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## Article

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## **Financing of Political Parties and Electoral Campaigns in Kosovo**

**Sadik Haxhiu<sup>1</sup>, Gëzim Tosuni<sup>2</sup>**

**Abstract:** One of the most fundamental issues for the establishment, organization and functioning of political parties and other forms of political organization and unification is the financing of political parties and electoral campaigns. Financing of political parties and election campaigns is determined by special laws. In the Republic of Kosovo, this funding is determined by the Law on Financing of Political Parties and the Law on Elections. It determines the financing of parliamentary and non-parliamentary political parties from the state budget; financing quotas as well as their financing by membership, private financing, service financing, etc., the parties are obliged to report on financial and service expenses. Exceeding these costs means violating the law. For lack of transparency of monetary expenditures, political parties should be punished by the relevant bodies. This punishment of political parties is carried out in the form of a fine, the removal of any candidate from the electoral list and the prohibition of the concrete legal action of the political party. In Kosovo, political parties do not objectively report income and financial expenses from membership; revenues from private financing and expenditures from services. In this way, the belief has been created that political parties can circumvent legal norms, given that the Central Election Commission has so far imposed relatively small sentences.

**Keywords:** Financing of political entities; private financing; election campaigns; financial transparency; etc.

**JEL Classification:** F30

### **1. Introduction**

Political parties are fundamental political institutions for modern democracy. They are essential for the organization of democratic politics and are very important for the expression and manifestation of political pluralism, mobilizing and organizing the general public, especially in election periods. All of these actions carry a lot of financial costs (Haxhiu, 2013, p. 399).

One of the main challenges for the conduct of democratic elections, whether in countries with fluid democracies or in states with consolidated democracies, is undoubtedly the financing of political parties and electoral campaigns. Financing not only requires precise legal infrastructure but also requires state institutions to conduct an objective audit of revenues and expenditures of both political parties and electoral campaigns.

The complexity of an election campaign would not have its natural proportions if the financial component were not part of it. (Haxhiu, 2013, p. 400). Contemporary political systems face major

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problems for the equality of political parties through electoral processes. One of the most fundamental issues that damages the equality of political entities is the unequal financing of political parties, especially during election campaigns. (<https://www.idea.int/>).

*So today the role of money in politics has become the biggest threat to democracy. This is a global problem and very difficult to address. <http://shtetiweb.org/>). It is highly unrealistic to expect democratic elections to be completely separate from financial matters. Financial contributions are a legitimate form of political participation, but the financial power of legal persons or certain individuals should not be allowed to influence the selection of candidates. (Goodwin – Gill, 1998, f. 20).*

*Like any organization, political parties need funding. Even in states with consolidated democracies, it is quite difficult to control the financing of political parties and electoral campaigns.*

In this way, the finances of political parties and election campaigns become the hottest points of the election campaign, especially *on the eve of the elections*. Large sums of money spent during the campaigns of political parties, or even a candidate for MP, have become fashionable, in general (Politikani i Ri NDI, 2005, f 14).

The rules for financing political parties and election campaigns should be based on the following principles:

- creating a reasonable balance between public and private funding,
- fair criteria for the distribution of state contributions to parties,
- strict rules regarding private donations,
- setting the limit for party expenditures in relation to election campaigns,
- full transparency of accounts,
- creation of an independent audit authority,
- and imposing fair sanctions on parties and candidates who violate the rules. (Ingrid, 2003, f. 10).

While in one of the recommendations for financing political parties and electoral campaigns it is stated:

- to publish the income and expenses of political entities,
- to limit donations and other revenues for political parties,
- limit campaign expenses,
- to specify state subsidies,
- and to establish institutions that oversee the election campaign and punish political entities that do not comply with campaign financing rules. (Monitoring Election Campaign Finance A Handbook for NGO s 2005, p. 138).

These principles of the above-mentioned authors very well round off the legal principles for financing political entities and electoral campaigns, as well as penalties for non-compliance with these principles.



