

• Sergiu Lipcean • Cornel Ciurea • Leonid Litra • Cornelia Cozonac



[www.viitorul.org](http://www.viitorul.org)

Nr. 8, 2010

**Public**  
Policies

# FINANCING POLITICAL PARTIES: BETWEEN TRANSPARENCY AND OBSCURITY







[www.viitorul.org](http://www.viitorul.org)

Institute for Development and Social Initiative (IDIS) „Viitorul”

## Public Policies

NR. 8, 2010

# FINANCING POLITICAL PARTIES: BETWEEN TRANSPARENCY AND OBSCURITY

*Sergiu Lipcean*

*Cornel Ciurea*

*Leonid Litra*

*Cornelia Cozonac*



The first two chapters of this study were conducted as part of the project “Promoting an Informed Vote in 2010 General Elections” implemented with the financial support of the East-European Foundation from the resources provided by the Swedish International Development Agency (SIDA), the Ministry of External Affairs of Denmark / DANIDA, and the National Fund for Democracy (NFD). The opinions expressed in this paper belong to the authors and do not necessarily reflect the point of view of the funders.

.....

The fifth chapter of this study was developed by the Journalistic Investigation Center, in the framework of the campaign “Know your candidate”, supported by Soros Moldova Foundation.

.....

Neither the management of IDIS „Viitorul”, nor the Administrative Board of the Institute for Development and Social Initiatives „Viitorul” are responsible for the estimations and opinions presented in this publication.

For more information on this publication or about the subscription to the publications published by IDIS, please contact directly the Press and Public Communication Service of IDIS „Viitorul”. Contact person: Laura Bohantov - [laura.bohantov@viitorul.org](mailto:laura.bohantov@viitorul.org).  
Contact address:

Chisinau, Iacob Hincu 10/1, 2004, Republic of Moldova  
Phone: (373-22) 21 09 32  
Fax: (373-22) 24 57 14  
[www.viitorul.org](http://www.viitorul.org)

Any extracts or opinions of the author of this Study used elsewhere should contain a reference to the series of Public Policies and IDIS „Viitorul”.



# SUMMARY

CHAPTER I. DEFICITARY ASPECTS OF THE MECHANISM OF FINANCING POLITICAL PARTIES IN REPUBLIC OF MOLDOVA <b>SERGIU LIPCEAN</b> .....	6
CHAPTER II. FINANCING PARLIAMENTARY ELECTION CAMPAIGNS IN THE LIGHT OF FINANCIAL REPORTS <b>SERGIU LIPCEAN</b> .....	10
2.1 REVENUES OF ELECTORAL CONTENDERS .....	10
2.2 THE EXPENDITURES OF ELECTORAL CONTENDERS .....	23
CHAPTER III. UNOFFICIAL CAMPAIGN COSTS OF IMPORTANT POLITICAL PARTIES IN THE ELECTIONS OF 28 NOVEMBER 2010 <b>CORNEL CIUREA</b> .....	30
CHAPTER IV. POLITICAL CONSULTANTS AND THEIR REMUNERATION IN THE REPUBLIC OF MOLDOVA <b>LEONID LITRA</b> .....	39
CHAPTER V. TRANSPARENCY OF DONATIONS OF PARTIES AND CANDIDATES' INCOMES TAKING PART IN PARLIAMENTARY ELECTIONS IN 2010 <b>CORNELIA COZONAC</b> .....	43
CONCLUSIONS AND RECOMMENDATIONS .....	49

# CHAPTER I. DEFICITARY ASPECTS OF THE MECHANISM OF FINANCING POLITICAL PARTIES IN REPUBLIC OF MOLDOVA

***Sergiu Lipcean***

The statement that an appropriate mechanism for political financing is essential for the functioning of democracy in terms of ensuring equal chances of effective participation of all citizens in the political process has become a truism. Unfortunately, it is not yet the case of Republic of Moldova due to the deficient mechanism of political financing. The reluctance of politicians to take notice of this topic is confirmed by the fact that it was kept away from the institutional agenda and public debate for a long time. But even when it was included in the agenda and some solutions were formulated, they turned out to be partial and deficient. Therefore, we are facing a situation when most latent or obvious issues related to financing parties and election campaigns derive from the deficiency of the normative framework. In a previous study analyzing this topic, we have considered in more detail the most problematic aspects related to financing parties<sup>1</sup>. That is why, in this study, we shall briefly point out the main deficiencies of the system of political financing and shall conduct an empirical evaluation of the way money is collected and spent by the electoral contenders during campaigns.

As much as three campaigns for the election of Parliament were organized under

the current regulations on financing parties and campaigns (April 5, 2009, July 29, 2009, and November 28, 2010). During this period, things did not evolve in a positive way, and the issues related to financing parties and campaigns have multiplied and re-surfaced. The election campaign for the Parliamentary election of November 28, 2010 is the most representative example to this end.

The regulations on financing contained in the election legislation and the Law on political parties either do not cover all the areas associated with financing or are sufficiently permissive and ambiguous, and provide a lot of room for maneuvering to political parties. The lack of clarity creates a lot of opportunities for interpretation as well as eluding these provisions, which diminishes the capacity of political actors to manage financial resources without any impediments.

The lack of clear distinction between ordinary or routine financing of parties as opposed to financing of election campaigns provides even more maneuvering opportunities to parties.

However, the most serious issue is the ceiling set for donations from individuals and legal entities to party budgets. Here, regulations are very generous with political parties setting very high ceilings for donations granted by potential donors.

Thus, the equivalent of a donation from an individual to a party represents 500 monthly

<sup>1</sup> Sergiu Lipcean, Assessment of the financing of political parties and election campaigns in Republic of Moldova.//Public Policies no.5, 2009, IDIS „Viitorul”.



average salaries in a budget year. This amount also includes the membership fee, if the individual is a member of the party. The equivalent of a donation of a legal entity should not exceed 1000 monthly average salaries per national economy<sup>2</sup>. During the last election campaign, the monetary equivalent of regulations on the value of a donation was approximately 1.5 million lei for individuals and 3 million lei for legal entities. It is very difficult to believe that this kind of private financing regime could decrease risks associated with political corruption, especially those referring to selling seats in the party lists, which was widely discussed but not proven so far. Also, it is unlikely that these circumstances could ensure equal conditions for all citizens to participate in political life.

Even if all the other necessary conditions such as transparency and control over financing were ensured, such a ceiling is way to high taking into consideration the standard of living of Moldovan citizens. It also cannot be justified by the current lack of public financing. The claim that private financing of such proportions is justified in the absence of public financing can be accepted only partially, but it does not justify such a high ceiling for donations.

It is only natural that party leaders are concerned with finding funding that would maintain political parties operational as fundamental institutions of democracy, but the increased dependency on some groups with specific interests undermines democratic principles and distorts the mission for which a party is created and works for. That is why the governments of advanced democracies take action to limit the influence of corporate donors either by prohibiting donations on their behalf or by lowering the ceiling to a harmless level.

<sup>2</sup> Law on political parties, No. 294 dated 21.12.2007. // Official Gazette no. 42-44, 29.02.2008, art. 26

The issue of undeclared revenues and expenditures is a fashionable topic, being the focus of public opinion. Undeclared revenues and expenditures should be approached as a whole since they represent two sides of the same medal. If some revenues are not declared, it automatically means that there are some hidden donors, whose identity is to be kept secret either due to concerns related to some intimidations and prosecution, or due to concerns related to staining the reputation of the party if the donor themselves has a questionable reputation, or the reluctance to show the clientele relationship between the party and the sponsor.

Another reason for not declaring revenues is a fiscal one and was one of mass-media's favorable topic during the election campaign. The topic of fictive donors was approached by media institutions in a persistent way, clearing up several cases of problematic donations from alleged fictive donors to the campaign budgets of political parties<sup>3</sup>, which represent only the visible part of the iceberg, i.e. undeclared revenues.

Not declaring revenues for the campaign implicitly means that these revenues are not fiscally registered, i.e. are not taxed. Thus, the source of origin of these revenues is the fundamental question that needs to be answered, something that political parties are not willing to do. Since political parties are not willing to shed light on how they acquired undeclared money, there are increasingly more suspicions on the legality of financial resources used in electoral battles.

The situation is similar for undeclared expenditures approached from a fiscal perspec-

<sup>3</sup> Victor Mosneag, The Black Moldovan Policy.// Ziarul de gardă, No.299, 4 November 2010.// <http://www.zdg.md/politic/politica-neagra-din-moldova#more-26712>; Donors in the shadow of the elections.// <http://www.presa-basarabia.com/2010/10/donatorii-din-umbra-electoralei.html>; Natalia Porubin, Election campaigns are financed illegally in Republic of Moldova.

tive. All expenditures for remunerating staff and propagandists represent incomes of individuals, which, in turn, should be taxed and accounted for. This procedure would highly complicate the operation of parties and would represent a hard blow for the generous remunerations provided to party activists.

Monitoring and supervising funding is an essential element for ensuring efficient operation of the entire mechanism. It is necessary to maintain parties responsible for observing democratic principles. This compartment of the normative framework is also vague and controversial, creating more confusion than clarity. This confusion is generated by the existence of several institutions authorized to monitor and supervise the financial activity of political parties in different time segments and areas. The deficiency of the control mechanism was proven during the recent election campaign when CFCEC was involved at the request of CEC to investigate some alleged fraud related to financing, which was not in the scope of former. The fragmentation of this process only puts pressure on political parties, which do not seem to be more transparent beyond the principles stipulated by the normative framework. Even though CEC is the monopole institution for financial control during election campaigns, it depends on the expertise of other institutions. According to the Election Code, the Court of Audit and the Tax Service can perform verifications of the sources of funds, accuracy of recording and adequate use of funds according to stated purpose of electoral contenders at the request of CEC.<sup>4</sup> This procedure delays the decision making process in situations which require speeding up investigations on financial frauds. The situation gets even more complicated be-

tween campaigns, when parties must submit financial reports to the Court of Audit, Ministry of Finance and Ministry of Justice<sup>5</sup>, something that most parties have ignored. Such a situation proves the inefficiency of the mechanism of control for political financing. It should be mentioned that the great number of institutions authorized to watch over this process does not guarantee positive results in terms of transparency and control.

Another important aspect which endangers transparency and control of financing is the fact that these institutions are not politically independent and can be used as intimidation or repression tools against political opponents. Except CEC, all the other institutions are under direct political control. Even though CEC is formed on political criteria, the representation of all parliamentary political parties in this institution ensures a higher degree of autonomy as compared to other institutions.

An additional cause for the inefficiency of the control mechanism is the lack of an efficient mechanism for sanctioning financial frauds committed by electoral contenders. Maximum sanctions stipulated by the Election Code – canceling the registration of the electoral contender - have not yet been applied. The only sanction applied to electoral contenders by CEC related to financial violations was the warning. In addition to the fact that only these two types of sanctioning are clearly stipulated in the Election Code in reference to financial frauds, canceling the registration of the election contender is not an efficient tool to discipline political parties since it cannot actually be applied.

Legal provisions stipulate canceling the registration of an election contender in case of

4 Election Code, Law no.1381-XIII dated 21.11.97 from the Official Gazette of Republic of Moldova no.81/667 dated 08.12.1997// <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=312765>

5 Law on political parties no. 294 dated 21.12.2007. // the Official Gazette no. 42-44, 29.02.2008.



intentional use of financial funds and undeclared materials or exceeding expenditures beyond the ceiling of the election budget<sup>6</sup>. But since the legislation says nothing specific about the categories of expenditures that must be declared, contenders interpret these provisions in a very peculiar way. Moreover, the extremely high ceilings imposed on campaign expenditures make it impossible to exceed the ceiling. Empirical data show that the richest parties hardly reach half of the maximum amount set by CEC for expenditures. Therefore, theoretically it is impossible to apply the maximum sanction based on the vague formulation of the normative text.

Another gap in the current legislation refers to the lack of sanctions for all frauds related to financing parties. Even though the Election Code provides for sanctions for violating election legislation, none of them is related to financing. Election frauds related to financing represent an offence that is not less serious than infringements resulted in criminal punishments. But this is not reflected in the Election Code. It is natural that since there are interdictions on such actions as offering money, gifts, distributing goods to voters without payment or anonymous financing<sup>7</sup>, there should be sanctions for violating these interdictions. They are not to be found in the current legislation.

Under these conditions, it is unlikely for effective sanctions to be applied to people suspected of financial fraud, especially, since there is no clarity as to whom and for what type of infringement is accountable. The case of alleged fictive donors emphasizes legal gaps associated with financing political parties.

The negative effects of regulations on financing election campaigns are reflected very well in the structure of revenues and expenditures of various contenders examined in the following chapter.

---

6 Election Code, Law no.1381-XIII dated 21.11.97 from the Official Gazette of Republic of Moldova no.81/667 dated 08.12.1997// <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=312765>

7 Ibidem.

## CHAPTER II. FINANCING PARLIAMENTARY ELECTION CAMPAIGNS IN THE LIGHT OF FINANCIAL REPORTS<sup>8</sup>

**Sergiu Lipcean**

### **2.1 Revenues of Electoral Contenders**

#### **a) General Considerations**

The election campaign for parliamentary elections of November 28, 2010 emphasized several problematic aspects related to financing political parties. These issues are systemic in nature and are not new to the current political context. Most of them were defined and analyzed in a previous study focused on normative regulations and assessments of the election campaign of April 5, 2009<sup>9</sup>. Meanwhile, things did not change in a positive way and the issues related to financing parties and campaigns indisputably represent an important chapter that needs to be adjusted to remove persistent deficiencies of the financing mechanism. During this election campaign, the topic of financing, especially, from donors, was heavily covered by the mass-media, but also in terms of gaps in the normative framework. While during previous campaigns, media institutions mainly focused on abusive use of administrative resources by the CPRM, now the emphasis has changed. The matter of campaign financing was approached in a more rigorous and

consistent way, which had a full effect on election contenders.

