

“Money and Elections: The OAS experience in implementing the Methodology to observe Political and Electoral Financing in Latin America and the Caribbean”

Betilde Muñoz-Pogossian, PhD
Director Department of Electoral Cooperation and
Observation (DECO/OAS)
September 9, 2013



Organización de los
Estados Americanos

Presentation Agenda

1. Why should the observation of the Political and Electoral Financing Systems be incorporated to the Electoral Observation Missions of the OAS (EOMs/OAS)?
2. How should it be done?: Methodology to Observe Political and Electoral Financing.
3. From theory to practice: methodology implementation findings (2010-2013).
4. Conclusions.

1. Why should the observation of the Political and Electoral Financing Systems be incorporated to the Electoral Observation Missions of the OAS (EOMs/OAS)?

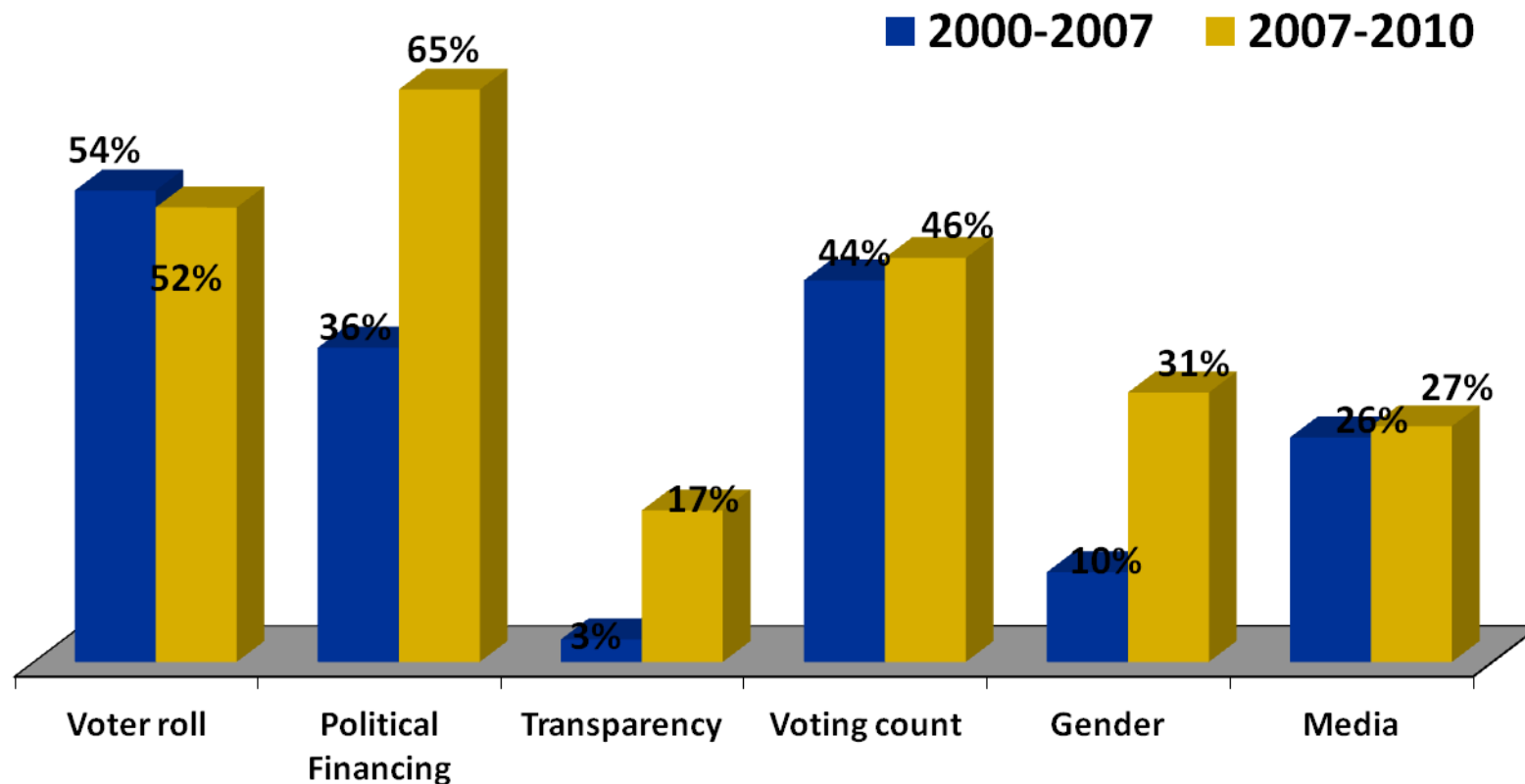
Institutional mandate: Inter-American Democratic Charter (IDC).

