



REPORT

Financing of political parties in the Republic of Moldova

1st semester, 2019



USAID
FROM THE AMERICAN PEOPLE

Promo - LEX

Advancing democracy and human rights

Promo-LEX Association

Petru Movila 23/13, Chisinau, Moldova

tel./fax: (+373 22) 45 00 24, 44 96 26

info@promolex.md www.promolex.md

FOR FREE DISTRIBUTION

Image source: image taken from the web, author's rights: UNIMEDIA; Promo-LEX observers www.monitor.md; www.deschide.md; www.protv.md; www.edelweiss.md

All rights protected. The content of the Report may be used and reproduced for non-profit purposes and without the prior agreement of Promo-LEX Association provided the source of information is indicated.

The report is realized within the framework of the 'Democracy, Transparency and Responsibility' Program, financed by the United States Agency for International Development (USAID).

The opinions presented in the "Report on the Financing of political parties in the Republic of Moldova. 2017 retrospective" belong to the authors and do not necessarily reflect the donors' view.

CONTENTS

INTRODUCTION	3
SUMMARY	4
I. LEGAL ASPECTS OF POLITICAL PARTY FUNDING.....	6
1.1 Evolution of the Legal Framework for Political Party Financing in Semester I, 2019.....	6
1.2. Supervisory and control body. Regulations and penalties.....	8
II. FINANCIAL REPORTING BY POLITICAL PARTIES	19
2.1. Political party reporting. Compliance and transparency indicators	19
2.2. Funding sources of political parties.....	21
2.3. Revenues and Expenses of Political Parties that are Reflected in the Financial Statements	26
III. CIVIC MONITORING OF POLITICAL PARTY FUNDING AND ESTIMATION OF UNREPORTED EXPENSES.....	32
3.1. Monitoring the political marketing of political parties	32
3.2. Estimation of expenses for political parties' events and political marketing that Promo-LEX observers found but that the parties did not report in their semi-annual statements	41
RECOMMENDATIONS.....	50
LIST OF ABBREVIATIONS.....	52

INTRODUCTION

From August 2016 to July 2019, the Promo-LEX Association has been implementing the Democracy, Transparency and Responsibility Program, funded by the United States Agency for International Development (USAID). As part of this project, Promo-LEX had set out to draw up semi-annual and annual monitoring reports regarding political party funding, looking at the activities carried out and the reports filed with the mandated body – the Central Electoral Commission (CEC). The content of this report can be subject to editing.

To gain an overview of the financial situation of Moldovan political parties in the first semester of 2019, the Promo-LEX Association evaluated 1518 forms on political marketing activities, carried out by 14 political parties subject to civic monitoring. As many as 42 semi-annual financial statements were also analysed, *including registers of party membership fees for semester I 2019, registers of donations from individuals and legal entities, of donations in the form of property, goods, free-of-charge services or conditions more advantageous than their commercial value*, belonging to political parties and filed with CEC, containing both qualitative and quantitative data in this regard. As a result, of the total of 46 political parties registered with the Public Services Agency (PSA), this report makes reference particularly to the parties that submitted financial statements and/or the activity of which was observed by the monitors.

The civic monitoring conducted all over the country helped Promo-LEX Association reconstitute the picture of visible activities conducted by 14 political parties from the Republic of Moldova during the reporting period. The picture restored by Promo-LEX observers, is available in still and video images on the www.monitor.md. These activities were analysed alongside the financial data reported in the semi-annual and campaign reports submitted to CEC for the 2019 Parliamentary Elections. As for the other 32 political parties, only the semi-annual financial reports submitted to CEC were looked into, as observers did not find or report any activities of these parties in the territory.

By this Report, the Promo-LEX Association aims at monitoring the quality of party financial reporting, transparency and compliance with the legal norms, as well as the work of the body mandated to supervise and control them. The ultimate purpose of the Report is to improve the existing practices in this field and to prevent the violation of the law by promoting good practices in financial reporting by political parties.

MONITORING METHODOLOGY

The purpose of the monitoring was to restore the general picture of expenditures incurred by the parties in semester I 2019 and to assess compliance of the reporting, recording and surveillance activities with the legal norms in force. The monitoring focused on the events carried out by political parties, including by their territorial branches. Methodologically speaking, account has been taken of those parties that did not have offices in Level II administrative-territorial units (ATUs), as well as of those that had at least one activity in the territory. As a consequence, the assessment of political party funding was carried out through the use of open data by scanning online platforms of monitored subjects (on social networks Facebook and Odnoklassniki for territorial and central party offices, party websites), checking out local media sources (archives, libraries), informal discussions with community actors (Local Public Administration (LPA), business entities, citizens). Although Promo-LEX Association is not an investigative body, all its findings as a result of field monitoring were accompanied by photo and video evidence that was placed on the online platform www.monitor.md.

The monitoring involved 35 territorial observers (assigned to level-two ATUs), 5 regional coordinators and the members of Promo-LEX central team. All the observers were made aware of the goal, objectives, methodology and working tools of the project. Every observer signed the Promo-LEX Observer's Code of Conduct. The central team developed standardised templates for collecting quantitative and qualitative data on the activity of political parties by using the monitoring method. The data collected by the observers using the standard templates were placed on an internal and secured platform developed by Promo-LEX for reporting, then they were analysed, validated and synthesised by the central team. The financial analyst compared the information in the official statements of the parties submitted to CEC, analysed the information submitted by the observers, estimated the actual expenditure of the party on the basis of the information reported from the territory. Finally, the analyst looked at the findings in relation to the current legal framework and assessed their degree of compliance. The analysis of the data from received documents was also included in the report. The currency used in this Report is Moldovan lei (MDL) at the rate of 1 EUR = MDL 20.0.

SUMMARY

The Promo-LEX Association conducted the civic monitoring of political party funding for semester I of 2019. This Report contains political party funding-related findings that were made by the network of national Promo-LEX observers, regarding the data from the semi-annual financial statements submitted by political parties to CEC. It also contains an analysis of the evolution of the regulatory framework in the period of time concerned.

Since both the parliamentary elections and the local elections were delayed by three months, the Central Electoral Commission decided that the old calculation formula is to be used to establish the needs of subsidised parties until next elections. Beginning 25 February 2019, the parties that have received votes at the elections held on 24 February 2019 started a new subsidy cycle. They were appropriated money for the collected votes and – for the first time ever – for women and young people elected. Following the same logic, on 21 October 2019 a new formula for appropriation of public money, based on cast votes at general local elections will be established.

In the first half of 2019, the legal framework on political party funding was not amended in a way as to improve it. On 29 March 2019, the MPs of PAS and PPPDA registered and passed in the first reading, with the support of PSRM MPs, a draft law amending the Electoral Code, the Law on Political Parties and the Contravention Code, closing thus several legislative gaps. The purpose of this initiative is to lower the ceiling for revenues, to boost transparency of political party funding, to stop the temporary blocking of parties' activity and remove the prohibition to accept donations starting with the first day of election campaign and not the election period, and to allow Moldovan citizens working abroad to make donations both during the election campaign and outside of it. Another proposed amendment in the draft law has to do with the funding from the state budget on the basis of presidential election results besides the parliamentary and local ones.

As for the political parties' financial statements filed with CEC, Promo-LEX found that 32 political formations filed them on time, 10 – exceeded the deadline while 4 did not submit financial statements at all. The Central Electoral Commission has warned the 10 parties and initiated contravention procedures against the four political parties (MSPFN, PNOI, PR, PSP) that did not file their financial statements. The Promo-LEX Association found that the provisions of Article 48¹ of the Contravention Code, as worded at present, are unjust because they prescribe the same penalty for two violations that differ by severity – not submitting financial statements and their late submission, the fine amounting to 180-300 c.u. i.e. from MDL 9 000 to MDL 15 000.

According to the annual financial statements submitted to CEC, 25 out of 42 political parties concerned indicated revenues of MDL 50 734 049 and a total opening balance of MDL 81 921 417. The amount of reported expenses is MDL 70 884 310 with a closing balance of MDL 61 771 156 that was transferred to the account of the parties in the second half 2019. The other 17 parties did not show any revenues or expenses. There are 6 political formations that indicated a single source of revenues: PPSD, PAD, PLR, PReg, PPCD, PPDA – all of them relied in the first semester of 2019 on funding from the state budget alone. Moderately diversified sources of financing were found in the case of other 8 political formations: PSE, PVE, PL, PPRM, PCRm, PN, PLDM, PSRM; indicating amounts either in the form of membership fees, donations or contributions from the state budget or from legal entities. Five other formations indicated much more diversified sources, both from donations (from individuals / legal entities, material goods) and membership fees, as well as subsidies or other revenues: PDM, PAS, PPPDA, PPS, PNL.

Remember that both in 2017 and in 2018, Promo-LEX filed an inquiry with the State Tax Service (STS) regarding the records kept of donations to political parties by means of cash registers used by political parties from the Republic of Moldova, asking thereby for **information meant to clarify the existence or otherwise of cash registers (CR), for the list of political parties using CR, how many CRs each political formation registered with the PSA had, and also for information about the records of donation collection.** All the answers were about not being able to provide the information to stakeholders.

Promo-LEX believes that obtaining this information on the collection and management of funds (donations, revenues out of business) by political formations is very important, and also matters for the efficient control and supervision by CEC of political party funding. Therefore, Promo-LEX asked repeatedly of CEC to file an inquiry with the STS regarding the information sought by Promo-LEX previously too. Promo-LEX also reminded CEC about the new amendments regarding the use of cash registers and recommends CEC to make adjustments to the *Regulation on Political Party Funding and the Regulation on the Use of Cash Registers* in force since 15 April 2019, or the STS is to review those provisions.

The civic monitoring in the first half of 2019 showed that 14 political formations conducted at least 1 518 political marketing activities and events: public protests and demonstrations, statutory events (organisational meetings, conferences), meetings with citizens, concerts, business trips inside the country and abroad, door-to-door activities, etc. Although the political events took place until 24 January 2019, they were conducted for electoral purposes and the expenses for them had to appear in the financial statement for the first half of 2019. The events that followed after 24 February were related to a great extent to the uncertain situation caused by the establishment of a parliamentary majority of the new Members of Parliament – the Xth legislature, and included protests, organisational meetings, press conferences, public demonstrations on the occasion of national, traditional and religious holidays, etc.

Two charity foundations and one LLC were used for indirect political marketing, as it was found during the monitoring period: the Foundation of Vlad Plahotniuc 'EDELWEISS', 'Din suflet' Charity Foundation and Magazine Sociale LLC / 'Pentru Orhei' Association. The estimated expenses they incurred amount to MDL 1 412 810. No party affiliated with the 3 entities mentioned above reported any costs associated with the visibility obtained as a result of the charitable work.

The Promo-LEX Association also found political marketing activities (events, advertisements in the written media, meetings) conducted by both political parties (PPPDA and PAS) under the umbrella of ACUM bloc. Costs were incurred for their activities which, hypothetically, should have appeared on the banking account of ACUM bloc, which was closed two days before 24 February 2019 – the election day. We could thus regard it as a legal problem that might compromise the transparency of expenses incurred during the inter-electoral period by an entity that has legally stopped existing at the end of the election campaign; and even in the Parliament the two political factions are registered separately. However, there is reasonable suspicion that the political entity – ACUM bloc could be reborn in the campaign for the general local elections scheduled for 20 October 2019.

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

Having compared the expenses reported to CEC against those estimated by Promo-LEX, we found that the amount of expenses unreported by 7 political parties amounted to MDL 7 266 559. According to our findings, the category of expenses for public events was the least transparent. An amount of at least MDL 6 359 432 for concerts and other public events was found to be unreported.

I. LEGAL ASPECTS OF POLITICAL PARTY FUNDING

1.1 Evolution of the Legal Framework for Political Party Financing in Semester I, 2019

Legislative activity of the Parliament of the Republic of Moldova

On 29 March 2019, a group of MPs from the 1^Xth legislature of the Moldovan Parliament² registered a draft law amending certain legislative acts, under No 36³. On 11 June 2019, the draft was passed in the first reading, essential amendments having been made related to the cancellation of the mixed electoral system and to returning to the party-list proportional representation system, which could have repercussions for the political funding system as well. Five legislative acts are amended by the draft: **Electoral Code, Law on the Status of Members of Parliament in the Parliament, Law on Political Parties, Law on Identity Documents of the National Passport System and the Contravention Code.**

In addition to changing the way of electing the people's representatives in the Parliament, the draft contains a set of provisions aimed at improving the proportional representation electoral system that was in place until 2017: improving the electoral process in the diaspora; **limiting the amount of donations and increasing the level of transparency of political party and electoral campaign funding.**

The draft also contains several solutions for adjustments to the legislation. They derive directly from the critical conclusions drawn by the observers of the elections on 24 February 2019 and include: clarifying what is meant in Article 43(7) of the Electoral Code, **so as not to allow for the temporary halting of parties' work, and to make the prohibition on accepting donations enforceable since the first day of electoral campaign, not the first day of the electoral period.**

A proposal was made to remove the interdiction to fund political parties, initiative groups and election campaigns by Moldovan citizens staying both in Moldova and abroad, and to cap the level of donations from them up to 3 average monthly salaries per economy in the year concerned.

Another proposal was to amend the formula regarding the funds from the state budget so that they are appropriated on the basis of presidential elections as well, not only on the basis of the parliamentary and local ones. Public funds would be distributed as follows:

- a) 30% to political parties proportional to their achievements in parliamentary elections;
- b) 30% to political parties proportional to their achievements in general local elections;
- c) 15% to political parties proportional to their achievements in presidential elections;
- d) 7.5% to political parties proportional to the number of seats in Parliament held by women following parliamentary elections;
- e) 7.5% to political parties proportional to the number women in office following general local elections;

¹ Nastase Andrei, Slusari Alexandru, Litvinenco Sergiu, Vovc Liviu, Bolea Vasile, Perciun Dan, Renita Iurie, Carp Lilian, Alaiba Dumitru, Ciobanu Maria, Macari Stela, Grigoriu Inga, Motpan Chiril, Spataru Arina, Popsoi, Mihail, Marian Radu, Grosu Igor, Gherman Doina, Sandu Maia, Nicolaescu-Onofrei Liliana, Nantoi Oazu, Plingau Dinu, Frunze Petru, Munteanu Igor, Ticu Octavian, Rosca Veronica.

² By Decree of the President of the Republic of Moldova No 1137 of 20 March 2019, the sitting on the formation of the Xth Parliament was convoked, and later was held on 21 March 2019.

Thus, According to Article 3 of the Rules of Procedure of the Parliament, approved by the Law No 797 of 2 April 1996, the Parliament is believed to be legally constituted beginning 21 March 2019.

³ 'Draft Law Amending Some Legislative Acts (Electoral Code – Articles 1, 4, 8, etc.; Law on the Status of Members of Parliament in the Parliament – Article 2; Law on Political Parties – Article 26; etc.), <https://bit.ly/2OAislu>

- f) 5% to political parties proportional to the number of seats in Parliament held by young people following parliamentary elections;
- g) 5% to political parties proportional to the number young people in office following general local elections.

Promo-LEX welcomes these propositions. What is more, Promo-LEX recommended on countless occasions to take into account the results of presidential elections as well when it comes to funding from the state budget the parties participating in elections.

The activity of national and international observers and relevant CSOs aimed at improving the legal framework on funding of political parties and election campaigns.

Having observed the parliamentary elections of 24 February 2019, the **election observation mission (EOM) from OSCE/ODIHR** drew up a set of recommendations⁴ to the authorities of the Republic of Moldova, tackling the issues in terms of political party and election campaign funding. The following are among the most pressing:

Including independent candidates on the list of applicants for state budget funding, ensuring, thus, fair treatment in terms of resource appropriation to both political parties and independent candidates. Regulating third parties and prohibiting donations from revenues from abroad.

