	0	0	0	0	0	0	0	3	0	3
<b>Total</b>	<b>28</b>	<b>41</b>	<b>40</b>	<b>65</b>	<b>44</b>	<b>39</b>	<b>428</b>	<b>137</b>	<b>15</b>	<b>52</b>	<b>801</b>	<b>809</b>	<b>X</b>

<sup>120</sup> "Uninomial Vote" – campaign for modifying the election system.

<sup>121</sup> Campaign initiated to dismiss the Chisinau mayor, Dorin Chirtoaca.

<sup>122</sup> Campaign initiated to dismiss the President of the Republic of Moldova, Igor Dodon.

<sup>123</sup> Protests against the change of the electoral system.

<sup>124</sup> Launch of the mobile social food stores.

<sup>125</sup> Protests against the change of the electoral system.

<sup>126</sup> Protests against the change of the electoral system.

Table 13. Types of activities conducted by political parties within the events

Types of activities	Political party														Total	
	PSRM	PDM	PAS	PN	PL	PPEM	PPDA	PPS	PCRM	PLDM	PLR	PVE	PNL	MPA		PPRM
Meetings with citizens	37	133	4	1	2	-	9	42	1	-	-	-	-	-	-	229
Concerts	17	73	-	-	2	-	-	35	1	-	-	-	-	-	-	128
Door-to-door activities	147	57	-	33	9	-	11	1	1	-	-	-	-	-	-	259
Protest participations	23	5	13	34	5	-	32	-	-	7	-	-	-	-	-	119
For and against	2.3	5	13	34	5	-	32	-	-	7	-	-	-	-	-	119
Marches	2.3	8	1	3	3	-	-	-	7	-	-	-	1	-	-	46
Discussions	-	6	-	5	-	-	5	-	5	1	-	-	-	-	-	22
Sports competitions	7	15	-	6	1	-	-	-	-	-	-	-	-	-	-	29
Sanitation	18	10	-	11	-	-	1	-	-	-	-	-	-	-	-	40
Festive dinners	12	13	-	21	-	-	-	24	-	-	-	-	-	-	-	8
Automotive marches	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1
Press conferences	1	1	2	-	-	-	1	1	-	1	-	1	-	-	-	8
Gifts / Food Packages	24	29	-	-	1	-	-	5	1	1	-	-	-	-	-	61
Social Stores	-	-	-	-	-	-	-	11	-	-	-	-	-	-	-	11
Inaugurations of monu- ments / party headquarters	2	3	-	-	3	-	-	2	1	-	1	-	-	-	-	12
Laying on flowers	9	3	-	17	11	-	-	4	4	-	-	-	-	-	-	45
Consecrations	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1
<b>Other</b>	<b>381</b>	<b>554</b>	<b>36</b>	<b>220</b>	<b>100</b>	<b>3</b>	<b>32</b>	<b>-</b>	<b>47</b>	<b>34</b>	<b>3</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>1424</b>
<b>Total</b>	<b>691</b>	<b>901</b>	<b>56</b>	<b>353</b>	<b>137</b>	<b>3</b>	<b>91</b>	<b>125</b>	<b>20</b>	<b>45</b>	<b>1</b>	<b>8</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>X</b>

In addition to the 353 statutory activities of the parties that took place in the first half of 2017, in the second half of the year they intensified, reaching 450 and an annual total of 803 statutory activities.



Source: image taken from the web, [deschide.md](http://deschide.md)

The statutory activities of the political parties concerned organizational sessions, internal trainings, meetings with citizens in court yards and with employees of Moldovan enterprises, holding press conferences / briefings, organizing protests for or against certain legislative packages, promoted by the legislative body and so on.



Source: image taken from the web, In-depth, [protv.md](http://protv.md)

Additionally, against the backdrop of these events, a number of activities were carried out, through which political parties transmitted their message to the citizens, either through discussions or through information campaigns – using printed promotional materials and street billboards, on-line advertising, or congratulations on holidays, where they offered gifts or donations in the form of material or monetary goods. All these activities could not be carried out without spending.

Expenditures on the aforementioned events were apparently borne by the political parties concerned or by their supporters, which should have been included in a typical semi-annual report. It was to be submitted by 31 March 2018 to the mandated body – the Central Electoral Commission. The report template contains several budget lines specific for payment destinations, but those that relate to the quantification of events and activities described above are as follows:

- *expenses on organizing meetings / public demonstrations,*
- *expenses on press and promotional materials,*
- *travel expenses in the country and abroad,*
- *expenses on telecommunications,*
- *expenses on office supplies.*

Coming back to the activity of charity foundations, we remind you that Promo-LEX qualified it as the practice of image transfer through promotional activities carried out either by philanthropic organizations, associated with politicians or by LLCs, associated with parties. Three foundations, such as Vlad Plahotniuc's EDELWEISS Foundation, "Renato Usatii" Foundation, "With all the Heart" Foundation and a limited liability company, through which the PPS publicly advertises its activities, but does not bear any costs, are identified. We would like to mention that the above-mentioned Social Stores LLC was registered with the State Registration Chamber (CIS), the founder being "For Orhei" Association, and until 18 August 2017, it was led by the business woman Ilona S., (see table no. 14)<sup>127</sup>.

*We also reiterate that, according to the legislation, a foundation is a non-commercial, non-political organization that does not provide political/electoral assistance to any competitor, or political actor. Using the tool of image transfer, through its activities, eponymous foundations or the ones that are associated with politicians (political parties) indirectly engage in political promotional activities.*

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<sup>127</sup> To view the charity activities of these foundations, reported by Promo LEX monitors for the first semester of 2017, go to <https://bit.ly/2xEodCg>

Table 14. The practice of using image transfer by philanthropic organizations associated with politicians or LLCs associated with parties

	Settlement	Date of donation	Donated amount	Beneficiaries of the donation
Social Stores LLC / "For Orhei" Association	Orhei	6 July – 31 December 2017	N/A	Launch of mobile social stores in 32 settlements of Orhei district, where weekly, according to a predetermined schedule, three vans deliver food and household goods to the beneficiaries of the social stores.
Social Stores LLC / "For Orhei" Association	Cahul	1 July – 31 December 2017	N/A	Systematically, people who benefit from foodstuffs from MERISOR stores are distributed party newspapers
Social Stores LLC / "For Orhei" Association	Orhei District Cucuruzeni, Ocnita – Rezesti, Malaiesti and Tirzeni	21 August 2017	N/A	On 21 August 2017, the 4 <sup>th</sup> mobile social store was launched. Low-priced products are weekly delivered to 47 settlements from Orhei district and distributed to owners of discount card.
Social Stores LLC / "For Orhei" Association	Orhei	2 November 2017	N/A	During the organizing session, discount cards were distributed to about 450 people.
Social Stores LLC / "For Orhei" Association	Soldanesti	27 November 2017	N/A	During the organizing session, discount cards were distributed to about 400 people.
Social Stores LLC / "For Orhei" Association	Singerei	28, December 2017	N/A	Launch of social stores MERISOR for retirees and others. 1,000 retirees received discount cards
"With all the Heart" Foundation	Cimislia, Leova, Telenesti, Soroca, Basarabasca, Orhei	27 August – 1 September 2017	Estimated – 300,000 lei	Offering at least 1,000 pcs of school bags with school supplies
"With all the Heart" Foundation	Balti	28 December 2017	Estimated – 25,000 lei	Offering at least 500 candy boxes to children of Gymnasium no. 9 and 4 and kindergartens no. 20 and 34
"With all the Heart" Foundation	Balti, Criuleni and Basarabasca, Holercani	2 October – 27 December 2017	Estimated – 100,000 lei	Offering at least 2,000 gifts (sweets) to pre-school and school children.