Unfortunately we did not insist on a change of attitude on behalf of electoral contenders. No significant progress occurred on this matter with the change of the government, and the selective approach of some aspects of political financing did not impact the core of the financing regime. These legislative changes aimed at modeling the funding system in a way that generated only political advantages. On the contrary, we have seen a regress on the matter of financing political parties since the implementation of normative provisions on public financing of parties was postponed until 2013<sup>10</sup>.

As a consequence, parties continue to revolve around some groups of economic interest because they depend on the financial resources feeding the budgets of the parties, being far less responsive to the wishes of citizens. In this context, we would like to reiterate that the vitality of democracy is supported through the increased participation of citizens to all levels of governance and through various ways of participation, and the financial contribution is a form of participation expressing political option and affiliation to a party. But this does not happen in Republic of Moldova, and parties finance their routine activities and campaigns in such a way that it generates suspicions about the transparency and legitimacy of sources of financing. Moreover, the depen-

<sup>8</sup> Note: estimating the revenues of electoral contenders shall be made based on the campaign for the parliamentary elections of November 28, 2010, and total data shall be compared to the campaign for the parliamentary elections of April 5, 2009.

<sup>9</sup> Sergiu Lipcean, Assessment of the financing of political parties and election campaigns in Republic of Moldova.//Public Policies no.5, 2009, IDIS „Viitorul”.

<sup>10</sup> Law on modifying article 32 of Law no.294-XVI dated December 21, 2007 on political parties. Published on 27.11.2009 in the Official Gazette no. 171-172, art. 533.

dency on large donors can have a serious impact on the functioning of democracy, especially, the rights, freedoms and welfare of citizens.

That is why under consolidated democracies, governments impose serious legal restrictions on the inflow of plutocratic donations, encouraging and facilitating accumulation of funds from small value contributions from as large number of donors as possible. Currently, the normative framework does not contain regulations that would encourage the participation of citizens and foster parties to change their attitude and behavior. On the contrary, regulations encourage plutocratic donations and contravene international standards on funding. The provisions on donations allow individuals and corporate entities to donate huge amounts to political parties. During this election campaign, the ceiling imposed on donations from individuals and corporate entities was about 1 500 000 lei and 3 000 000 lei respectively. Correlating this ceiling with the ceiling imposed on campaign expenditures (21 664 445 lei), it becomes clear that 15 individuals or 8 corporate entities are sufficient to fund the campaign of any political party. Under these conditions, the deficiencies of the normative framework are extremely obvious.

## b) Methodology

For the purpose of estimating the revenues of electoral contenders, we divided all donations into several conventional categories:

- Very large donations - 100 thousand lei and more
  - Large donations – between 50 thousand and 100 thousand lei;
  - Medium donations – between 10 thousand and 50 thousand lei;
  - Small donations – up to 10 thousand lei.
- This classification has an instrumental

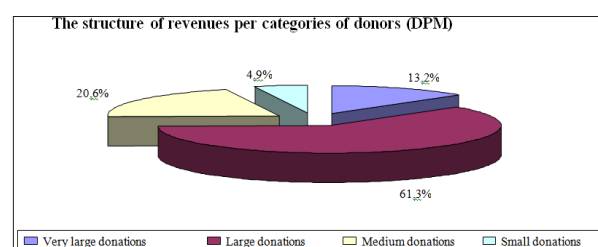
value since it will allow us to compare the aggregate value of donations by categories of donors, distribution of the financial burden among various categories of donors, and the number of donors in each category, both for each electoral contender and among contenders.

## c) Individual Analysis of Electoral Contenders

### *The Democratic Party of Moldova*

The DPM is the electoral contender that accumulated the largest amount of funds for the election budget. Also, this is the party with the longest list of contributors to the election budget. 292 people have officially contributed over 11.7 million lei to the campaign budget, a record amount for an election campaign from Republic of Moldova. At the same time, it should be mentioned that there is an uneven distribution of the financial burden among contributors. Almost 75% of the total financial burden was borne by 101 people, which is about 1/3 of all contributors. On the contrary, the last 93 contributors brought only 4.3% to the total election budget. (See table and diagram below).

	Very large donations	Large donations	Medium donations	Small donations	Total
<b>Amount (lei)</b>	1 547 000,00	7 177 205,53	2 407 547,00	574 900,00	11 706 652,53
<b>Share of total</b>	13,2%	61,3%	20,6%	4,9%	100,0%
<b>Number of donors</b>	9	92	98	93	292



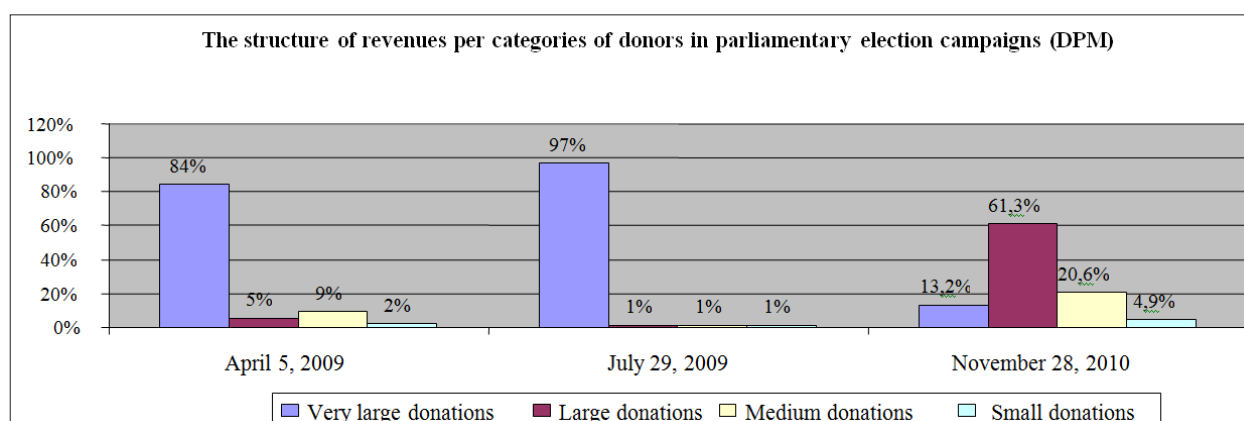
The small number of very large donors and the amount of funds accumulated by this group of contributors should be analyzed in the context of the relationship with large donors, since 38 people from the group of large donors contributed amounts ranging between 90 and 100 thousand lei accumulating over 3.5 million lei. Such a reconfiguration changes the correlation between the first two categories of donors, but does not change the trend of distribution of the financial burden as a whole. Unemployed and pensioners contributed 1 342 thousand lei to the campaign budget, which represents 11.5% of revenues. At the same time, the share of donations amounting between 50 and 100 thousand lei from this amount represents over 83%. The largest donation was 720 thousand lei and represents one of the largest contributions of an individual under this campaign. In this context, it should be mentioned that the average amount of a donation is 40 091 lei, i.e. 13 average salaries per economy.

Comparing this campaign to the previous campaigns, the distribution trend for the financial burden on the shoulders of a small number of people becomes obvious. The graph below eloquently shows this trend.

The fact that 61.3% of total declared revenues were contributed by large donors to the “detriment” of very large donors does not change matters much. The DPM collected 3 times more money as compared to the campaign of July 29, 2009 and 6 times more as compared to the campaign of April 5, 2009. Such a distribution strategy for large amounts among a more numerous number of real or fictive contributors is natural.

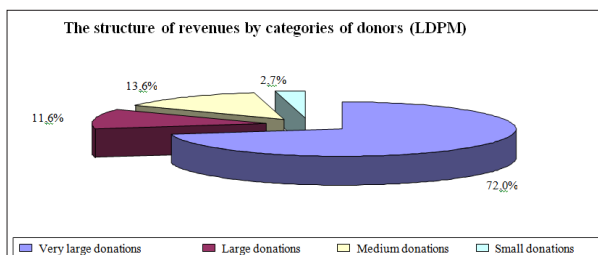
### *The Liberal Democratic Party of Moldova*

The LDPM is on the second place in collecting resources in the election budget at an insignificant distance from the DPM. The LDPM has the same rating for the scope of the donor’s network. However, the number of contributors of LDPM is more than 2 times smaller as compared to DPM and consists of 141 donors. This implicitly means a heavier “fiscal” burden borne by LDPM financers. Thus, the average amount of a donation was 71 469 lei. The situation by donor category is a bit different than for DP, but follows the same trend. As a consequence, 33 donors accumulated 72% of total declared funds collected in the election budget, if we add this amount to the money granted by large donors,



we shall reach 84%. The remaining 88 donors accumulated only 16.3% of total campaign resources. (See table and diagram below).

	Very large donations	Large donations	Medium donations	Small donations	Total
Amount (lei)	7 260 000,00	1 172 600,00	1 374 800,00	269 700,00	10 077 100,00
Share of total	72,0%	11,6%	13,6%	2,7%	99,9%
Number of donors	33	20	57	31	141



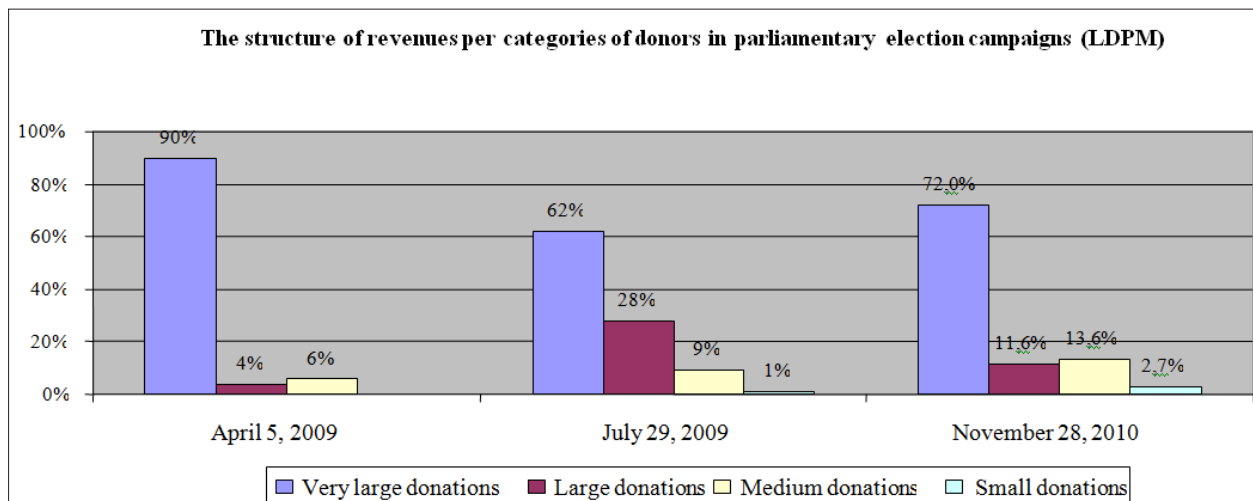
Unlike DPM, the list of LDPM donors contains less unemployed and pensioners, and the value of donations of this category of donors represents only around 1.5 %. Instead, an important but varied category consists of various civil servants and dignitaries from various public institutions and agencies, which donated over 4 268 thousand lei to the party, which represents approximately 43% of total.

Comparing this campaign to the parliamentary campaigns of 2009, we see virtually the same pattern of distribution of donations per categories of donors.

Just like the DP, there are more donors, but the donors and the amounts, and other conditions remained practically the same. Moreover, in case of LDPM we have a peak donation for this campaign of 800 thousand lei and 4 donations larger than 500 thousand lei, and the first 15 contributors donated almost half of total revenues. Under these conditions, the financial contribution seen as a form of political participation is a luxury inaccessible to most citizens and generates a lot of question marks on the discrepancy between political equality and inequality of economic resources.

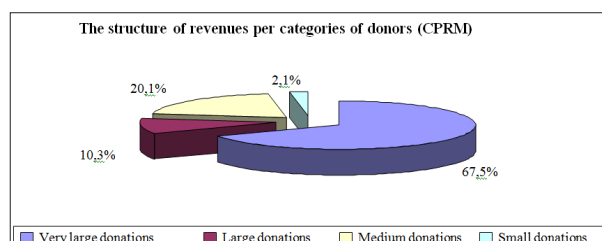
### *The Communist Party of Republic of Moldova*

The CPRM is the first party among electoral contenders at a great distance from the DPM and LDPM. Data indicates a non-specific situation for a party that pretends to be extremely popular and represents most social categories. Being in opposition, the CPRM declared a lot less revenues than the first two ranking contenders. It does not mean that the CPRM did not accumulate more resources than those declared. Most probably it tried to hide real donors protecting them from potential persecutions. However,



the CPRM did not manage to hide problematic donors and was the main topic of some scandals related to funding. As to funding, the CPRM is not different from other parties with narrower social representation with a list of 76 contributors, which is pretty short for a party of its size. The distribution of the financial burden reflects a situation similar to the DP and the LDPM. Over 2/3 of campaign revenues were contributed to the budget of the party by 16 donors, the amounts varying between 100 – 250 thousand lei. If we cumulate very large donations with large donations, then it is clear that 78% of revenues were donated by 24 donors, i.e. less than 1/3 of all funders. (See table and diagram below).

