

# Challenges of Political Funding Control

Session: The impact of emerging trends on monitoring  
and oversight of money in politics

Sergiu Lipcean, PhD  
Department of Comparative Politics  
University of Bergen, Norway  
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# Agenda

- 1 Elements of political financing controls
- 2 Challenges in Implementing Political Financing Control
- 3 Does transparency and oversight matter?
- 4 Making sense of oversight
- 5 Making sense of sanctions
- 6 Putting oversight and sanctions together

# Elements of political funding control

## Reporting and disclosure aka transparency

- Income sources
- Party and campaign spending

## Party funding oversight

- Institutional autonomy
- Institutional powers
- Resources (e.g., human, financial)

## Sanctions

- Range of sanctions
- Severity of sanctions

## Implications of PFC

- PFC is the most fragile regulatory dimension
- PFC is costly and challenging to implement
- Without a robust PFC mechanism other regulations become toothless

# Challenges in Implementing Political Financing Control - I

## **Complex Regulatory Landscape**

- Diverse regulations across jurisdictions
- Difficulty in maintaining consistency and compliance

## **Lack of Transparency**

- Anonymous donations and shell companies
- Difficulty tracking sources and beneficiaries

## **Enforcement Issues**

- Limited resources for monitoring and enforcement
- Inadequate penalties for violations

# Challenges in Implementing Political Financing Control - II

## Technological Challenges

- Use of digital currencies and online platforms for funding
- Cybersecurity threats and data breaches

## Political Resistance

- Opposition from vested interests
- Influence of powerful donors on policy-making

## Public Awareness and Participation

- Low public understanding of financing rules
- Limited engagement in oversight processes

## Does transparency and oversight matter?

- *Eurobarometer: Citizens' attitudes towards corruption in the EU. 2022,2023.*
- *Eurobarometer: Businesses' attitudes towards corruption in the EU. 2022, 2023*