	Settlement	Date of donation	Donated amount	Beneficiaries of the donation
Renato Usatii Foundation	Glodeni district Ocnita village	21 November 2017	100,000 lei	Financing the organization of a concert within the patronage of Glodeni, Ocnita.
Renato Usatii Foundation	Falesti district	29 August 2017	500,000 lei	Financial donation of 500,000 lei for Falesti, Struzovca, Glodeni, Chismicioi, Nihoreni, Antonesti
Renato Usatii Foundation	Donduseni	July 2017	192,000 lei	A donation of 192 thousand lei for paving an area of 200 m <sup>2</sup> from the central park in Donduseni.
Renato Usatii Foundation	Edinet district	22 September 2017	100,000 lei	A donation of 100 thousand for the construction of the aqueduct in the locality.
Renato Usatii Foundation	Balti	21 July 2017	Estimated – 33,560 lei	Donations from own resources, for the purchase of 8 round-trip airplane tickets from the Republic of Moldova to Nijnii Novgorod for minimum 8 high school students, who were sent to a summer camp.
Renato Usatii Foundation	Balti	18 October 2017	Estimated – 300,000 lei	Financing of logistical expenses (air tickets + accommodation) for 50 young PPPN activists who went to Sochi, Russia to the International Youth and Students Festival.
Renato Usatii Foundation	Balti	17 October 2017	Estimated – 152,000 lei	Financial donations of 4,000 lei for each of the 38 war veterans
EDELWEISS Foundation, Vlad Plahotniuc	Chisinau Leova district, Tgheci village	8 August – 7 October 2017; 13 December 2017	135,000 lei	Arranging 3 playgrounds for children in the Botanica and Center district of Chisinau and in Leova
EDELWEISS Foundation, Vlad Plahotniuc	Meseni village, Rezina district	4 November 2017	200,000 lei	Financial donation to repair the spring in the village.

	Settlement	Date of donation	Donated amount	Beneficiaries of the donation
EDELWEISS Foundation, Vlad Plahotniuc	Telenesti district (the villages of Covurlui, Sarata Razesti, Tomai, Cupcui, Cazangic, Baius, Hanssenii Noi, Bestemac, Borogani, Tigheci) Straseni district (Capriana, Negresti and Saca) Straseni district (Dolna, Straseni)	14 July – 1 August 2017 26 Oct – 23 new. 2017	N/A	Edelweiss Foundation of Vlad Plahotniuc organized the campaign of mobile pediatric office, offering free counseling to citizens.
EDELWEISS Foundation, Vlad Plahotniuc	Riscani district	May-August 2017	400,000 lei	Financial support in the amount of 400,000 lei granted to the Phoenix Center for children with special needs, which has 400 children as beneficiaries.
EDELWEISS Foundation, Vlad Plahotniuc	Straseni district (all villages of the district)	22 September 2017	N/A	“Respect for Seniors” campaign, the Mobil Team of the Foundation provides health care, home assistance, and food packages to 40 campaign beneficiaries.
EDELWEISS Foundation, Vlad Plahotniuc	all the settlements of RM	27 June 2017	300,000 lei (6 months)	Offering a total of 100 monthly scholarships for high school students of 500 lei per month.
EDELWEISS Foundation, Vlad Plahotniuc	Chisinau	26 December 2017	Estimated – 200,000 lei	Sponsoring the 8 <sup>th</sup> edition of Christmas Carols Festival.
EDELWEISS Foundation, Vlad Plahotniuc	Chisinau	11 September 2017	Estimated – 300,000 lei	Sponsoring Maria Biesu Festival in its 25 <sup>th</sup> edition
EDELWEISS Foundation, Vlad Plahotniuc	Chisinau	11 December 2017	Estimated – 250,000 lei	Launching the social campaign “Parenting for Mommy”, where 500 mothers received a free training seminar.  1. Pediatrician, Mihai Stratulat, along with gynecologist-oncologist Angela Stratulat participated in the event.



Source: image taken from the web, [www.edelweiss.md](http://www.edelweiss.md)

### **3.3. Expenditures of political parties found by Promo-LEX monitors and unreflected in the annual report**

#### *3.3.1. Estimated operational expenditures of political parties*

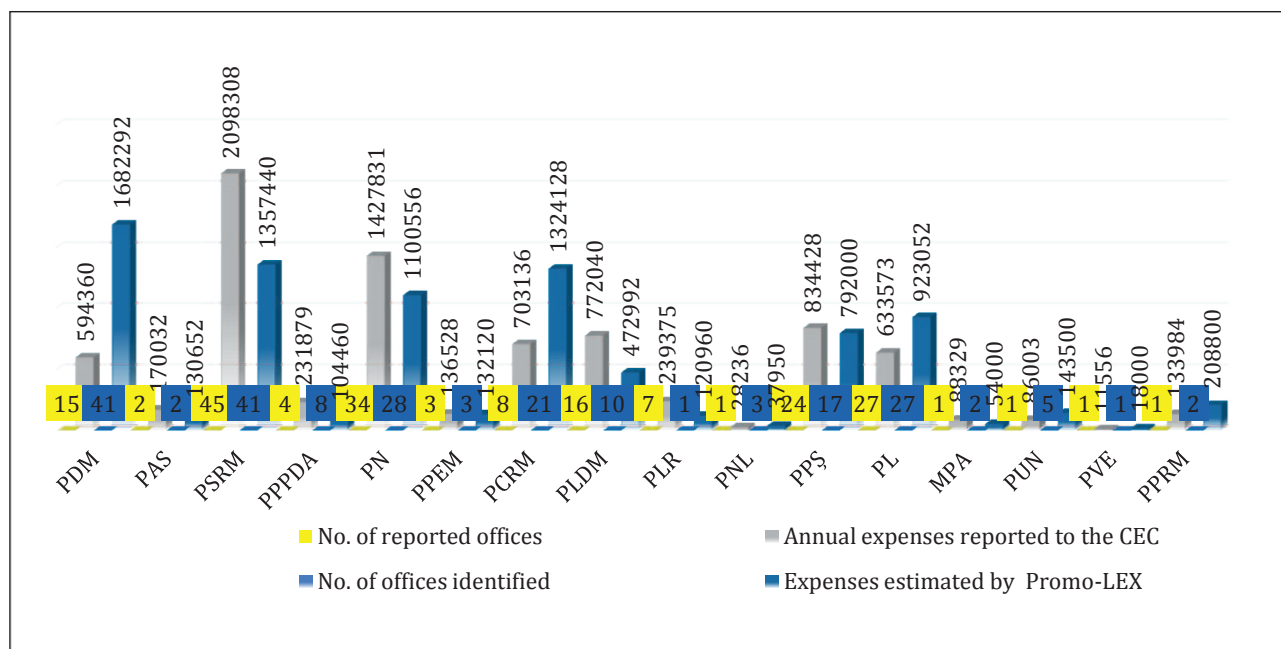
##### *a) Expenses on the maintenance and/or lease of premises*

According to the findings of Promo-LEX, all the 35 parties reported expenditures in their annual reports, but not all the spending corresponds to the estimates of the Association. For the 210 offices of 16 parties found by the Promo-LEX monitors, the minimum amount of 8,055,613 lei was estimated, at the same time, the sum of 8,394,102 lei was reported to the CEC by the parties subjected to monitoring. Promo-LEX estimated the actual rental costs by multiplying the area of party headquarters, estimated by Promo-LEX monitors, by the price of 1 m<sup>2</sup> of space at the district level (see Annex no. 3). Calculations of the expenses related to the lease of the premises are based on monthly minimum tariffs per office: electricity – 110 lei, water – 60 lei, gas – 30 lei, for the period of 12 months.