	Very large donations	Large donations	Medium donations	Small donations	Total
<b>Amount (lei)</b>	3 011 700,00	461 555,00	896 650,00	93 905,00	4 463 810,00
<b>Share of total</b>	67,5%	10,3%	20,1%	2,1%	100,0%
<b>Number of donors</b>	16	8	38	14	76

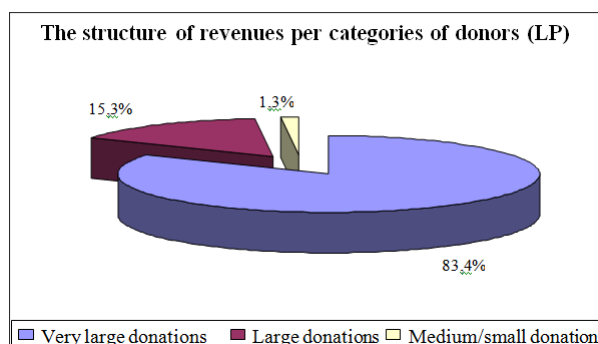


Under the funding aspect, the CPRM can be considered an oligarchy-type party together with other parties from RM. The average amount of a donation eloquently confirms this. It constitutes 58 734 lei, i.e. around 19 nominal average salaries of the national economy. Thus, the CPRM is almost symmetrically placed between the DPM and LDPM. However, unlike many parties, money is not the only resource mobilized by the CPRM in political and electoral battles.

## The Liberal Party

During this campaign, the LP managed to access the cohort of the richest parties reaching the forth position. At the same time, it remains one of the most elitist parties in terms of distribution of the financial burden on a small number of funders, which was also the case for previous campaigns. Under this campaign, the LP was financed by 31 donors, among which the entire parliamentary team. Based on the occupational structure, the other donors are mainly free-lance professionals and businessmen and most of them (22) reside in Chisinau. The data are very illustrative in showing the concentration of the financial burden onto an extremely restricted group. (See table and diagram below)

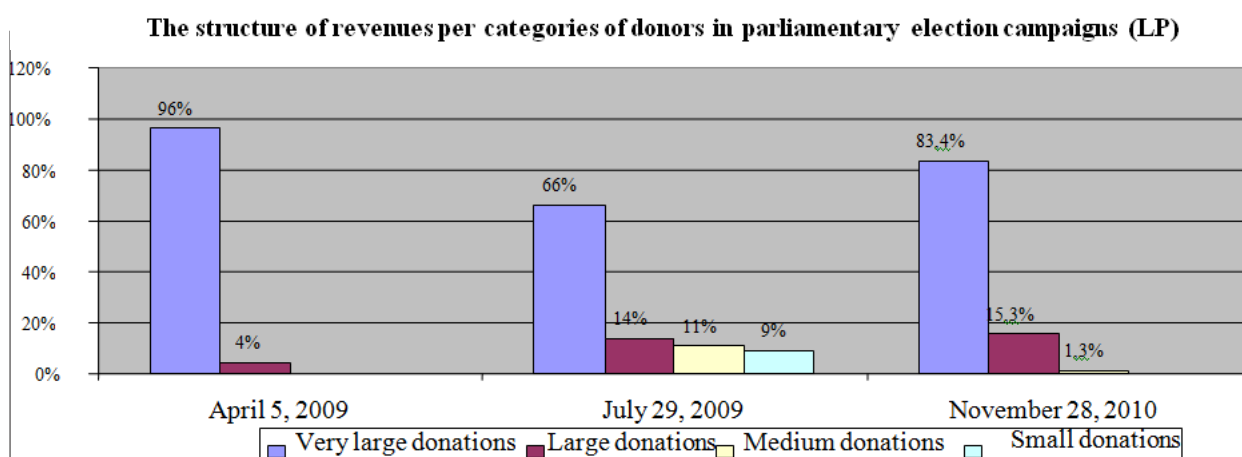
	Very large donations	Large donations	Medium/ small donations	Total
<b>Amount (lei)</b>	3 183 030,00	583 200,00	51 200,00	3 817 430,00
<b>Share of total</b>	83,4%	15,3%	1,3%	100,0%
<b>Number of donors</b>	16	10	5	31



Almost all money were granted by the first two categories of donors, from which 83.4% of total revenues were received from very large donors, and the average amount of a donation is 123 143 lei. In terms of funding, the LP is eminently a party of staff, but is not the only one.

In comparison with previous election campaigns, the DP shows the same funding pattern correlated to groups of donors.



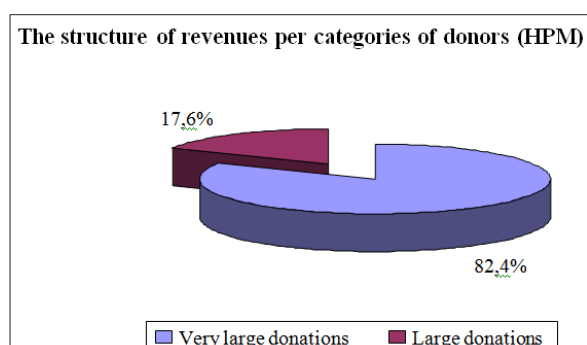


De facto, this shows the weak institutionalization of the LP as compared to large parties.

### *The Humanist Party of Moldova*

HPM promoted itself in this campaign with an electoral slogan aiming at positioning the party separately on a rather agglomerated configuration, pretending to have the support of an institution that enjoys the trust of most citizens. However, the results of the elections proved that citizens prefer to separate politics from morality and not confuse the state with the kingdom of god. From a financial point of view, the HPM is the party on the last but one position as to the number of donors. Only 18 donors supplied over 3.5 million lei, and 9 out of them brought 82.4%. (See table and diagram below)

	Very large donations	Large donations	Total
Amount (lei)	2 906 130,00	619 452,00	3 525 582,00
Share of total	82,4%	17,6%	100,0%
Number of donors	9	9	18

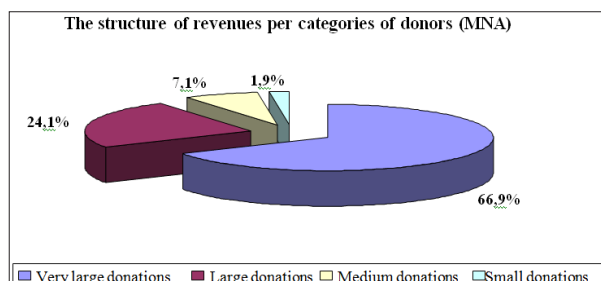


In the case of HPM, the average amount of a donation was 195 866 lei and it represents the highest average amount for this campaign. Similar to other electoral contenders, the list of donors of this party contains unemployed and pensioners who contributed 470 thousand lei, i.e. 13.3% of total financial resources. HPM (and others as well) is an example that proves that financial resources used in a campaign do not present any value if they are not corroborated with complementary resources.

### *Moldova Noastra Alliance (Our Moldova Alliance)*

During this campaign, the financial efficiency of MNA was reduced to zero since the party did not gain access to the Parliament. The electoral decline of the party seems to be accompanied by a financial decline. At least this is the situation based on the declared revenues of the party. Thus, MNA collected fewer revenues as compared to its coalition partners. Internal dissensions and the division of the party manifested itself in a reduction of the number of donors to the party. In this campaign, the number of donors in the financial report of the MNA was only 40. The structure of revenues accumulated in the electoral budget reflects an identical situation as compared to former coalition partners. (See table and diagram below)

	Very large donations	Large donations	Medium donations	Small donations	Total
<b>Amount (lei)</b>	1 890 000,00	680 000,00	200 048,00	55 000,00	2 825 048,00
<b>Share of total</b>	66,9%	24,1%	7,1%	1,9%	100,0%
<b>Number of donors</b>	15	13	6	6	40



Thus, 2/3 of revenues to the campaign budget were donated by the top 15 funders. And together with the second category, they accumulate exactly 91% of the total. The „fiscal” burden for each donor was an average of 70 626 lei and reflects a situation similar to LDPM. From residential point of view, most MNA funders (27) are concentrated in Chisinau, and the remaining 13 are from other localities. In terms of occupations, half of the funders work in the public sector providing almost 2/3 of revenues.

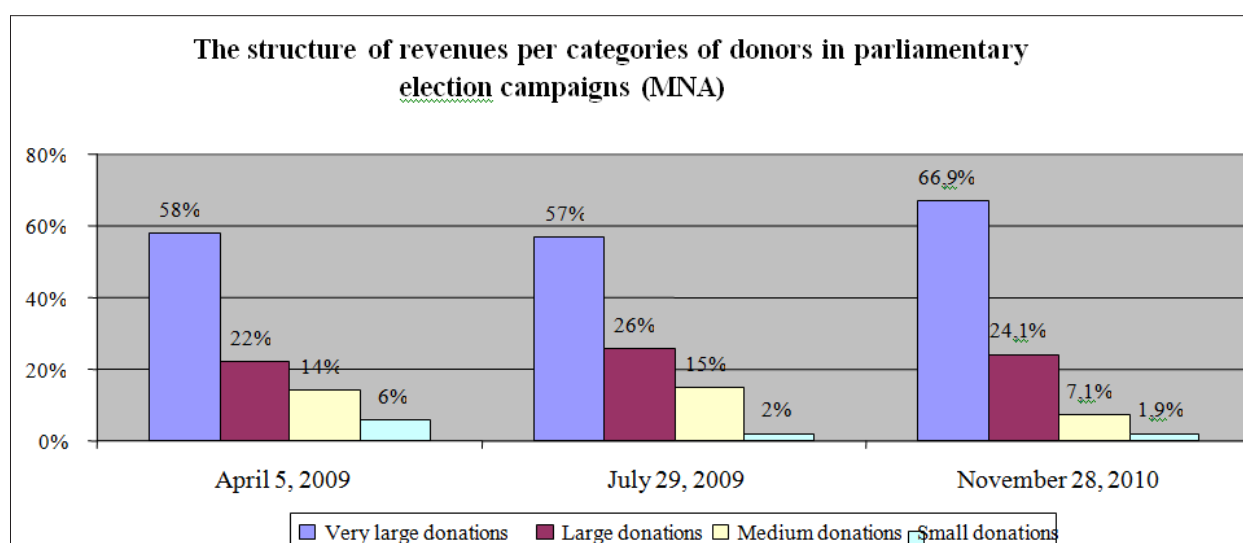
As compared to previous campaigns, the

structure of distribution of the financial burden per categories of donors remained the same for MNA, to a greater extent than for other parties.

This situation emphasizes an important and obvious matter – MNA and other parties are funded practically from the same pockets, without even trying to diversify the origin of their funding and to set a trust relationship with their electors.

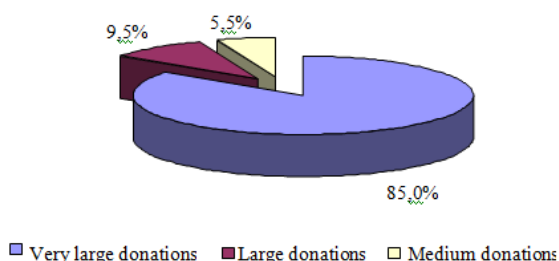
### *Miscarea Actiunea Europeana (European Action Movement)*

Based on the structure of funding of MAE, it can be considered a staff party. The change of leadership did not bring essential changes in its financing. On the contrary, we can see two opposite processes – increased financing and decreased number of funders during the last 3 parliamentary campaigns. MAE has the same number of funders and practically the same pattern of distributing the financial burden among donors. Thus, 85% of the campaign budget was collected from 11 contributors. (See table and diagram below)



	Very large donations	Large donations	Medium donations	Total
Amount (lei)	1 763 260,00	197 200,00	114 000,00	2 074 460,00
Share of total	85,0%	9,5%	5,5%	100,0%
Number of donors	11	3	4	18

**The structure of revenues per categories of donors (MAE)**



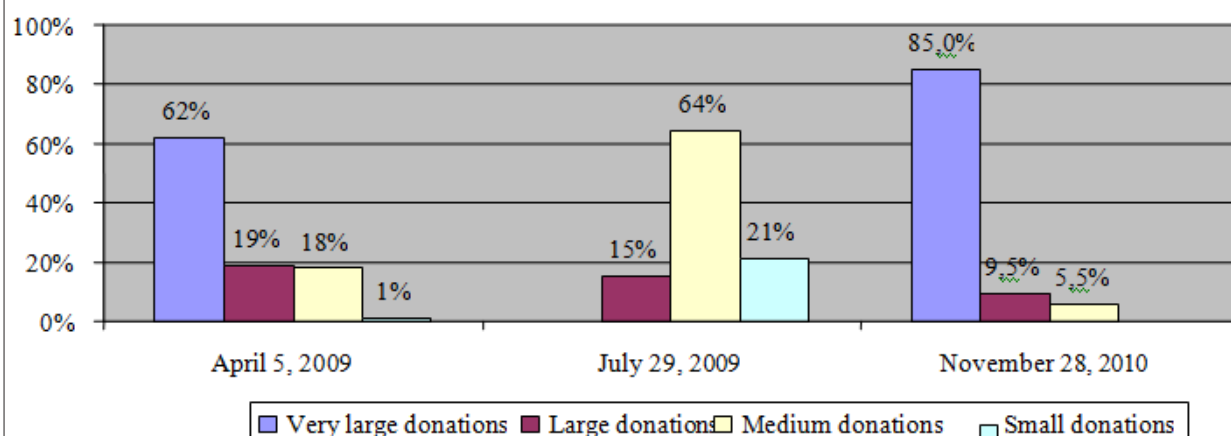
Most of them work in the private sector, even though there are luxury donations from some pensioners (1 donation – 148 thousand lei). The average value of a donation constitutes 115 248 lei, which places MAE on one of the first positions for this indicator. Comparing the structure of revenues with the previous campaigns it should be mentioned that data are comparable with the April 5, 2010 campaigns since MAE has withdrawn from the election campaign for anticipated elections from July 29, 2009, and the financial resources used in this campaign were insignificant.