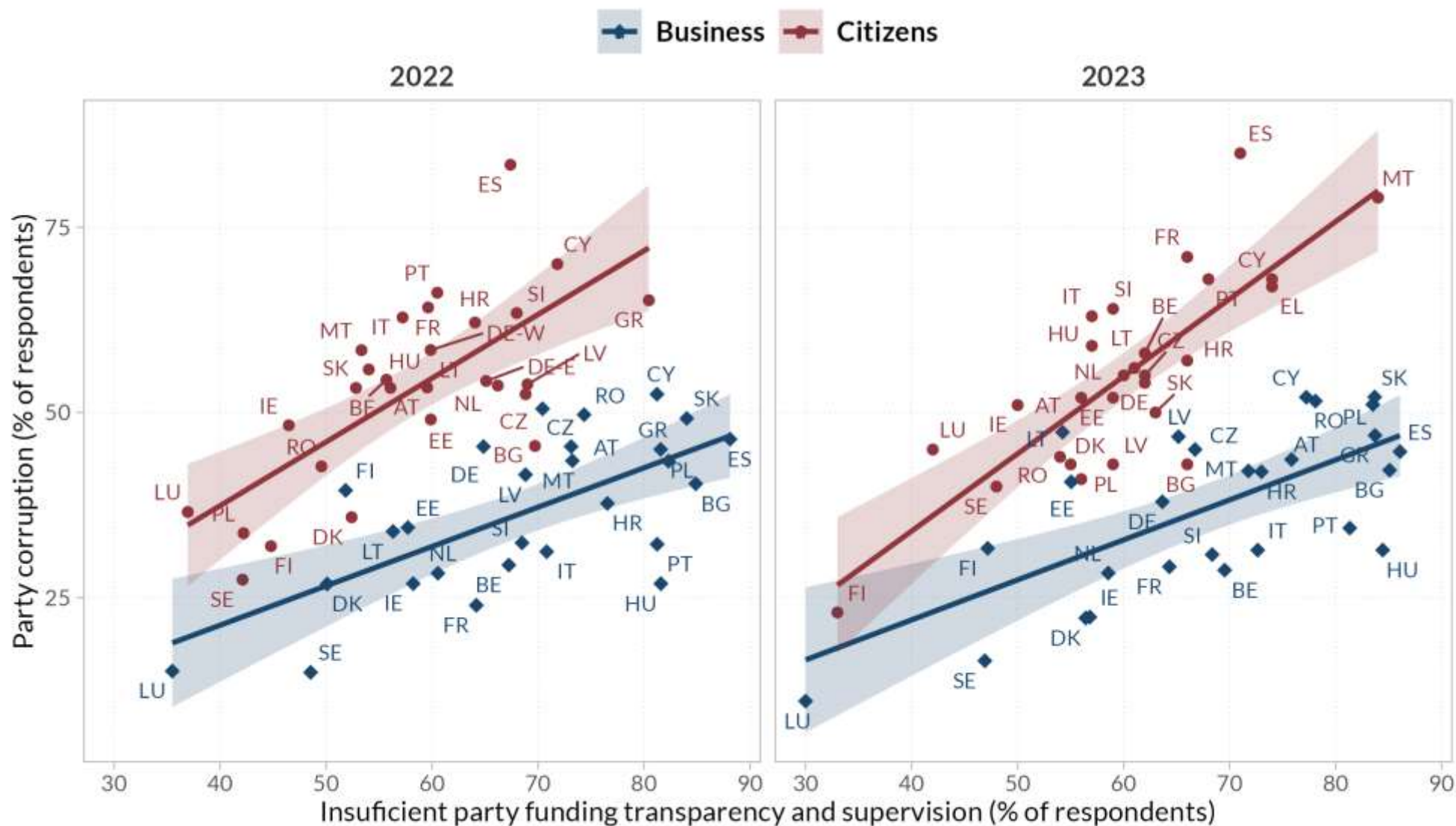
### **Strength of the PFC mechanism:**

- Please tell me whether you agree or disagree with each of the following?: There is sufficient transparency and supervision of the financing of political parties: (Ordinal scale responses: "Don't know", "Totally agree", "Tend to agree", "Tend to disagree", "Totally disagree“

### **Political party corruption**

- **Individuals:** Do you think that the giving and taking of bribes and the abuse of power for personal gain are widespread among political parties?