Some contenders said they were concerned about the fact that the rules on campaign funding do not allow for any expenses to be made by parties in the beginning of the election period up until campaigning begins officially, although the services related to such expenses are provided during that period of time, causing thus significant financial issues to the parties concerned.

To enhance transparency of campaign funding and to strengthen the matter of accountability, both the legislation and actual practice should be reviewed so as to provide for some gradual penalties that would be imposed in due time and in proportionate amounts for violating the law on campaign funding.

As previously recommended, CEC should remain the competent oversight body. It should have sufficient authority, human and technical resources to oversee efficiently campaign funding.

Having observed the parliamentary elections of 25 February 2019, **Promo-LEX Observation Mission** put down several recommendations that were more or less similar to the ones made by OSCE/ODIHR regarding political party and election campaign funding⁵.

It was, thus, recommended to amend Article 41(2) of the Law on Political Parties and the definition of election campaign from Article 1 in order to dispose of any uncertainties whatsoever about when expenses can start to be made from the 'Electoral Fund' account and to bring in line the provisions of the Electoral Code for all types of elections.

Next – amending Article 43(6) of the Electoral Code by changing the term within which final election campaign funding financial statements can be filed, by adding a few more days maximum after election day.

Supplementing Article 52(7) with a definition of what administrative resources are in compliance with international standards and by establishing the corresponding penalties for using them.

⁴ Final Report of the OSCE/ODIHR 24 February 2019 Election Monitoring Mission, <https://bit.ly/2ZndJEB>

⁵ Final Report of Promo-LEX 24 February 2019 Election Monitoring Mission, <https://bit.ly/31dbx3a>

Clarifying accurately in the law the matter of the statute of political parties as regards donations from legal entities, since political parties are legal entities and, therefore, the law on donations from legal entities is being violated when the latter transfer money to the 'Electoral Fund' account.

Regulating the funding of political parties, election candidates, initiative groups via bank transfers and by nationals of the Republic of Moldova staying temporarily abroad, and setting some verifiable ceilings. Individuals who are Moldovan nationals must have the right to donate (support) the aforementioned entities. The established amount of the average salary per economy for 2019 was MDL 6 975⁶.

1.2. Supervisory and control body. Regulations and penalties

According to the Electoral Code and Law No 294, the Central Election Commission is the authority empowered with duties to ensure the supervision and control of political party funding in the Republic of Moldova, which includes both control over the funding of the ordinary activities of political parties and of the election campaigns. In addition to the CEC, the Court of Accounts (CoA), in accordance with the provisions regulating its activity, exercises control over the use of subsidies received by political parties from the state budget.

On 30 January 2019, CEC Decision No 2197 established the monthly amount of state budget subsidies to political parties for the first months of 2019, in line with their achievements in the parliamentary elections of 30 November 2019 and in the general local elections of 14 June 2015. On 21 January 2019, another CEC Decision No 2529 established the monthly amount of state budget subsidies to political parties for 2019, in line with their achievements in the parliamentary elections of 24 November 2019 and in the general local elections of 14 June 2015.

Note that calculations were made following the 2014 parliamentary elections, CEC established the subsidy amount for the period of 1 January – 24 February 2019, the latter being the date of the new parliamentary elections on the basis of which the amount of subsidies for the next immediate period was to be calculated (25 February – 31 December 2019). In relation to the 2015 local elections, CEC calculated the amount of subsidies for the period of 1 January – 14 June 2019. For the same reasons, after the general local elections of 20 October 2019, CEC will approve the amount of state budget subsidies and will establish their appropriation to political parties for the period between 15 June and 20 October 2019.

The amount of the monthly subsidy for every woman elected into Parliament in single-member constituencies is MDL 15 151.51 which was calculated according to this formula: $(2\ 000\ 000.00 \div 11 \text{ elected women}) \div 12 \text{ months}$, where MDL 2 000 000.00 represents 5% of the amount of money to be given, while 11 represents the total number of women elected into Parliament in single-member constituencies.

The amount of the monthly subsidy for every young person elected into Parliament in single-member constituencies is MDL 6 410.26 which was calculated according to this formula: $(1\ 000\ 000.00 \div 13 \text{ elected young people}) \div 12 \text{ months}$, where MDL 1 000 000.00 represents 2,5% (for parliamentary elections only) of the amount of money to be given, while 13 represents the total number of young people elected into Parliament on 24 February 2019.

⁶ <https://bit.ly/2YuU9VL>

According to Article 2(r) of the 2019 State Budget Law⁷, CEC was appropriated the amount of MDL 40 000 000⁸ for political party funding. Therefore, the monthly subsidy for every valid vote cast in the 2019 parliamentary elections is MDL 0.4890671. The monthly subsidy for every valid vote cast in the local elections of 14 June 2015 was approved by the Decision No 2197 of 30 January 2019 and amounted to MDL 0.4700385⁹. Subsidies appropriated from the state budget were transferred on a monthly basis to the bank account especially opened by political parties for this purpose, the information being submitted to the CEC¹⁰.

See Table 1, the amount of monthly subsidies allocated to political parties and the electoral bloc from the 2019 State Budget for the period of 1 January – 24 February 2019, on the basis of their results in the parliamentary elections of 30 November 2014. *See Table 2*, the amount of monthly subsidies allocated to political parties and electoral blocs from the State Budget for the period of 1 January – 14 June 2019 and 15 June – 20 October 2019, on the basis of their results in the general local elections of 14 June 2015. *See Table 3*, the amount of monthly subsidies allocated to political parties and the electoral bloc from the State Budget for the period of 25 February – 31 December 2019, on the basis of their results in the parliamentary elections of 24 February 2019. *See Table 4 and Table 5*, the amount of monthly subsidies allocated to political parties and the electoral blocs from the state budget proportional to the number of women and young people elected into Parliament in single-member constituencies in the parliamentary elections of 24 February 2019.

⁷ 2019 State Budget Law, <https://bit.ly/2KvngEA>

⁸ According to Article 27(1) of the Law No 294-XVI of 21 December 2007 on Political Parties, the subsidies are to be shared as follows:

40% to political parties proportional to their achievements in parliamentary elections;

40% to political parties proportional to their achievements in general local elections;

10% to political parties observing the quota of 40% of female candidates from the total number of candidates running in all single-member constituencies for parliamentary elections.

This increase is to be established on the basis of the calculated amount for the budget year concerned to the party concerned;

5% to political parties proportional to the number women elected in office in single-member constituencies in parliamentary elections;

5% to political parties proportional to the number of young people elected at the parliamentary and general local elections.

⁹ CEC Decision No 2197 of 30 January 2019 Establishing the Monthly Amount of State Budget Subsidies to Political Parties in 2019, in line with their performance in the parliamentary elections of 30 November 2014 and the general local elections of 14 June 2019 <https://bit.ly/33sjkVL>.

¹⁰ CEC has the legal mandate to check and analyse the financial statements of political parties and the right to request, for this purpose, more information from political parties and public or private institutions. The financial statements are public, as they are published on the CEC website within 48 hours since received and accepted, as well as on the websites of political parties, if they have any. CEC also sets and transfers on a monthly basis amounts of state budget revenues to eligible political parties. According to Article 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 CEC.

Table 1. The amount of monthly state budget subsidies for **1 January – 24 February 2019** to political parties and the electoral bloc on the basis of their achievements in **the parliamentary elections of 30 November 2014**; data from CEC.

State Budget Subsidies, MDL

Valid votes cast

Independent candidates

'Reforming Communist Party' Political Party

Number of votes for calculation

No	Political party	Valid votes cast	Amount of monthly subsidies per vote (MDL)	Amount of subsidies for 1 January – 24 February 2019 (MDL)
1	2	3	4	5
1	Democratic Party of Moldova	252 489	0.8882073	416 487.65
2	People's Christian Democratic Party	11 782	0.8882073	19 434.74
3	'Dignity and Truth Platform' Political Party	11 665	0.8882073	19 241.74
4	Liberal Democratic Party of Moldova	322 201	0.8882073	531 479.54
5	Liberal Reformist Party	24 956	0.8882073	41 165.62
6	Anti-mafia People's Movement Political Party	27 846	0.8882073	45 932.75
7	National Liberal Party	6 858	0.8882073	11 312.46
8	'Party of the Socialists from the Republic of Moldova' Political Party	327 912	0.8882073	540 900.00
9	'Moldova's Choice – Customs Union' Electoral Bloc	55 089	0.8882073	45 435.42
	Social Democratic Party			45 435.42
	Party of the Regions from Moldova			90 870.84
10	'Democracy at Home' Political Party	2 449	0.8882073	4 039.69

11	'People's Party of the Republic of Moldova' Political Party	12 110	0.8882073	19 975.78
12	Party of Communists of the Republic of Moldova	279 366	0.8882073	460 822.01
13	Liberal Party	154 518	0.8882073	254 881.75
14	'REBIRTH' Political Party	4 158	0.8882073	6 858.74
15	Democratic Action Party	2 564	0.8882073	4 229.39
16	Ecologist Green Political Party	1 360	0.8882073	2 243.36
17	'Centrist Union of Moldova' Political Party	633	0.8882073	1 044.15
18	'For the Nation and Country' Political Party	1697	0.8882073	2799.25
19	'Moldova's Patriots' Political Party	1498	0.8882073	2 470.99
	TOTAL	1 501 151	-	2 476 190,48

Table 2 The amount of monthly subsidies allocated to political parties and electoral blocs from the state budget for the period of **1 January – 14 June 2019** and **15 June – 2019 October 2019**, on the basis of results in the **general local elections of 14 June 2019**; data from CEC.

State Budget Subsidies, MDL		16 000 000	16 000 000		
Number of valid votes cast for district, municipal, town, township and village councillors, and mayors in the first round of elections		3 776 831	3 776 831		
Independent candidates		231 022	231 022		
Number of votes for calculation		3 545 809			
No	Political party	Valid votes cast	Amount of monthly subsidies per vote (MDL)	Amount of subsidies for 1 January – 14 June 2019 (MDL)	Amount of subsidies for 15 January – 20 October 2019 (MDL)
1	2	3	4	5	6
1	Liberal Democratic Party of Moldova	757 210	0.3760308	1 556 547.34	1 189 760.61
2	Democratic Party of Moldova	734 567	0.3760308	1 510 001.59	1 154 182.97

3	'Party of the Socialists from the Republic of Moldova' Political Party		558 028	0.3760308	1 147 101.86		876 797.37	
4	Liberal Party		437 630	0.3760308	899 607.52		687 622.90	
5	Party of Communists of the Republic of Moldova		364 345	0.3760308	748 960.31		572 474.39	
6	'Our Party' Political Party		349 717	0.3760308	718 890.49		549 490.25	
7	'European Popular Platform from Moldova - Iurie Leanca' Electoral Bloc	Democratic Action Party	246 735	0.3760308	507 197.09	253 598.54	387 680.54	193 840.27
		Liberal Reformist Political Party				253 598.54		193 840.27
8	'People's Party of the Republic of Moldova' Political Party		21 084	0.3760308	43 341.01		33 128.08	
9	National Liberal Party		19 741	0.3760308	40 580.29		31 017.90	
10	'Sor' Political Party		14 918	0.3760308	30 665.96		23 439.80	
11	Anti-mafia People's Movement Political Party		9 353	0.3760308	19 226.35		14 695.83	
12	'Democracy at Home' Political Party		9 033	0.3760308	18 568.55		14 193.03	
13	'PEOPLE'S LIST' Electoral Block	Social Democratic Party	6 487	0.3760308	13 334.90	6 667.45	10192.65	5 096.33
		'Centrist Union of Moldova' Political Party				6 667.45		5 096.33
14	'Our Home - Moldova' Political Party		4 705	0.3760308	9 671,76		7 392,70	
15	Ecologist Green Political Party		3 664	0.3760308	7 531.85		5 757.03	
16	'REBIRTH' Political Party		2 815	0.3760308	5 786.61		4 423.05	
17	Socialist Party of Moldova		1 477	0.3760308	3 036.17		2 320.73	
18	Party of the Regions from Moldova		1 475	0.3760308	3 032.06		2 317.58	
19	Party of Law and Justice		1 294	0.3760308	2 659.99		2 033.19	
20	People's Christian Democratic Party		701	0.3760308	1 441.00		1 101.44	

21	'Moldova's Patriots' Political Party	699	0.3760308	1 436.89	1 098.30
22	The Socialist People's Party of Moldova	131	0.3760308	269.29	205.83
	TOTAL	3 545 809	-	7 288 888.89	5 571 326.16

Table 3. The amount of monthly subsidies allocated to political parties and the electoral blocs from the state budget for the period of **25 February – 31 December 2019**, on the basis of their results in **the parliamentary elections of 24 February 2019**; data from CEC.

State Budget Subsidies, MDL		16 000 000						
<i>Number of valid votes cast in the national constituency (NC)</i>		1 416 359						
<i>Number of valid votes cast in the single-member constituencies (SMC)</i>		1 379 930						
<i>Independent candidates</i>		70 010						
<i>Number of votes for calculation</i>		2 726 279						
<i>No</i>	Political party	Valid votes cast in the NC	Valid votes cast in the SMCs	Total valid votes cast	Amount of monthly subsidies per vote (MDL)	Amount of monthly subsidies (MDL)		Amount of subsidies for 25 February – 31 December 2019 (MDL)
1	2	3	4	5	6	7	8	
1	Democratic Party of Moldova	334 539	344387	678 926	0.4890671	332 040.36		3 367 837.96
2	‘ACUM Platforma DA si PAS’ Electoral Bloc					359 347.91	179 673.96	3 644 814.54
		‘Dignity and Truth Platform’ Political Party					179 673.96	1 822 407.27
	‘Action and Solidarity’ Political Party	380 181	354 581	734 762	0.4890671		179 673.96	1 822 407.27
3	Party of Communists of the Republic of Moldova	53 175	28 853	82 028	0.4890671	40 117.20		406 902.98
4	‘Party of the Socialists from the Republic of Moldova’ Political Party	441 191	405 469	846 660	0.4890671	414 073.54		4 199 888.78
5	‘Sor’ Political Party	117 779	119 598	237 377	0.4890671	116 093.28		1 177 517.54

6	'Our Party' Political Party	41 769	38 838	80 607	0.4890671	39 422.23	399 854.06
7	Anti-mafia People's Movement Political Party	8 633	0	8 633	0.4890671	4 222.12	42 824.32
8	National Liberal Party	3 430	811	4 241	0.4890671	2 074.13	21 037.64
9	'POEPLÉ'S WILL' Political Party	2 705	0	2 705	0.4890671	1 322,93	13 814,25
10	Party of the Regions from Moldova	3 645	0	3 645	0.4890671	1 782.65	18 081.16
11	'Democracy at Home' Political Party	4 463	850	5 313	0.4890671	2 598.41	26 355.34
12	'Hope' Professionals' Movement	2 826	0	2 826	0.4890671	1 382.10	14 018.42
13	'PATRIA' ['HOMELAND'] Political Party	1 033	0	1 033	0.4890671	505, 21	5 124,24
14	Ecologist Green Political Party	3 249	655	3 904	0.4890671	1 909.32	19 365.94
15	Liberal Party	17 741	15 878	33 619	0.4890671	16 441.95	166 768.31
	Total	1 416 359	1 309 920	2 726 279	X	1 333 333.33	13 523 809.52

Table 4. The amount of monthly subsidies allocated to political parties and the electoral blocs from the state budget for the period of **25 February – 31 December 2019**, proportional to the number of women elected in single-member constituencies, in the parliamentary elections of 24 February 2019; data from CEC.