## **2. Financing of Political Parties and Electoral Campaigns in Kosovo**

In order for political parties to function anywhere in the world, and therefore in Kosovo, they need financial means in order to carry out their agendas. The legal basis for financing political parties and electoral campaigns is regulated concretely through the relevant laws, whether the laws governing the organization of elections or the laws governing the financing of political entities and electoral campaigns. The Republic of Kosovo is a country that does not have a long tradition of parliamentarism and party pluralism. For the first time in Kosovo, the first local elections were held in 2000 and the parliamentary elections in 2001. Despite the lack of experience in organizing elections, the quality of their organization has increased after each election cycle. Financing of political parties and electoral campaigns in Kosovo is determined by the Law on General Elections and the Law on Financing of Political Entities. (Law nr. 03/ L-073, 2008; and nr. 03/L- 2010). This financing is done from the State Budget, through the Fund for the support of political entities. The fund operates within the Central Election Commission. The amount of budget funds dedicated to the Fund for the Support of Political Entities cannot exceed (0.17%) of the Kosovo Budget. (<http://www.kqz-ks.org>). This fund has grown progressively from year to year. The purpose of using the funds from the Fund for the support of political entities is: financing the activities of political entities for financing pre-election and electoral activities, financing the branches of political entities; financing for the annual expenses of the deputies and the work of the Parliamentary Groups; for party activities; for expenditures for local and central elections, as well as for extraordinary elections. (<http://www.kqz-ks.org>). In addition to the primary legislation, approved by the Assembly of the Republic of Kosovo, the Central Election Commission (CEC) in 2013 approved four election rules, respectively:

1. Code of conduct for political entities, their supporters and candidates;
2. The rule for limiting campaign expenses and financial declaration;
3. election campaign rule and notification of political events
4. as well as the regulation on the financing of political entities and sanctions. (Group of authors: Electoral and party system in Kosovo, p. 79).

Through these electoral acts, the rules of etiquette, financing, limitation of financial expenses and the responsibility of political entities after violating these rules, respectively the punishment of political entities, have been specified.

### **2.1. Public Funding of Political Parties**

One of the most eminent scholars in the field of democracy and electoral systems, Giovanni Sartori has argued that the electoral system is the most specific manipulative instrument of politics. (Giovani, 1968, pp. 261-298). This instrument of manipulation is expressed, among other things, through the illegal way of securing the financing of political entities, monetary and service expenditures, and in particular, the financing and illegal expenditures of political entities during election campaigns.

Practice has shown that public funding of parliamentary political parties is not the same everywhere. In some countries all political parties are funded by the state budget, in others only parliamentary political parties. In some other countries, all parliamentary and non-parliamentary political parties, but



parliamentary political parties, receive a larger percentage of financial resources from the state as a form of public funding, while non-parliamentary political parties receive much less. Spanish legislation on the financing of political parties provides for public funding for the payment of electoral expenses based on the number of votes won by each party and the mandates won in parliament. (<https://whogoverns.eu/wp>).

In Germany, the election campaign is organized by political parties and funded by the state. The state allocates financial resources to each political party based on the votes it received in the last elections. How many votes a party has received in parliamentary, state or municipal elections, receives the same amount of money. For example, by law, for each vote a party receives, it receives 85 cents. With this money, the parties finance the spots, organize election assistants, appointed party employees, etc. So, all these expenses are financed by the state, only if the party has received a certain number of votes in the previous elections. (Gay & Gill; 1998, p. 15).

The financial and material resources of political parties and electoral campaigns in the Republic of Kosovo consist of:

- membership fees;
- contributions;
- funding from the Budget of the Republic of Kosovo;
- any property acquired in accordance with this law;
- income from the activities of the political entity determined by law for the financing of
- political entities. (Law No. 03 / L-174 On the financing of political entities, Article 14).

In the Republic of Kosovo, in order to finance the regular activities of the political entity, the funds from the Fund for the support of political entities are divided between the political entities represented in the Assembly based on the number of seats for that term. If a MP decides to leave the political entity where he has won the mandate, he will not transfer the financial means allocated by the Fund for that mandate to the new political entity. (Law No. 03 / L-174, 2010).

This practice has taken place in Kosovo, where after the elections the MPs of one party have either passed to another party, or have declared themselves independent MPs. This is what happened to two MPs of the Alternative Party of Kosovo who have been removed from the electoral list of the Democratic League of Kosovo. They have claimed that: since they have the right to move to another parliamentary entity, and to receive the parliamentary mandate, therefore according to them they have the right to receive the fund that belongs to them as an elected MP in the last parliamentary elections in 2017.

Based on the Law on Budget of the Republic of Kosovo for 2016, the approved budget for the program "Support of Political Entities" was in the amount of 4,200,000 euros. With the decision of the Government, the budget was reduced to the amount of €1,449.50 and the final budget was finally approved in the amount of €4,198,550.50. During 2016, political entities spent 4,198,550.50 euros, or spent the planned budget 100.00%. (CEC work report, 2016, p. 41). However, political entities have spent not only the budget allocated by the government but also other financial means from membership fees, legal entities and private donors.

