



Research on Political Party Finance Reform in Timor-Leste: Problems and Recommendations

FINDINGS OF THE RESEARCH

1. Gap in law and regulation

2. Weak the oversight bodies competence

3. Issues in the financial management of political party

Gap in Law and Regulation

Decree Law no. 6/2008 - Legal regime for the financing of political parties.

- The law does not regulate about amount of funds that allocated to political parties. So it depends on the political parties sitting in the National Parliament to allocate funds.
- The law not define about how use of these funds, include the ban on the use of fund. So, each political party has the freedom to use the funds for party needs and interests.
- The law regulates the applicable sanctions for violations of political finance regulations, including suspension of public funding, fines (USD 1,500–15,000) and imprisonment (six months–two years). The sanctions are clear, but does not provide further explanation regarding the implementation for what violations and how

- The law requires political parties to presenting and report all the income they have from various sources of funds with transparently. But in reality, the law only applies to public funds from government budget. Political parties are not required and did not obligation to report and publish existing private funds (members fees , contribution and donations)
- The funds distributed for political parties based on the number of seats. Parties with many seats will receive more than those with few seats. So that large parties will continue to grow because they have adequate funds, while small parties will remain small because of existing limitations.

- The law not regulate the amount of donations/contributions that can be donated to political parties or candidates (whether for elections or routine activities), not regulate about self-financing and loans and do not regulate about buying (and selling) of votes or commonly known as money politics
- The law ensures that the finances of political parties and election campaigns must be legal, transparent, presented, monitored and publicized. But in implementation, no audit for election campaign funds and not required political party to provide detailed report and account for the funds received from other sources such as contribution or donations.

Weak of oversight bodies competence

- CNE (National Commission for Election) responsible for conducting audits of political party finances receive subsidized funds from the government , but there is no audit for election campaign funds.
- CNE only focuses on funding support from the government, does not have the competence to control the finances of political parties from private funding,
- The sanctions are clear, but CNE not strictly enforced.
- Lack of human resources at CNE, and do not have an accounting background so this is challenge to ensure accountability.
- Weak oversight of political finance regulations by CNE because the law does not provide competence

Issues in the financial management by political party

- The problems in the financial management of political parties such as: financial bookkeeping, supporting documents, financial reports, report deadlines, file and documentation systems, financial supervision and control, regular audit and also financial officers.
- Some political parties do not implemented the financial procedures; even do not have a financial manual and professional financial staff.
- Political party not yet transparent about their finances, especially finance report.
- Lack of political will among political leaders and political parties to manage political party finances with transparency and accountability.

Recommendation to National Parliament and government

- Revise the Law No. 6/2008 to define about amount of funding to political parties, type of activities, allocation and use of these funds include the ban on the use of fund, and also define about amount that received by each political parties sitting in the National Parliament.
- Ensure that CNE have a clear mandate, adequate resources, and the capacity to carry out their political finance oversight duties, including investigating political finance violations and applying appropriate sanctions, and ensure the independence of CNE from political influence.
- Create specific regulation for electoral campaign funds managements and reporting

Recommendation to CNE

- Ensure political party presenting and reporting on revenue and expenditures from public funding and private funding with transparent and accountability.
- Ensure that there is reporting on election campaign funds, both subsidized by the government and donations/donations from other parties and audited
- Ensuring political parties to implement finance regulations, by conducting regular reviews of political party finances
- Provide strict sanctions for political parties that violate the regulation
- Cooperate with other regulatory bodies such as the Anti-corruption Commission (CAC)

Recommendation to Political Party

- Must recorded and reported all revenue and expenditures from public funding and private funding, and published the finance report and make the reports available on the Internet
- The financial reports are submitted to CNE regularly and timely manner
- Review the political finance systems and procedures and ensure their effective implementation
- Provide training for political parties finance person and strengthen parties' internal practices
- Create mechanism for ensure all party members to pay member fees and give contribution for party

Recommendation to CSOs

- Advocacy for revising laws, ensuring enforcement of regulations and promoting transparency
- Monitoring the effectiveness of political finance oversight with conduct social audit for public funds and private funds of political parties
- Support the internal technical capacity of political parties by providing financial management training to political parties finance person
- Cooperate with political parties to support political party financial reform



**Thank you
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