PARLIAMENTARY ELECTIONS

State Budget Subsidies (MDL) **2000000.00**

Number of women elected in SMC	11
---------------------------------------	-----------

<i>No</i>	Political party	Total number of women elected into Parliament in single-member constituencies	Amount of monthly subsidies per woman (MDL)	Amount of monthly subsidies (MDL)		Amount of subsidies for 25-28 February 2019 (MDL)		Amount of subsidies for March – December 2019 (MDL)		Amount of subsidies for 25 March – December 2019 (MDL)	
1	Democratic Party of Moldova	4	15151.51	60606.06		8658.01		606060.61		614718.61	
2	‘ACUM Platforma DA si PAS’ Electoral Bloc	3	15151.51	45454.55	22727.27	6493.51	3246.75	454545.45	227272.73	461038.96	230519.48
				22727.27	3246.75	227272.73	230519.48				
3	‘Socialist Party of Moldova’ Political Party	3	15151.51	45454.55		6493.51		454545.45		461038.96	
4	‘Sor’ Political Party	1	15151.51	15151.52		2164.50		151515.15		153679.65	
Total		11	X	166666.67		23809.52		1666666.67		1690476.19	

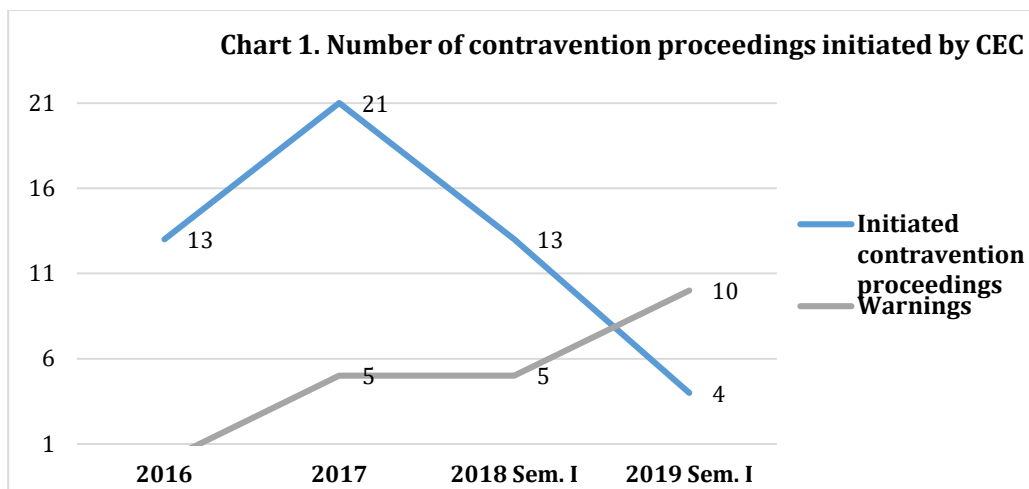
Table 5. The amount of monthly subsidies allocated to political parties and the electoral blocs from the state budget for the period of **25 February – 31 December 2019**, proportional to the number of young people elected in single-member constituencies, in the parliamentary elections of 24 February 2019; data from CEC.

PARLIAMENTARY ELECTIONS

		State Budget Subsidies (MDL)		1 000 000				
		Number of young people elected into Parliament	13					
No	Political party	Number of young people elected into Parliament	Amount of monthly subsidies per young person (MDL)	Amount of monthly subsidies (MDL)	Amount of subsidies for 25-28 February 2019 (MDL)	Amount of subsidies for March – December 2019 (MDL)	Amount of subsidies for 25 March – December 2019 (MDL)	
1	Democratic Party of Moldova	1	6410.26	6410.26	915.75	64102.56	65018.32	
2	‘ACUM Platform a DA si PAS’ Electoral Bloc	6	6410.26	38461.54	19230.77	2747.25	192307.69	195054.95
	‘Action and Solidarity Party’ Political Party				19230.77	2747.25	192307.69	195054.95
3	‘Socialist Party of Moldova’ Political Party	3	6410.26	19230.77	2747.25	192307.69	195054.95	
4	‘Sor’ Political Party	3	6410.26	19230.77	2747.25	192307.69	195054.95	
Total		13	X	83333.33	11904.76	833333.33	845238.10	

Regarding the semi-annual financial statements that were supposed to be submitted by 15 July 2019 for the first half of 2019 – CEC mentioned in its Decision No 2559¹¹ of 9 August 2019, the 32 political parties that observed the deadline as they submitted their statements by 15 July 2019, 10 other formations¹² exceeded the deadline, while 4 other parties did not submit any financial statements at all¹³.

To conclude, Article 48¹(3) of the Contravention Code provides that the President of CEC shall summon the people in positions of accountability from the political parties that didn't submit their financial statements to CEC and shall draw of contravention protocols on the matter. (See Chart 1).



Data obtained from the annual and semi-annual financial statements published by CEC

Promo-LEX analysed how in the past CEC applied penalties for the failure to submit financial statements and for the failure to submit them by the set deadline and found that some of the provisions of Article 48¹ of the Contravention Code¹⁴, as worded at present, are unfair. Those provisions give the discretion to prescribe the same penalty for two violations that differ by severity – **not submitting financial statements** and **their late submission**, the fine amounting to 180-300 c.u. i.e. from MDL 9 000 to MDL 15 000.

Thus, Promo-LEX believes there's unfairness towards the subjects concerned in terms of the harshness of penalties for issues of varying degrees of severity with submission / non-submission of financial statements. Promo-LEX recommends the Parliament to amend this provision so that the penalty for the late submission of financial statements is less harsh than for not having submitted the financial statements at all.

¹¹ CEC Decision on the Submission of Political Parties' Financial Statements for the First Semester of 2019 [https://bit.ly/2K\[szil](https://bit.ly/2K[szil)

¹² PLDM, PC, PPCD, MPA, PSM, PPFSM, PPPUM, PAD, PPUCM, PRM.

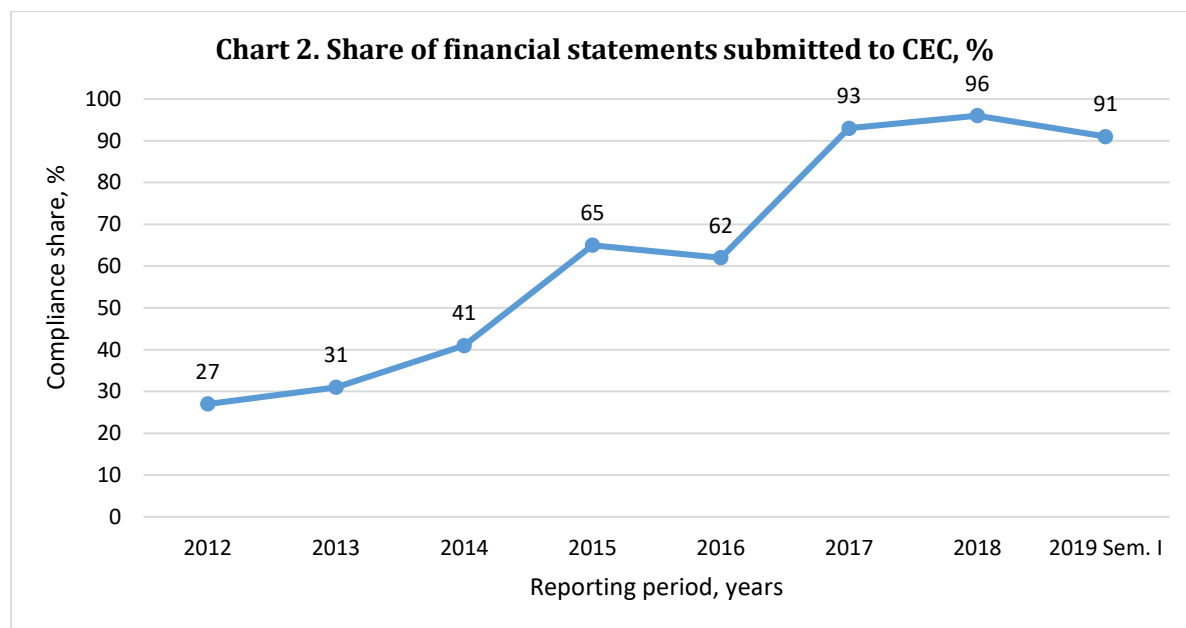
¹³ MSPFN, PPNOI, PPPR, PSP

¹⁴ Article 48¹(1) of the Contravention Code – (1) Where election contestants fail to submit the financial statements on the funding of their election campaign by the set deadline and in the set format – they shall be fined 60 to 90 conventional units. <http://lex.justice.md/md/330333/>

II. FINANCIAL REPORTING BY POLITICAL PARTIES

2.1. Political party reporting. Compliance and transparency indicators

According to Article 29(1) of the Law No 294 of 21 December 2007 on Political Parties and item 65 of Regulation on Political Party Funding, approved by CEC Decision No 4401 of 23 December 2015, political parties shall submit annual and semi-annual financial statements to CEC. The Promo-LEX Association found that for the first half of 2019, 42 out of 46 political parties filed semi-annual statements to CEC, i.e. the share of compliant parties reached 91.30%. (See Chart 2).



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

2.1.1. Semi-annual financial statements (I) of political parties for 2019

Promo-LEX findings revealed that 32 out of 42 political formations registered with the PSA submitted semi-annual financial statements to the competent authority by the deadline established in the law – by 15 July 2019. After the deadline – in the period following 15 July 2019 – 10 other political formations submitted the mandatory financial statements. The other 4 political formations did not submit any (See Table 6. Submission of financial statements to CEC).

Table 6. Submission of financial statements to CEC for the first semester of 2019

POLITICAL PARTIES THAT SUBMITTED THEIR FINANCIAL STATEMENTS (32)	FINANCIAL STATEMENTS SUBMITTED AFTER THE DEADLINE (10)	FINANCIAL STATEMENTS NOT SUBMITTED (4)
PPEM, PPDM, PRSM, PReg, PAM, PVP, PL, PPS, PSRM, PLR, PPSM, PDM, PE, MSPRRM, PAS, PNL, PVE, PPRM, PCRM, PPDA, PPM, PSD, PPP, PN, PMUEM, PPPDA, PUN, PSE, PLD, PNT, MPSN, MAE (USB).	PLDM, PC, PPCD, MPA, PSM, PFISM, PPPUM, PAD, PPUCM, PRM.	MSPFN, PNOI, PR, PSP.

Having analysed the semi-annual financial statements, Promo-LEX found that 4 political parties reported hired staff (PRM, PPM, PPAM, PPP) without having reported any expenses for their remuneration; 5

political parties reported renting offices (PPDA, PPPM, PPAM, PPP, PRM) without having reported any maintenance expenses related to them; 1 party (PAS) reported staff expenses without having reported any hired staff.

Parliamentary elections were held on 24 February 2019 – in the first semester of the year – in which 15 election contenders participated¹⁵. One of these 15 submitted a notification saying that it would not have any expenses (PPCNM), while another one – reported ‘0’ (PPP). Only 6 out of 13 political formations included in their semi-annual financial statements (I) for 2019 campaign expenses in the amount of MDL 9 609 576. At the same time, 7 formations didn’t report such expenses at all, which would have otherwise been reported in the amount of MDL 20 761 883. Therefore, PPS (Sor Political Party) did not report for the first semester of 2019 campaign expenses amounting to MDL 19 860 000, PRM didn’t report MDL 75 382, PL – MDL 724 281, PVP – MDL 13 023, PNL – 4 800, PPDA – MDL 56 155, PVE – MDL 28 242. All these political formations presented the financial statement on their campaigns, but they did not include this information in their semi-annual financial statements for the first semester of 2019¹⁶.

Out of those 42 parties that submitted semi-annual financial statements to CEC, 24 parties¹⁷ did not have official websites and didn’t thus publish semi-annual financial management statements. Of the other 18 political parties that have websites, only 6 published their financial statements for the first semester of 2019 – PLDM, PDM, PPS, PSE, PVE, PPEM.

Having made a comparative analysis of the resources reported in the first semester of 2019 and of 2018, the political formations recorded by 18 955 citizens more in 2019 than in the same period of 2018, although for this reporting period 42 political formations filed their financial statements with CEC, while in the previous period – 38. At the same time, the amount of collected membership fees increased by MDL 3.39 million¹⁸; the amount of state budget subsidies decreased by MDL 3.01 million; the amount of donations was by MDL 1.45 million smaller; party subsidiaries decreased by 7 and rented headquarters spaces – decreased by 2; while the number of hired staff increased by 45.

Chart 3. General data made available in the financial statements on 2019 and 2018 (first semester)



¹⁵ PPS, PCRM, PSRM, Blocul ACUM, PDM, PN, PRM, PL, MPA, PVP, PNL, PPDA, PVE, PPP, MPSN, <https://bit.ly/307ujZi>

¹⁶ [Final Report on the New Local Elections of 2018, PPPDA https://bit.ly/2DEYksl](https://bit.ly/2DEYksl); [Final Report on the New Local Elections of 2018, PRSM https://bit.ly/2OUAHgV](https://bit.ly/2OUAHgV)

¹⁷ [Final report on the New Local Elections of 2018, PPDA https://bit.ly/2IQQVpr](https://bit.ly/2IQQVpr)

¹⁸ PPPN, PPDA, PPD, PMUEM, PLD, PE, PC, PSM, PAD, MSPRRM, MPSN, PSD, PRM, PPSM, PPPSE, PPNT, PPPM, PPAM, PPP, PVP, PPU, PPF, PPU.

¹⁸ This is due to PDM which in the first semester of 2019 reported having collected MDL 15 443 220 only out of membership fees, which represented 56.59% of total revenues.

2.2. Funding sources of political parties.

Note that according to the law, a political party may raise from membership fees and donations the equivalent of **0.3% of the state budget subsidies for that year** at most. Thus, for 2019, this ceiling amounted to **MDL 126 376 500**¹⁹.

According to the annual financial statements, none of the 42 parties that submitted statements to CEC exceeded that ceiling. What is more, the reporting political formations didn't reach the ceiling not even cumulatively, as the summed up amount totalled about MDL 53 603 053. Promo-LEX believes therefore that this ceiling of 0.3% is much too big and unfit for current realities.

*Promo-LEX reiterates its previous recommendation to amend the provision on the maximum annual ceiling for the amount of revenues political parties are allowed to raise to **0.1% of the state budget subsidies at most**. Taking into account that this ceiling is more than sufficient, Promo-LEX recommends amending Article 26(3) of the Law No 294 on Political Parties, by adding 'and state subsidies' to the initial line – 'originated from membership fees and donations', thus ensuring that the maximum ceiling allowed by law also refers to the third source of revenue – state subsidies.*

The annual financial statements of political parties for the first semester of 2019 show that the main source of their funding was the state budget subsidies (33%), followed by donations from individuals (17%), membership fees (32%), donations from legal entities (15%), revenues from economic activity (2%) and other revenues from in-kind donations/services provided (1%) (See Chart 4).

Thus, for the first semester of 2019, the co-ratio between public and private funding was **33% to 67%**, which represents a fair distribution of resources. At the same time, it is essential to note that the purpose of state funds is for party consolidation activities and not exclusively for election campaigns.

Parties' funding sources consist of:

- state budget subsidies for 19 political formations totalling MDL 16 895 013 (PSRM, PPS, PAS, PPPDA, PPPN, PCRM, PDM, PL, PLDM, PLR, PNL, PPDA, PPCD, PReg, PPRM, PAD, PSD, PVE, PSE);
- membership fees for 14 political formations (PSRM, PPS, PAS, PPPDA, PPPN, PCRM, PDM, PLDM, PLR, PNL, PSM, PVE, PUN, PSE) totalling MDL 16 390 495;
- financial donations from 1457 individuals totalling MDL 8 419 462 (PDM, PPEM, PPPDA, PAS, PLDM, PPP, PSE, PNL);
- donations from 5 legal entities for 2 political parties totalling MDL 7 459 983.00 (PPS, PAS);
- in-kind donations totalling MDL 436 616 for 3 parties (PLDM, PAS, PPP).