**Table 1. Planned Budget for Political Entities and distribution for 2016**

NO.	PROG RAM CODE	POLITICAL ENTITIES	NUMBER OF SEATS NEW MANDATE	BUDGET PLANNING	PAID SUM	% OF REALIZATION
1	10402	DPK	37	1,165,500.00	1,165,500.00	100%
2	10401	DLK	30	945,000.00	945,000.00	100%
3	10427	Self-determination Movement	16	504,000.00	504,000.00	100%
4	10403	Alliance for the Future of Kosovo	11	346,500.00	346,500.00	100%
5	10432	Serbian List	9	283,500.00	283,500.00	100%
6	10433	Social Democratic Initiative (NISMA)	6	189,000.00	189,000.00	100%
7	10407	KDTP	2	63,000.00	63,000.00	100%
8	10406	VAKAT	2	63,000.00	63,000.00	100%
9	10416	PDAK	1	31,500.00	31,500.00	100%
10	10430	PAI	1	31,500.00	31,500.00	100%
11	10431	NDS	1	31,500.00	31,500.00	100%
12	10434	PDS	1	31,500.00	31,500.00	100%
13	10435	PLE	1	31,500.00	31,500.00	100%
14	10436	KZA	1	31,500.00	31,500.00	100%
15	10437	KNRP	1	31,500.00	31,500.00	100%
<b>Total</b>			<b>120</b>	<b>3,780,000.00</b>	<b>3,780,000.0</b>	<b>100%</b>

*Source: The work report of the Central Election Commission of Kosovo for 2016.*

To finance the election campaign for the central and local elections, whether for regular or extraordinary elections, the Assembly of Kosovo, from the Fund allocates funds on the proposal of the Government, but not more than 0.05% of the Kosovo budget. Funds for campaign financing are allocated to political entities participating in elections according to the following criteria: 90% of financial resources are allocated based on the number of seats in the Assembly: for central elections based on seats in the last central elections; for local elections based on seats in Municipal Assemblies in the last local elections; 10% of the financial resources are allocated proportionally to the newly registered and certified political entities for the elections by the Central Election Commission. (Law No. 03 / L-174 On the financing of political entities). In this way we have a disproportionate funding of political entities that have participated in elections before with those that have just been formed. The lack of financial transparency of political entities has raised major dilemmas for the representative of civil society in Kosovo, regarding the way of financing, including election campaigns. (<https://www.evropaelire.org/html>). In addition to many organizational difficulties, newly formed political parties also have basic financial shortcomings, so their chances of running equally and succeeding in elections are slim.

## **2.2. Private Financing of Political Parties in Kosovo**

Political parties, in addition to public funding from the state budget, can also be funded by private funding sources. These private resources can be in the form of cash and in the form of services. Political entities are allowed to receive contributions from: natural persons, in the amount of, not more



than two thousand Euros per calendar year, while legal entities in the amount of not more than ten thousand Euros per calendar year. The political entity that accepts a contribution, the origin and the source of which, the contributor cannot prove, is obliged, within two weeks, to notify the competent bodies to certify the origin of this contribution. (Law no. 03 / L-174 On the financing of political entities, 2010, article 5). *The biggest problem with the private financing of political parties is during the election calendar, where there have always been problems with the transparency of these finances, as well as the lack of explanation of the sources where they come from.* (<https://www.evropaelire.org/html>). *Controlling the private financing of political parties and electoral campaigns in the Republic of Kosovo is one of the biggest challenges of the financial control of political parties.*