- **Firms:** Which of the following practices do you consider to be the most widespread: Funding political parties in exchange for public contracts or influence over policy making

# Relationship between political parties' corruption and PFC



Source: Own elaboration based on Eurobarometer data, 2022, 2023

# Making sense of oversight – a simple classification

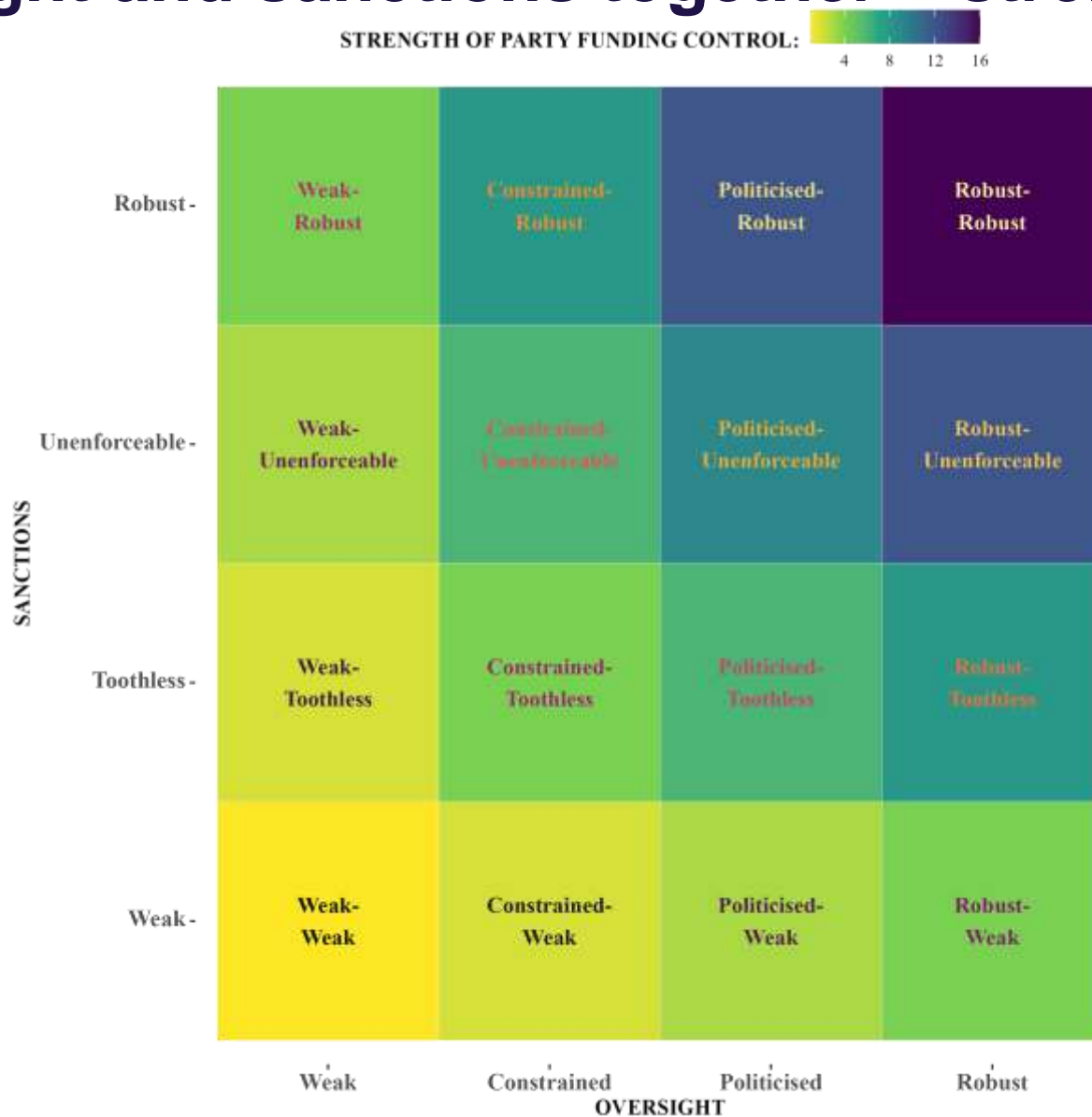
		INSTITUTIONAL AUTONOMY	
		Low	High
INSTITUTIONAL POWERS	Narrow	Weak	Constrained
	Broad	Politicised	Robust