Having compared the estimated and reported data per party, we found that at least 7 political parties reported lesser amounts than the ones estimated by Promo-LEX, cumulatively reaching an undeclared sum of at least 2,146,874 lei. Thus, differences are recorded in the case of the PDM – at least 1,087,932 lei were not reported, which can be explained by the fact that they reported only

15 offices, while the monitors observed 41; the PCRМ – at least 620,992 lei, they reported 8 offices, while the monitors found 21; the PNL – at least 9,714 lei, they reported one office, while the monitors found 3; the PL – at least 289,479 lei, an equal number of offices was reported, the PUN<sup>128</sup> – at least 57,497 lei, they reported to the CEC 1 office and the monitors observed 5; the PPRM – at least 74,816 lei, one office was reported, and the monitors found 2; the PVE – 6,444 lei, an equal number of reported and estimated premises (see chart no. 13).<sup>129</sup>

Chart 13. Expenses on the lease and/or maintenance of premises, lei



### b) Telecommunication expenses

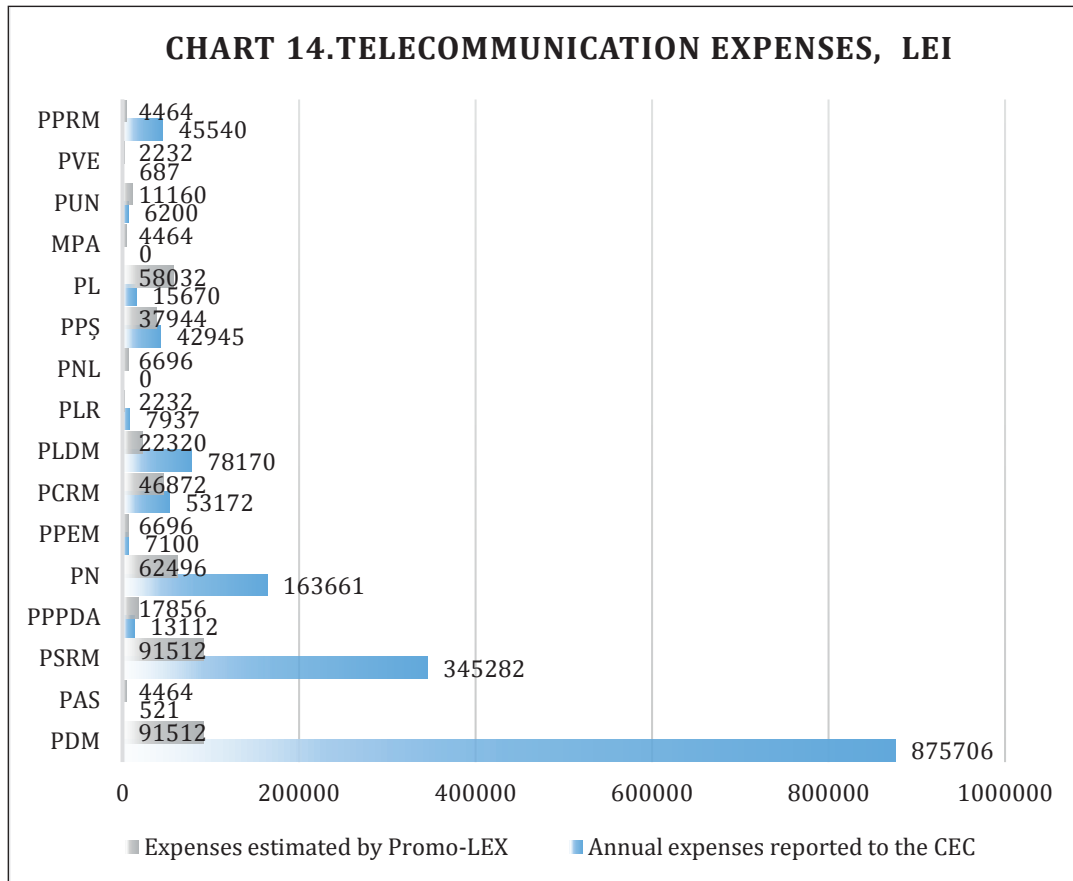
According to the Promo-LEX methodology for monitoring parties' expenses, telecommunication expenditures consist of landline telephone and Internet services, as mobile phone costs cannot be estimated. To calculate these expenses, we multiplied the number of offices, reported by the Promo-LEX observers for each party, by the minimum tariffs for these services (landline telephone – a minimum fee of 6 lei, Internet per office – 180 lei), and by the period of activity – 12 months. According to the reports filed to the CEC, 18 political formations indicated such expenditures in their reports, according to Promo-LEX monitors, 16 parties used telecommunications services (landline telephone and the Internet) in the target period.

Having compared the data reported to the CEC with those estimated by Promo-LEX, we found a difference of 68,714 lei from the 7 parties: PAS – at least 3,943 lei, PPPDA – 4,744 lei, PNL – 6,696 lei, PL – 42,362 lei, MPA – 4,464 lei, PUN – 4,960 lei, PVE – 1,545 (see chart no. 14).

<sup>128</sup> The estimates for the PUN were made beginning with June 2017, when the party was established.

<sup>129</sup> In June 2017, the Right Political Party (PPD) changed its name into the Party of National Unity (PUN). A semi-annual report was submitted to the CEC by the PUN not by the PPD.

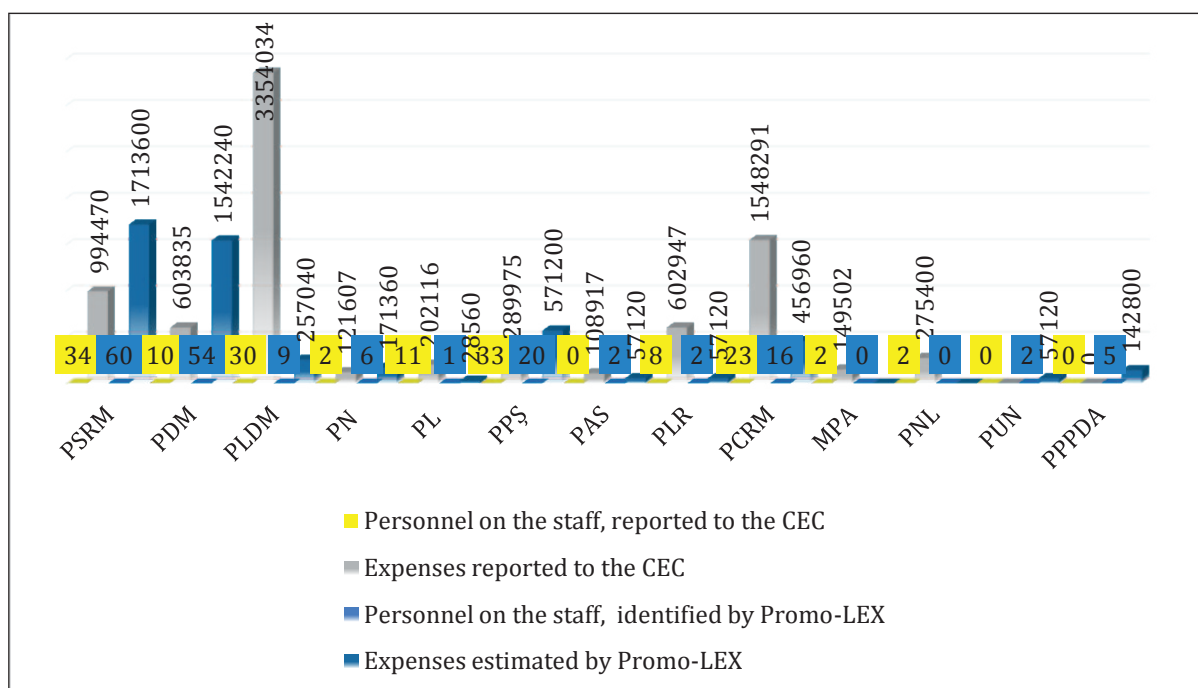
Chart 14. Telecommunication expenses, lei



c) Expenses on remuneration of work

To estimate these expenses, Promo-LEX Association multiplied the minimum guaranteed salary in the real sector for 2017 of 2,380 lei per month by the number of employees, reported by the Promo-LEX monitors and the duration of the monitored period of 12 months. According to the findings of the Promo-LEX monitors, at least 13 parties employed at least 177 people in their central and territorial representations. Promo-LEX estimated a minimum amount of total expenses of at least 5,055,120 lei for the remuneration of 177 persons, while the cumulative amount, reported to the CEC by 11 parties for 155 persons, is 8,825,561 lei. The difference between the number of people employed is due to the higher number of employees, reported by Promo-LEX monitors. Even if the amount reported is higher than the total estimated by Promo-LEX, the segregated expenditure per segregated party shows an antagonistic situation. Thus, following the comparisons, expenses undeclared by the political formations amount to 2,188,433 lei. A difference of at least 719,130 lei was also observed in the cases of the PSRM, in the situation when they reported 34 persons, while the monitors observed 60 persons, the PDM – at least 938,405 lei, they reported 10 persons on the staff and the monitors observed 54 persons, the PN – at least 49,753 lei, they reported 2 persons and the monitors observed 6, the PPS – 281,225 lei, the salary declared by the PPS for 1 person per month is below the minimum official salary, thus leading us to the thought that a purely symbolic amount was included in the report (732 lei); the PUN – 57,120 lei, they reported 0 persons on the staff and the monitors observed 2 persons; PPPDA – 142,800 lei, they reported no person on the staff and the monitors – found 5 persons (see *chart no. 15*).