Table 7. Funding sources in the first semester of 2019, by party, MDL

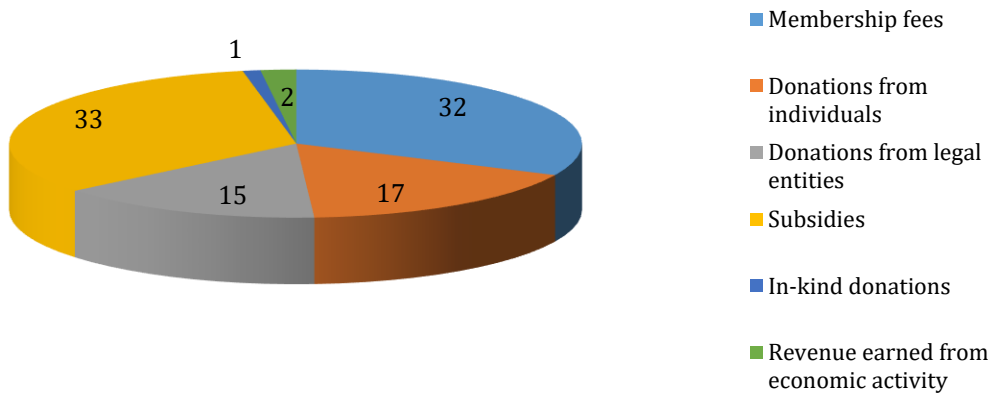
According to the Law No 294 on Political Parties – Article 25(1) and CEC Regulation on Political Party Funding – item 4, the funding sources of political parties shall be: a) membership fees; b) donations; c) state budget subsidies; d) other legally-obtained revenues, expressly provided for in the statute of the political party and not prohibited by the law¹. The law also expressly provides that political parties cannot use financial sources other than those stipulated in paragraph (1). According to paragraph (5) of the same article, the revenues obtained from legal funding sources shall be exempted from taxes or taxed according to the Tax Code.

Law on Political Parties

¹⁹ This result was obtained since the state budget subsidies for 2019 constituted MDL 42 125 500.0 thousand <https://bit.ly/2KvngEA>

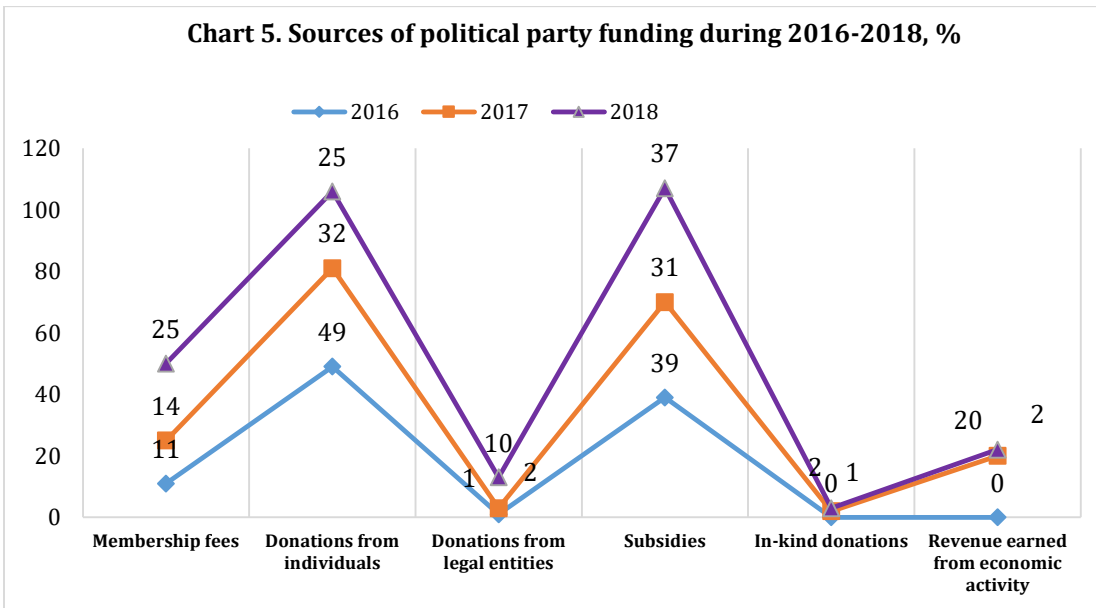
		OPENING BALANCE	DONORS – LEGAL ENTITIES	AMOUNT OF DONATIONS FROM LEGAL ENTITIES	DONORS – INDIVIDUALS	AMOUNT OF DONATIONS FROM INDIVIDUALS	IN-KIND DONATIONS
1	PPS	25930	4	7449983	0	0	0
2	PPEM	2045	0	0	15	67900	0
3	PPPN	1237786	0	0	0	0	0
4	PPPDA	11490	0	0	19	108750	0
5	PAS	324792	1	10000	46	96362	9720
6	PPP	0	0	0	1	1850	500
7	PLDM	11632406	0	0	7	2900	426396
8	PL	3858409	0	0	0	0	0
9	PE	0	0	0	0	0	0
10	PDM	22509523	0	0	1367	8121300	0
11	PCRM	36236914	0	0	0	0	0
12	PSM	10	0	0	0	0	0
13	PSD	110914	0	0	0	0	0
14	PSRM	5035709	0	0	0	0	0
15	PReg	67738	0	0	0	0	0
16	PAD	468188	0	0	0	0	0
17	MSPRRM	0	0	0	0	0	0
18	MPSN	12125	0	0	0	0	0
19	PVP	0	0	0	0	0	0
20	PPNT	0	0	0	0	0	0
21	PPRM	64251	0	0	0	0	0
22	PRSM	0	0	0	0	0	0
23	PSE	0	0	0	1	19400	0
24	PUN	6541	0	0	0	0	0
25	PVE	69601	0	0	0	0	0
26	PPSM	0	0	0	0	0	0
27	PRM	0	0	0	0	0	0
28	PPM	0	0	0	0	0	0
29	PAM	0	0	0	0	0	0
30	PPDM	5642	0	0	0	0	0
31	PPDA	41	0	0	0	0	0
32	PPCD	344	0	0	0	0	0
33	PNL	21609	0	0	1	1000	0
34	PMUEM	5	0	0	0	0	0
35	MAE	0	0	0	0	0	0
36	PLR	116359	0	0	0	0	0
37	PLD	0	0	0	0	0	0
38	MPA	103045	0	0	0	0	0
	TOTAL	81921417	5	7459983	1457	8419462	436616

Chart 4. Funding sources of political parties, Sem. I 2019, %



Data obtained from the annual financial statements published by CEC

Chart 5. Sources of political party funding during 2016-2018, %



Data obtained from the annual financial statements published by CEC

According to the OSCE/ODIHR²⁰, the law should strike a balance between public contributions (state budget subsidies) and private (donations, membership fees) as sources of funding for political parties. Promo-LEX notes that over the monitored period, the practice of collecting revenues by the political formations in the

²⁰ Extract from Guidelines on Political Party Regulation by OSCE/ODIHR, <http://cesko.ge/res/docs/8600.pdf>

Republic of Moldova has become closer to the stated standard. Also, in no case should the allocation of public funding limit or interfere with the independence of a political party.

Having conducted an analysis, Promo-LEX EOM found that a party (PLDM) recorded 38 donations in cash, in the amount of the ceiling set at 3 average salaries per economy, without having exceeded the ceiling. As for membership fees, Promo-LEX found that although 38 out of 42 parties reported party having members, only 13 of them reported having collected membership fees in the first semester of 2019 (PPS, PSRM, PN, PPPDA, PAS, PCRM, PDM, PLR, PNL, PSM, PVE, PUN, PSE). According to item 27 of the CEC Regulation on Political Party Funding, CEC is to submit to the State Tax Service the information on the donations recorded by political parties that exceed 12 average salaries per economy established for that year, for the STS to look into the reported sources of revenue or into the related fiscal liabilities. If CEC has any doubts about a political party observing the tax law, it will suggest the State Tax Service to conduct a tax control.

Remember that both in 2017 and in 2018, Promo-LEX filed an inquiry with the State Tax Service (STS) cash registers used by political parties from the Republic of Moldova, asking thereby for **information meant to clarify the existence or otherwise of cash registers (CR), for the list of political parties using CR, how many CRs each political formation registered with the PSA had, and also for information about the records of donation collection**, which was supposed to be done in line with the *Regulation on the Use of Cash Registers (CR) for Cash Settlements*²¹. This regulation was repealed on 29 February 2019 and replaced with another one approved by GD No 141 of 27 February 2019 – *Regulation on the Use of Cash Registers (CR) for Settlements*²². The STS answered with delay and provided incomplete information, arguing that the information could not be revealed to the stakeholders.

Promo-LEX believes that obtaining this information on the collection and management of funds (donations, membership fees, revenues out of business) by political formations is very important, and also matters for the efficient control and supervision by CEC of political party funding. Therefore, Promo-LEX asked of CEC to file an inquiry with the STS regarding the information sought by Promo-LEX previously. Promo-LEX also reminded CEC about the new amendments regarding the use of cash registers and recommends CEC to make adjustments to the Regulation on Political Party Funding and the new Regulation on the Use of Cash Registers²³ or to review the provisions concerned.

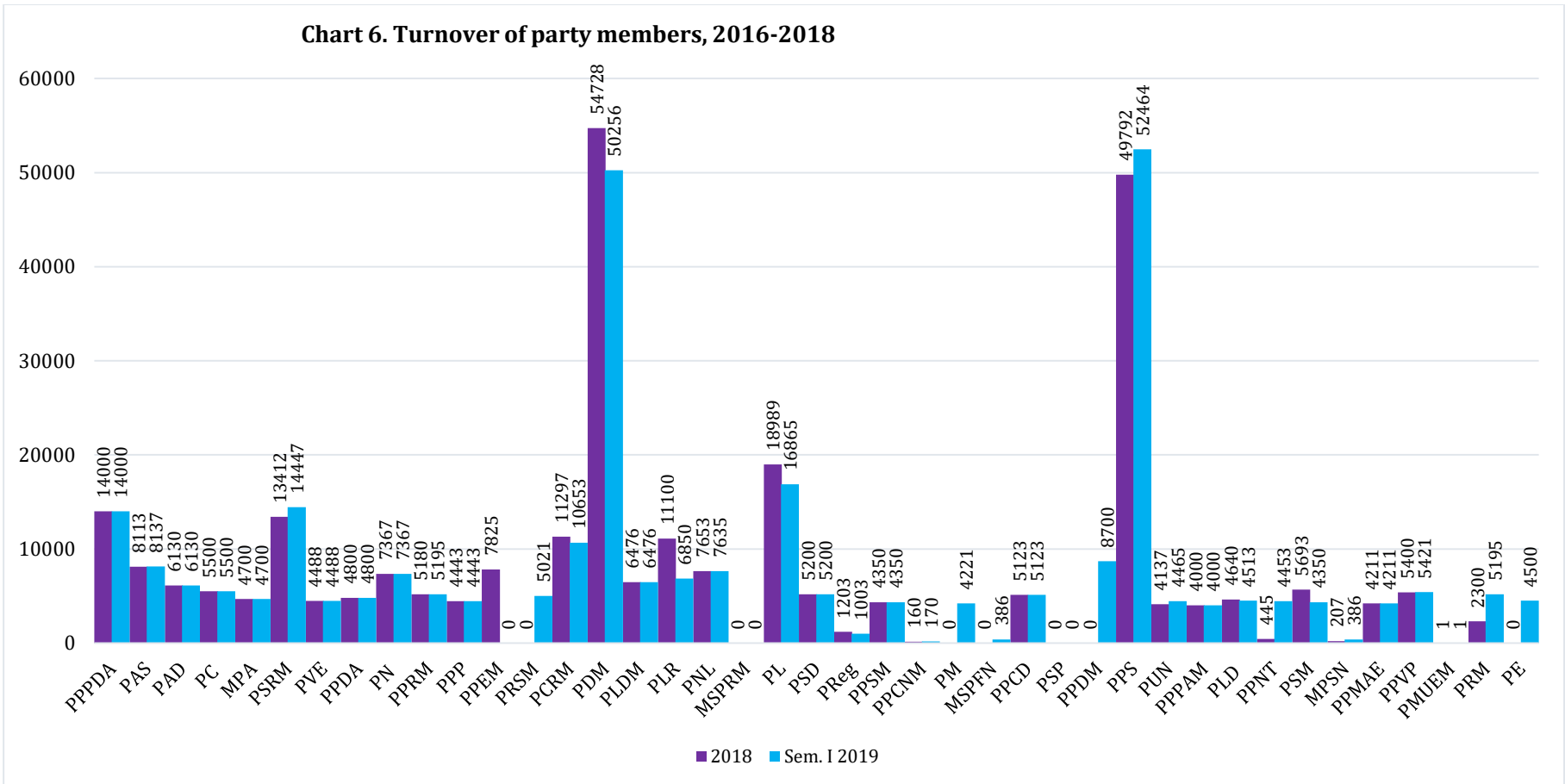
Further, the annual financial statements submitted to CEC by 42 political parties that reported party members, show that the total number of party members in the first semester of 2019 was 306 075, while according to the information submitted to CEC by political parties for 2018 their number was 293 063. We also noticed that in 2019, compared to 2018, 14 parties acquired more party members: PPM – 4 370, MSPFN – 4 221, PSM – 4 008, PE – 2 895, PSRM – 1 035, PPŞ – 870, PPCD – 386, PAM – 328, MAE (USB) – 179, PAS – 24, PMUEM – 21, PPRM – 15, PPCNM – 10, PUN – 2 672. On the other hand, according to the financial statements submitted to CEC, 6 parties had fewer members than in 2018, the following 8 parties lost most of their members: PDM – 4 472, PLR – 4 250, PL – 2 124, PCRM – 644, PReg – 200, PNL – 18.

