



Campaign financing

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Political Party Financing Supervision Committee

- Committee (5 year term)
 - 1 member from each parliamentary party
 - A member cannot be an MP or minister
 - 1 member appointed by National Electoral Committee
 - 1 member appointed by Chancellor of Justice
 - 1 member appointed by State Auditor
- Support staff:
 - 2 advisers
 - Clerical support by State Electoral Office (Chancellery of *the Riigikogu*)



Legal framework

Rules of procedure of the Committee

<https://erjk.ee/en/rules-procedure>

Adopted by the committee

The Political Parties Act

The Administrative Procedure Act

Public Information Act

Accounting Act

Substitutive Enforcement and Penalty Payment Act



Sources of income

- Membership fees – *only ~ 20% of members pay*
- Allocations from the state budget – *major source of income*
- Donations (only from natural persons)
- Transactions with property or other services of the political party
- Other sources of income **are not allowed**
 - Prohibition to use public funds (state budget funds and local authority budget funds)



Consequences of accepting prohibited donations

- When possible, must be returned to the donator
- If the donation cannot be returned, it must be transferred to the state budget
- Same for non-monetary donations (market price will be used)
- Penalty: up to 1200 € or up to 15 000 (legal persons)
- A grace period of 30 days: the donator or donee must inform the PPFSC
- Returned or transferred donations will be disclosed by the pol. party



Three areas of work

1. Monitoring information received from the public and published in the media
2. Managing the online reporting system and analyzing financial data
NB! Parties submit quarterly reports and no separate campaign reports
3. Improving legislation: clear and simple rules



Three stages of supervision

1. Managing campaign report submissions
2. Verification of presented reports
3. Initiating procedures in case of violations



Public reports

Revenue reports

Aruanded Päringud

Revenue reports

Expenses of political parties

Election campaigns

Revenue reports

Here you can find the quarterly reports on the revenues of political parties since the first quarter of 2013 and the quarterly reports on expenses since the beginning of 2014. Pursuant to the amendment to the Political Parties Act which entered into force on 1 April 2013, the political parties document in this report all their income received during...

[Näita rohkem](#)



Aruande nägemiseks vali erakond ja periood.

ORGANISATION

Select organisation ▼

QUARTER

Select period ▼



Managing report submissions

Rules are needed for:

- Clearly defining persons who are responsible for submitting reports
- How data on said persons is collected
- Informing them of the obligation to manage and submit reports

Clear and understandable rules (also a matter of legislation)

Pre-defined (online) report forms



Formal verification of reports

The Committee staff verifies that reports are presented

- timely
- the submitting person has the right to do it
- Is signed by that person
- Reports are in the correct format, include all data

All this is managed/automated by an online system



Checking the reports (electronically)

Comparison of quarterly reports to annual reports

Checking that donators exist -> Population Register

Checking that bills are paid to existing companies -> E-Business Register

The system notifies the Committee when:

- Submitted report is opened
- Signature is removed
- Report is edited and what has been edited



Checking the data in reports

Compliance with the law

If the submission process has been managed well, reports are likely to be formally accurate...

...so further investigation requires extra input



Checking the validity of expenses

No comprehensive methodology

* adherence to market prices is presumed

Possibility for everyone to analyze reports results in effective public scrutiny

Input from investigations from other institutions:

* anti-corruption cases, cases of illegal political advertising, problematic donations or expenses



Risk assessment

Competence of the PPFSC staff:

- Anticipation of possible dubious financing schemes
- What goes on in politics (what is the need for financing)
- „A good nose“

Analysis of parties' annual and quarterly reports, possible anomalies

Routine check of donations, if abnormally high number/amount, the

PPFSC might request clarification



Current hot issues

Use of municipal/public/EU funds for campaigning

Political advertising paid by third parties

- if classified as illegal donation, the party that received advertising should pay the cost of advertising to state budget



Initiating the proceedings

The Committee will decide whether to initiate an investigation

In this case will ask for an explanation detailing:

- what information the Committee is in possession of
- What questions need to be answered
- What evidence needs to be presented
- What the legal basis is for asking the required information



Before issuing the prescript

Once the data is collected the Committee will decide whether to issue a prescript

Before the precept is issued a hearing letter will be sent:

- detailing the facts in the case
- The data accumulated
- What the prescript will be

The addressee can respond one more time: deny the allegations or comply with the prescript



The prescript can be issued when:

- 1) has failed to submit the report required under the Political Parties Act or the report contains deficiencies
- 2) has failed to return a prohibited donation
- 3) has not recorded an otherwise legal donation
- 4) has not transferred a prohibited donation to the state budget
- 5) has failed to submit a document requested by the committee by the prescribed date



Resolution of the prescript

The person must:

- Submit the required documents or report
- Remove the deficiencies in the report or in the donations register
- **Transfer an illegal donation or a gift/benefit classified as donation by the Committee to the state budget**



Liability: misdemeanour cases

- Failure to submit reports
- Making and accepting prohibited donations

So far the approach is more passive:

The committee's aim is to solve problems not to punish

Extrajudicial proceedings conducted by police prefectures

Adjudicated by county courts



State Electoral Office
of Estonia

Thank you!