Chart 15. Staff expenses, lei



f) Expenses on traveling across the country and abroad

1) Traveling abroad

According to the data provided by the Promo-LEX monitors, for 2,510 activities and events, held by the Moldovan political parties in 2017, at least 167,056 km were made within the country and at least 45 travels abroad in the interest of the party (see table 15 and chart no. 16).

Table 15. Trips abroad, made by political parties of the Republic of Moldova in 2017

Date of travel	Political Party	Destination of the trip	No. delegates	Accommodation cost, lei	Ticket costs / roundtrip, lei	Stay period	No. tickets
Semester I <sup>130</sup>	PSRM	Chisinau-Moscow	2 pers.	4,200	10,878	2 days	2
Semester I		Chisinau to Beijing	6 pers.	25,200	87,570	4 days	6
Semester I		Chisinau-Moscow	2 pers.	4,200	10,878	2 days	2
Semester I		Chisinau-Baku	3 pers.	6,300	28,728	2 days	3
Semester I		Chisinau-Moscow	1 pers.	2,100	5,439	2 days	1
6-12 July 2017		Chisinau-Moscow	7 pers.	36,750	38,073	5 days	7
12.10.2017		Chisinau-Moscow	3 pers.	6,300	16,317	2 days	2

<sup>130</sup> For the reference period see Promo-LEX report for semester I 2017.

Date of travel	Political Party	Destination of the trip	No. delegates	Accommodation cost, lei	Ticket costs / roundtrip, lei	Stay period	No. tickets
13.10.2017	PSRM	Chisinau–Sochi	2 pers.	4,200	10,368	2 days	2
25.10.2017		Chisinau–Sochi	5 pers.	5,250	25,920	2 days	2
05.12.2017		Chisinau–Moscow	2 pers.	4,200	10,368	2 days	2
12.12.2017		Chisinau–Moscow	12 pers.	12,600	65,268	1 day	1
3–4.12.2017		Chisinau–Brussels	1 pers.	1,050	3,775	1 day	1
01–03.12.2017	PL	Chisinau–Amsterdam	3 pers.	6,300	13,275	3 days	3
19.10.2017	PN	Chisinau–Moscow	2 pers.	2,100	10,878	1 day	2
18.05.2017	PDM	Chisinau–Washington DC	3 pers.	6,300	18,144,000	2 days	Rented charter <sup>131</sup>
21.06.2017		Chisinau–Brussels	3 pers.	6,300	3,360,000	1 day	Rented charter
11.07.2017		Chisinau–New York	2 pers.	4,200	18,144,000	2 days	Rented charter
28.09.2017		Chisinau–Istanbul	2 pers.	4,200	3,360,000	1 day	Rented charter
21.12.2017		Chisinau–Rome	7 pers.	14,700	24,402	1 day	8
Semester I	PLDM	Chisinau–Malta	5 pers.	10,500	54,075	2 days	5
Semester I		Chisinau–Berlin	1 pers.	2,100	8,295	2 days	1
Semester I	PPDA	Chisinau–Berlin	1 pers.	1,050	8,295	1 day	1
Semester I		Chisinau–Brussels	1 pers.	1,050	6,720	1 day	1
Semester I		Chisinau–Brussels	1 pers.	1,050	6,720	1 day	1

<sup>131</sup> According to [http://www.aircharterguide.com/Operator\\_Info/PRIVAJET+LTD/98462/MALTA+\(VALETTA\)/68149](http://www.aircharterguide.com/Operator_Info/PRIVAJET+LTD/98462/MALTA+(VALETTA)/68149), the cost of renting a charter is 12,000 euros per hour. Calculations for Chisinau-Washington DC charter flight were made for a period of 72 hours.

Date of travel	Political Party	Destination of the trip	No. delegates	Accommodation cost, lei	Ticket costs / roundtrip, lei	Stay period	No. tickets
Semester I	PPDA	Chisinau–Iasi	1 pers.	1,050	1,167.5	1 day	Car <sup>132</sup>
Semester I		Chisinau–Malta	1 pers.	1,050	10,815	1 day	1
03.07.2017		Chisinau–Strasbourg	1 pers.	1,050	7,781	1 day	1
16.10.2017		Chisinau–Brussels	2 pers.	2,100	13,440	1 day	2
24.11.2017		Chisinau–Brussels	1 pers.	1,050	6,720	1 day	1
Semester I	PCRM	Chisinau–Beijing	13 pers.	13,650	175,539	10 days	13
Semester I		Chisinau–Sochi	7 pers.	7,350	36,288	7 days	7
Semester I		Chisinau–Berlin	1 pers.	1,050	8,295	1 day	1
Semester I		Chisinau–Brussels	1 pers.	1,050	6,720	1 day	1
Semester I	PAS	Chisinau–Berlin	1 pers.	6,300	8,295	6 days	1
Semester I		Chisinau–Brussels	1 pers.	1,050	6,720	1 day	1
Semester I		Chisinau–Brussels	1 pers.	1,050	6,720	1 day	1
Semester I		Chisinau–Brussels	1 pers.	1,050	6,720	1 day	1
Semester I		Chisinau–Malta	1 pers.	1,050	10,815	1 day	1
30.09.2017		Chisinau–Bucharest	1 pers.	1,050	2,104	1 day	1
Semester I	PLR	Chisinau–Bucharest	3 pers.	9,450	4,750.5	3 days	Car <sup>133</sup>
07.07.2017	PPS	Chisinau–Strasbourg	1 pers.	2,100	7,781	1 day	1
04.10.2017		Chisinau–Strasbourg	1 pers.	2,100	7,781	1 day	1

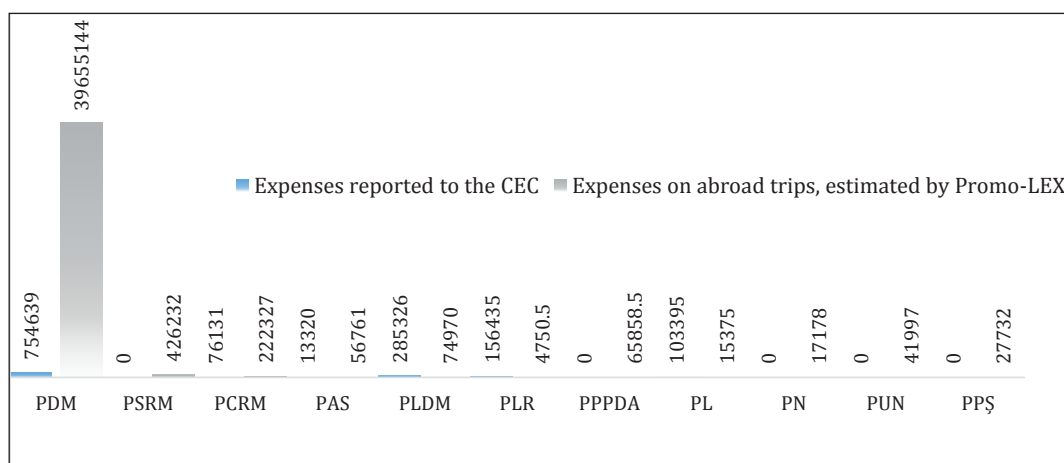
<sup>132</sup> Expenditure consists of fuel, green card – 40 euros and the vignette – 3,5 euros.