²¹ The old regulation on the use of CR was repealed on 27 February 2019 and replaced with another one <http://lex.justice.md/md/296361/>

²² The new regulation on the use of CR entered into force on 15 April 2019, <http://lex.justice.md/md/379799/>

²³ *Ibidem*

Chart 6. Turnover of party members, 2016-2018



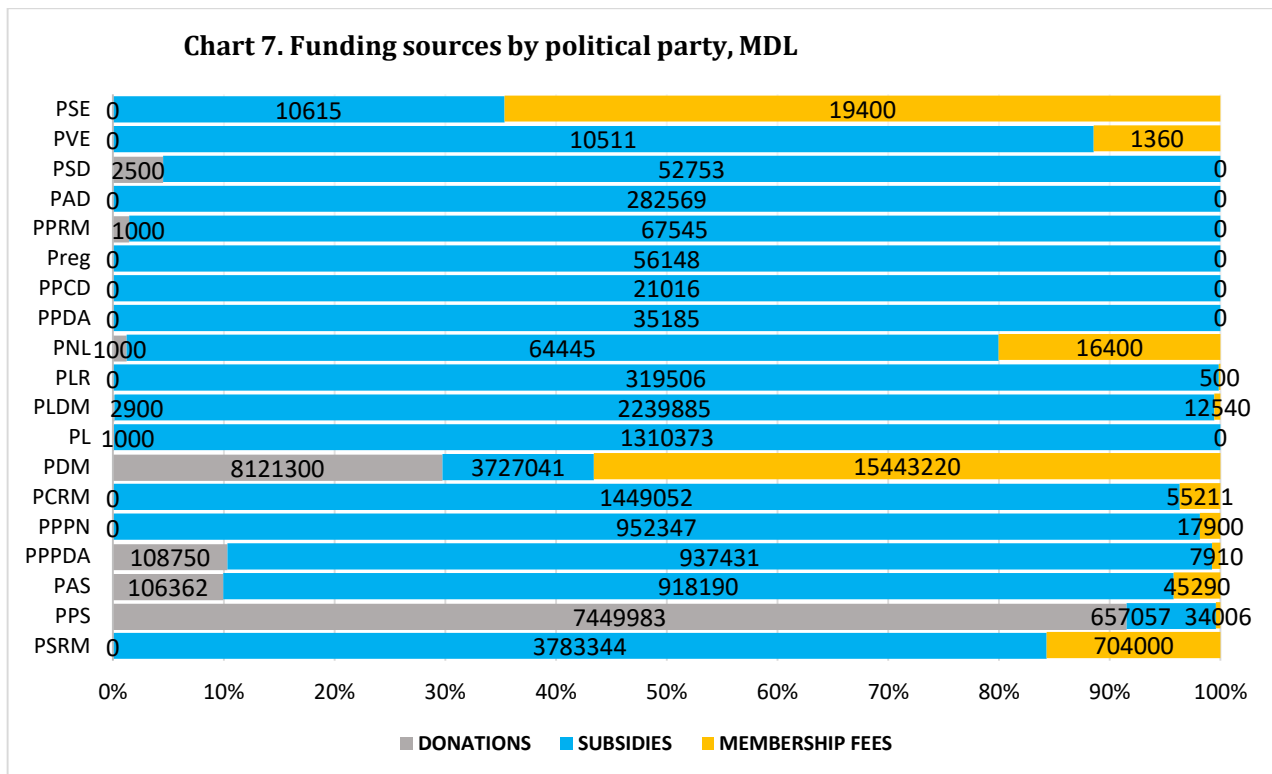
Data obtained from the financial statements (annual – 2018, semi-annual – 2019) published by CEC

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

According to the annual financial statements submitted to CEC, 25 out of 42 political parties concerned indicated revenues of MDL 50 734 049 and a total opening balance of MDL 81 921 417. The amount of reported expenses is MDL 70 884 310 with a closing balance of MDL 61 771 156 that was transferred to the account of the parties in the second half 2019. The other 17 parties did not show any revenues or expenses.

There are 6 political formations that indicated a single source of revenues: PPSD, PAD, PLR, PReg, PPCD, PPDA – all of them relied in the first semester of 2019 on funding from the state budget alone. Moderately diversified sources of financing were found in the case of other 8 political formations: PSE, PVE, PL, PPRM, PCRM, PN, PLDM, PSRM; indicating amounts either in the form of membership fees, donations or contributions from the state budget or from legal entities. Five other formations indicated much more diversified sources, both from donations (from individuals / legal entities, material goods) and membership fees, as well as subsidies or other revenues: PDM, PAS, PPPDA, PPS, PNL. (See Chart 7).

Promo-LEX draws attention to the fact that the revenue collection practice should be balanced and diverse so that there is no major gap between public contributions (state subsidies) and private ones (donations, fees). In the chart below, we can see the predominance of the gray color, designating state budget subsidies, which is a source, in this case, used by extra-parliamentary parties. What is more, Promo-LEX monitoring revealed that the above-mentioned parties did not conduct political marketing activities for the general public in the first half of 2019²⁴.



Data obtained from the financial statements for the first half of 2019, published by CEC.

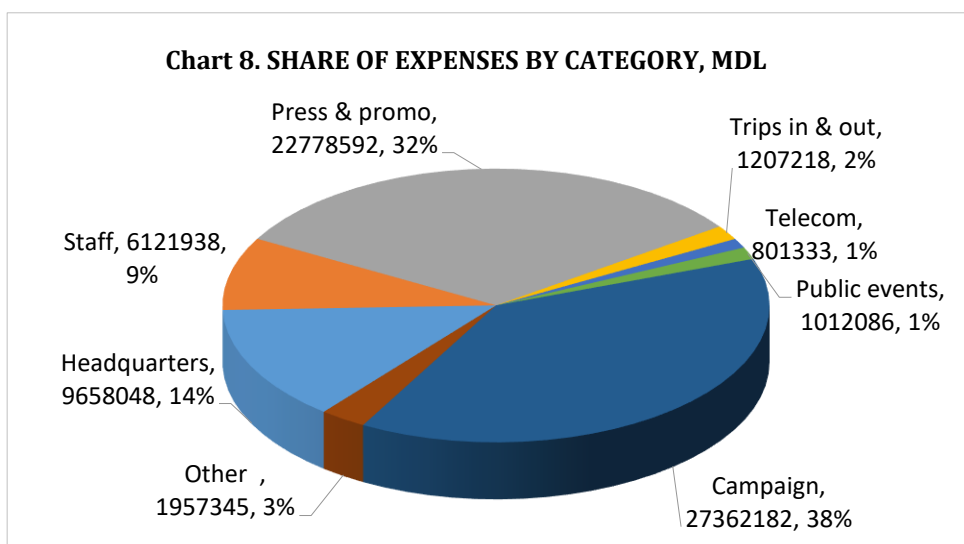
²⁴ See Chapter III of this Report.

Where there is no ceiling for expenditure or where the ceiling is too high, there is a risk of political corruption and of other related undemocratic practices. At the same time, equality between parties has to be safeguarded, but this principle often appears to be jeopardised in favour of mainstream parties, which – because they obtain the highest scores and the largest number of seats – are allocated considerable public subsidies. Therefore, the major purpose of having expenses ceilings political parties and for election campaigns, is to meet the requirements inherent to the inevitable cost of democracy. For the democratic process to work well, it is necessary to have an expenses ceiling and even to lower it.

(Venice Commission, CDL (2008)148)

In terms of the semi-annual expenses made by political parties, the expenses for the election campaign dedicated to the parliamentary elections of 24 February 2019 had the greatest share (38%), expenses for press and promotional materials (32%), expenses for headquarters (14%), staff expenses (9%), expenses for business trips in Moldova and abroad (1%), expenses for telecommunications (1%), other expenses (3%), (See Chart 8).

Promo-LEX found reporting gaps in the semi-annual financial statements at 'election campaign expenses' section of 7 political parties that participated in the 2019 parliamentary elections (PPS, PPRM, PL, PVP, PPDA PNL, PVE). They didn't report an amount of MDL 20 761 883, thus affecting the transparency of the funds collected and used in the first half of 2019 and also simulating the process of reporting to CEC²⁵.



Data from the financial statements for the first semester of 2019, published by CEC

Promo-LEX points out that, according to good practices of party and election campaign funding, it is paramount to 'limit political party or election candidate expenditures to ensure that the free choice and equality of voters with the right to vote is not undermined or the democratic process distorted by too big expenses by some particular parties or candidates'²⁶. It is also essential that 'the governments of member states of the Council of Europe adopt, in their national law, clear rules against corruption in the funding of political parties and election campaigns', with specific reference to the expenditure limits requirements.²⁷

²⁵ See the Final Reports on New Local Elections of 2019 published on CEC's official website, <https://bit.ly/307ujZj>

²⁶ Paragraph (19) of the General Comment No 25 of the UN Human Rights Committee 1996, to the Article 25 of the International Covenant on Civil and Political Rights (ICCPR), <https://bit.ly/2NTGerl>

²⁷ Recommendation Rec(2003)4 of the Committee of Ministers of the Council of Europe on common rules against EU corruption in the funding of political parties and election campaigns. <https://bit.ly/2NTGerl>

Table 8. Amount of expenses made by political parties, data from the financial statements submitted to CEC, for the first semester of 2019, MDL²⁸

POLITICAL PARTIES	HEADQUARTERS MAINTENANCE	HIRED STAFF	PRESS AND PROMOTIONAL MATERIALS	TRIPS	TELECOMMUNICATIONS	DELEGATIONS	MEMBERSHIP FEES TO INTERNATIONAL ORGANISATIONS	INVESTMENTS IN MOVABLE AND IMMOVABLE PROPERTY	OFFICE SUPPLIES, BANK COMMISSION	AUDIT	MEETINGS / PUBLIC EVENTS / SEMINARS	OTHER	ELECTION CAMPAIGN
PSRM	981182	653884	841467	0	242900	0	0	0	7925	48858	64250	13059	5008004
PPS	3704943	636625	1607648	0	0	845233	0	0	0	135000	457966	76200	0
PAS	86394	24886	42134	10306	3350	0	0	0	3587	0	12228	35675	210000
PPPDA	125893	0	3890	0	9142	0	0	0	969	0	0	0	5450
PPPN	385028	74674	63047	0	50783	0	0	0	16876	0	1630	38375	712668
PCRM	184567	970619	992710	14705	21909	0	0	43807	12188	0	25400	0	1117146
PDM	2773308	362448	18089608	416073	335934	0	239384	0	45396	144000	330336	83479	20276355
PL	458232	889482	774777	475087	16751	0	151256	0	22593	27000	62382	0	0
PLDM	539800	1770924	39273	198768	59968	0	39000	49329	25365	78000	44993	2278	0
MPA	47609	36835	33460	0	0	0	0	0	1993	0	0	0	18589
PLR	114717	137034	1940	57500	7406	0	0	8100	3131	45000	0	0	0
PNL	14729	70438	0	0	0	0	0	0	1511	0	0	743	0
PPDA	0	0	4500	9954	3600	0	0	0	709	0	2291	0	0
PPCD	20000	0	0	0	0	0	0	0	559	0	0	0	0
PSM	0	0	2600	2000	800	0	0	0	1000	3760	0	0	0
PReg	10754	69525	0	17075	1847	414	0	0	8757	0	7610	0	0
PPRM	26348	0	17280	5750	29202	0	0	5024	5038	0	0	0	0

²⁸ The table includes 25 political formations, with the other 17 formations that submitted their statements to CEC not having reported any expenses.

PAD	50048	290507	237432	0	0	0	0	0	2194	0	0	0	0
MPSN	21562	0	0	0	1322	0	0	0	486	0	0	130	0
PSD	2500	134057	26826	0	0	0	0	0	1550	0	0	0	0
PVE	0	0	0	0	0	0	0	0	3360	0	0	54504	13970
PUN	29882	0	0	0	5658	0	0	0	1117	0	0	110	0
PSE	25595	0	0	0	1615	0	0	0	1059	0	0	0	0
PPEM	54957	0	0	0	9146	0	0	0	926	0	3000	0	0
PPP	0	0	0	0	0	0	0	0	1150	0	0	700	0
TOTAL	9658048	6121938	2277859 2	1207218	801333	8456 47	49128	106260	169439	48161 8	1012086	30525 3	2736218 2

During a simulation exercise aimed at verifying the expenses reported for headquarters rent and maintenance, using the data on the number of premises published by CEC, Promo-LEX divided the reported amounts by the number of premises of headquarters the parties reported to rent and by the 6 calendar months. As a result, PSD stood out with a total annual amount of MDL 2 500 for two rented premises for headquarters, which means that they would have paid monthly MDL 208. Four other formations (PRM, PAM, PM, PPDA) – each having reported renting one head office space, but they reported to CEC 0 expenses. (See Table 9).

Promo-LEX draws CEC's attention to the outcome of the above exercise, which highlights some suspicious situations as regards the expenditures for the premises rented and that may serve as a ground for further investigations by the body empowered to monitor and control the funding of political parties, i.e. by the Central Electoral Commission.

Table 9. Breakdown of expenses for office space by semester and calendar month

POLITICAL PARTIES	NO OF RENTED OFFICE SPACES	SEMI-ANNUAL EXPENSES FOR OFFICE SPACES, MDL	MONTHLY EXPENSES FOR OFFICE SPACES, MDL
PSRM	45	981182	3634
PPS	65	3704943	9500
PAS	4	86394	3600
PPPDA	10	125893	2098
PPPN	2	385028	32086
PCRM	11	184567	2796
PDM	25	2773308	18489
PL	22	458232	3471
PLDM	21	539800	4284
MPA	1	47609	7935
PLR	7	114717	2731
PNL	1	14729	2455
PPDA	1	0	0
PPCD	1	20000	3333
PPRM	1	26348	4391
PAD	1	50048	8341
MPSN	1	21562	3594
PSD	2	2500	208
PRM	1	0	0
PUN	2	29882	2490
PSE	1	25595	4266
PM	1	0	0
PAM	1	0	0
TOTAL	227	9592337	119703

Data from the financial statements for the first semester of 2019, published by CEC

A similar exercise was also carried out in the case of the staff expenses the parties reported. Thus, Promo-LEX found that the following parties incurred the highest expenses for their staff: PLDM – MDL 12 446 a month, PAD – MDL 12 104 a month, PNL – MDL 7 412 a month, MPA – MDL 5 870 a month, PSD – MDL 5 710 a month, PCRM – MDL 5 586 a month. PReg is at the bottom of this ranking – MDL 1 931; while 2 political formations did not report expenses to CEC

having one hired person each. For comparison, the minimum guaranteed salary in the real sector (enterprises, organisations, financially autonomous institutions, regardless of the type of property and legal form of organisation) shall be established in the amount of **MDL 16.42 per hour**, or **MDL 2 775** per month, calculated for a full working schedule of average 169 hours per month²⁹. (See Table 10).

Table 10. Breakdown of expenses for staff, by month and semester

No	POLITICAL PARTIES	HIRED STAFF	EXPENSES FOR OFFICE SPACES IN THE FIRST SEMESTER, MDL	MONTHLY EXPENSES FOR OFFICE SPACES, MDL
1.	PSRM	34	653884	3205
2.	PPS	84	636625	1263
3.	PN	1	74674	12446
4.	PCRM	27	970619	5991
5.	PDM	21	362448	2877
6.	PL	20	889482	7412
7.	PLDM	37	1770924	7977
8.	MPA	2	36835	3070
9.	PLR	4	137034	5710
10.	PNL	2	70438	5870
11.	PReg	6	69525	1931
12.	PAD	4	290507	12104
13.	PSD	4	134057	5586
14.	PRM	1	0	0
15.	PPP	1	0	0
	TOTAL	248	6121938	100328

Data from the financial statements for the first semester of 2019, published by CEC

Please note that there are reasonable grounds to check the cases where the parties paid their staff monthly wages smaller than the minimum guaranteed wage for 2019³⁰, or cases where the parties did not report staff expenses although they had hired staff. Thus, we'd like the Central Electoral Commission to look into situations as the ones described above.

In most of the cases, Promo-LEX notes that the level of expenses reported to CEC both for office space rent and maintenance and for staff remuneration fall predominantly in the segment of market prices, also reported for the period concerned. However, the data reflect only what political parties reported, the discrepancies between the information reported to CEC and the information obtained during the monitoring is shown in Chapter III of this report.

²⁹ <http://lex.justice.md/md/333943/>

³⁰ The minimum guaranteed salary in the real sector, <http://lex.justice.md/md/333943/>

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

3.1. Monitoring the political marketing of political parties

According to Promo-LEX findings, in the first semester of 2019 – 14 political formations conducted at least 1 518 political marketing activities and events: public protests and demonstrations, statutory events (organisational meetings, conferences), meetings with citizens, concerts, business trips inside the country and abroad, door-to-door activities, etc. The events took place until 24 January 2019, they were conducted for electoral purposes and the expenses for them had to appear in the financial statement for the first semester of 2019. The events that followed after 24 February were related to a great extent to the uncertain situation caused by the establishment of a parliamentary majority of the new Members of Parliament – the Xth legislature, and included protests, organisational meetings, press conferences, public demonstrations on the occasion of national, traditional and religious holidays, etc. (See Table 11).

All the aforementioned activities were ascertained by Promo-LEX observers and supported by photo and video evidence posted on the online platform www.monitor.md, of *ushahidi* type, which is available for every interested citizen³¹.



