

The Crinis Project: *Money in politics, everyone's concern*

Money is vital in democratic systems. It enables citizens to organise political parties, helps to train new leaders and is used to present government proposals in election races. Without money in politics, those in power would have an advantage over potential candidates, thereby minimising the chances for another party to take office.

The Crinis project is based on the acceptance of money as a necessary element for democracies and parties to run smoothly as long as financing is transparent, properly accounted with full public disclosure and subjected to effective governmental and social oversight mechanisms.

When is money in politics a problem?

Money may come into conflict with the democratic principles of civic equality and fair competition in elections and can also undermine political representation.

These conflicts affect the legitimacy of elected representatives as well as their ability to develop rules aimed to benefit the public. The negative impact of such on the quality of life of the people multiplies and the democratic system as a whole stands to lose credibility.

How do transparency and accountability help counter this problem?

Shining a light on political financing is the best way to clean house. When parties and candidates disclose information about funds used to finance their activities, both during electoral campaigns and generally, illegal funds and influence peddling in politics can be monitored.

All politicians as well as the parties and groups that support them are either legally or morally required to report to the public. The accuracy and usefulness of reports aimed at accountability will increase with their dissemination to the public and through the media. Their accuracy would also require the following characteristics: clarity, timeliness and reliability.

It is no coincidence that the transparency of resources linked to political financing is recognised as a universal principle in the United Nations Convention against Corruption (UNCAC).

Why should citizens be informed about political financing?

Knowing the source of funding used to finance electoral campaigns enables citizens to determine the financial interests that support candidates. This way, citizens are better equipped to cast their vote and monitor the activities of their representatives once elected. During the electoral process, citizens can reject any candidates whose campaign relies on a donor with a given profile, such as, for example, if funds are contributed by polluting industries. It is therefore important for such information to be made public prior to elections. At the same time, it will be easier after the elections to determine if a donor company is being favoured, for example, in competitive bidding processes.

Ultimately, the responsibility of being informed about the sources of funding for political parties and candidates lies with the voters and only by doing so will they ensure that their interests are better represented.

What can citizens committed to democracy do?

Transparency is the cornerstone of civic involvement to monitor the effects of money in politics. Citizens must demand greater transparency from political parties and candidates in their funding practices and greater commitment from electoral oversight bodies in performing their duties. In other words, citizens must demand transparency and use their votes to punish those who fail to ensure it.

In countries with an Access to Information Law or a law governing political parties and campaign financing requiring the public disclosure of information, citizens have a legal right to know about party and candidate funding. Nevertheless, this does not guarantee that access to information exists in practice. Every country must have media committed to covering this issue, specialised non-governmental organisations and an active citizenry that requests this information from authorities exerting pressure for the system to become more transparent.

What is the Crinis project?

Crinis –ray of light in Latin– is a joint project from Transparency International and the Carter Center to promote transparency and accountability in political financing in Latin America. With this objective in mind, it engages in different types of activities:

Crinis meticulously evaluates the levels of transparency built into current legislation and political financing practices of political parties and candidates, as well as the financial activities of parties in non-election years, thereby detecting weaknesses and strengths in a given country's system. It develops awareness-raising and activities to promote transparency in political financing by working with parties, electoral authorities, corporate donors, voters and other key national and international stakeholders in this area. The Crinis Index allows a thorough evaluation of the current situation in each country under review, comparisons between countries and the definition and sharing of best practices. The project recommends reforms based on a diagnosis of each country where Crinis has been applied.

The goal of Crinis is to help increase public trust in democracy and political parties by promoting transparency and accountability in political financing.

What are the results of the project?

Transparency International and the Carter Center implemented the Crinis project in eight Latin American countries during 2006. The countries covered are: Argentina, Colombia, Costa Rica, Guatemala, Nicaragua, Panama, Paraguay and Peru. The results in the table below indicate the areas in which reforms are most needed in each country.