This party also shows the same trend of focusing the financial burden on the shoulders of several funders, the conclusion is pessimistic for all the parties that are similar under these indicators – an extremely weak institutionalization of parties in the country cannot be compensated through the mobilization of financial resources for the duration of the campaign.

### *Gabriel Stati*

Gabriel Stati is positioned on the 8<sup>th</sup> place as to revenues accumulated from four donors, from which 2 corporate entities. The main contribution comes from a company that contributed to the election budget 1515 thousand lei, which constitutes 73.4% from the total. If we apply the same calculation formula as for political parties to assess the share of various categories of donors, then very large donations account for 96.6%. Despite these financial efforts, one of the axioms of Moldovan politics is confirmed. Under the conditions of the current electoral system, independent contenders have no chance to accede to the Parliament on their own.

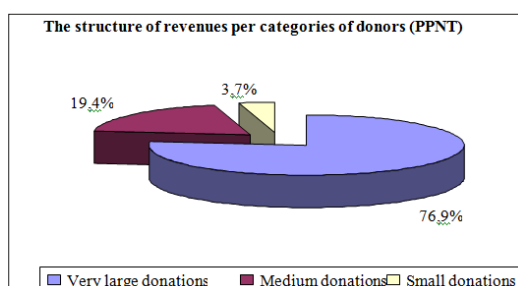
**The structure of revenues per categories of donors in parliamentary election campaigns (MAE)**



## *Partidul Pentru Neam si Tară* (Party for the Nation and the Country)

In order to promote a consequent anti-mafia message for the duration on the entire election campaign, PPNT collected over 1.2 million lei. But this amount proved to be insufficient to convince voters to translate this message to Parliament level. The way funds were collected partially explains this lack of success. PPNT was financed by 21 people, from which 5 provided 76.9% of total revenues of the election campaign. (See table and diagram below)

	Very large donations	Medium donations	Small donations	Total
<b>Amount (lei)</b>	935 770,00	236 100,00	45 000,00	1 216 870,00
<b>Share of total</b>	76,9%	19,4%	3,7%	100,0%
<b>Number of donors</b>	5	8	8	21



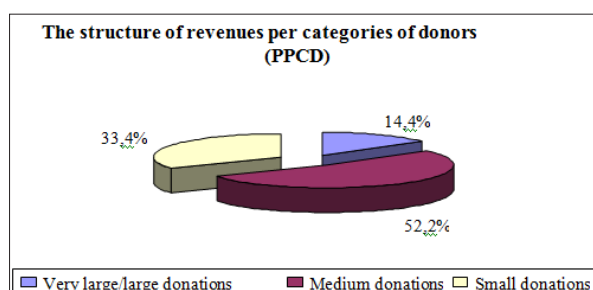
At least theoretically, a mass anti-mafia movement was obligated to break this pattern of concentrating the financial effort on the shoulders of an extremely small group of people. Some of the funders of the PPNT are controversial. Similar funders are present with other parties as well, but the small number of contributors of PPNT emphasizes this paradox. 7 pensioners and unemployed (temporarily unemployed) contributed 793 470 lei to the electoral budget. This figure constitutes almost 2/3 of total. Moreover, the average value of a donation was 57 946 lei, but the amount is double in the case of these 7 donors. All these elements together depict a situ-

ation when the credibility of the electoral message is impacted negatively regardless of the consistency and perseverance of its promotion.

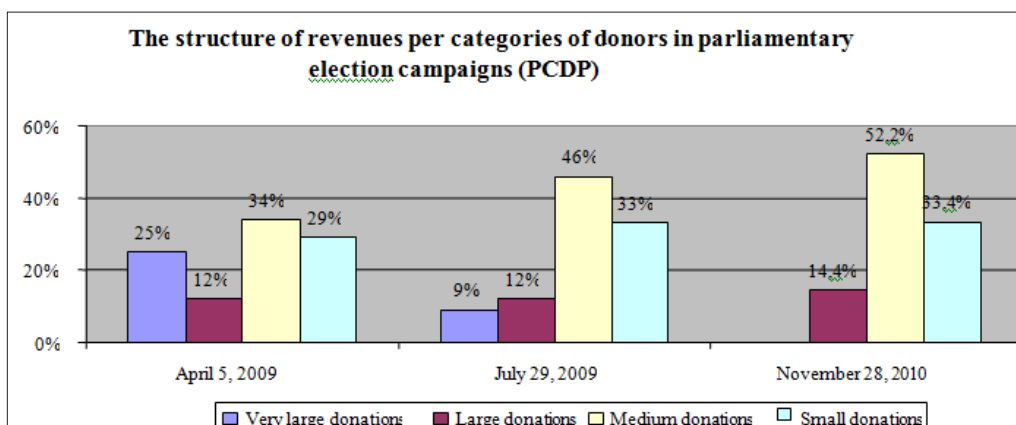
## *Popular Christian Democrat Party*

PCDP is on the tenth position in the ranking of electoral contenders which accumulated the highest revenues for the campaign. Despite the fact that PCDP did not accede to the Parliament, it can be qualified as the most democratic basing on the distribution of the financial burden among donors. This party holds the third position after the DPM and DLPM as to the number of donors. The fundamental distinction is the average value of one donation, which is 10 440 lei per donor. At the same time, PCDP does not resemble other parties as to the distribution of the financial contribution among various categories of donors. It is the most balanced party as to the share of various categories of contributors. (See table and diagram below)

	Very large/ large donations	Medium donations	Small donations	Total
<b>Amount (lei)</b>	120 000,00	435 900,00	279 315,05	835 215,05
<b>Share of total</b>	14,4%	52,2%	33,4%	100,0%
<b>Number of donors</b>	2	21	57	80



It is obvious that over half of the revenues are from medium size donations, which together with small donations represent over 85% of the campaign budget. Also there is a relatively balanced distribution of donors in terms of territorial coverage, even though



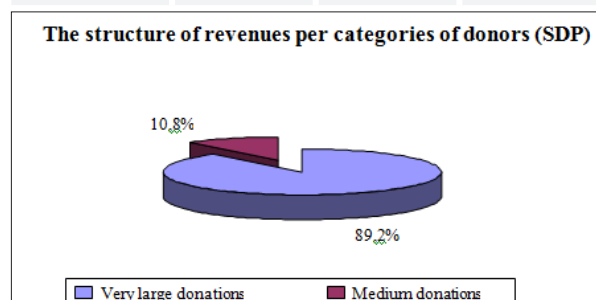
those residing in Chisinau represent a quarter of total. Even if on the donor list of PCDP there are unemployed and pensioners, their number is small and the total value of a donation is relatively moderate compared to other parties. This distributive pattern was also visible during the previous election campaigns, and the main trend is the decrease of the number of large donors and increase of the share of medium and small donors in the structure of campaign revenues.

### *Social Democrat Party*

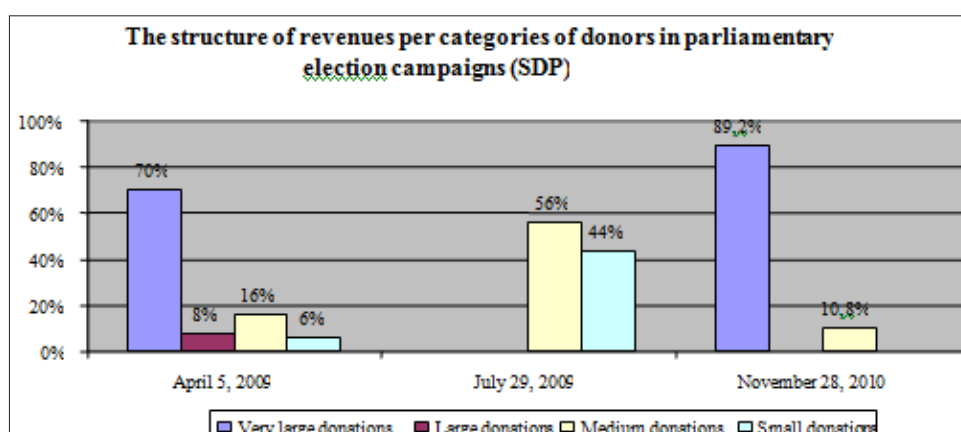
The SDP is the party that registered the most striking trajectory in terms of financing. From a party with the longest list of donors and holding a top position among the richest parties, it transformed radically. During this campaign, the SDP has the shortest list of donors – only 5. De facto, there are 4 donors, since the donation of the chairman of the party should be treated the same as donation from the company that he owns, which means that the

chairman financed from his own pocket the entire campaign of the party. (See table and diagram below)

	Very large donations	Medium donations	Total
Amount (lei)	691 000,00	84 034,00	775 034,00
Share of total	89,2%	10,8%	100,0%
Number of donors	1	4	5



The trajectory of the SDP after the change of its leadership reverberated on the list of its donors, but not on the distribution of the financial burden of the campaign. The diagram below illustrates very well this situation provided that we exclude the campaign from July 29, 2009, which was more special for parties with fewer chances to accede to the Parliament.



The situation of the SDP is the same as the situation of the CPRM. A left oriented party with an oligarchic inclination in terms of financing.

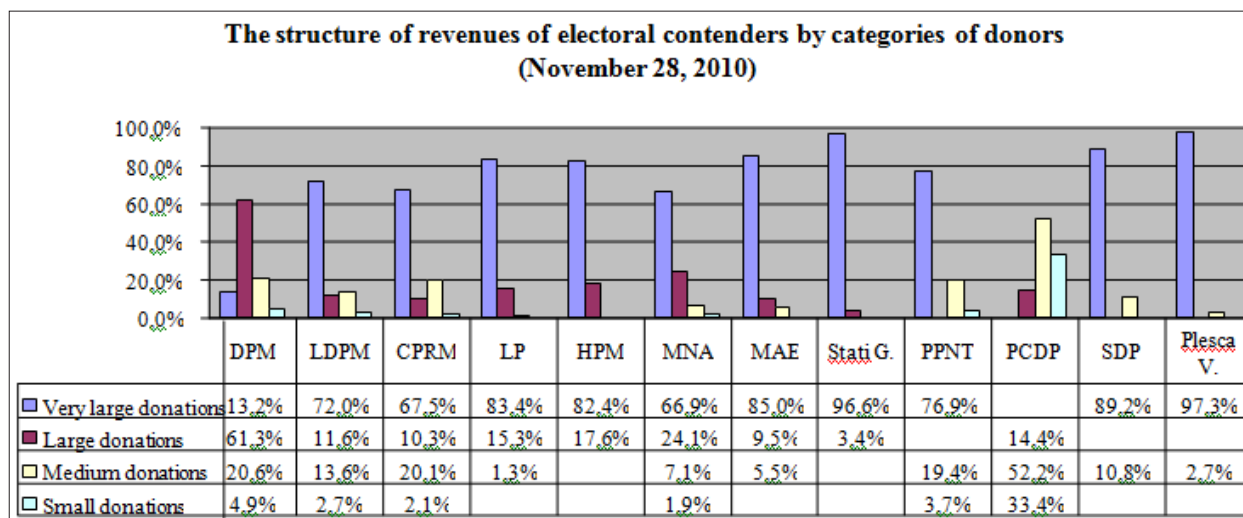
#### d) Totaling Results

This brief analysis of electoral contenders who accumulated the highest revenues for this campaign shows an obvious fact. From a financial point of view, rich contenders overshadow the contenders with limited resources. The first 12 contenders have accumulated per ensemble under 44 million lei of the total of 45.5 million lei. The poor contenders tried to promote their main messages through free of charge means provided by mass-media, but still came with accusations towards media in-

purpose of not shattering the last illusionary hope about their chances to accede into the Parliament.

The data from the financial reports on the inflows and the distribution of the financial burden among declared funders of the parties reflect a deficit of democracy in terms of real participation of citizens to the activity of parties. Parties did not change their attitude and behavior toward financing. Moreover, we have observed the phenomenon opposite to financial transparency and an attempt to hide real funders.

It is sufficient to take a look only at the official data submitted by the parties to observe the prevailing pattern of financing. The diagram below reflects the overall picture for all electoral contenders presented individually.

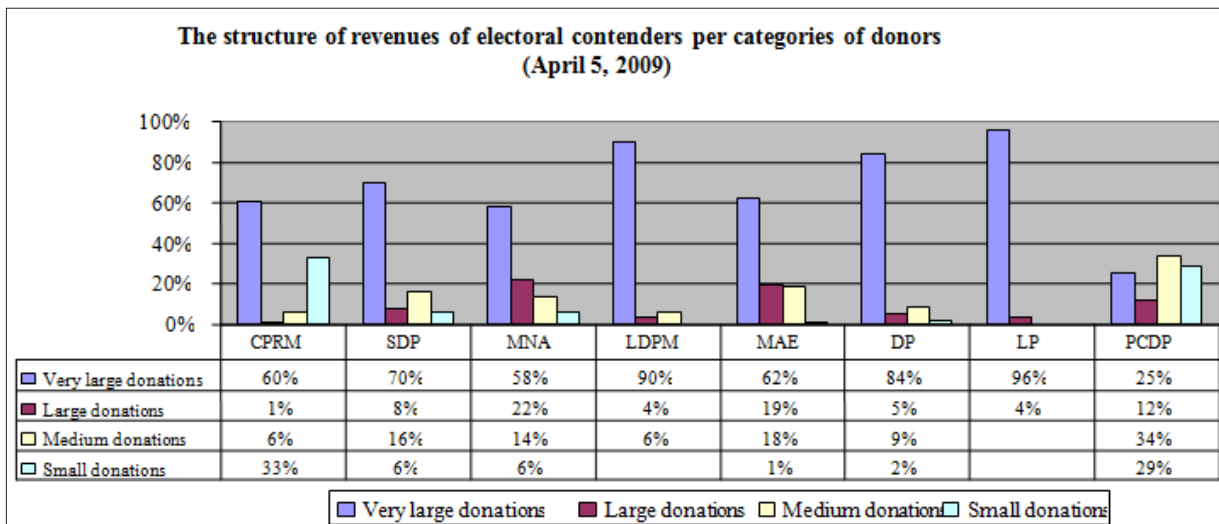


stitutions related to unequal access.