Celebration on the occasion of the 8th of March; source – personal Facebook account of Petru Frunze, Member of Parliament from PAS

The activities were largely carried out in the context of electoral events, national and international celebrations, religious holidays and sports events. While in 2018 the political marketing events had a predominant pre-electoral political tinge both before the parliamentary elections and the new local elections of 20 May 2018 in Balti Municipality, Chisinau Municipality and Jora de Mijoc Township (Orhei District) — in the first semester of 2019, one could see an unwinding of political marketing and the strengthening of political organisations by holding meetings, conferences and also protests against the adversary political forces.

The following were among the most frequently conducted activities as part of the aforementioned events: *Political meetings* – 296, *In-kind / financial donations* – 225, *Internal and external trips* – 223, *Advertising* – 121, *Public concerts*

³¹ Promo-LEX platform, <http://monitor.md/electorala/reports>

/ events – 87, Sanitation – 80, Door-to-door activities – 69, Image transfer – 65, Participation in protests, Flower offerings – 59, Pro / cons marches – 54, Press conferences – 18, Inaugurations of monuments / party offices – 21, Sports competitions – 15, Banquets – 9, Car marches – 7, Social markets – 6, Other activities (including flash-mobs, charity activities, aid, etc.) – 157. (See Table 11).

In May public events and demonstrations took place on the occasion of 1 May – *Labour Day*, 9 May – *Victory Day*, 15 May – *Family Day*. Both PSRM and PDM were leaders in terms of organisation of such events in Chisinau and Balti municipalities.

Mass meetings with citizens, protests and support assemblies were held in June. PDM organized at least 2 mass protests on June 7 and 9, when it coordinated the transportation to Chisinau of at least 20 000 citizens by various means of transport.



PDM support assembly on 9 June 2019, picture taken from www.publika.md.



March on 1 May 2019, picture taken from the Facebook account of Osadcenco Evghenii, PSRM member



Meeting of the PAS National Political Council, source: www.unpaspentru.md

The Promo-LEX Association also found political marketing activities (events, advertisements in the written media, meetings) conducted by both political parties (PPPDA and PAS) under the umbrella of ACUM bloc. Costs were incurred for their activities which, hypothetically, should have appeared on the banking account of ACUM bloc, which was closed two days before 24 February 2019 – the election day. We could thus regard it as a legal problem that might compromise the transparency of expenses incurred after the inter-electoral period by a third entity that has legally stopped existing at the end of the election campaign; and even in the Parliament the two political factions are registered separately. However, there is reasonable suspicion that the political entity – ACUM bloc could be reborn in the campaign for the general local elections scheduled for 20 October 2019.

Table 11. Types of activities conducted by political parties during events, no of cases

Political party	Types of activities													Total
	PSRM	PDM	PAS	PN	PPS	PPDA	PPEM	PL	PCRM	PLDM	PLR	PNL	PPDA	
Political meetings	56	60	16	4	126	19	-	2	1	11	-	1	-	296
Concerts/public events	26	14	-	-	46	-	-		-	-	-	-	-	86
Door-to-door	26	15	21	2	1	-	-	3	-	-	-	-	1	69
Participation in pro/against protests and marches	20	15	4	4	9	5	-	2	-	-	-	-	-	54
Debates	1	-	-	-	-	-	-		-	-	-	-	-	1
Sports competitions	5	8	-	-	2	-	-		-	-	-	-	-	15
Cleaning activities	21	37	-	4	12	1	-		-	5	-	-	-	80
Banquets	2	2	1	-	4	-	-		-	-	-	-	-	9
Car march	2	1		-	4	-	-		-	-	-	-	-	7
Press conferences	-	11	2	2	-	-	1	2	-	-	-	-	-	18
In-kind / financial donations	76	51	-	1	94	-	-		1	2	-	-	-	225
Social markets	-	-	-	-	6	-	-		-	-	-	-	-	6
Inauguration of monuments/party offices	5	14	-	-	2	-	-		-	-	-	-	-	21
Laying of flowers	9	22	1	1	22	-	-	4	-	-	-	-	-	59
Image transfer	21	38	-	-	6	-	-		-	-	-	-	-	65
Advertising	42	48	1	1	26	1	-		-	2	-	-	-	121
Internal and external trips	38	102	21	8	37	8	-	2	-	5	-	-	1	223
Other	74	37	18	6	8	-	-	11	4	-	1	-	-	157
Total	424	475	86	33	405	34	1	26	6	25	1	1	2	X



Picture taken from www.privesc.eu

From among the statutory activities of parties, political meetings take place the most often. The statutory activities of political parties included organizational sessions such as setting up parties' political and republican councils, field trips, in-house trainings, meetings with citizens, as well as with employees of Moldovan enterprises, offering press conferences / briefings, organisation of protests for or against certain legislative packages promoted by the Parliament, etc.

In addition, besides the aforementioned events, other activities at which the political parties were sending their message to citizens during social campaigns held on the occasion of winter holidays, Easter holidays at which they gave citizens gifts or in-kind or financial donations. Costs were incurred for all these activities, which, as the law provides – had to be reported in the financial statements for the first semester of 2019. The financial statement template contains several budget lines for purposes of payment, but those related to the quantification of events and activities described above are the following:

- *expenses for organizing public meetings/demonstrations,*
- *expenses for press and promotional materials,*
- *expenses for trips in Moldova and abroad,*
- *expenses for telecommunications,*
- *expenses for office supplies.*

The phenomenon of involving charities associated to political parties in promoting parties was found to have taken place in the first semester of 2019 as well. Nevertheless, the number of activities conducted was much smaller than in 2018. Remember that Promo-LEX rated such practices as tools for image transfer from charities to parties/politicians via the promotional activities conducted.

Two foundations of this kind and an LLC whereby PPS conducting political marketing were identified during the monitored period: The Foundation of Vlad Plahotniuc 'EDELWEISS', 'Din suflet' Charity Foundation and Magazine Sociale LLC / 'Pentru Orhei' Association³²³³. The estimated expenses they incurred amounted to at least **MDL 1 412 810**. No party affiliated with the 3 entities mentioned above bears any costs associated with the political marketing done through the charitable activities listed in Table 12³⁴.

At the same time, we reiterate that according to the law **a foundation is a not-for-profit apolitical organisation, which must not provide any political/electoral support to any candidate or political stakeholder**³⁵.

Promo-LEX reiterates that because of the use of the tool of image transfer, the foundations and the businesses concerned – by what they do – get directly involved in the activities of political marketing for which expenses are not incurred, which means these are activities with indirect funding and are non-transparent as far as political parties are concerned.

Table 12. Image transfer from philanthropic organisations associated with politicians or from LLCs associated with parties

	Settlement	Date of donation	Donated amount/quantity	Beneficiaries of the donation
<i>'Magazine Sociale' SRL [Social Markets] / 'Pentru Orhei' Association</i>	Duruitoarea Noua v. Riscani d.	15.04.2019	Estimated cost – 490 905	Launching of the mobile social store.
<i>'Magazine Sociale' SRL [Social Markets] / 'Pentru Orhei' Association</i>	Ochiul Alb v., Drochia d.	05.05.2019	Estimated cost – 490 905	Launching of the mobile social store.
<i>'Magazine Sociale' SRL [Social Markets] / 'Pentru Orhei' Association</i>	Hlinaia v., Edinet d.	22.04.2019	n/a	On 22 April 2019, members of the PPS territorial office and the PPS MP – Mrs. R. Apostolova had discussions with the villagers from Hlinaia about opening social stores.
<i>'Din Suflet' [From the Soul] Foundation</i>	Calarasi Town	30.04.2019	Estimated cost – MDL 2 000	On the occasion of Easter holidays, 'Din Suflet' [From the Soul] Foundation, together with PSRM office in Calarasi shared bags with

32 The mentioned LLC was registered with the Chamber of State Registration (CSR), its founder being 'Pentru Orhei' Association, and until 18 August 2017, it was managed by the business woman Iona Sor.

34 To compare the results with previous years and view the charity activities of these foundations reported on by Promo-LEX observers for the first semester of 2018, see pp. 41-42 – <https://bit.ly/2zsiaCs>

35 Law No 581 of 3 July 1999 on Foundations, <https://bit.ly/2KMuTXk>

				foodstuffs.
<i>'Din Suflet' [From the Soul] Foundation</i>	Causeni Town	02.05.2019 15.05.2019	Estimated cost – MDL 2 000	From 2 May 2019 to 15 May 2019, the Head of PSRM office in Causeni went to see the veterans of the second World War and gave them bags with foodstuffs from 'Din Suflet' Foundation.
<i>'Din Suflet' [From the Soul] Foundation</i>	Villages of Sarata Noua, Troian, Troita, Vozniseni, Colibabovca, Tomaiul Nou, Saratica Veche, Town of Leova, Leova d.	26.03.2019	Estimated cost – MDL 1 000	Two boxes of grapes given to kindergartens in the settlements of Leova District.
<i>'Din Suflet' [From the Soul] Foundation</i>	Tomaiul Nou and Saratica Veche villages	04.05.2019	Estimated cost – MDL 1 000	Give-away of 50 bags with foodstuffs from 'Din Suflet' Foundation.
<i>'Din Suflet' [From the Soul] Foundation</i>	Ocnita t.	25.04.2019	Estimated cost – MDL 1 000	Give-away of 50 bags with foodstuffs from 'Din Suflet' Foundation to the elderly.
<i>'Din Suflet' [From the Soul] Foundation</i>	Cosnita v., Dubasari d.	30.04.2019	Estimated cost – MDL 5 000	PSRM members gave away bags with foodstuffs on behalf of 'Din Suflet' Foundation to the elderly.
<i>'Din Suflet' [From the Soul] Foundation</i>	Victoria v., Torian v., Sarateni twp., Cneazevca twp., Cizlar v. from Leova d.	25-26.04.2019	Estimated cost – MDL 24 000	Give-away of bags from 'Din Suflet' Foundation directly to people in need at their home, selected beforehand by the primary organisations of PSRM in different settlements of the district:
<i>'Din Suflet' [From the Soul] Foundation</i>	Balti and the villages from the municipality	26 – 30.04.2019	Estimated cost – MDL 50 000	Give-away of 50 bags with foodstuffs from 'Din Suflet' Foundation to the elderly.
<i>'Din Suflet' [From the Soul] Foundation</i>	Balti	19.05.2019	Estimated cost – MDL 200 000	PSRM and 'Din Suflet' Foundation organised the 'Family Festival' at which the inhabitants of Balti Municipality saw entertainers, had sweet cotton, ice-cream, target shooting, face paint and dances.

<i>'EDELWEISS' Foundation of Vlad Plahotniuc</i>	Seremet v., Cimislia d.	19.04.2019	Around MDL 15 000	The Easter Campaign In-kind donations – vacuum cleaner, 100 books, one basket with Easter products.
<i>'EDELWEISS' Foundation of Vlad Plahotniuc</i>	Izbiste v., Criuleni d.	24.04.2019	Around MDL 30 000	The Easter Campaign In-kind donations – TV set, refrigerator, bicycle, clothing, sweets and toys for 7 children.
<i>'EDELWEISS' Foundation of Vlad Plahotniuc</i>	Climanest v., Nisporeni d.	26.04.2019	MDL 100 000	A voucher of MDL 100 000 as part of the Easter Campaign



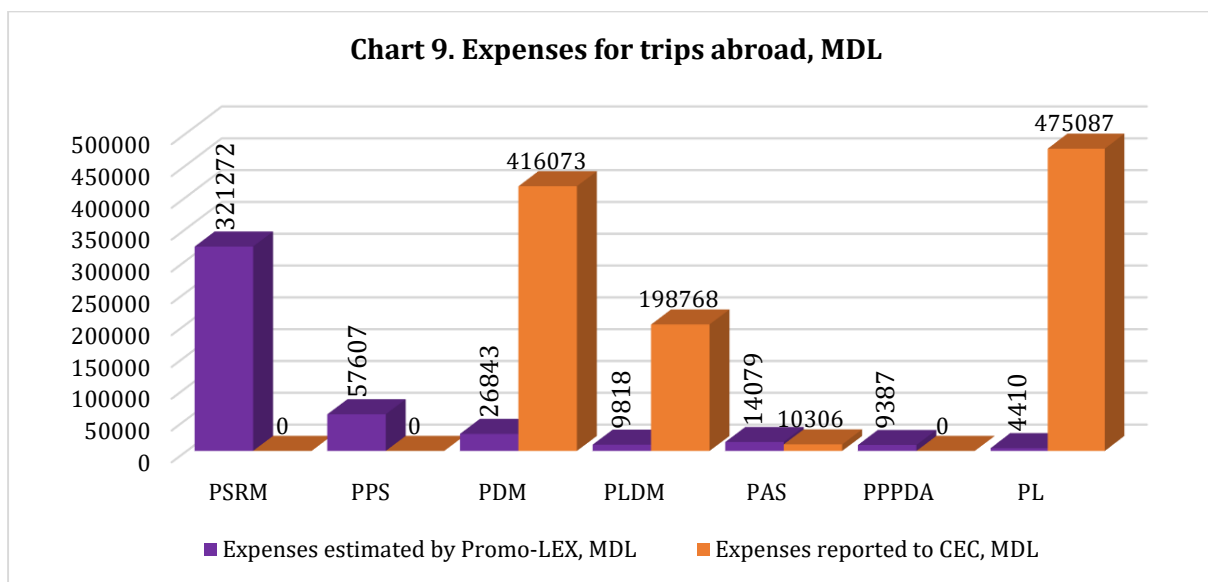
Picture from the Facebook account of Zinaida Greceanii, Chair of PSRM

3.2. Estimation of expenses for political parties' events and political marketing that Promo-LEX observers found but that the parties did not report in their semi-annual statements

a) Travel expenses for trips across Moldova and abroad

1) Trips abroad

To estimate the travel expenses abroad, the cost of air tickets and the minimum protocol cost per accommodation per delegate were used. Trips varied: the number one destination of PSRM was the Russian Federation, PDM – USA, PPS – Italy, Spain, France, PAS and PPPDA – Belgium , Germany, PLDM – Estonia, PL – Belgium (See Table 13 and Chart 9).



Data obtained on the basis of monitoring conducted in the first semester of 2019

Note that Promo-LEX continues to rate the trips abroad paid by the organisers, including international delegation exchanges, as donations and, in the absence of an express provision in Article 25(1)(b) of the Law No 294 of 21 December 2007 on Political Parties, the expenses for these trips are actually travel expenses covered by someone other than the party. Thus, **when the trip is covered by someone other than the party, the latter should introduce the trip expenses in the register of donations made in the form of property, goods, free-of-charge services, or services provided under more advantageous terms than their commercial value, payment of goods or services used by the party³⁶**, under the heading 'goods or services used by the party'.