<sup>133</sup> Expenditure consists of fuel, green card – 40 euros and the vignette – 3,5 euros.

Date of travel	Political Party	Destination of the trip	No. delegates	Accommodation cost, lei	Ticket costs / roundtrip, lei	Stay period	No. tickets
02.12.2017	PPS	Chisinau–Brussels	1 pers.	1,050	6,720	1 day	1
12.07.2017	PUN	Chisinau–Luxembourg	1 pers.	1,050	10,197	1 day	1
24.11.2017		Chisinau–Karlstand	1 pers.	1,050	29,700	1 day	1

To estimate travel expenses outside the country, we took the cost of air tickets and the minimum protocol cost per accommodation per delegate. The travels varied on a case-by-case basis, the PSRM had the most travels to the Russian Federation, the PDM to the US and EU, the PCR to China, the EU and the Russian Federation, etc.

Chart 16. Travel abroad expenses, lei



## 2) Traveling across the country

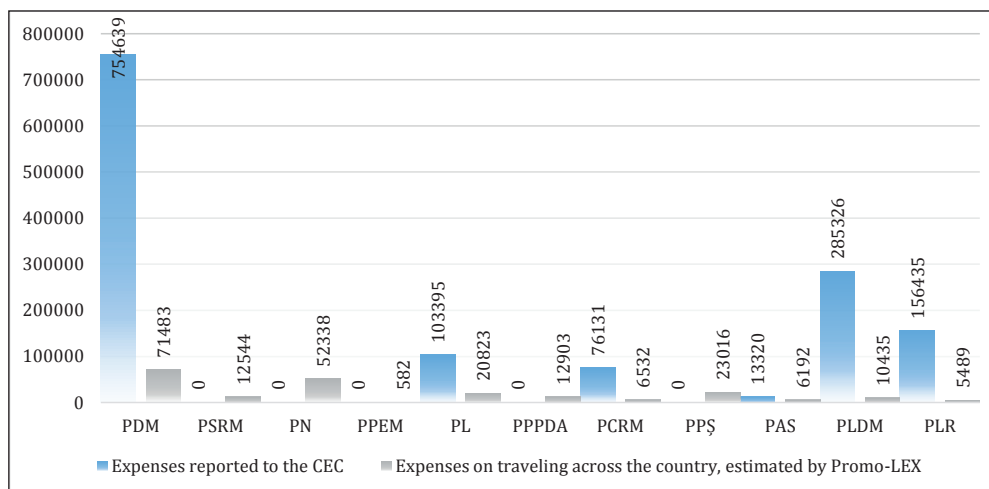
The calculation formula used to estimate the costs of travel in the country reflects the multiplication of the consumption average of 9 L / 100 km (car), 10 L / 100 km (minibus), 35 L / 100 km (minibus) by distance traveled and fuel price of 16.6 lei. The Promo-LEX Association estimated travel expenses in the country based on the distances reported by the monitors, so the PLDM made at least 7,247 km, the PN – 36,346 km, the PCR – 4,536 km, the PSRM – 8,711 km, the PL – 14,461 km, the PAS – 4,300 km, the PPEM – 404 km, the PPDA – 8,961 km, PPS – 15,984 km, the PLR – 3,812 km.

According to the Promo-LEX observers, at least 11 political parties paid travel expenses in order to organize various promotional or statutory activities, including those reported above. If we refer to the movements performed strictly in the Republic of Moldova, then only 6 parties indicated apparently the real expenditures in the reports, submitted to the CEC (the PDM, PL, PCR, PLDM, PAS and PLR). The other five parties (the PSRM, PN, PPEM, PPS, PPPDA) reported zero expenditure, while the estimates of Promo-LEX demonstrate the opposite (see chart no. 17).

In conclusion, according to the estimates of Promo-LEX, at least 6 political parties (the PSRM, PN, PPEM, PL, PPDA, PPS) did not report an amount of 101,383 lei for trips in the country and 8 forma-

tions (the PDM, PSRM, PAS, PPPDA, PPS, PUN, PN) did not report an amount of at least 39,525,472 lei for travels outside the country.

Chart 17. Travel in the country expenses, lei



Promo-LEX reiterates its recommendation on separating travel expenses across the country and abroad into two distinct budget lines (spending destinations) in order to clarify these different types of expenses, different in terms of cost, but also in terms of implications (accommodation, per diem, etc.)

### 3.3.2. Estimated spending on events and promotion of political parties found by Promo-LEX monitors and unreflected in annual reports

#### a) Expenses on public events

Expenses of this budget line consist of fees paid to people, involved in organizing and holding of events (e.g. artists, animators, moderators, trainers – each artist’s fee (market rate multiplied by the de facto time used per event), rental costs of space, stage, sound, media coverage on [www.privesc.eu](http://www.privesc.eu), as well as on local and regional media, printed and promotional materials, street and mobile billboards, transport costs, etc.

According to the Promo-LEX monitors, at least 5 political parties incurred expenses for the organization of 53 concerts on the occasion of city and village days, or in certain social campaigns. According to the estimates, 4 political parties (the PDM, PL, PAS, PPS) omitted to report expenditures in a cumulative amount of at least 451,002 lei with reference to the organization of events (rent of halls, fees or covering the event by the media) (see chart no. 18).

The PDM organized at least 34 concerts. The following artists performed for it: Dj Mohombi, Mariana Sura, Victoria Lungu (2), Moldovan National Youth Orchestra, Stefan Voda Band, Ioana Capraru, Ion Paladi (2), Adriana Ochisanu, Osoianu sisters, Anastasia Lazariuc, Olga Ciolacu Igor Cuciuc (2), Mariana Mihaila and Bucuria Band, Doredos, Dj Vandex, at least 5 animators. PL organized a concert, at least one orchestra performed for this party.

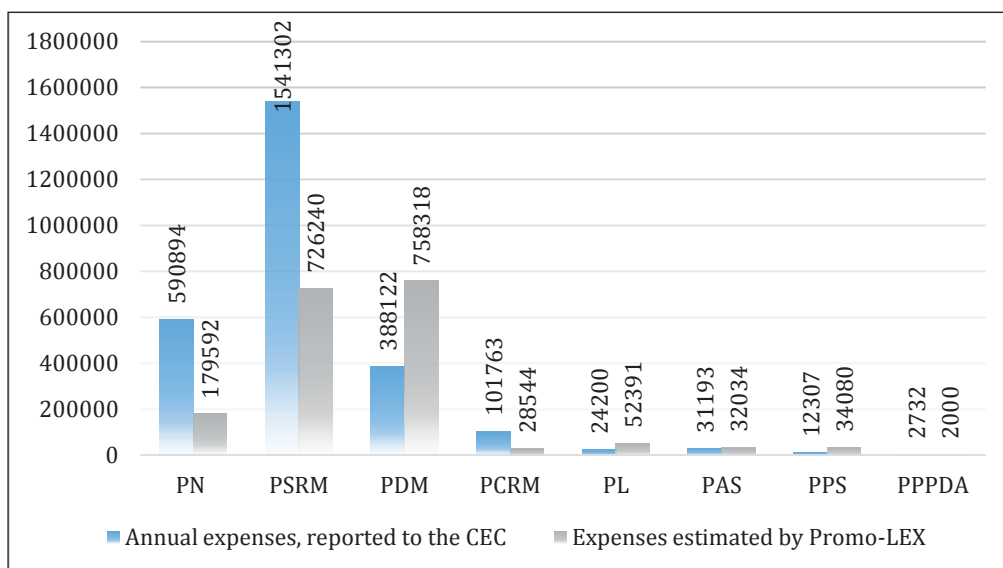
PSRM organized at least 8 concerts. The following artists performed for it: Ian Raiburg (2), Vitalie Dani (2), the choir of men from Curchi Monastery, MOT band from Romania, Randi, A-Studio, Elena

Temnikova, DJ MEG, SunStroke Project, Gradus, the Presidential Orchestra, the Archbishop Choir of Curchi Monastery, Grigori Leps, Corina Tepes, Costi Burlacu, Ioana Capraru.