Dimensions		Reg. aver.	Arg.	Par.	Peru	Colom.	Pan.	C. R.	Nica.	Guate.
1. Political parties internal bookkeeping	Law									
	Practice									
2. Reporting to the electoral management body	Law									
	Practice									
3. Disclosure of information to the citizenry	Law									
	Practice									
4. Comprehensiveness of reporting	Law									
5. Depth of reporting	Law									
6. Reliability of reporting										
	Practice									
7. Prevention	Law									
8. Sanctions	Law									
	Practice									
9. State oversight										
	Practice									
10. Social Control										
	Practice									
satisfactory										
regular										
insufficient										

The findings of Crinis indicate that several of the countries studied already have proper legislation in place. Others are in the process of developing legislation and practices on political financing. This notwithstanding, in key areas, it continues to be worrisome that:

- Citizens lack sufficient access to information:** Despite the creation of databases and technology to use the Internet for the dissemination of information, public disclosure of information regarding the financial transactions of parties and campaigns is generally the worse indicator evaluated in the Crinis Index. In Paraguay, Nicaragua and Guatemala, there was no response by pertinent actors from whom detailed information was requested by the Crinis research team.
- Candidates fail to disclose information:** In six of the eight countries, candidates are not required to disclose information about the funds they raise independently from their parties. Considering that in many countries it is the candidates, and not the parties, who raise a significant part of campaign funds, large sums of money bypass the oversight mechanisms put in place by government authorities and the public. Only Colombia and Panama have such a disclosure requirement set out in their legislation.
- Casting an informed vote is difficult:** Only in Argentina does the law require parties to submit reports on how they finance their campaigns before elections. In Costa Rica, political parties are legally required to disclose information on a monthly basis, and in Peru on a bi-monthly basis, during the electoral process. In all other countries, information submitted beforehand on party and candidate campaign financing is

completely absent or limited to an estimated budget submitted by parties and/or candidates, thereby denying the public the ability to take this information into account when casting their votes.

- **Private donations remain hidden:** Private contributions, which tend to be larger during the electoral process, are excluded from the information disclosed to electoral authorities. In Panama and Guatemala* only the disclosure of funds proceeding from the government budget is required. In Costa Rica, Paraguay and Nicaragua, government bodies only record reports of private income. These reports are not reviewed or audited as focus is placed solely on the proper use of public resources.
- **The level of disclosure is rather unreliable:** In all countries, experts surveyed confirmed that financial reports submitted by candidates and parties to the electoral bodies regarding their finances are incomplete or unreliable. In Argentina, Paraguay, Colombia, Costa Rica and Nicaragua, experts estimated that in general less than 50 percent of funds raised are actually reported.
- **Ineffective Government oversight:** In five of the eight countries studied, the experts surveyed agree that sanctions currently in place are inadequate. In Costa Rica, fines cannot be imposed in the event of violations and in Panama and Guatemala, the possibility of cutting government subsidies as punishment does not even exist. Only the electoral oversight bodies in Colombia, Panama and Costa Rica have a right to review the bank accounts and transactions of parties and candidates, an important measure that can be used to verify the accuracy of reports submitted, and whose effectiveness in turn depends heavily on the ability of oversight bodies to utilise it and perform checks.

According to the study's findings, one or several of the areas analysed (see table) had not yet been included in legislation or put into practice in all countries. As such, Transparency International and the Carter Center believe it is imperative that political financing become a priority on the region's agenda for political reform. The irregularities caused in this area have a direct and negative impact on democracy and the quality of life of citizens.

Although the project identifies best practices and issues recommendations for reform, Crinis recognises that specific proposals for each country must adapt to the social, political-institutional and economic characteristics of each. To access the complete reports submitted by each country under review in the first round of the Crinis project, as well as the methodology and a comparative analysis between them, visit www.transparency.org/tilac or www.cartercenter.org.

Transparency International (TI) and Transparency International for Latin America and the Caribbean (TILAC), which is TI's network of national chapters in the region, envision the continued implementation of the Crinis project over the next several years in order to include new countries and repeat studies at a later date in countries already covered with the goal of identifying any progress or setbacks experienced over time. All of these efforts aim to shed light on the use of money in politics in Latin America and eventually in other regions around the world.

Who are we?

Transparency International (TI) is the global civil society organisation leading the fight against corruption. Through approximately 90 national chapters and its international secretariat in Berlin, Germany, TI raises awareness about the harmful effects of corruption. For more information about the organisation and its projects, please visit: www.transparency.org.

The Carter Center is a non-governmental, non-profit organisation that helps alleviate human suffering in over 65 countries by working in the areas of conflict resolution, human rights, economic opportunity and disease prevention. The Carter Center was founded in 1982 by former

US President Jimmy Carter and his wife Rosalynn. For more information about the organisation and its projects, please visit: www.cartercenter.org.