Table 13. Trips made by the Moldovan political parties abroad in the first semester of 2019

Political party	Trip destination	No of delegates	Accommodation cost, MDL	Ticket cost/round trip, MDL	Period of stay	No of tickets
16.04.2019	Chisinau – Moscow	35 persons	73 500	190 365	2 days	35
18.04.2019	Chisinau – Moscow	3 persons	6 300	16 317	2 days	3

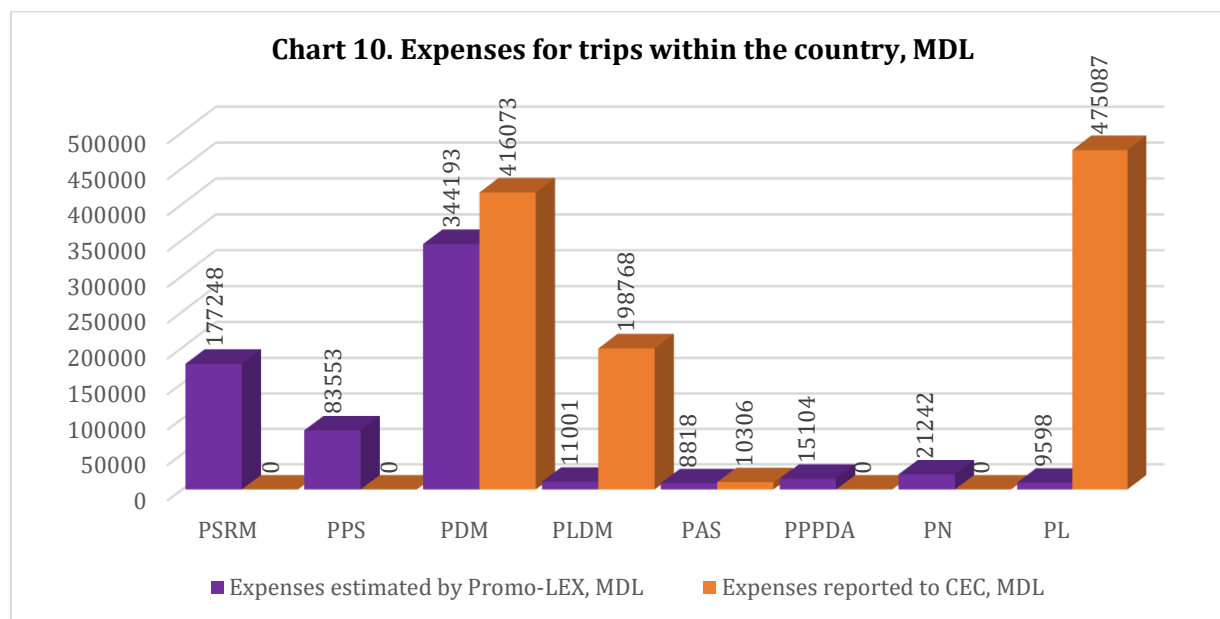
³⁶ Annex 6 to the Regulation on Political Party Funding, approved by CEC Decision No 4401 of 23.12.2015.

28.05.2019	PSRM	Chisinau – Yerevan	1 person	2 100	13 097	2 days	1
26.06.2019		Chisinau – Moscow	1 person	2100	5439	2 days	1
28.03.2019	PPS	Chisinau – Barcelona	2 persons	4200	7854	2 days	2
01.04.2019		Chisinau – Paris	2 persons	4200	5 148	2 days	2
01.04.2019		Paris – Brussels	2 persons	4200	7 068	2 days	2
17.04.2019		Chisinau – Turin	2 persons	4200	13 196	2 days	2
04.06.2019		Chisinau – Bologna	2 persons	4200	15 395	2 days	2
12.06.2019	PDM	Chisinau – Washington DC	1 person	3 150	26 843	3 days	1
23.06.2019	PLDM	Chisinau – Tallinn	1 person	2 100	9 818	2 days	1
21.03.2019	PAS	Chisinau – Brussels	2 persons	2100	3 360	1 day	2
		Brussels – Munich	1 person	1050	7 569	1 day	1
21.03.2019	PPPDA	Chisinau – Brussels	1 person	1050	3 360	1 day	1
		Chisinau – Munich	1 person	1050	3 927	1 day	1
07.05.2019	PL	Chisinau – Brussels	1 person	1050	3 360	2 days	1

2) Trips across Moldova

To estimate the cost of trips inside the country, we multiplied the consumption average of 10 l / 100 km (car), 11 l / 100 km (minibus), 35 l / 100 km (bus) by the distance travelled and the price of fuel of 18,87 lei. Promo-LEX Association estimated the expenses for trips inside the country on the basis of distances travelled reported by observers.

According to the Promo-LEX observers, at least 8 political parties incurred expenses for travelling in the country to organise various promotional or statutory activities, including those reported above.

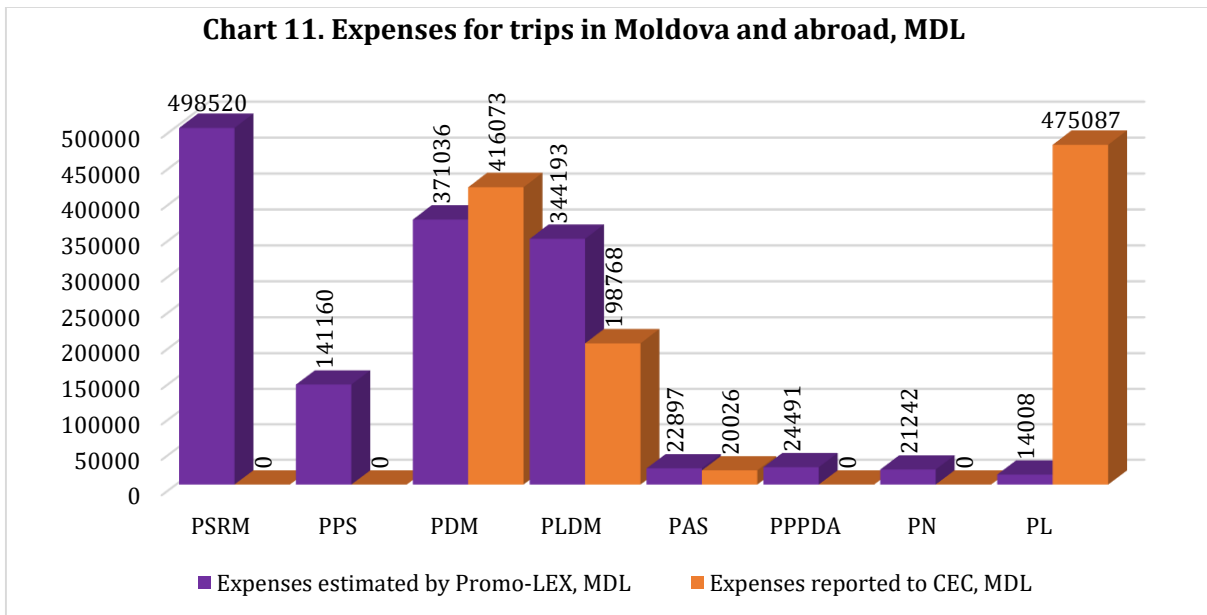


Data obtained on the basis of monitoring conducted in the first semester of 2019



Image taken from the official website of Ziarul de Garda, www.zdg.md

To conclude, according to Promo-LEX estimations, 6 political parties did not report an amount of at least MDL 833 710 for trips in Moldova and abroad. PSRM did not report at least MDL 498 520, PPS – MDL 141 160, PLDM – MDL 145 425, PAS – MDL 2 871, PPPDA – MDL 24 491, PN – MDL 21 242.



Data obtained on the basis of monitoring conducted in the first semester of 2019

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

b) Expenses for public events³⁷

The expenses for this budget line include logistical expenses, the fees of people involved in organising and running the events (e.g. performers, animators, moderators, trainers – each artist's fee (market rate multiplied by the actual time used per event)), costs for renting the premises, stage, sound equipment, media coverage on www.privesc.eu, as well as in local and regional media, printed promotional materials, street and mobile billboards, related costs, etc.

According to Promo-LEX observers, at least 8 parties incurred expenses for 296 political meetings, 96 concerts, 54 protests/marches, 18 press conferences and other political marketing efforts. These expenses had to appear in the financial statements submitted to CEC. Besides the 86 concerts held, which costed about MDL 1 986 318, the political parties initiated various social campaigns as part of which they have away in-kind and financial donations, gifts (at least 225 cases), which costed about MDL 4 446 531.

According to estimates, 5 of the 8 political parties (PPS, PDM, PN, PSRM, PPPDA), that estimations were made about, failed to report expenses totalling altogether MDL 6 432 849. (See charts 12 and 12.1).

PPS organised/participated in at least 46 concerts, 126 political meetings, made 94 in-kind/financial donations, held 9 protests/marches, etc. Ian Raiburg (4), Stas Mihailov, 'Gorod Maskva' band, ASORTI ensemble from Albota de Sus v., Taraclia d., 'Славянка' and 'Надежда' ensembles from Anenii Noi, dancers and musicians, Adi, Enigma Romilor band (2), BrioSones (2), Igor Cuciuc (3), Dorina Popescu, Aura, Mariana Sura, Ionel Istrate, Vitalie Dani, Doinita Gherman, Eftodie Bujor, Doredos, Ana Odobescu and SunStroke Project, Iftodie Bujor, ensemble 'Лейся Песня', Igor Himici, 'Amicii' band, 94 animators, 47 local artists performed for PPS.

Estimated expenses for concerts amount to at least MDL 1 015 191, MDL 799 193 of which were spent for artists' fees, while MDL 215 998 – for stages. The expenses for political activity, charities, sports competitions, political meetings, marches and protests held by PPS, were estimated at around MDL 2 572 342 at least.

PDM organised/participated in at least 14 concerts, 60 political meetings, 51 in-kind/financial donations, 37 sport competitions, 15 protests/marches etc. PDM hired BRIO SONORES (2), 'Porumbita' popular music orchestra, Olga Sava, Andrei Cotofana, Alina Ureche, Valeriu Zagorneanu, Mihaela Andrei, Valentin Butucel, Geta Burlacu, Doina Sulac, Vitalie Maciunschi, 6 folk ensembles, Adrian Ursu, Gabriel Nebunu, Victoria Lungu (2), Ionel Istrati, Gheorghe Topa (2), Anatol Mirzenco, Natalia Gordienko, Mihai Ciobanu (2), and 14 on-stage presenters.

Estimated expenses for concerts amounted to at least MDL 438 986, MDL 274 907 were spend on artists' fees, while MDL 164 080 – for renting the stage and other spaces. The expenses for charities, sports competitions, political meetings, marches and protests held by PDM, were estimated at around MDL 1 727 986 at least.

³⁷ Estimations were also made for the concerts held between 1 and 23 January 2019 – the period during which initiative groups worked, but their financial statements did not show any expenses, and the parties claimed they would introduce those expenses in the semi-annual/annual financial statements they were to file to CEC, <https://bit.ly/2TQoFZz>

PDM organised/participated in at least 26 concerts, 76 in-kind/financial donations, 56 political meetings, 20 protests/marches etc. PSRM hired Vitalie Dani, DOREDOS band (8 times), Belii Oreol band (2), Briceni District Brass Band, Vitalie Dani, Diana Rotaru, Maxim Zavidia, Alla Zasmenco, Lenuta Gheorghita, Doina Ghean, Olga Ciolacu, Mihai Budurin, Sun Stroke Project, Valeria, Nely Ciobanu, Olga Tira, 'LUME' band (2), SUNSTROKE Project, Ionel Istrati, the Military Orchestea, 15 on-stage presenters.



Image taken from the official website of PN, source: www.pnru.md

Estimated expenses for concerts amounted to at least MDL 532 141, MDL 396 651 were spent on artists' fees, while MDL 135 490 – for renting the stage and other spaces. The expenses for political activity, charities, sports competitions, political meetings, marches and protests held by PSRM, were estimated at around MDL 964 589 at least.

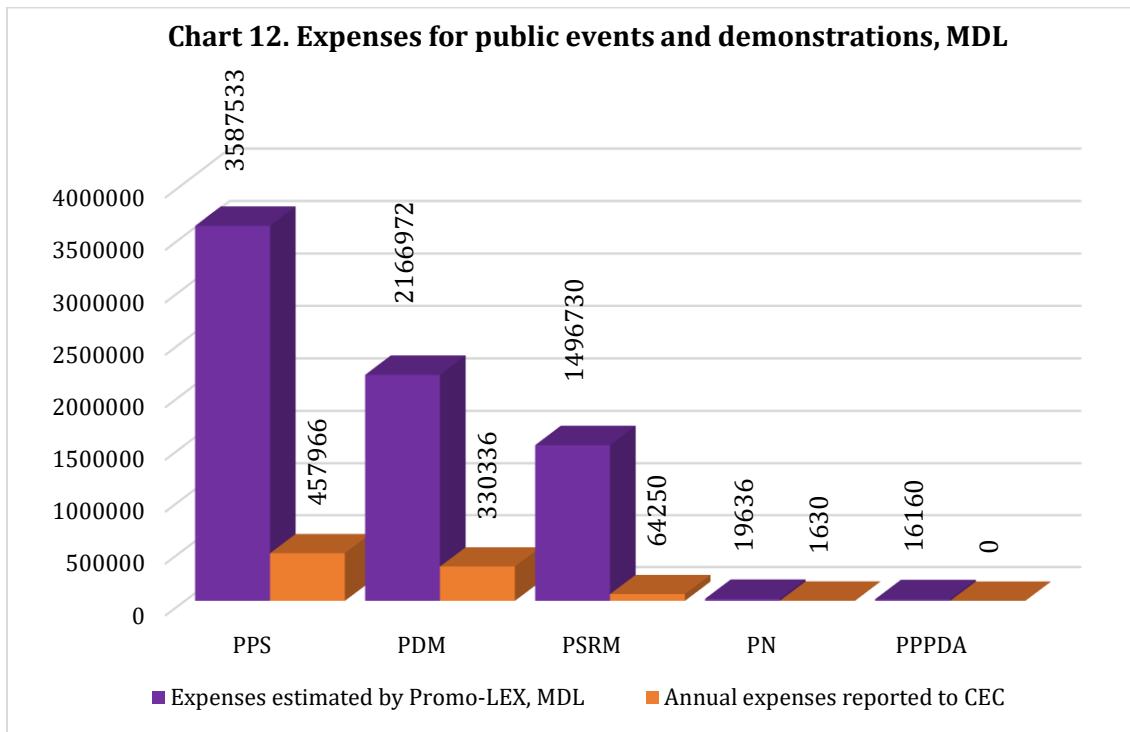
PN ('Our Party') organised/participated in at least 4 political meetings including one with the National Political Council, 4 protests/marches, 2 press conferences. Estimated expenses for its political activity amounted to MDL 19 636 at least.

PAS organised/participated in at least 21 door-to-door exercises, 16 political meetings, 4 protests, flashmobs, one banquet. Estimated expenses for these amounted to MDL 9 818 at least.

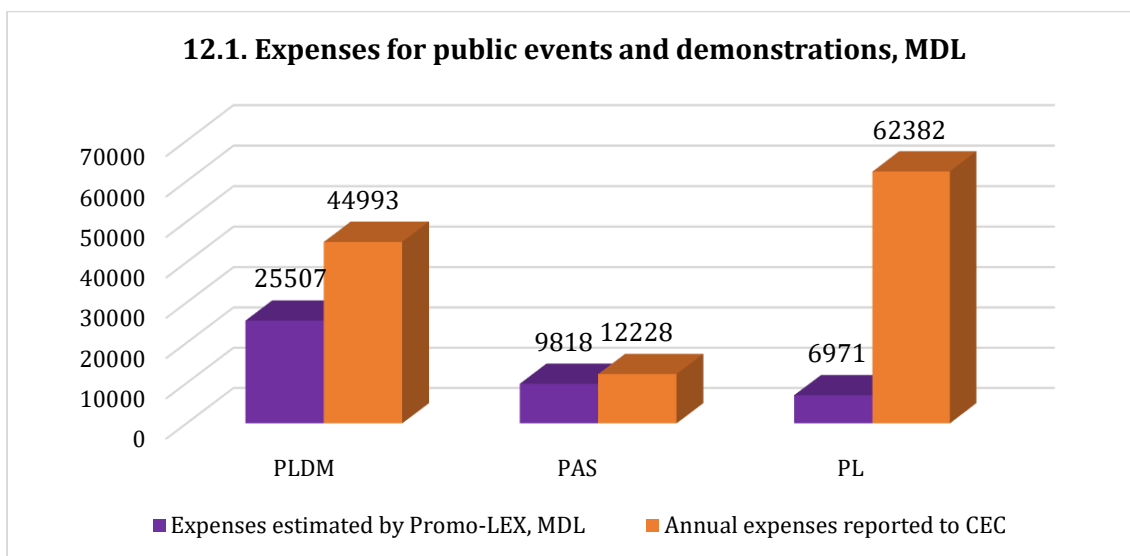
PPPDA organised/participated in at least 19 political meetings, 5 protests, etc. Estimated expenses for these amounted to MDL 16 160 at least.