PPS organized at least 10 concerts for elderly people. The following artists performed for PPS: Costi Burlacu & Corina Tepes, Irina and Anatol Bivol, Satrita Band, Igor Cuciuc, Ian Raiburg.

PPPDA organized a concert bearing properties expenses.

Chart 18. Expenses on public events, lei



As it is seen in the above chart, Promo-LEX had the opportunity to estimate only the expenses incurred for concerts and their media coverage, as well as for coverage of public manifestations (marches, protests, party congresses, press conferences) through the [www.privesc.eu](http://www.privesc.eu) platform. In the tables below, these categories of expenditure are presented separately (see Tables 16 and 17).

Table 16. Expenses on concerts and their coverage

	Fees, artists	Mobile stage	Media coverage of concerts by <a href="http://www.Privesc.eu">www.Privesc.eu</a>	Total
PDM	658,318	65,308	34,692	744,878
PSRM	106,968	21,000	–	142,968
PL	29,963	N/A	N/A	29,963
PCRM	12,000	N/A	N/A	12,000
PPS	25,299	6,509	0	31,844

Table 17. Expenses on coverage of other public events, including press briefings

	PN	PSRM	PL	PAS	PDM	PCRM	PPS
<a href="http://www.privesc.eu">www.privesc.eu</a> <sup>134</sup>	179,592	36,624	22,428	32,034	13,440	16,544	2,272

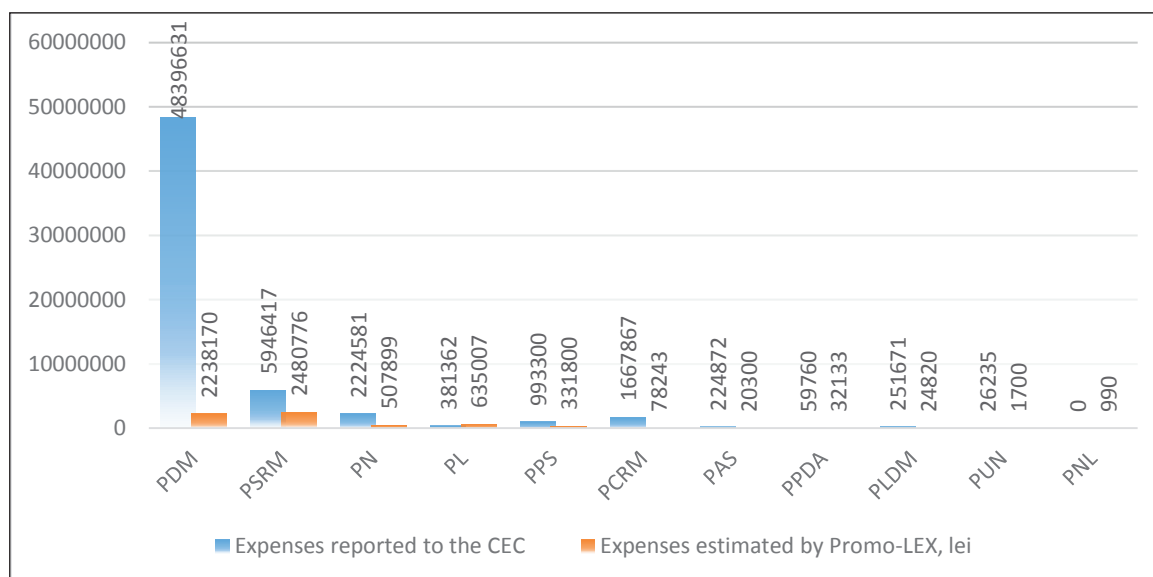
<sup>134</sup> According to the verbal statements of the administration of [www.privesc.eu](http://www.privesc.eu), media coverage and live coverage of political party events is made for a fee.

### c) Expenses on press and promotional materials

In order to estimate the expenditures for promotional and printed materials, we multiplied each type of promotional material, reported by the Promo-LEX monitors, by the minimum market price for the respective type of promotion material. According to our checks, the minimum monthly price per one unit of A3 poster, glossy paper is 2.5 lei for a print run of 5,000; 1 unit of A3 calendar, glossy colored paper – 2.5 lei; one unit of A4 poster, matte paper – 0.5 lei for a print run of 15,000, the cost of a booklet/book of 110 pages – 49.9 lei, the cost of a unit of A3 newspaper – 0.48 lei for a print run of 100,000 copies, the cost of a unit of 21 × 20 cm<sup>2</sup> leaflet – 2 lei; 1 unit of door flyer for a print run of 200,000 copies on glossy paper – 2,5 lei; 1 unit of 15 × 20 cm 2 flyer for a print run of 300,000 copies – 0.5 lei; 1 unit of 10 × 12 cm<sup>2</sup> flyer for a print of 50,000 copies – 1 leu, 1 balloon printed with message and logo – 2.5 lei, 1 magnet with message and logo – 3.5 lei, 1 A5 flyer – 0.5 lei, 1 9 × 11,5 cm<sup>2</sup> sticker – 3 lei.

According to the Promo-LEX monitors, at least 11 political parties incurred expenses for media coverage and promotional materials. In 10 cases, Promo-LEX found and estimated lower spending than that reported by the parties, which is a positive thing, and only in the case of one party (PL), the estimates are higher than expenditures (see Chart 19).

Chart 19. Expenses on press and promotional materials, lei

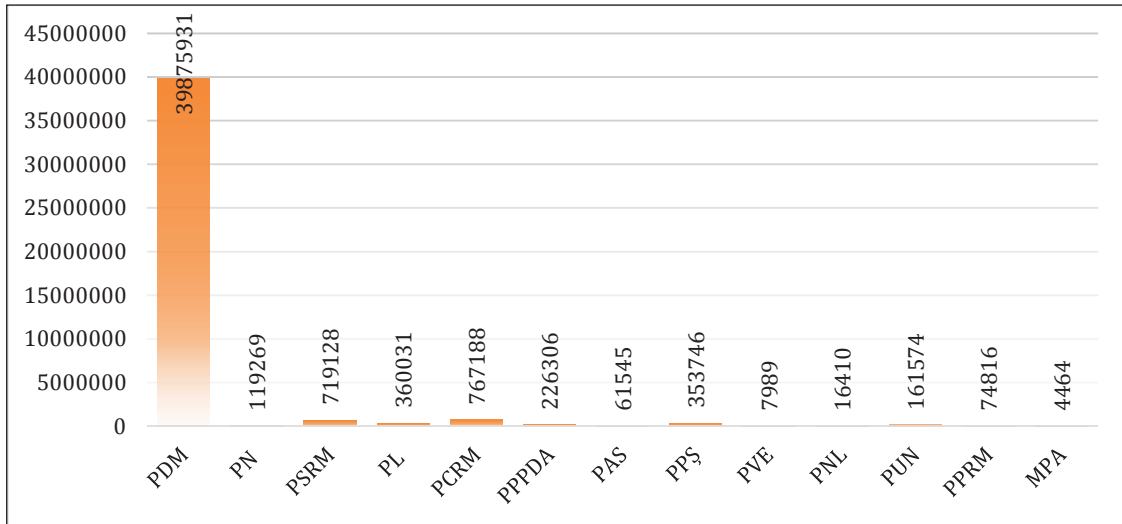


The Promo-LEX Association repeatedly draws attention to the urgent need to modify Annex 8 to the CEC Regulation on the financial management of political parties by detailing Section III of the report. Thus, it is recommended to delimit the “media” and “promotional materials” categories, where the “press” category should mean “advertising” and include subcategories specific to advertising: TV, radio, electronic media, print media, billboards / street advertising and furniture. We identified in this case a breach that would allow parties to camouflage their payment destinations to their liking. It should be noted that the report form used in the electoral period is more detailed than this one and the budget lines refer strictly to one category, not to 3 or 4 in one line. At the same time, Promo-LEX considers it essential to regulate political advertising in the period between the elections so that, as similar to the electoral campaign, it contains the phrase “political advertising”, the identification data of the entity that paid for it and the date of the payment order.