### **3. Reporting of Revenues and Monetary Expenditures by Political Parties in Kosovo**

When a political entity registers within the Central Election Commission (CEC), it accepts certain rules and obligations. One of these tasks is financial reporting. Financial reporting is regulated by applicable laws and regulations, such as the Law on the Financing of Political Parties; Law on General Elections, as well as Rule no. 14/2015 On Financing of Political Entities and Sanctions (<http://crdp-ks.org/wp>). Under these laws and regulations, political parties and other entities participating in elections are required to report at certain time intervals on cash inflows and expenditures. Registered political entities submit to the CEC annually the annual financial report, no later than March 1 of the following year. Each annual financial report contains: the balance sheet, which shows the party's assets, liabilities and capital; the statement which shows the income and expenses of the party, as well as the statement which shows any payment made to the other person during the period included in the report. (Law No. 03 / L-174, 2010, Article 14). Also, each annual financial report contains copies of the following documentation: financial statement of the political entity registered for the period included in the report; invoices for all expenses exceeding the amount of one hundred euros; bank balances for each bank account of the registered political entity or accounts on its behalf, as well as the register of all contributions to the registered political entity. Political entities that receive contributions from Private Enterprises, which, through contracts with state institutions, perform services, must prepare a special list of accepted contributions. (Law No. 03 / L-174, 2010, Article 14). The CEC has the duty to publish on its official website all the annual financial reports of political entities, together with the audit statement of the contracted auditor. Despite the legal provisions that define a certain model of financing, the law on financing of political entities remains among the most unenforceable laws in the country as a result of factors at the institutional, socio-economic level and beyond; (Financing of political parties in Kosovo, (2016), p. 9). Political parties continue to be the most non-transparent social organizations in terms of presenting and publishing their political activities, as well as their financing. (Beha, 2017). Between stability and democratization, Prishtina, p. 299). This is especially evidenced by the reports of the contracted auditor who consistently finds discrepancies from the reported financial situation of political entities, with the findings in their financial documents; finding a lack of deep transparency in the reporting of funding and financial expenditures of political entities. The same findings are constantly presented in the reports of the civil society through non-governmental organizations, which in particular follow the financing of political parties and electoral campaigns.



#### **4. Financial Control of Political Entities**

Political entities have the obligation, through their statutes, as the highest normative acts, to determine the manner of exercising their financial control, both revenues and expenditures, as well as the responsibility of the relevant body for financial transactions.

If the political entities during the exercise of their activity, violate the legal provisions, they are imposed various punishments such as: fines, administrative penalties, court sentences, etc. In case of non-payment of these obligations, the amount of funds that have been punished by the political parties is deducted from the State Fund allocated to political entities. (Financing of political parties in Kosovo, 2016, p. 32).

Annual Financial Reports and Financial Statement Reports of the Campaign are submitted by the political entities in the CEC. These reports are audited by auditors selected by the Assembly of the Republic of Kosovo, through the Commission for Supervision of Public Finance in accordance with the applicable accounting standards in Kosovo. The Assembly of the Republic of Kosovo through the Commission for Public Financial Supervision, in January of each year, through a public competition selects at least 10 licensed auditors who audit the Annual Financial Reports and Financial Statement Reports of the Electoral Campaign of political entities. (Law No. 04 / L-212, Article 19). It should be borne in mind that the auditors selected by the Assembly of Kosovo are authorized to directly audit the political parties where the MPs come from. Therefore, it is difficult to believe that such auditors, elected by members of the Assembly of Kosovo, will conduct an objective audit of the revenues and expenditures of political parties and electoral campaigns. It would be more objective for these auditors to be selected by a Joint Commission. This commission should consist of: a representative from the civil society, a representative from the Auditor General of Kosovo and a representative from the Assembly of Kosovo. In this form, objective, qualitative and impartial auditors would be selected.

#### **5. Restriction of Financial Expenses and Contributions of Political Entities**

The material and financial revenues of political entities must be recorded in the registers of political entities. Revenues realized in the form of services must be recorded in the monetary value of the service. Political entities must have a single bank account in one of the commercial banks registered in the Republic of Kosovo, through which they will perform all transactions. Financial income, in addition to membership fees and income realized from the sale of material goods, must be realized through a banking transaction. (Law No. 04 / L-212, Article 2). Revenues from membership fees and revenues that can be realized in cash must be deposited in the single bank account of the political entity no later than 5 days from the day of their receipt. (Law No. 04 / L-212, Article 3). These funds are relatively deposited in the bank account because the legal way of auditing them is difficult to realize, given that revenues from party membership, private donations and in particular, donations coming from the diaspora (from political party branches outside Kosovo) are not regularly registered.

No certified political entity may exceed the campaign expenses on the amount to be determined by the rules of the Central Election Commission, no later than 5 days after the day of the announcement of the election. The CEC determines the maximum expenditure of the campaign, based on the total number of voters registered on the voter list. Maximum campaign costs apply to any goods and





services spent for campaign purposes. The political entity cannot accept any contribution, except in the manner regulated by the legislation in force. (Electoral Rule No. 12/2013 Restriction of campaign expenses and financial declaration). Each political entity certified to participate in the elections, submits the financial statement reports of the campaign of the political entity, including all its branches and constituent parts, for the period starting 90 days before the elections and ending on the day of the elections. The Financial Publication Report for the Campaign is submitted no later than 45 calendar days after election day. (Law No. 03 / L-073, 2008, Article 39). The purpose of reporting 45 days after the election is to round off the election process and announce the final election results. After the announcement of the final election results, the whole cycle of the election process is concluded.