# Making sense of sanctions – a simple classification

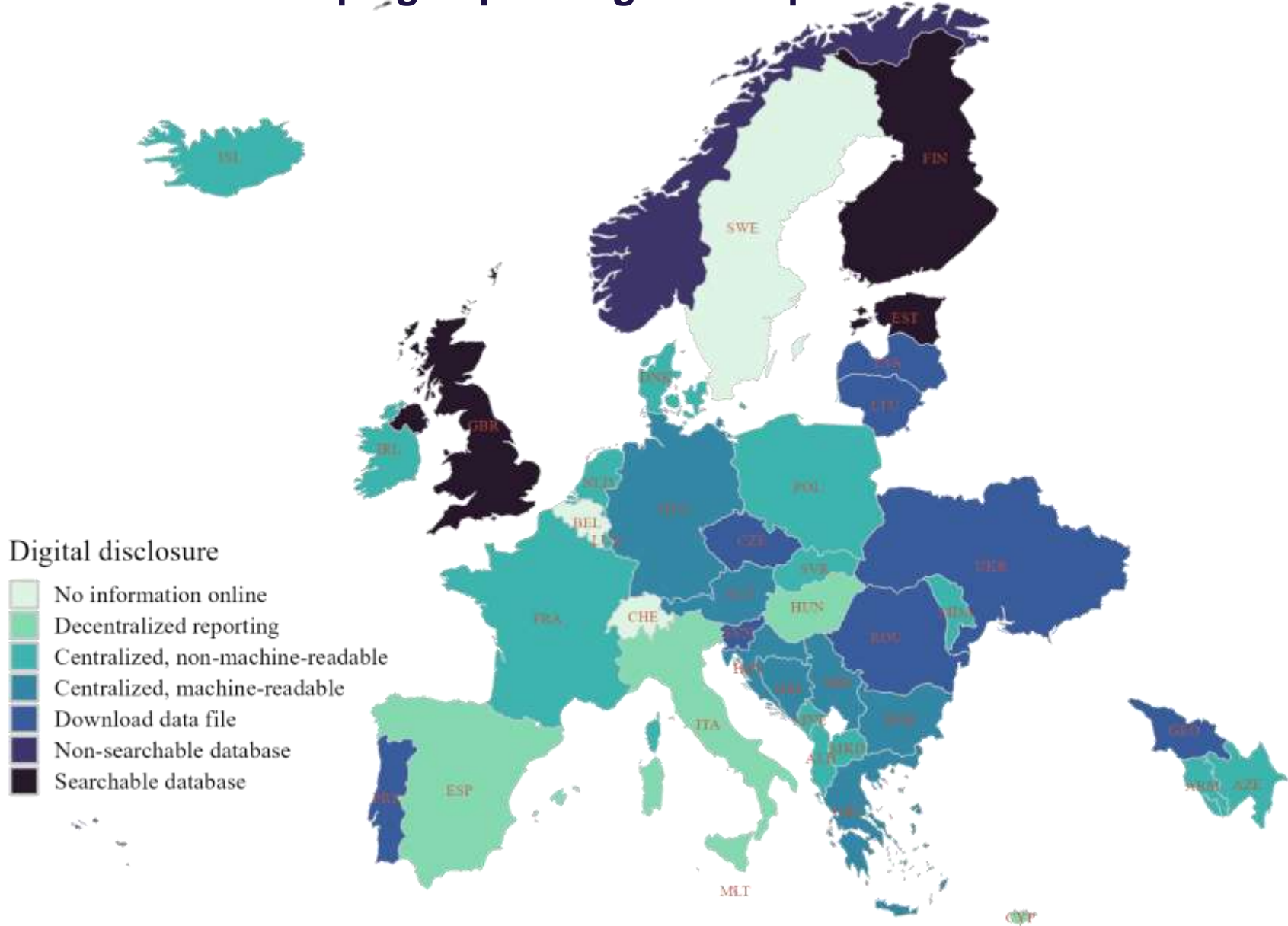
RANGE OF SANCTIONS	SEVERITY OF SANCTIONS	
	Soft	Harsh
Narrow	Weak	Unenforceable
Broad	Toothless	Robust