At the same time, this campaign confirmed an axiom of the Moldovan politics: winning elections is not directly proportionate to the amount of financial infusions into the electoral campaign. Most electoral contenders understood this harsh truth from their own experience, about which they were partially aware, but hid from it and denied it with the

It is obvious that regardless of the size of campaign budgets, the pattern of distribution of the financial burden is not significantly different among contenders. Thus, the share of large and very large donors is decisive for the campaign economics. In terms of financing, this campaign was similar to the campaign of April 2009. (See diagram)





The situation is practically identical with only small differences, it is a sort of déjà vu with one distinction – revenues accumulated for the current campaign were considerably higher. The final amount is not the most important thing (even though it matters), the most important is the way money was collected by the parties and from whom. First, we should mention the extent of the donor network. Purely theoretically, the more extended the donor network of a party, the more open is this party to influences from outside, and the decision making process is more decentralized, facilitating a real participation of ordinary members to the daily operation of the party and increasing their chances to compete under equal conditions for elective positions. At the same time, this means that there should be a solid relationship between the party and its supporters. In Republic of Moldova this conceptual scheme is inapplicable if we look at the parties in light of their donor network. From this point of view parties rather resemble closed cells or groups. A comparison of fluctuations in the donor networks is relevant in order to see that parties are isolated from citizens and financial contributions represent more of a luxury and not a form of political

participation necessary for the consolidation of democracy both at system and party levels. (See table below)

	April 5, 2009 Parliamentary campaign	July 29, 2009 Parliamentary campaign	November 28, 2010 Parliamentary campaign
DEMOCRATIC PARTY OF MOLDOVA	21	21	292
LIBERAL DEMOCRATIC PARTY OF MOLDOVA	28	21	141
POPULAR CHRISTIAN DEMOCRATIC PARTY	94	90	80
COMUNIST PARTY OF REPUBLIC OF MOLDOVA	N/A	N/A	76
MOLDOVA NOASTRA ALLIANCE	81	49	40
LIBERAL PARTY	7	46	31
MOLDOVA UNITA PARTY			31
PARTIDUL PENTRU NEAM ȘI ȚARA (Party for Nation and Country)			21
PARTIDUL MISCAREA ACTIUNEA EUROPEANA (European Action Movement Party)	37	35	18
HUMANIST PARTY OF MOLDOVA			18
SOCIAL DEMOCRAT PARTY	117	26	5
<b>TOTAL</b>	<b>385</b>	<b>288</b>	<b>753</b>

To a certain extent this table reflects an anomaly, since even under the demographic conditions of RM, the cumulated number of donors of these parties reaches only 753 people for the current campaign. In this context, a justified question is raised: where are those 4000 citizens who supported the parties when they were registered?

The numbers in the table show the trend of decreasing the number of declared funders, except two parties - DP and LDPM. In case of these two parties, we can see a considerable increase of the number of donors as compared to previous election campaigns. One of the most obvious explanations is the amount of money collected for this campaign, but on the background of previous campaigns, this leap raises more suspicions as to the credibility of all donors.

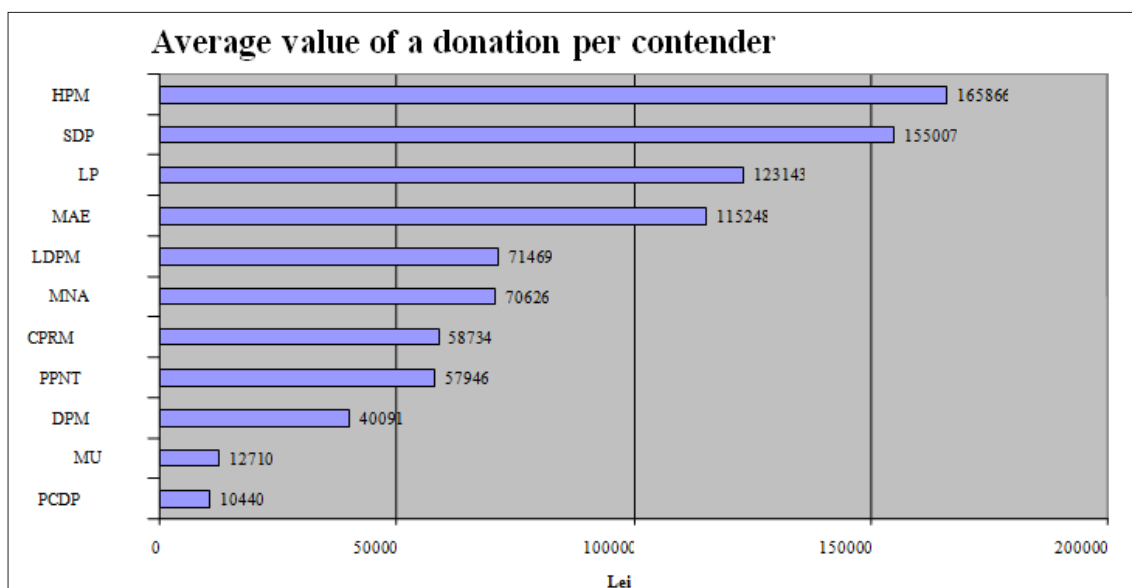
Even if we are aware and accept the fact that in Republic of Moldova there is no crystalized donor tradition, this is not a justification for political parties. Anyway, such a small number of donors is extremely low in terms of representation for a country with around 2.6 million citizens with the right to vote. Parties bear their part of responsibility since they did not make any effort to educate citizens in this regard and preferred a simpler way to financing, which is much more dangerous for the public interest.

The average amount of a donation shows in the most eloquent way the cost of participation to political life beyond exercising the right to vote. And this cost is not within the reach of most citizens. The diagram below reflects the average value of a donation for parties that collected the highest amounts.

This data are very suggestive to grasp the real distance between parties and citizens. They also help understand better why parties are the least trusted political institutions and are appreciated as sources of political corruption to the highest level.

Several conclusions can be drawn on the basis of what was said above, which are not new for the diagnosis of the situation of funding political parties. At the same time, they remain in effect since the registered progress is insignificant and there was no political will to decisively intervene to remedy the situation. The deficiencies of the current financing mechanism of political parties from RM have a negative influence on parties and their relationship with citizens. These deficiencies are translated into:

- isolation of the parties from ordinary citizens in the context when the financial contribution represents a form of political participation and a manifestation of freedom of expression;
- drastic minimization of equal changes to participate in the decision making process of all social categories lacking financial resources;
- the existence of a very small network of funders in relation to the total value



of revenues collected into campaign budgets, the length of lists of donors and distribution of the financial burden per categories of donors;

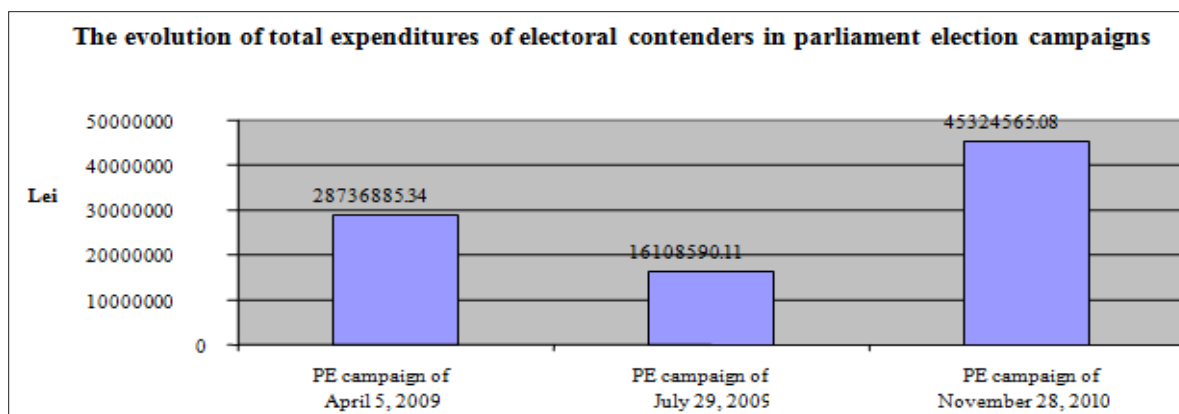
- concentration of the financial burden on the shoulders of a few donors, which creates a dependency relationship for special interests, moving parties away from promoting public interests;
- deepening risks associated with political corruption;
- creating opportunities to elude normative regulations due to their ambiguity.

These conclusions emphasize the need to revise the financing mechanism of political parties, which is certainly a “stumble” or “Achilles’ heel” of the Moldovan democracy.

## 2.2 The Expenditures of Electoral Contenders

behavior of political actors. Normative provisions are very lax and provide participants with a wide space for maneuvering. The effect of this kind of regulations is that electoral contenders do not include some types of expenditures in their financial reports. Thus, expenditures on the maintenance of the campaign staff, remuneration of mobile teams, political advisors, artists, etc. are omitted, even though they represent considerable amounts, which sometimes exceed to a great extent declared expenditures. Not declaring all expenditures is an issue which should be approached in correlation with revenues since undeclared expenditures always mean undeclared revenues, and in this case, the issue of their origin and legitimacy arises.

During this election campaign, election contenders spent the highest amount ever of over 45 million lei, which were declared. This amount is 36.6% higher than the amount spent in the election campaign of April 5, 2009 and 64.5% higher than the amount spent in the election campaign of July 29, 2009. (See diagram)

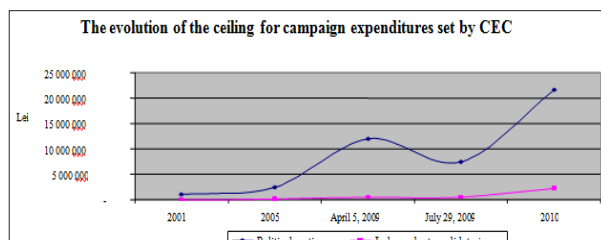


### a) General Considerations

The campaign expenditures of the parties is another delicate topic, which electoral contenders avoid to discuss and prefer to keep as far as possible from public debate. This topic is relevant since it questions the quality of normative regulations and their effects on the be-

This increase was also conditioned by spectacular modifications of the maximum ceiling for campaign expenditures for one party set by the CEC. In a very short period of time, CEC increased considerably this ceiling, which reached the highest level during the last parliamentary campaign. (See table and diagram below)

	February 25, 2001	March 6, 2005	April 5, 2009	July 29, 2009	November 28, 2010
Political parties	1 000 000	2 500 000	12 000 000	7 500 000	21 664 445
Independent candidates	50 000	100 000	500 000	500 000	2 166 444



The electoral ceiling set by CEC for the election campaign of July 29, 2009 is not relevant since it was set resulting from the maximum amount spent for the previous campaign of April 2009.

It is obvious that such a high ceiling brought advantages to electoral contenders who had a lot of financial resources. However, the large amount of funding is not a guarantee for electoral success, and the efficiency of parties is different at this chapter. To this end, the main indicator is the cost of a cast valid vote. This indicator reflects the financial efficiency of various contenders taking into consideration that such a comparison is representative only for those electoral contenders who have access to the Parliament. For the rest of contenders the efficiency is zero. The data in the diagram indicate the cost of a vote for the first 13 electoral contenders with the largest expenditures.

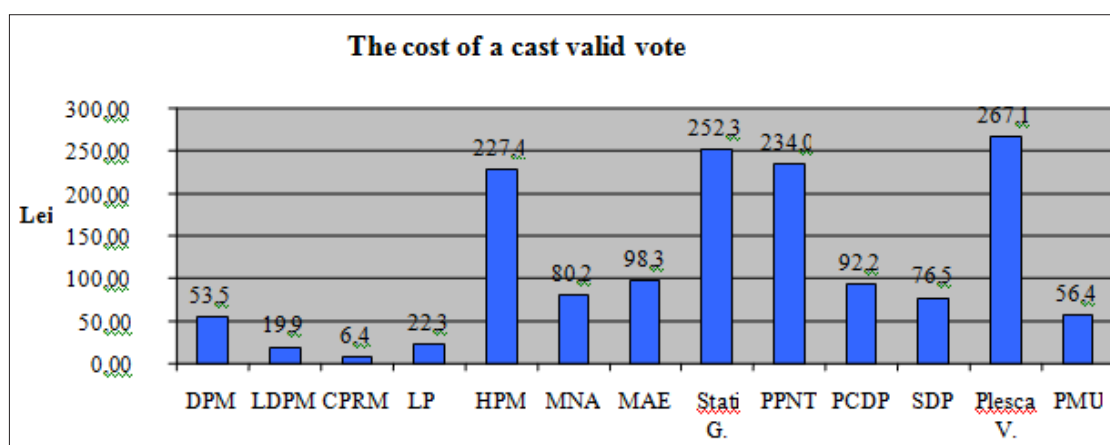
Parliament show the lowest cost for obtaining a vote even though they had the highest expenditures, since they have accumulated the largest number of votes. The most performing proved to be the CPRM. To this end, a partial explanation of these results of provided by the structure of campaign expenditures analyzed below.