PLDM organised/participated in at least 11 political meetings, 5 cleaning activities, 2 in-kind/financial donations. Estimated expenses amounted to MDL 25 507 at least.

PL organised/participated in at least 2 political meetings, 3 door-to-door exercises, 2 press conferences, 2 protests, etc. Estimated expenses amounted to MDL 6 971 at least.



Data obtained on the basis of monitoring conducted in semester I 2019



Data obtained on the basis of monitoring conducted in semester I 2019



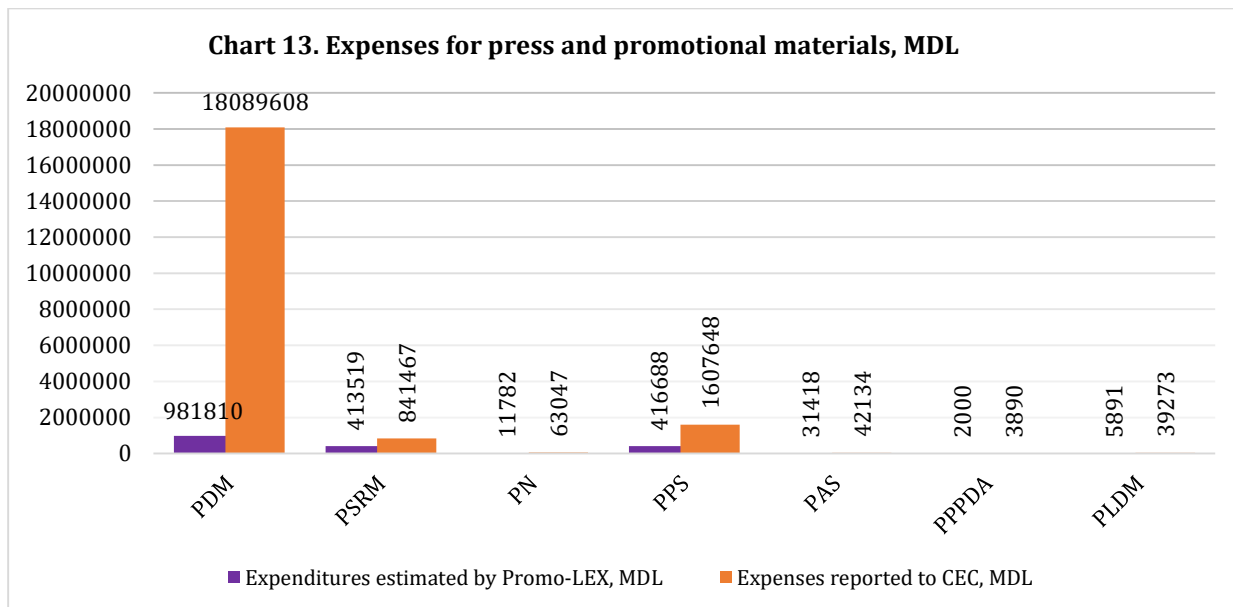
Concert on the occasion of winter holidays in Balti, organised by PPS on 3 January 2019, source: www.official.md

c) Expenses for press and promotional materials

To estimate the costs for promotional and print-outs, the number of promotional materials, reported by the Promo-LEX observers, was multiplied by the minimum market prices. According to our checks, the estimated minimal monthly price per 1 piece of A3 glossy paper poster is MDL 2.0 for a print run of 50 000 copies; 1 piece of A3 colour glossy paper calendar – MDL 3.5; 1 piece of A4 matte paper poster – MDL 1 for a print run of 50 000 copies; 1 piece of A3 newspaper – MDL 0.68 for a print run of 50 000 copies; 1 piece of 21x20cm² flyer – MDL 3; 1 piece of 15x20 cm² flyer for a print run of 300 000 copies – MDL 0.5; 1 piece of 10x12 cm² flyer for a print run of 50 000 copies – MDL 1; 1 balloon with a printed message and logo – MDL 1.5; 1 magnet with message and logo – MDL 5; 1 A5 flyer – MDL 1.5.

According to Promo-LEX observers, at least 8 political parties incurred expenses for press and promotional materials. In all cases the estimates were lower due to the impossibility of segregating the data according to advertising subcategories (print media, online media, TV advertising, radio advertising, street advertising), the Association repeatedly drawing the attention to the urgent need to amend the Report on the financial management of political parties (Annex 8 to CEC Regulation) by developing Section III of the statements format.

Thus, it is recommended to delimit the expense categories of **'press' and 'promotional materials'**, where the **'press' should mean 'advertising' and include specific subcategories of advertising: TV, radio, electronic media, print media, billboards / street advertising and mobile advertising.** We have identified in this situation a breach that could allow parties camouflage the purpose of their spending to their liking. The financials statement form used during the electoral period is more detailed than this one is and the budget lines relate strictly to every category. (See Chart 13).



Establishment of the local PPPDA organisation, source: the Facebook account of Vasili Tataru

*Therefore, Promo-LEX recommends introducing such subcategories as **TV Advertising, Radio Advertising, Online Advertising, Print Media Advertising, Street and Mobile Advertising** into major expenses, similar to the financial statement that election candidates submit to CEC during the election campaigns.*

In addition, Promo-LEX believes it is imperative to regulate political advertising in the time interval between elections, so that the advertising contains the tag 'political advertising', identification data of the entity who paid for it and the date of the bank payment order, like during the election campaign.

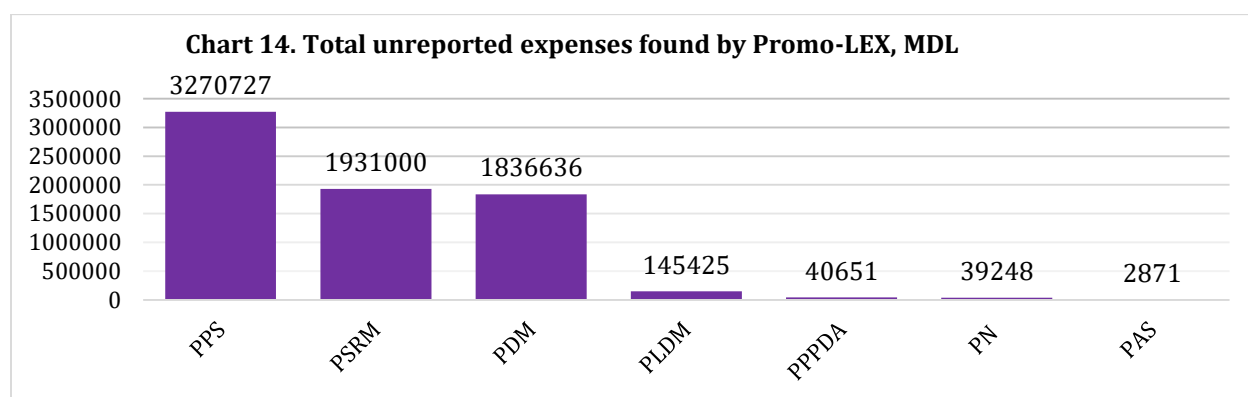
In closing, we found that 7 political parties did not report a total amount of MDL 7 266 559 (See chart 14). According to our findings, the category of expenses for public events was the least transparent. Thus, according to estimates, an amount of at least MDL 6 359 432 was not reported in the category of expenses for public events.

In its monitoring reports, the Promo-LEX Association always draws attention to unreported expenses and to the inconsistencies between the financial statements submitted to CEC and the estimates made by observers. The fact that in the first semester of 2019 party chairs themselves admitted to the nontransparent and obscure nature of their party funding was a first. We mean the case of PDM, when in the context of the PDM National Political Council decision of 29 June 2019 to change the headquarters of the party, the acting Chair of PDM – Pavel Filip, said on TV that the democrats didn't have money to pay for the building where the headquarters were because 'it was no secret that a great deal of the (expenses) was covered by Vlad Plahotniuc, which at this moment is impossible.' Note that in the first semester of 2019, Vlad Plahotniuc – PDM Chair, has not spent officially one leu for funding the party according to the financial statements submitted to CEC.

We believe that such affirmations and obscure cases like 'the collection of donations in Criuleni'³⁸ should be taken as grounds for the law enforcement bodies to address the political party funding mechanisms in general, no only particular formations, in a more responsible and proactive way.

Concurrently, speaking about total estimated and unreported expenses, Promo-LEX reiterates, as always, that the estimated amount is not the full one, since the category of expenses for '**press and promotional materials**' doesn't allow for recognizing three other types of expenses incurred by the parties for political marketing purposes and which are significant. In addition, the category of expenses '**trips inside and outside the country**' would reveal more information about the expenses incurred for this purpose these two were separated and thus would not give rise to suspicions of any kind regarding the origin of the money used to pay for these trips.

For these reasons, Promo-LEX notes the lack of transparency in the actual reporting of party expenses for **press and promotional materials** and **trips inside and outside the country** categories, as well as the fact that the current format of financial statement contributes to the obscuration of certain types of expenses incurred by the political parties in the Republic of Moldova (See Chart 14).



Data obtained on the basis of monitoring conducted in semester I 2019

³⁸ Political party financing in the Republic of Moldova. Semester I, 2018. p. 19 <http://bit.ly/2ZpYLwB>

RECOMMENDATIONS

To the Parliament of the Republic of Moldova:

- Amend Article 48¹ of the Contravention Code by establishing smaller penalties for late submission of financial statements and harsher penalties for failure to submit financial statements by the time the Report on the financial management of political parties is approved by CEC.
- Amend Article 26(3) of the Law 294/2017 by changing the coefficient of 0.3% to 0.1% of the state budget revenues and by adding ‘and budget state subsidies’ after ‘originated from membership fees and donations’.
- Regulate the matter of reporting joint expenses in the inter-electoral period where political blocs are concerned.
- Regulate trips abroad by exempting them from the prohibition to be funded or provided as free-of-charge services or as material support in any form, directly and/or indirectly, to political parties by other states and international organisations, where representatives of political parties are invited to participate in meetings held abroad, with travel expenses being covered by the organisers³⁹;
- Publish the information on donor’s workplace! This should apply both to semi-annual financial statements and to annual financial statements. Although CEC refuses to do it, we demand the amendment of the law;

To the Central Electoral Commission:

- Ask for information from the State Tax Service about the use of cash registers by political parties, about how many are owned by each party and about how they are used by parties to collect revenues (donations, membership fees, revenues out of business). Check how many cash registers are owned by the parties and how they use the CRs;
- Bring the Regulation on Political Party Funding in line with the Regulation on the Use of Cash Registers.
- Check whether the semi-annual/annual financial statements were published by the parties on their official website, and urge those who didn’t to comply.
- Amend the format of the Report on the Financial Management of Parties to match the Financial Statements on Election Campaign Funding Amend the template of the financial statement on party financial management, at least by:
 - separating the travel expenses category into two distinct budget lines;
 - separating the category of expenses ‘Maintenance and/or rent of office spaces’ into two distinct budget lines;
 - introducing subcategories of expenses in the major categories of the annual financial statement, similar to the financial statements that electoral candidates submit during electoral campaigns. For example: ‘Expenses for volunteer / electioneerer rewards’, specific subcategories of advertising: TV, radio, digital media, print media, billboards/outdoor and mobile advertising, etc.;
 - including in the structure of the financial statements a new category of expenses – ‘expenses for consultancy services’;

To the State Tax Service:

³⁹ By accepting donations, the representatives of political parties assume on their own responsibility that the funding organisations are of good faith and that their sources of funding are legal and transparent.

- Check whether the collection of donations, membership fees and revenues out of business activity by political parties is in line with the Regulation on the Use of Cash Registers;
- Amend the Regulation on the Use of Cash Registers so that the donations are collected in the same way as membership fees are collected – by issuing payment receipts, and so that the political formations that violate the law are punished.

To political parties:

- Fill out the budget lines of the financial statements that is submitted to CEC and show all expenses, especially the ones associated with the election campaign;
- Publish the semi-annual/annual financial statements on the official websites;
- Ensure the transparency of revenue collection and spending in the inter-electoral period by reflecting the actual expenses;
- Set up official websites if you receive state budget subsidies and publish the financial statements on the monthly costs covered with state budget funds, publish the internal audit reports and provide information about this to the Central Electoral Commission.

LIST OF ABBREVIATIONS

LPA – Local Public Administration
PSA – Public Services Agency
art. – Article
para. – paragraph
CoC – Court of Accounts
CEC – Central Electoral Commission
CCET – Center for Continuous Electoral Training
ENEMO – European Network of Election Monitoring Organizations
GRECO – Group of States against Corruption
LPP – Law No 294 on Political Parties
CR – Cash registers
MoJ – Ministry of Justice of the Republic of Moldova
MPA – Anti-mafia People’s Movement Political Party
MPSN – ‘Speranța-Надежда’ Movement of Professionals
MSPFN – ‘Forta Noua’ [‘New Force’] Social-Political Movement
MSPRRM – Social-Political Movement of the Roma People from the Republic of Moldova
OSCE/ODIHR – OSCE Office for Democratic Institutions and Human Rights
TB – territorial branch
PAD – Democratic Action Party
PAM – Agrarian Party of Moldova Political Party
PAS – Political Party of Action and Solidarity
PC – Conservative Party
PCNM – ‘Our Home-Moldova’ Political Party
PCRM – Party of Communists of the Republic of Moldova
PPDA – ‘Democratia Acasa’ [‘Democracy at Home’] Political Party
PDM – Democratic Party of Moldova
PE – European Party
PFSM – ‘Frontul Salvării Moldovei’ [‘Moldova Salvation Front’] Political Party
PL – Liberal Party
PLD – Party of Law and Justice
PLDM – Liberal Democratic Party of Moldova
PLR – ‘Liberal Reformist Party’ Political Party
PMAE – ‘European Action Movement’ Party (USB – ‘Salvati Basarabia’ [‘Save Basarabia’ Union])
PMUEM – ‘Moldova Unită – Единая Молдова’ [‘United Moldova’] Party
PN – ‘Our Party’ Political Party
NAPIAA – National Action Plan Implementing the Association Agreement
PNL – Liberal National Party
PNOI – New Historical Option Political Party
PPCD – People’s Christian Democratic Political Party
PPDA – ‘Dignity and Truth Platform’ Political Party
PPDM – ‘People’s Democratic Party of Moldova’ Political Party
PPEM – ‘People’s European Party of Moldova’ Political Party
PPM – ‘Moldova’s Patriots’ Party
PPNT – ‘Pentru Neam si Tara’ [‘For the Nation and Country’] Political Party
PPP – ‘HOMELAND’ Political Party
PPRM – ‘People’s Party of the Republic of Moldova’ Political Party
PPSM – The Socialist People’s Party of Moldova
PPS – Sor Political Party
PR – ‘REBIRTH’ Political Party

PReg – Party of the Regions from Moldova
PRM – Republican Party of Moldova
PRSM – ‘Russian-Slavic Party from Moldova’ Political Party
PSD – Social Democratic Party
PSM – Socialist Party of Moldova
PSE – European Left’s Political Party
PSP – ‘Party of Progressive Society’ Political Party
PSRM – ‘Party of Socialists of the Republic of Moldova’ Political Party
PUCM – Centrist Union of Moldova Political Party
PUM – Political Party for Moldova’s Unity
PUN – National Unity Party
PVE – Ecologist Green Political Party
PVP – ‘Vointa Poporului’ [People’s Will] Political Party
STS – State Tax Service