Each Financial Publication Report of the Campaign, of each political entity, including all their branches and constituent parts, includes the complete and accurate publication of:

- income of the political entity for the reporting period, including the source and date of all cash contributions;
- all expenses, including campaign expenses incurred by the entity during the reporting period; and
- a balance sheet that presents the assets, liabilities and equalization of the entity from the first day to the last day of the reporting period. (Law No. 03 / L-073, 2008, Article 40).

Despite these provisions with legal norms for limiting the expenditures of political entities, they are constantly exceeding the legal limits of revenues and expenditures, not accurately reporting revenues coming from private donors. Inaccurate reporting of revenue also means inaccurate reporting of expenses, especially during election campaigns.

## **6. Illegal Financial Expenses of Political Entities During Election Campaigns and their Punishment**

The political entity is fined with a basic fine of 10% of the amount realized by the Fund of the previous year, if it does not submit the Annual Financial Report and the Financial Statement Report of the Campaign within the deadline provided by law, and is punished with a daily fine of 0.01% of the amount of the basic fine, until the report is submitted. (Law No. 04 / L-212, Article 20). However, political entities that have not received financial resources from the fund for political parties, whether those parties that have not won MP's seats in the previous elections, or those parties that participate in the elections for the first time, the CEC can impose on them sanctions from another legal basis. So, the political entity that does not receive funds from the previous Fund, is fined with a basic fine of 1000 Euros and with a daily fine of 0.01% of the amount of the basic fine, until the presentation of the report. The political entity that does not submit the Annual Financial Report and the Financial Statement of the Campaign within the deadline set by law loses the right to receive funds from the Fund for the next year. (Law No. 04 / L-212, Article 21.1.2). The political entity for non-compliance with the criteria of the financial report defined in the law is fined as follows: the political entity is fined for incorrect and incomplete information given regarding the balance sheet, profit and loss statement and payment statement on the value of 5,000 Euros as well as a daily fine of 0.01% of the basic amount until the improvement of these data. The political entity is fined with a basic fine of 2,000 Euros for lack of copies of documentation. (Law No. 04 / L-212, Article 21.3). Political entities are fined with a basic fine in the amount of 5,000 Euros for non-publication of Financial Reports and



with a daily fine in the amount of 0.01% of the value of the basic fine until their publication. The political entity is fined twice the accepted value, while the candidate for mayor, the candidate for MP, the municipal councilor and the independent candidate are fined with the same accepted value if; accepts and executes the donation from the natural person if he accepts and executes the donation from the legal person in contradiction as well as accepts and executes the donation up to 20,000 Euros, the origin of which cannot be proved. (Law No. 04 / L-212, Article 21.4).

## **7. Prohibited Actions of Political Parties and their Members**

Political entities and their members are expressly prohibited from promising any financial reward for the purpose of supporting voters (the Code of Conduct for Political Entities and Candidates, Article 4-f).

According to Kosovo legislation, financial and material assistance to political parties is prohibited by:

- foreign governmental and non-governmental institutions, as well as foreign natural and legal persons;
- anonymous natural and legal persons;
- as well as by anonymous donors. (Law No. 04 / L-212, Article 11.1).

The legislator on this issue has started from the fact that foreign governmental and non-governmental institutions, anonymous natural and legal persons as well as anonymous donors, finance political entities mainly for their private interests or the countries of origin. It is not uncommon for countries to finance large sums of money that also bring about profound changes in the electoral process. This is best illustrated by the suspicion in financing of the presidential campaign in the United States of America of the republican candidate Donald Trump by the Russian Government. In the United States there is an ongoing investigation by the public prosecutor's office on suspicion of financing the campaign of Republican candidate Donald Trump by the Russian government.

Kosovo legislation explicitly prohibits financial and material assistance to political parties and their electoral campaigns, from institutions and enterprises with capital gained from gambling, various betting or gambling, as well as from local public entities or with the participation of state capital. (Law No. 04 / L-212, Article 11.2).