## b) Methodology

In order to estimate the way that political parties spent funds, we have classified expenditures in several categories:

- expenditures for TV advertising;
- expenditures for radio advertising;
- expenditures for written mass media advertising;
- expenditures for outdoor advertising (producing and placing commercial and street electoral advertising);
- other (expenditures for organizing events, meetings and concerts, payments for banking services, phones, transport).

We analyzed the top 10 contenders who had the highest expenditures for this campaign according to this formula. This formula has an operational value and provides the opportunity of assessing the share of each type of expenditures in the structure of campaign budgets for each electoral contender. Additionally, it facili-



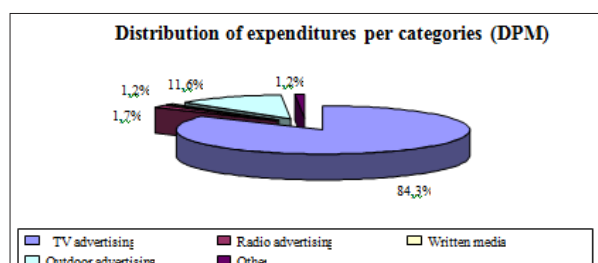
tates comparisons between electoral contenders by types of expenditures for the purpose of identifying similarities and differences.

### c) Individual Analysis of Electoral Contenders

#### *The Democratic Party of Moldova*

The most important category of expenditures declared by the DP is TV advertising. Thus, the costs for this type of advertising represent over 84% of total campaign expenditures. The second position is held by expenditures on outdoor advertising with a share of 11.6%. (See table and diagram below)

	TV advertising	Radio advertising	Written mass media	Outdoor advertising	Other
Amount (lei)	9 878 760,77	203 417,58	138 775,56	1 359 148,62	136 301,77
Share of total	84,3%	1,7%	1,2%	11,6%	1,2%



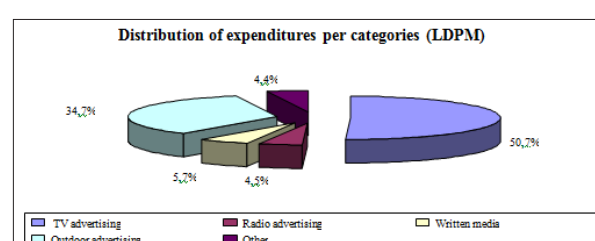
Even if DPM bet on television being the main and the most credible source of information, according to surveys, it seems that election advertising does not belong to the category of messages that are unconditionally assimilated.

#### *The Liberal Democratic Party of Moldova*

Unlike DPM, LDPM has a more balanced distribution of declared expenditures. Nevertheless, over a half of total expenditures

were spent on TV advertising. The second position is held by outdoor advertising of all types, which represents 1/3 of all expenditures. Even though the amounts for radio and newspaper advertising are much smaller this is explained by the much lower prices than for the first two categories. (See table and diagram below.)

	TV advertising	Radio advertising	Written mass media	Outdoor advertising	Other
Amount (lei)	5 140 039,98	452 043,75	581 029,12	3 516 805,95	450 105,24
Share of total	50,7%	4,5%	5,7%	34,7%	4,4%

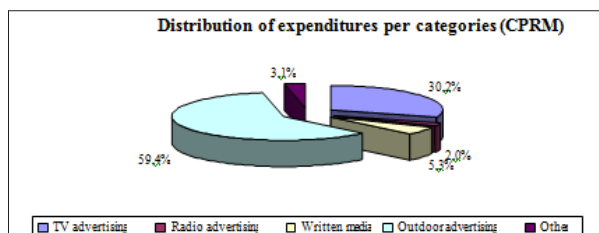


As compared to the amounts spent by the DP, these are 2 times larger for radio advertising and over 3 times higher for written mass-media advertising. The strategy of LDPM of “marking” the territory through a vast network of visual advertising had a higher efficiency as compared to DP.

#### *The Communist Party of Republic of Moldova*

The CPRM built its electoral strategy in a completely different way. They spent less money on TV advertising and directed their efforts towards producing and distributing propagandistic materials. Unlike previous campaigns, during this campaign, the CPRM did not spend money on costly billboards, but only on publishing services. Thus, the posters, leaflets, electoral platforms and other similar materials represent the main category of expenditures, accounting for almost 60% of all declared expenditures. (See table and diagram below.)

	TV advertising	Radio advertising	Written mass media	Outdoor advertising	Other
Amount (lei)	1 307 898,62	85 964,51	229 013,62	2 568 066,00	134 996,62
Share of total	30,2%	2,0%	5,3%	59,4%	3,1%

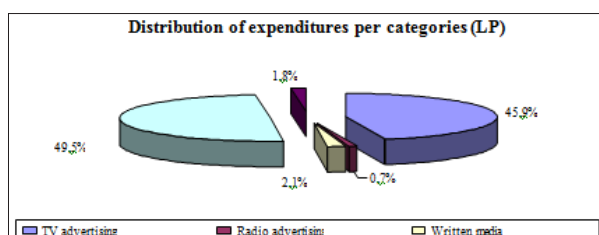


The Universul Publishing House and the Metrompas Printing House consumed all CPRM funds from this category. The CPRM remained loyal to the old style propagandistic model, preferring posters and direct contact with the voters instead of TV. However, TV advertising was not ignored as a propagandistic tool, as we can see from TV advertising costs representing 30%. It seems that this combination has produced good results for the CPRM

### *The Liberal Party*

Based on the distribution of campaign expenditures we conclude that the LP pursued two major objectives: to ensure its increased visibility in public and to promote its anti-communist message. Thus, expenditures for outdoor advertising are just a little higher than TV advertising expenditures. These two categories represent over 95% of all declared expenditures. (See table and diagram below.)

	TV advertising	Radio advertising	Written mass media	Outdoor advertising	Other
Amount (lei)	1 746 364,34	25 925,00	79 389,65	1 882 268,08	68 528,20
Share of total	45,9%	0,7%	2,1%	49,5%	1,8%

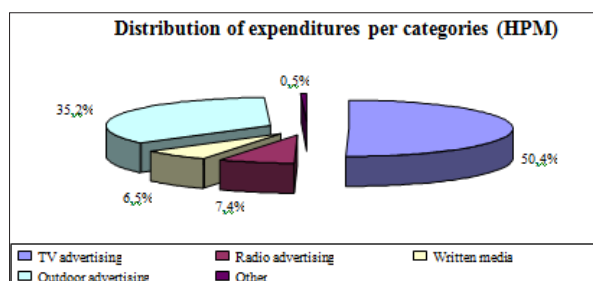


Such a concentration of financial efforts on these two advertising tools shows the wish to use to a maximum the means with the widest geographical coverage. Having fewer resources, the LP could not afford to disperse its funds on other types of advertising.

### *The Humanist Party of Moldova*

The distribution of campaign funds by the HPM reflects a similar situation to CPRM, except HPM spent almost 3 times less for the campaign. A little over half of total expenditures were used for TV advertising, followed by outdoor advertising with a share of 35%. (See table and diagram below.)

	TV advertising	Radio advertising	Written mass media	Outdoor advertising	Other
Amount (lei)	1 720 050,65	254 266,98	222 909,68	1 200 827,69	16 327,09
Share of total	50,4%	7,4%	6,5%	35,2%	0,5%



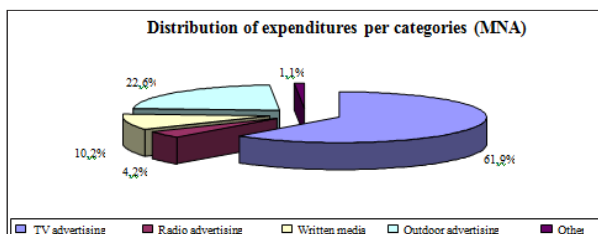
For the HPM the main issue was not the suboptimal distribution of expenditures per categories, but the content of the electoral message. Even though they managed to ensure some public visibility, these funds were sufficient only for half of minimum necessary for electoral success. The second half consists of credibility, and for this compartment HPM's message was going against the prevailing trend and managed to create nothing but jams.



## *Moldova Noastra Alliance*

MNA is the loser of this campaign, but it is difficult to say how much and if at all the financial factor mattered in relation to the electoral score obtained. But it is true that MNA spent considerably less funds as compared to their alliance partners. The structure of campaign expenditures is similar to other contenders with the same profile. The highest share is held by TV advertising with 62%, followed by outdoor advertising with almost 1/4 of total campaign expenditures. (See table and diagram below.)

	TV advertising	Radio advertising	Written mass media	Outdoor advertising	Other
Amount (lei)	1 748 833,45	117 935,00	286 991,80	638 889,48	32 398,27
Share of total	61,9%	4,2%	10,2%	22,6%	1,1%



It is also specific for MNA to spend 1/10 of funds for written mass media advertising, but most of this money was spent for their own publication. Comparing the trajectory of MNA campaign expenditures and its score obtained in the elections, we can see that they are directly proportionate, which means that the financial factor cumulated with other variables can decisively influence the electorate.

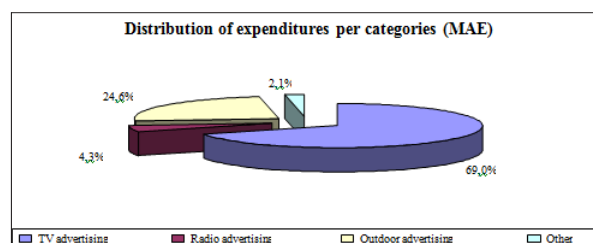
## *Miscarea Actiunea Europeana (European Action Movement)*

During the last three election campaigns, MAE gave the impression that it could get more votes, but every time this impression is just an illusion projected onto the public through an efficient management of the election campaign. But

this is not enough since other parties also manage their campaigns at least as efficiently.

During this campaign, MAE changed its expenditure patterns as compared to the previous campaign, switching its focus on TV advertising, representing over 2/3 of total campaign expenditures. The second position is held by outdoor advertising expenditures representing 1/4 of total. (See table and diagram below.)

	TV advertising	Radio advertising	Outdoor advertising	Other	Other
Amount (lei)	1 431 893,00	88 797,72	509 374,00	44 398,26	32 398,27
Share of total	69,0%	4,3%	24,6%	2,1%	1,1%

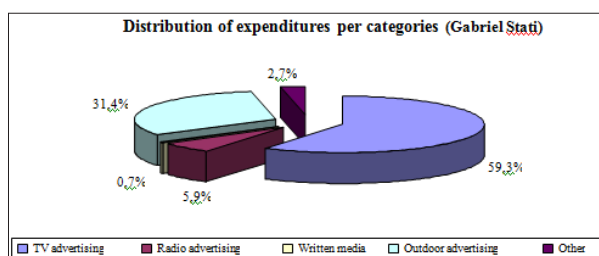


MAE is different from most parties because it has no expenditures for written mass-media advertising. But changing the strategy by redirecting financial flows in order to create an increased visibility for the party and the new leader did not produce the desired effect.

## *Gabriel Stati*

Gabriel Stati shows the same pattern of distributing campaign expenditures, where TV advertising expenditures represent more than a half of all expenditures with a share of 60%. The second position is held by outdoor advertising expenditure, which accounts for almost 1/3 of total. (See table and diagram below.)

	TV advertising	Radio advertising	Written mass media	Outdoor advertising	Other
Amount (lei)	1 223 231,99	122 424,70	13 659,89	648 816,14	55 426,00
Share of total	59,3%	5,9%	0,7%	31,4%	2,7%

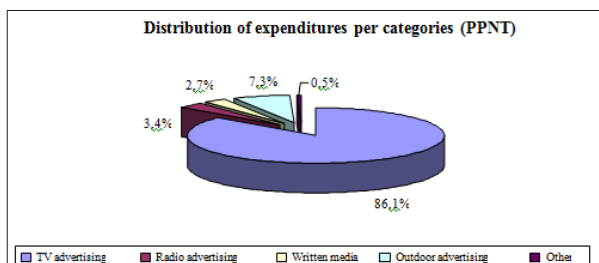


Gabriel Stati also preferred the simplest way to generate visibility through advertising tools with the largest geographical coverage. In his case, this distribution of expenditures seems to be targeting creating a rather visible public image as a runway for further political activity.

### ***Partidul pentru Neam si Tara (Party for the Nation and the Country)***

The PPNT holds one of the top positions among the first 10 competitors who spent the largest amount of money during this campaign on TV advertising of total campaign revenues. The share of TV advertising represents 86.1% of the total campaign budget. (See table and diagram below.).

	TV advertising	Radio advertising	Written mass media	Outdoor advertising	Other
Amount (lei)	1 047 683,00	40 890,00	32 441,70	89 248,00	6 481,00
Share of total	86,1%	3,4%	2,7%	7,3%	0,5%



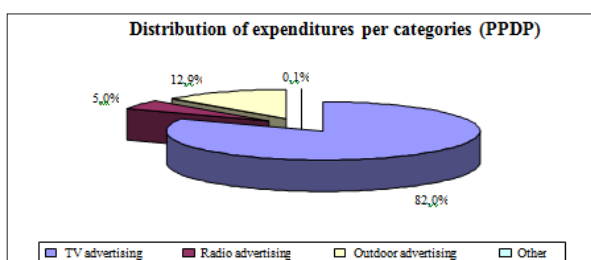
Over 1 million lei were spent for TV advertising on TV channels with the highest audience rate, coverage and accessible prices. The intension to propel the party into the Parliament in this manner turned out to be counter-pro-

ductive. As a result, the anti-mafia message promoted so persistently proved to be inefficient for advertising.