Art. 5 “The strengthening of political parties and other political organizations is a priority for democracy. Special attention will be paid to the problems associated with the high cost of election campaigns and the establishment of a balanced and transparent system for their financing”.

Empiric Evidence: Electoral Observation Missions (EOMs/OAS).

1. Identification of a lack of regulation regarding the topic.
2. Perception of disparity in the access of financing sources.
3. Continuous political actor demand to limit money distortion following the logic “one citizen, one vote”.

1. Why should the observation of the Political and Electoral EOMs Final Reports Recommendations



1. Why should the observation of the Political and Electoral Financing Systems be incorporated to the Electoral Observation Missions of the OAS (EOMs/OAS)??

Because the EOMs/OAS are an instrument to:

- Assess in a systematic way what has been observed empirically.
- Identify the existing differences regarding legislation.
- Analyze the application of norms, their successes and failures.
- Make visible the obstacles that distort electoral competition.
- Expand electoral observation beyond election day.



Presidential Campaign in Guatemala 2011

2. How should it be done?: Methodology to Observe Political and Electoral Financing.

What is observed with this methodology?



Equity and Transparency conditions in the Political and Electoral Financing Systems (PEFS).



An equitable PEFS seeks to **guarantee condition equality** in the competition **by regulating campaign resources**.



A transparent PEFS seeks to **guarantee** the **necessary conditions** to **access information** about the **flow of campaign resources**.

2. How should it be done?: Methodology to Observe Political and Electoral Financing.

How to observe?



Gathering of systematic and robust information



By means of 8 Indicators and 33 variables

Indicators used in the methodology

EQUITY

1. Stimulate public financing.
2. Ban the use of state resources.
3. Restrict private financing.
4. Limit campaign costs.

TRANSPARENCY

5. Accountability.
6. Government control.
7. Sanction regime.
8. Access to information.

Each indicator counts with analysis variables

EQUITY Indicators	Analysis Variables
1. Promotion of public financing	<ul style="list-style-type: none"> • Calculation mechanism • Distribution mechanism • Delivery mechanism • Directing mechanism
2. Prohibition of the misuse of public resources	<ul style="list-style-type: none"> • Prohibition of publicity of government affairs • Prohibition of the use of public office for campaign purposes • Prohibition of the use of government resources in campaigns • Prohibition of vote buying and political patronage
3. Restrictions on private financing	<ul style="list-style-type: none"> • Prohibition of anonymous contributions • Prohibition of foreign contributions • Prohibition of contributions from contractors and license holders • Prohibition of contributions from legal entities • Prohibition of contributions from the media • Limits on contributions from individuals
4. Limitation of campaign spending	<ul style="list-style-type: none"> • Limits on campaign length • Limits on campaign expenditures • Limits or prohibitions on spending triggers

TRANSPARENCY Indicators	Analysis Variables
5. Reporting	<ul style="list-style-type: none"> • Mechanisms for recording income • Mechanisms for managing resources • Mechanisms for recording spending • Composite financial reports
6. Government oversight	<ul style="list-style-type: none"> • Institutional measures • Review mechanisms • Verification mechanisms • Auditing mechanisms
7. Sanction system	<ul style="list-style-type: none"> • Types of violations • Types of penalties • Procedural rules • Competent bodies
8. Access to information	<ul style="list-style-type: none"> • Processing mechanisms • Classification mechanisms • Appeals mechanisms • Automatic publication mechanisms