Therefore, Promo-LEX recommends introducing spending subcategories to major categories of expenditures, similar to the financial report that election contenders present in electoral campaigns.

Finally, we found that the expenses of 13 political parties in the total amount of 42,748,397 lei (see chart no. 20) were not reported. At the same time, the Association reiterates that this amount is not final, as the category of expenditures “media and promotional materials” does not allow to elucidate the other 3 significant types of spending for political promotion. For these reasons, Promo-LEX notes that there is a lack of transparency in de facto reporting of party spending on advertising and the fact that the current template of the financial report contributes to the obscurity of certain types of expenditures, incurred by political parties in the Republic of Moldova.

Chart 20. Total unreported expenses, found by Promo-LEX, lei



## RECOMMENDATIONS

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### **To the Parliament of the Republic of Moldova:**

- Completing Art. 29 para. (3) and (4) of the Law on Political Parties with express provisions obliging the CEC to publish data on the donated amount, donor's identity (full name and surname, name of the organization and organizational form), place of residence and occupation / place of work, or the type of activity, both in the annual and semi-annual financial reports, including in their Annexes.
- Regulating political advertising in the period between the elections so that the advertising is accompanied by the following: the phrase "political advertising", identification data of the person, who paid for it and the date of payment order.
- Modifying the LPP no. 294 on Political Parties by lowering the ceilings of donations, made by individuals and legal entities to political parties, corresponding to the average standard of living.
- Taking into account that the levels of fines available under the Contravention and Criminal Code in conventional units are too low, especially when compared to the amounts that can be donated to a party, Promo-LEX recommends raising the fines above the current level.
- Extending the range of sanctions and penalties applicable to political parties for the use of administrative resources, so that they are also applied outside electoral campaigns.
- Prescribing accurately in LPP no. 294 the deadlines for submitting semester and annual financial reporting, according to the formula: financial reporting for the first semester – by 15 July of the current year, financial reporting for the second semester – by 15 January of the following year and annual reporting – by 31 March of following year.
- Modifying Art. 26 (para. 3) of LPP no. 294, by introducing into the statement "derived from membership fees and donations" the phrase "and subsidies from the state budget".

### **To the Central Electoral Commission:**

- Publishing information and ensuring true transparency of the donated amount, donor's identity (name and surname / name of the organization and organizational form), location / place of work and occupation / type of work or type of activity.
- Unifying the format of the Report on party financial management with that of the Report on the financing of electoral campaigns.
- Qualifying Annexes as a component part of the Public Financial Management Reports and ensuring their publication.
- Modifying the financial report form by:
  - Delimiting the category of travel expenses across the country and abroad into two distinct budget lines;
  - Delimiting the category of "maintenance and/or lease of premises" into two distinct budget lines;

- Introducing expenditure subcategories into the major categories of the annual financial report, similar to the financial report that electoral competitors present during electoral campaigns. For example, “Expenses for volunteer / agitator rewards”, specific subcategories of advertising: TV, radio, electronic media, printed media, billboards / street advertising and furniture, etc.;
- Including in the structure of the financial report a new category of expenses that of “consultancy expenses”;
- Modifying point 20 of the CEC Regulation by inserting the following content “When collecting membership fees and donations, both in cash, the person responsible for collecting membership fees and donations will issue a cash receipt and immediately record the cashing operations in the Register of membership fees, in accordance with the model provided in Annex no. 1 to this Regulation”;
- Checking bank transfer issues and the existence of bank accounts held by party donors;

#### **To Political Parties:**

- Observing the obligation to amend the statutes of the parties by determining the size and manner of membership fees payment. At the same time, sending this information, together with the total amount of fees, collected annually by the party, to the Central Electoral Commission;
- Complying with the legal framework on the placement of information about the special bank account, the semi-annual and annual reports, information on the size of the membership fee and the payment method on the party webpage;
- Creating official webpages of political parties that benefit from state budget subsidies and providing information about them to the Central Electoral Commission;
- Acquiring cash donations by using Cash and Control Registers (at least until the respective obligation is changed);
- Ensuring transparency in revenue accrual and use of funds spent during the inter-electoral period;
- Disallowing the use of administrative resources in inter-electoral and electoral periods.

#### **To the Law Enforcement Authorities:**

- Investigating, in accordance with the provisions of contravention or criminal law, the cases mentioned in the journalistic investigations and, possibly, in this report, which raise questions about the admission of deviations from the provisions of the legislation in force;
- Applying sanctions for exceeding the cash donation ceiling, in accordance with prescription periods, and then initiating returning procedures for amounts used by political parties contrary to normative provisions valid until 2 May 2017.

#### **To the State Tax Service:**

- Verifying political formations, in terms of keeping evidence of donations through the use of cash and control registers, or modifying the Regulation so that the collection of donations, similar to the collection of membership fees, is made by issuing payment receipts.

## LIST OF ABBREVIATIONS

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**LPA** – Local Public Administration

**art.** – article

**CC** – Court of Accounts

**CEC** – Central Electoral Commission

**CICDE** – Centre for Continuous Electoral Training

**ENEMO** – European Network of Election Monitoring Organizations

**GRECO** – Group of States Against Corruption

**LPP** – Law on Political Parties

**MCC** – Cash and Control Register

**MJ** – Ministry of Justice of the Republic of Moldova

**EOM** – Election Observation Mission

**MPA** – The Antimafia People’s Movement Political Party

**MPSN** – “Speranta-Nadejda” Professionals’ Movement

**MSPFN** – “New Force” Social-Political Movement

**MSPRRM** – The Social-Political Movement of Roma in the Republic of Moldova

**OSC** – Civil Society Organizations

**TO** – Territorial Organizations

**PAD** – Democratic Action Party

**PAM** – The Agrarian Party of Moldova

**PAS** – Action and Solidarity Party

**PC** – Conservative Party

**PCNM** – “Our House – Moldova” Political Party

**PCRM** – Party of Communists of the Republic of Moldova

**PPDA** – “Democracy Home” Political Party

**PDM** – Democratic Party of Moldova

**PE** – European Party

**PFSM** – Salvation Front of Moldova Political Party

**PL** – Liberal Party

**PLD** – Political Party of Law and Justice

**PLDM** – Liberal Democratic Party of Moldova

**PLR** – Liberal Reformist Party

**PMAE** – European Action Movement Party

**PMUEM** – United Moldova Political Party

**PN** – Our Party

**PNAIAA** – National Action Plan for the Implementation of the RM–EU Association Agreement

**PNL** – National Liberal Party

**PNOI** – The New Historical Option Political Party

**PPCD** – Christian Democratic People’s Party

**PPPDA** – Platform of Dignity and Truth Political Party

**PPDM** – Democratic People’s Party of Moldova

**PPEM** – European People’s Party of Moldova

**PPM** – Political Party of Patriots of Moldova

**PPNT** – For the Nation and the Country Political Party

**PPP** – MOTHERLAND Political Party

**PPRM** – The People’s Party of Moldova

**PPSM** – The Socialist People’s Party of Moldova

**PPS** – SOR Political Party

**PR** – REVIVAL Political Party

**Party of Regions** – Party of Regions of Moldova

**PRM** – Republican Party of Moldova

**PRSM** – The Russian-Slavic Party of Moldova

**PSD** – Social Democratic Party

**PSM** – Socialist Party of Moldova

**PSP** – Political Party of the Progressive Society

**PSRM** – Political Party of Socialists of the Republic of Moldova

**PUCM** – Centrist Union of Moldova

**PUM** – Political Party for the Unification of Moldova

**PUN** – National Unity Party

**PVE** – Green Ecologist Party

**SFS** – State Tax Service

**SNIA** – National Integrity and Anticorruption Strategy

**ATU** – administrative territorial unit

## Annex 1



### COMISIA ELECTORALĂ CENTRALĂ A REPUBLICII MOLDOVA

str. Vasile Alecsandri nr. 119, MD 2012 Chișinău, Republica Moldova  
tel. (+373 22) 251-451, fax (+373 22) 234-047  
www.cec.md, e-mail: info@cec.md



Nr. CEC 0/225 din 24 aprilie 2018

**Domnului Ion MANOLE,**  
**Directorul executiv al AO „Promo-LEX”**

*Stimate Domnule Director,*

Cu referire la cererea D-voastră, înregistrată la Comisie sub nr. CEC-7/7205 din 2 aprilie 2018, prin care solicitați informația în format Excel din rapoartele financiare pentru anul 2017 depuse de partidele politice la Comisia Electorală Centrală, vă comunicăm următoarele.