### ***The Popular Christian Democratic Party***

The scarcity of funds forced PCDP to structure its campaign expenditures similar to most contenders with limited funds in such a way that it would ensure the most extended possible presence in the media. To this end, 82% of expenditures were made for TV advertising.

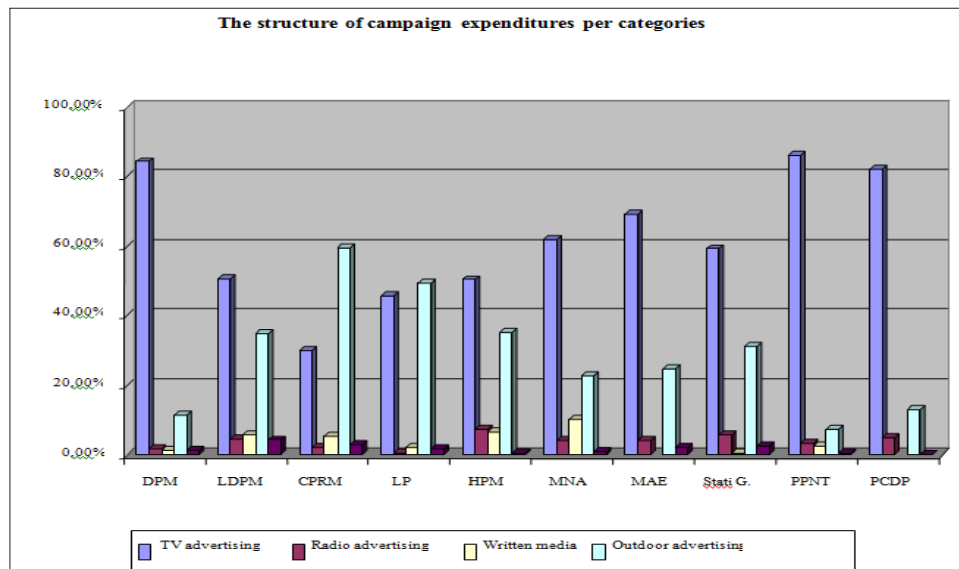
	TV advertising	Radio advertising	Outdoor advertising	Other	Other
Amount (lei)	680 270,90	41 824,10	106 784,00	916,00	6 481,00
Share of total	82,0%	5,0%	12,9%	0,1%	0,5%



Unlike other competitors, a great part of these expenditures were oriented towards local TV channels, where advertising prices are much lower than for national TV stations. During this campaign, PCDP was practically invisible in terms of outdoor advertising. The combativity of the leader of the party during election debates was insufficient to receive a favorable score.

### **d) Summary of Results**

Even if it is extremely brief, this analysis clarifies the way parties set their campaign priorities depending on available funding. Despite some considerable differences in the amount of funds used for the campaign, there is a common trend for most electoral contenders. For almost all contenders, television represents the main category of expenditures, except the CPRM and the LP. (See diagram below.)



It is a paradox, but the number of votes received by contenders eloquently show that television is not a panacea for the deficit of image or credibility and does not bring votes. Even though it is by far the most popular and credible mass-media outlet, this is not valid for electoral advertising since it is not perceived as a neutral message. The CPRM is a model worthy of imitating in terms of electoral management, being a pertinent example for all parties as to campaign expenditures correlated to the number of votes and cost of a vote received.

The second position is held by expenditures for producing and posting electoral billboards and posters. The other types of expenditures account for less significant shares in the structure of campaign expenditures.

This data is instructive for most political parties that are not yet aware that funds produce results only if there are other types of resources as well, especially, human resources. But this is exactly the matter where most Moldovan political parties suffer from an acute deficit and to a certain extent are forced to compensate this deficit through electoral advertising.

Expenditures that are unaccounted for are another unsettled issue. The insignificant share or lack of expenditures for organizing

events, meetings with voters, electoral concerts, transportation, and remunerating staff gives the impression that parties did not carry out these activities and did not mobilize their supporters. But of course they did. Looking at the situation in the light of the structure of collected revenues per types of donors we see that parties have very few funders. Even fewer of them contributed most part of the financial burden. This is why it is very difficult to accept the hypothesis that all electoral contenders managed to mobilize their supporters and sympathizers on a voluntary basis only, without any remuneration. After we enter harsh and often unfair competition into this equation, then the hypothesis of electoral voluntaries is difficult to prove. An election campaign represents a test of resistance and cohesion for a party confronted with the issue of collective action. In order to mobilize the members of the group stimuli to undermine the trends of free rider behavior, even among the most devoted members of a party, are necessary. This is especially true about people in responsible positions or people responsible for the territorial units of a party, the efficiency of whom would most certainly decrease without any adequate motivation. Under these circumstances, the issue of expenditures remains on the agenda awaiting solutions.

# CHAPTER III. UNOFFICIAL CAMPAIGN COSTS OF IMPORTANT POLITICAL PARTIES IN THE ELECTIONS OF 28 NOVEMBER 2010

**Cornel Ciurea**

## ***3.1 General context of 2010 electoral campaign from the perspective of political parties funding***

The elections of 28 November 2010 have raised the acute problem of unofficial funding of political parties. If until recently the parties were described as being “geopolitical parties”, a phrase circulated among others by Oleg Serebrian and Dan Dungaciu, now they are seen more and more like clientele parties having behind them major business groups. The increase in the electoral campaigns costs reflects this new dimension of the Moldova’s political parties governed by the “golden rule” formulated by Thomas Ferguson saying that the candidate with the most money wins.<sup>11</sup> Even if the hugely costly electoral campaigns might not guarantee success, they are indispensable for an efficient promotion of candidates and may be compared to the higher education diploma that does not have a high value but is attractive enough to lure a growing number of young people to studies.

The Moldovan politics has long ago taken the way of the principle “pay to play”, scandals about buying places in the list being the most obvious. In spite of not being

always proved, such cases like the alleged sale of Mircea Snegur’s place on the list of the Democratic Moldova Bloc in 2005 by Veaceslav Untila, incited the interest in clandestine circulation of political money, suggesting the existence of exorbitant sums landing into the pockets of politicians’ coats.<sup>12</sup> Lately, these discussions have been refueled by bringing to light what Americans call “fat cats” – individuals with large fortunes willing to fully contribute to the political parties’ campaign budget. Plahotniuc, Filat, Oleg Voronin, Pasat, Stati are names associated with providing substantial funds, even if the financial reports of parties reflect just a minor part of these contributions.

It is crucial to hold discussions about the role of money in the Moldovan politics because the plutocracy may radically change the functioning of a democratic system. Democratic political systems driven by money have a different logic from the ordinary ones; the struggle for votes by addressing vital issues is no longer a priority. In such systems, the political agenda is not determined by national priorities but by the vested interests of a close group of affluent people who often neglect the majority will and the public interest. William K. Tabb explains this in a very clear way:

“Political parties need votes but they

<sup>11</sup> Thomas Ferguson „The GoldenRule: The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems”, University of Chicago Press, 1995

<sup>12</sup> Eduard Volcov, „Mircea Snegur – Eduard Volcov – sincere dialog”, 2004

are not just maximizers of votes. Parties may be better understood when seen like a kind of blocs of investors backing up candidates willing to represent their interests. The public policy is determined by the interaction of these blocs because the majority of voters are not organized, often poorly informed, hostile to the political process and, as a result, susceptible to some emotional messages regarding issues of a minor interest for the class of investors. In the same time, the public opinion concerning issues vital for this class of investors has just a limited impact on the final outcome.”<sup>13</sup>

In the Republic of Moldova, these blocs of investors already have set borders even if there are certain communication lines between them. Without providing full details, we may say that three economic influence centers have been set and they might be conventionally called 1) Plahotniuc group, 2) Filat group and 3) Oleg Voronin group. Behind all these three groups there is a political party PDM (Democratic Party from Moldova), PLDM (Liberal Democratic Party from Moldova) and PCRM (Party of Communist from the Republic of Moldova) respectively which promote, along with others, the interests of these business people. For this reason, the electoral campaigns of these parties are the most costly because serious deals and fabulous revenues are at stake. The political system of the Republic of Moldova is already strongly contaminated by the virus of non-transparent money and any approach to explain the functioning of democracy in Moldova can not avoid the “follow the money” principle. In this research we do not aim at discovering the income sources origin of the political par-

ties but at creating a realistic picture regarding the magnitude of expenses of the most important political parties of Moldova in the 2010 campaign. Such a picture might help us understand the degree of parties eluding the respect of fundamental democratic principles and might provide a more credible picture of the relationship between the formal and informal practices in the Moldovan politics. From our point of view, the “follow the money” approach is the only one able to answer the questions concerning the complicity of political and economic groups. Civil society has the duty to monitor attentively these non-transparent contacts and hidden complicities in order to keep the Republic of Moldova democratic system afloat.

### ***3.2 The biggest problem of 2010 electoral campaign – non-declaration of expenses and revenues***

The electoral campaign of October – November 2010 proved that the parties continue to conceal the real expenses they incur. Evidence of such a way of circumventing the obligation to report about the revenues and expenditures during the campaign came even from political leaders who have confirmed their malevolence in an excess of sincerity. For instance, at the end of campaign, during a program at Publica TV the Honorary President of the Democratic Party Dumitru Diacov declared that: “We have shown every single leu we spent during the campaign. We were transparent.” In response, the Liberal Party First Vice-President Dorin Chirtoaca confessed urging political parties to be more hon-

<sup>13</sup> William K. Tabb, „The Power of the Rich”, in Monthly Review, Volume 58, Nr 3, 2006



est: “Let’s face it, Mr. Diacov, nobody shows every single leu, including the Liberal Party.”

Such statements prove that the Republic of Moldova political system is severely affected by a syndrome of *organized hypocrisy*, a term introduced by Nils Brunson, which states that the present structures are marked by an obvious disparity between the declarations, decisions and acts. These discrepancies are the result of material but also normative and ideological factors pressure on the political system, forcing the political actors to say one thing, think another way and act differently from both.

Unfortunately, the legislative ambiguity favors this subversive behavior of political parties. Both the electoral code and the law concerning political parties do not clearly stipulate what expenses have to be declared by parties. According to article 30 of the Electoral Code the parties file, once a year, a financial statement to the Court of Accounts, Ministry of Finance and the Ministry of Justice. Meanwhile, the same parties have to file, once in two weeks, another kind of financial statements during the electoral campaign. These stipulations have been interpreted in such a way that political parties considered that the electoral reports have to contain only the sums spent for producing material with an electoral character. For this reason, in these reports we will not find, for instance, employees or political technologists’ salaries or even the parties costs of organizing concerts, sums that, theoretically, have to be included in the general financial statement, filed once a year (as a matter of fact you will not see these amounts there either). Thus, because of this loophole in the law that does not clearly stipulate what expenses have to be reported

by parties during campaigns, it gives parties the opportunity to conceal a significant part of expenses contributing therefore to the phenomenon of organized hypocrisy.

In our opinion, the law must include a clear stipulation of parties’ expenses during the electoral campaign. For example, the electoral staff salaries during the campaign are much higher than those during the usual period of activity and, subsequently, they must necessarily appear in the financial statements during campaigns. In accordance with some inside sources within certain political parties, local staffs have received from the center amounts of up to 500 000 lei for a campaign. Multiplied by 33 districts these expenses reach the sum of 1million Euro, an exorbitant sum that can not be seen under any form in any financial statement. Even if these sums might be exaggerated, monitoring shows that major parties easily fall in amounts between 200 000 – 300 000 lei per district. Therefore, the law must clearly specify the parties’ expenses categories that have to be necessarily reported. Although parties might be tempted to declare less than they spend, however they will be encouraged to cast light on certain campaign costs that have not been reflected at all so far.

Meanwhile, although the official caps for personal contributions are growing, a fact that allows political parties to spend officially more and more money, the unofficial sums are continuously increasing as well. As a matter of fact, the money declared by parties in their financial statements during November 2010 campaign represents just the peak of iceberg; the largest expenses staying out of the accounts are not known by society and are spent in a non-transparent manner. In some intermediary statements made public before the



campaign, the authors maintained that the political parties' unofficial expenses exceed by 10% the official ones. We have all grounds to believe that the real amounts that have passed through the party coffers are several times higher than those officially disclosed. Even if the official sum declared by the Democratic Party is nearing the figure of \$1 million, political experts and commentators suppose that the total campaign budget of the three major political parties with a clientele orientation – PDM, PLDM and PCRM – oscillates around the cap of \$5 million, being, thus, 5 times higher.

### 3.3 Study methodology

In this context, the accurate assessment of “soft” money (semi legal money collected by parties during campaign and that must not necessarily be reported to CEC, i.e. money for salaries) or “black” money, non declared, is quite a hard endeavor requiring field investigation. In the present research we have come up with a simulated budget of possible expenses, which normally political parties incur in a modern election campaign. This budget is based on real activities carried out by parties on the ground and reported by observers involved in the project. These activities were assigned with a monetary value stemming from the approximate prices on the electoral political market that had been reported by our observers. The prices included into the budget have been determined after interviews and discussions of observers with different members of parties involved in campaign and reflect the minimum value of expenses incurred.