The law on the financing of political entities also explicitly prohibits the financing of political entities and their campaigns by public enterprises. Public enterprises have public, not private capital, therefore have no right to finance political parties or their candidates who represent the interests of interest groups or private interests in parliament. In Kosovo, despite these legal prohibitions on financing political entities and election campaigns, they have many times more financial income and material expenses and service expenses. The incomes are mostly realized through CASH payments, which are either partially billed in the evidence books of political parties or not billed at all, leaving no written evidence. Realistically, there is a civic conviction that political parties have different funding from the private sphere. Usually political parties - their management staff link their economic interests with individuals or private companies according to unwritten agreements. These agreements are a verbal promise of the political party leadership that if we come to power, you will win these or those favors. By simple logic, political parties that manage government departments are likely to reward their



financiers from the business sphere with public contracts (Financing of political parties in Kosovo, 2016, p. 14). So, these businesses in advance finance the political parties and their electoral campaigns in order to “reward” them later, after these parties come to power through the tender process with public contracts.

According to the research, from the non-governmental organization “Çohu” in the period from August 2007 to May 2014, the financiers of political parties, whether as business owners, have benefited about 220 million euros from public tenders by representatives of political parties in the Kosovo government or local government. From these beneficiaries, the financiers of the Democratic Party of Kosovo and the Self-Determination Movement were rewarded, while after them those of the Democratic League of Kosovo, the Alliance for the Future of Kosovo and the New Kosovo Alliance (<http://preportr.cohu.org/>).

Despite these relatively identifiable data (because taking and awarding public tenders is beyond the scope of political party funding), however, the ruling parties “reward” private businesses that have financed them during election campaigns. Political parties in Kosovo also have a financial resource that cannot be easily identified. It is about financing political parties and electoral campaigns coming from the diaspora (branches of political parties or individuals outside Kosovo, working in different countries in Western Europe and the US). In this segment, it is difficult to extract data on revenues from members, sympathizers and businesses from the Kosovar diaspora, especially from the diaspora in Western European countries. They are relatively large funds which are rather CASH donations, therefore, these donations are not easy to verify. Since the Democratic League of Kosovo has a larger range of branches and sub-branches across European countries, therefore it is implied that the donations are more numerous, while after it donations are made by the Self-Determination Movement, the Democratic Party of Kosovo and the Alliance for the Future of Kosovo.

Political parties in Kosovo, in order to maintain and consolidate their power both at the local and central level, have used various means of influence such as:

- a. a. clientelism (selective rewarding of companies and individuals who have supported the party and its members during election campaigns with public tenders),
- b. b. political patronage (employment of party members and militants in the civil service, public companies and independent agencies),
- c. c. and nepotism (employment of family members of party members in the civil service, public companies, and independent agencies) (<http://preportr.cohu.org/>).

These forms of illegal financing of political parties and electoral campaigns are difficult to identify, so control mechanisms must be found in order to legally prohibit the imposition of financial penalties. The fairest way is to amend the Law on Financing of Political Entities, which will determine the way of auditing the financing of political parties and election campaigns that come from illegalities such as: clientelism, nepotism, patronage and diaspora.



## 8. Conclusions and Recommendations

Financing of political parties and electoral campaigns in the Republic of Kosovo is sanctioned by basic laws such as: The Law on General Elections and the Law on Financing of Political Entities. However, these laws do not adequately define how to finance them. Parliamentary political parties receive 90% of the fund allocated to parliamentary political entities. Only 10% of this fund is allocated between non-parliamentary political parties and newly formed political parties. They report financially to the Central Election Commission, which is a commission formed by political parties. Also, the audit of the financing of revenues and expenditures of political parties and electoral campaigns is done by the auditors who are elected by the Assembly of Kosovo. There is no adequate rule for auditing revenues from private financiers.

Given these legal and managerial shortcomings, and in order to maximize the transparency of political party funding and electoral campaigns, we make the following recommendations:

- To amend the Law on Financing of Political Entities to increase the transparency of revenues and expenditures of political entities.
- To increase the percentage of allocation of funds for non-parliamentary political entities of the State Fund for political entities from 10% to 1/3 of this fund, or 33% of these funds.
- Limit the maximum income for political entities from private financiers, increasing penalties for violators of this limit.
- Auditors who are authorized to audit the financial assets of political entities, to be elected by a mixed commission composed of: Auditor General, Civil Society and the Assembly of Kosovo.

After the implementation of these recommendations, transparency for the financing of political entities will increase; the inequality of non-parliamentary political parties with parliamentary ones will be reduced; Revenues from private party financing will be better controlled, as well as auditing of revenues and expenditures by auditors: neutral, professional and balanced.

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