3. From theory to practice: methodology implementation findings (2010-2013).

Implementation of the Financing Methodology

1. Pilot phase: 6 Latin American countries:

(2011) Guatemala, Colombia

(2012) El Salvador

Caribbean:

(2011) Saint Lucia, Jamaica

(2012) Dominican Republic

2. Oficial implementation: 5 countries

(2012) Mexico, Nicaragua, Honduras

(2013) Ecuador, Paraguay.

Total : 11 countries in three years.

Thanks to this, the OAS today counts with:

1. Systematic information regarding the political financing systems in the continent.

2. Capacity to analyze how these systems generate or don't conditions for electoral competition equity and transparency.

3. Make specific recommendations taking into account the observed context and the political and institutional reality of the country.

3. From theory to practice: methodology implementation findings in Latin America and the Caribbean.

EQUITY IN THE POLITICAL AND ELECTORAL FINANCING SYSTEMS

Indicator	Latin America	Caribbean
1. Stimulate public financing	<ul style="list-style-type: none"> • Mechanisms to “balance” equity in competition. • Lack of financing targeted to women candidates. 	<ul style="list-style-type: none"> • Lack of public financing.
2. Ban the use of state resources	<ul style="list-style-type: none"> • Use of social programs, propaganda and state advertising. • Regulated but with no implementation mechanisms. 	<ul style="list-style-type: none"> • Use of state resources, propaganda and advertising.
3. Restrict private financing	<ul style="list-style-type: none"> • Wide gap between legislation and implementation. • Candidate financing vs political party financing. 	<ul style="list-style-type: none"> • Lack of private financing regulation. • Foreigner financing and anonymous resources .
4. Campaign costs	<ul style="list-style-type: none"> • Lack of limits. • Unequal access to media. 	<ul style="list-style-type: none"> • Lack of limits.

3. From theory to practice: methodology implementation findings in Latin America and the Caribbean.

TRANSPARENCY IN THE POLITICAL AND ELECTORAL FINANCING SYSTEMS

Indicator	Latin America	Caribbean
5. Accountability	<ul style="list-style-type: none"> Active and key rol of the Electoral Authorities. Technical and budget limitations to develop their work. 	<ul style="list-style-type: none"> Of the candidates, not the parties. <i>Representation of People's act.</i>
6. Governmental control	<ul style="list-style-type: none"> Challenges in the revision, verification and systematization of the information presented by the parties. Gaps between the existing norms and their implementation in practice. 	<ul style="list-style-type: none"> Limited control. Little or inexistent legislation.
7. Sanction Regime	<ul style="list-style-type: none"> Imposition of tough sanctions have less chances of being implemented. Efect of personalized sanctions . 	<ul style="list-style-type: none"> Limited to candidates.
8. Access to information	<ul style="list-style-type: none"> Existence of information access laws. Divergence of criteria regarding whether information has to be public and who must publish it. 	<ul style="list-style-type: none"> Lack of formal mechanisms.

2. How should it be done?: Methodology to Observe Political and Electoral Financing.

Gender Considerations

Current Situation in the Region:

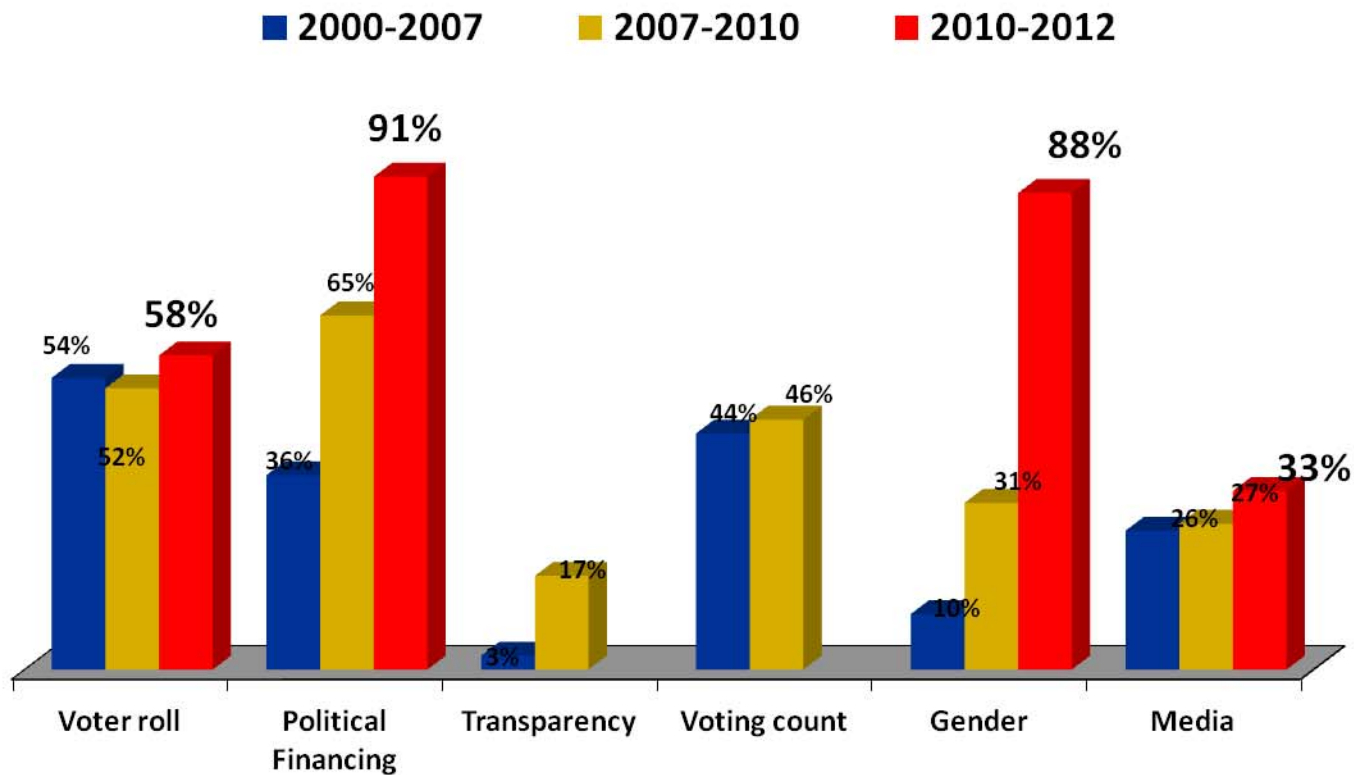
- Women constitute more than 50% of voters.
- No financing directed to women during the campaign.
- Financing for training in Panama, Mexico, Brazil and Costa Rica.
- Absence of hard data to make visible the inequity in the access to financing.

Challenges Ahead:

1. Absence of legislation that guarantees equal opportunities .
2. Tensions between the impact of political financing versus type of list.
3. Determine what is the role of directed financing and the responsibility of the parties.
4. Generate hard data to make visible the inequity in the access to financing.

3. From theory to practice: methodology implementation findings in Latin America and the Caribbean.

EOMs Final Report Recommendations



4. Conclusions

- The implementation of the Political and Electoral Financing Methodology enhances the contribution of the Electoral Observations Missions (EOMs) to the democratic process in the hemisphere. It generates systematic, robust information regarding the equality and transparency in the electoral competition.
- The recommendations presented as a result of the implementation of the methodology create new opportunities for working with EMBs in non-electoral times as well as horizontal cooperation with other EMBs.
- The development and implementation of this methodology allows the OAS to respond in a timely matter to the challenges arising from the complex relation between money and politics.
- This methodology generates valuable information that could be used by political parties, academics, and civil society organizations for advocacy purposes.



Thank you