1) În ceea ce privește informația din rapoartele financiare completată conform Anexei nr. 8 la Regulamentul privind finanțarea activității partidelor politice, aprobat prin hotărârea Comisiei Electorale Centrale nr. 4401 din 23 decembrie 2015 (în continuare - Regulament), pe care o solicitați, relevăm că partidele transmit electronic Anexa nr. 8 a raportului în formă scanată, și nu Excel. Precizăm că norma de la pct. 67 din Regulament obligă partidul să prezinte raportul și în formă electronică, dar nu prezumă formatul Excel al acestuia.

Potrivit prevederilor Codului electoral, ale Legii privind partidele politice și ale Regulamentului, Comisia asigură publicarea pe pagina sa oficială rapoartele anuale privind gestiunea financiară a partidelor politice, în termen de 48 de ore de la recepționarea și acceptarea acestora, cu respectarea legislației privind protecția datelor cu caracter personal.

Prin urmare, rapoartele privind gestiunea financiară a partidelor politice pentru anul 2017, prezentate Comisiei conform modelului din Anexa nr. 8 la Regulament, pot fi consultate pe pagina web oficială a Comisiei Electorale Centrale [www.cec.md](http://www.cec.md), compartimentul „Finanțarea partidelor”, subcompartimentul „Rapoarte financiare”, directoriul „2017 – anual” (link-ul: <http://www.cec.md/index.php?pag=news&id=1995&rid=21736&l=ro>).

Totodată anexat la prezenta vă transmitem copiile autentificate ale rapoartelor prezentate pentru anul 2017.

2) Cu referire la informația lunară privind cheltuielile partidelor politice din subvențiile de la bugetul de stat (Anexa nr. 7 din Regulament), pentru cele 12 luni ale anului 2017, aceasta se anexează.

3) Cât privește prezentarea în format Excel a registrelor cotizațiilor de membru de partid, registrelor donațiilor de la persoane juridice, registrelor donațiilor de la persoanele fizice și registrelor donațiilor sub formă de proprietăți, bunuri, servicii gratuite sau în condiții mai avantajoase decât valoarea comercială, achitarea unor bunuri sau servicii utilizate de partid, menționăm că dispunem doar de documentele respective pe suport de hârtie.

Remarcăm că registrele menționate, cu excepția registrelor cotizațiilor de membru de partid, sînt plasate pe pagina oficială a Comisiei [www.cec.md](http://www.cec.md), compartimentul „Finanțarea partidelor”, subcompartimentul „Transparența donațiilor”, directoriul „2017 – anual” (link-ul:

<http://www.cec.md/index.php?pag=news&id=1996&l=ro>), cu respectarea cadrului legislativ privind protecția datelor cu caracter personal.

Din considerentul că registrele indicate la pct. 3) conțin și informații cu accesibilitate limitată, acestea sînt prezentate de partide și prelucrate de persoanele responsabile din cadrul Comisiei în scopul supravegherii și controlului finanțării activității partidelor. Accesul la ele poate fi realizat la sediul Comisiei prin semnarea de către reprezentanții Asociației a unei declarații de confidențialitate întocmită în conformitate cu prevederile Legii nr. 133/2011, care, pe lângă informațiile, regulile și obligațiile ce vizează principiile de protecție a datelor cu caracter personal, va stabili în mod expres responsabilitatea ce urmează să și-o asume persoana care a primit acces la respectivele date cu caracter personal în legătură cu prelucrarea ulterioară a acestora.

De menționat că documentele mai sus enumerate pot fi solicitate și de la formațiunile politice.

4) În ceea ce privește solicitarea de a vă comunica cîte citații, procese-verbale de contravenție au fost întocmite, motivul și în privința căror partide, informația pentru primul semestru al anului 2017, se anexează. Pe marginea raportării anuale pentru moment nu au fost întocmite citații și procese-verbale, or acestea au la bază hotărîrea Comisiei, însă aceasta este la etapa elaborării.

5) Suplimentar menționăm că pot fi oferite copii autentificate de pe documente oficiale, în limita cadrului legal existent, dar nu de pe documente de uz intern, spre exemplu registrul de evidență a proceselor-verbale privind constatarea contravențiilor poate fi consultat la sediul CEC în condițiile descrise mai sus.

Anexe: conform textului (91 file).

*Cu respect,*

**Președintele  
Comisiei Electorale Centrale**

**Alina RUSSU**

Ex.: Gamarța-Eșanu Adrian  
Tel.: 022 578-997



**AGENȚIA SERVICII PUBLICE A REPUBLICII MOLDOVA**  
**PUBLIC SERVICES AGENCY OF THE REPUBLIC OF MOLDOVA**

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Tel : +373 22 50 46 54 Fax: +373 22 21 23 59 e-mail: asp@asp.gov.md, web: asp.gov.md

05.04.18 nr. 01/2180

La nr. \_\_\_\_\_ din \_\_\_\_\_

Date cu caracter personal  
Operator I.P. "Agenția Servicii Publice" IO 0000059

**Domnului Ion MANOLE**  
**Administrator al Asociației "Promo-Lex"**

mun. Chișinău, bd. Ștefan cel Mare și Sfânt, 127

Instituția Publică „Agenția Servicii Publice” a examinat cererea Dvs. referitoare la furnizarea informației din Registrul de stat al transporturilor și Vă informează asupra următoarelor.

Conform pct. 52 și 53 al Regulamentului cu privire la Registrul de stat al transporturilor, aprobat prin Hotărârea Guvernului nr. 1047 din 08.11.1999 „Cu privire la reorganizarea Sistemului informațional automatizat de căutare "Automobilul" în Registrul de stat al transporturilor și introducerea testării a autovehiculelor și remorcilor acestora”, *relațiile dintre deținătorul Registrului transporturilor și consumatorii de informație se stabilesc pe bază contractuală. Informația din Registrul transporturilor se oferă contra plată în conformitate cu prețurile și tarifele stabilite în baza cererii și ofertei, iar în cazurile prevăzute de actele normative - în conformitate cu prețurile și tarifele stabilite de stat. Informația statistică este oferită pe gratis autorităților administrației publice centrale și locale, iar informația ce nu necesită sistematizare se oferă pe gratis instanțelor judecătorești și organelor de drept.*

În circumstanțele menționate, Vă comunicăm că furnizarea informației solicitate poate avea loc doar în condițiile încheierii unui contract de prestare servicii, contra plată. Încheierea contractului menționat are loc la cererea Dvs. cu indicarea clară a obiectului contractului. Prețul contractului va fi stabilit în dependență de volumul informației oferite.

Vicedirector

Vitalie CIOLAC

Gheorghe Pojoga, 022/207808

The logo for Promo - LEX features the text "Promo - LEX" in a bold, purple, sans-serif font. A dark purple, curved shape underlines the text, starting from the left and curving upwards towards the right.

*Advancing democracy and human rights*

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