# Putting oversight and sanctions together – strength of PFC



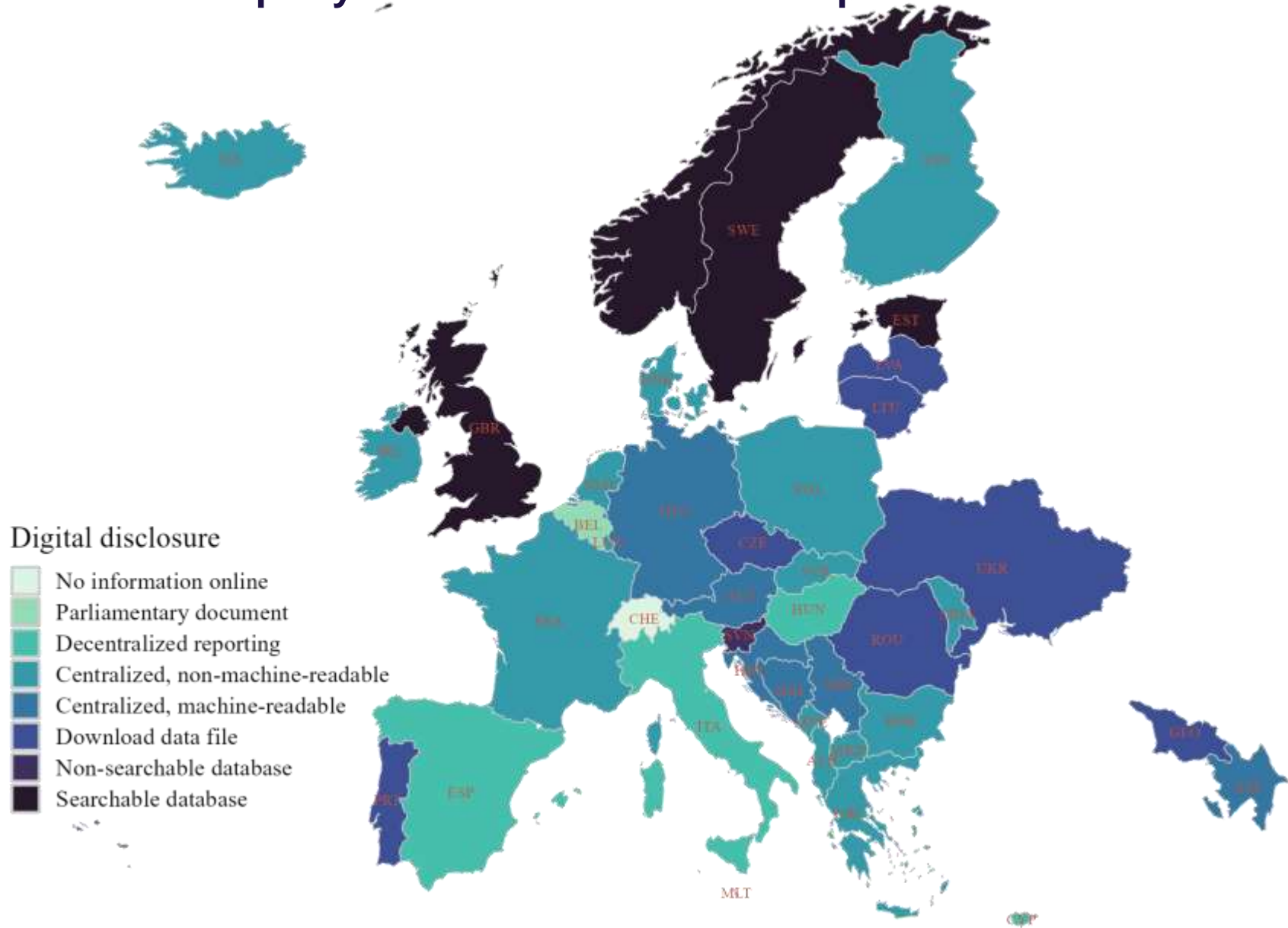
| Source: Own elaboration

# State of digital disclosure of campaign spending in Europe



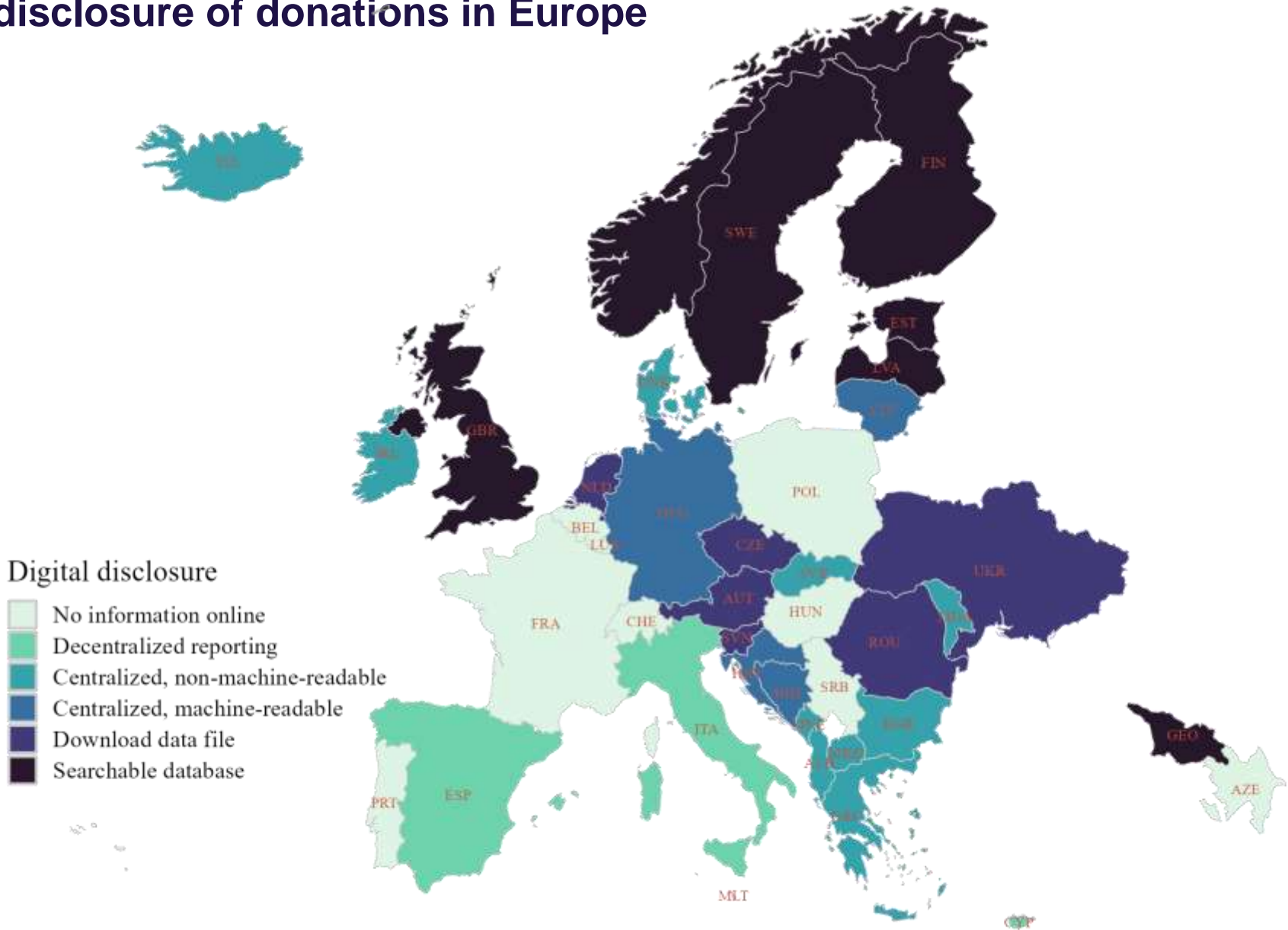
| Source: Own elaboration based on data from Wolfs, W. 2023

# State of digital disclosure of party annual accounts in Europe



| Source: Own elaboration based on data from Wolfs, W. 2023

# State of digital disclosure of donations in Europe



Source: Own elaboration based on data from Wolfs, W. 2023

**Thank you**