Three parties have been the subject of our study – PCRM, PDM and PLDM. These parties have been selected on the ba-

sis of *financial competitiveness* principle, an unofficial term used by observers during the campaign that refers to the candidates having at least half of the campaign money of their rivals. From this point of view, ten experts from the Republic of Moldova have been interviewed and they supposed that PDM, PCRM and PLDM are the parties with the highest expenses in the campaign amounting at about \$5 000 000. Also the experts estimated that PL (Liberal Party), AMN (Our Moldova Alliance), PUM (Humanist Party from Moldova), MAE (European Action Movement) and PSD (Social Democratic Party) may be deemed with some reserves competitive from the financial point of view, their campaign budget being estimated at about \$2 000 000 – 3 000 000. The other parties have been considered irrelevant from the financial point of view, their campaign budget rising up to about \$1 000 000. Taking into account the project possibilities and the observers' capacity to cover the country it has been taken the decision to monitor the campaign activities of three major political parties – PCRM, PDM and PLDM.

The monitoring team has been made up of 12 experts divided into groups of 4 people each for three country regions – North (Bălți), Center (Chișinău) and South (Cahul). Each expert was responsible for two districts, thus, allowing us to monitor 24 districts of the country altogether. The monitoring implied supervision of parties' activities on the ground, of local TV stations activities, interviews with political parties' members under study, dialog with districts citizens who had been visited by political parties' members etc. The experts' reports were presented weekly to the team in charge of the project implementa-

tion. The observers were people with knowledge of the political phenomenon, current or former party members.

### ***3.4 Simulated campaign budget of major political parties in 28 November elections***

The simulated campaign budget included diverse activities prices of the three major political parties with a budget estimated at about \$5 000 000 and reported by observers. In some situations we included the prices used by PCRM in others by PDM and PLDM. In the case of concerts, organized especially by PDM and PLDM we preferred to use the average prices although the differences between these two parties are not significant. As a whole, the campaigns of PDM and PLDM proved similar in terms of expenditures structure and activities carried out, including local staffs, door-to-door campaigns in the cities and districts, mobile groups of

agitators, massive presence in mass media and outdoors advertising, separate concerts and concerts accompanying leaders during their visits on the ground. Some parties have immensely used political counseling (political technologists) and we do not have evidence about other parties.

Overall, we can say that the election campaigns of PDM and PLDM proved to be extremely costly with a high degree of electoral technologies implication (rather expensive) and with an impressive number of hired people. These campaigns were very intensive both from the technologies and human resources points of view. Conversely, the PCRM campaign relied more on traditional methods of organizing elections consuming more human energy and making less use of political technologies (even if, from some information paid political advisers worked for PCRM). In the same time, according to observers' estimates, the lion's share of PCRM campaign expenses was incurred after elections when the agitators were paid post factum.

**DETAILED EXPENSES OF SIMULATED EXPENSES INCURRED BY CONCERNED  
CANDIDATES IN 2010 CAMPAIGN**

	Types of expenses	Value and method of calculation	Total sum in MDL
<b>1. Expenses related to the campaign in the territory</b>			
	Remuneration of central staff campaign coordinators	1 coordinator per 1 district, 33 remunerated coordinators throughout the campaign per party. The salary and other expenditures related to their activity: 15 000 MDL	<b>495 000</b>
	District staff remuneration	Remuneration of the chairman, vice-chairman and staff assistants for 33 district staffs. Expenditures per district staff: 21 000 MDL	<b>693 000</b>
	"Door to door" campaign	Over 1300 MDL per polling station for 1700 polling stations	<b>2 210 000</b>
	Primary party organization remuneration	Over 1500 MDL per primary organization for 898 organizations	<b>1 347 000</b>
	Remuneration of mobile groups of agitators	Over 160 MDL per person, 20 days of activity, for 33 districts, 10 people on average	<b>1 056 000</b>
	Transport expenditures	2 cars rent throughout the campaign about 5000 MDL per car for 33 districts	<b>330 000</b>
	Remuneration of election officials (members with a consultative right to vote and observers)	Over 400 MDL per polling station for 1700 polling stations	<b>680 000</b>
	Big concerts (with the presence of the party leader)	Expenditures related to assembling/ dismantling the stage, logistics and artistes remuneration: about 12 000 Euro per concert. Total: 20 concerts. <i>240000Euro</i>	<b>3 840 000</b>
	Small concerts (with the presence of candidates)	Expenditures related to remuneration of artistes and sound: 500 Euro/concert in 6 localities in every district. <i>99000Euro</i>	<b>1 584 000</b>
	Fuel	About 1500 liters/district. 1 liter≈14 MDL	<b>693 000</b>
<b>2. Expenses related to the campaign in Chişinău</b>			
	Remuneration of the municipal staff (including the sectors of Chisinau)	60 persons (10 people in the central staff+60 people in district staffs). Remuneration per person: 10000 MDL	<b>600 000</b>
	Remuneration of mobile groups of agitators	Over 160 MDL/person. 20 days of activity, for 5 districts, 10 people on average	<b>160 000</b>
	"Door to door" campaign	Over 1000 MDL per polling section for 303 polling sections	<b>303 000</b>
	Transport expenses	2 cars rent throughout the campaign about 5000 MDL per car for 5 districts	<b>50 000</b>
	Remuneration of election officials (members with a consultative right to vote and observers)	Over 400 MDL/polling section for 303 polling sections	<b>121 200</b>
	Big concerts (with the party leader participation)	Expenditures related to assembling/ dismantling the stage, logistics and artistes remuneration about 25000 Euro/concert. Total: 4 concerts. <i>100000Euro</i>	<b>1 600 000</b>
	Fuel	About 1000 liters/district. 1 liter≈14 MDL	<b>70 000</b>

3. Expenses related to the campaign abroad		
Remuneration of election officials (members with a consultative right to vote and observers)	Over 1200 MDL/polling section for 75 polling sections	90 000
4. Expenses related to the „outdoor” advertising		
Simple billboards	About 200 billboards/3months. 500Euro/month. <i>300000Euro</i>	4 800 000
City light	About 200/2months. 100 Euro/month. <i>40000Euro</i>	640 000
Folders	About 2 million pieces. 1 MDL/item.	2 000 000
5. Mass media advertising		
Production of TV/audio advertisements	3-4 commercials, interviews, videos, reports. 1 ad≈3000Euro. <i>12000Euro</i>	192 000
TV/audio/written advertisements	The average for concerned candidates	6 005 646
6. Political counseling		
Image making, organization of events, developing the campaign concept and strategy etc.	15-20% according to independent experts estimates	12 000 000
Internal surveys	3 surveys throughout the campaign. 1 survey≈10000Euro. <i>30000Euro</i>	480 000
<b>TOTAL: USD ≈3 503 320, EUR≈2 627 490</b>		<b>42 039 846</b>
7. Non-monitored expenses		
Election presents	Rice, sugar, soap, seeds, oil	
Awards for leading districts	Between 300 000 MDL and 500 000 MDL.	
Fees for affiliated journalists	No data available	
Mobilizing in the election day	An important chapter in the budget total. Because of the use of dirty technologies it is very difficult to monitor: <ul style="list-style-type: none"> <li>- multiple voting</li> <li>- buying of votes</li> <li>- transporting the voters</li> <li>- agitators near polling sections</li> </ul>	
Items of visibility	Bags, jackets, scarves, pens, purses, lighters, umbrellas, flashlights.	
Printing costs	Newspapers, calendars, leaflets, invitations to vote	
On-line advertising		
Hidden advertising		
Trips and concerts abroad	PLDM was the most active	

The table above reflects the two thirds of parties' expenses that were monitored. A part of expenses couldn't have been monitored because of a high degree of difficulty of access to the information. However, we consider that in terms of non-monitored costs the total sum might be of at least \$1 million. For this reason, the total campaign budget of the considered parties could reach the amount of \$4 500 000 – 5 000 000.

In terms of expenses items, we observe a massive involvement of candidates in the organization of the campaign in the territory (district, municipalities). The total amount of these items ranges at 12 928 000, accounting for a quarter of the total budget. Meanwhile, the monitoring showed that PCRM spent more in order to invest in the human factor and less in the election technologies. For this reason, we can suppose that in the total campaign budget of PCRM the expenses for the central and local staffs account for a half of the campaign budget.

In this chapter of expenses an important role is played by the organization of small and big concerts. PLDM and PDM were the most active, organizing 2-3 concerts in every district and 2 big concerts each in Chisinau and Bălți. In the concerts organized by PLDM participated artistes and bands from the country and from abroad - Natalia Barbu, „Acord”, „Lăutarii”, Georgeta Voinovan, Gîndul Mîtei, Catharsis, Fuego, Irina Loghin, Zolanda Be Cool, Gheorghe Yamfir, etc. For PDM took part in concerts Zinaida Julea, Ion Suruceanu, Nelly Ciobanu, Adrian Ursu, Andrei Porubin, Anna Lesco, Fly Project, Liapis Trubeţkoi etc. Although the concerts have an important role in mobilizing the voters, their electoral efficiency might be questioned.

The expenses in Chisinau amount at 2 974 200 lei accounting for a significant part in the total budget. In the territory and in Chişinău the “door to door” campaign stands out. It was carried out in two-three stages with all three parties making an active use of it. Nevertheless, PCRM “door to door” campaign was the most discrete one because the agitators did not have on them visible kits unlike other parties that chose to reveal their identity.

An important chapter that, unfortunately, was not monitored relates to the use of “grey technologies” of agitation. Despite signals from observers that parties fully resorted to offering “electoral presents”, mobilizing voters in the elections day and using unorthodox methods in press, these expenses could not have been assigned with a money value. However, in our opinion, they account for a fifth of the campaign costs and may be deemed regrettable practices diminishing the elections correctness.

All things considered, it was observed a relatively uniform distribution of PDM funds throughout the whole campaign, the party being present from the beginning of campaign till the end in a relatively constant manner. In the same time, the electoral rhythm of PLDM registered ruptures, the party's activities being especially visible the last three weeks of the campaign when they spent huge amounts of funds. As for PCRM, its campaign had a much more reduced visibility that did not, anyway, affected seriously the whole efficiency. Meanwhile, the communists targeted their campaign at socially vulnerable people, making up lists of people in distress and offering aid in the form of different household items (for example costumes for children up to a year old).

## 2.5 Conclusions

On the whole, we notice significant gaps between the officially reported sums and those really spent. We might admit that the total campaign sum of the three parties amounted up to about 54 000 000 lei (it includes the calculated figure of 42 039 846 plus that of about \$1 000 000 in non-monitored expenses). This sum is 4.5 times as high as that officially reported by political parties. The mentioned gap expresses the degree of financial secrecy of our electoral campaigns. In our opinion, legislation imperfection encourages parties to conceal real expenditures. Even if it is problematic to attain a per-

fect transparency of election expenses, amending some articles of the law might urge political parties to declare a larger part of the money spent in elections.

In the same time, we may notice that the major parties' expenses in the Republic of Moldova do not exceed the sums stemming from usual calculations in the post-soviet countries in the electoral campaigns. Normally, parties spend 3-4 Euros on every voter taking part in elections. On average, PLDM, PCRM and PDM spent 32 lei on every participating voter (54 039 846: 1 732 944 expressed votes), which represent 2 Euros per campaign.



## CHAPTER IV. POLITICAL CONSULTANTS AND THEIR REMUNERATION IN THE REPUBLIC OF MOLDOVA

**Leonid Litra<sup>14</sup>**

In the post-Soviet area, including Moldova, the subject of political consultants (political technologists, polit-technologists) is almost a taboo one. Almost nobody knows which of the election candidates uses political consultants' services and even when it is known, nobody is aware of who provides these services and how much they cost, leaving out the fact that it is out of question that this information be declared officially in the financial statements of election candidates presented to the CEC.

In the Commonwealth of Independent States countries several types of political technologies may be observed. In Andrew Wilson's work "Virtual politics in the ex-Soviet bloc"<sup>15</sup> the author describes three types of technologies used the most frequently in the post-Soviet area: 1) virtual objects or fake parties having the goal to dilute the electorate of a certain part; 2) *black PR* or informational wars under the form of smear campaigns with "discrediting evidence" and misinformation about candidates; and 3) *drama* – deliberate exaggeration of political/economic aspects of life. Out of these three types, the first one was not much used in Moldova while the other two are largely used in parties' electoral campaigns. As ex-

amples of *black PR*, we can mention the movie "Betrayed alive" aiming at undermining the image of the Alliance for European Integration or "Stop Judas" targeted against PPCD. For *drama* an eloquent example would serve the hysteria of joining Romania orchestrated by some political forces, especially PCRM, during several election campaigns.

At the end of the theoretical part, I would like to say that, basically, there are no large differences in the technology used. Both terms political technologists and political consultants or more recently: image makers or PR experts have the same role, however some mention that the term political consultants is proper to the Western world and is limited at providing political consultancy, while the term political technologist is characteristic for the post-Soviet area and refers to a higher degree of involvement in molding politics at the system level i.e. system management or its creation. Nevertheless, according to the American Association of Political Consultants, political consultancy includes services of general consultancy, media, sociological, company management, fundraising, lobby, etc.,<sup>16</sup> but according to political experts in Chişinău "PR experts are people who can render a broader idea in an image or slogan". From the very be-

<sup>14</sup> Author thanks political consultants, political experts, sociologists and political parties' representatives for their interviews.

<sup>15</sup> Wilson, Andrew, Virtual Politics in the ex-Soviet bloc, OpenDemocracy, 17/07/2007, [http://www.opendemocracy.net/article/democracy\\_power/ukraine\\_orange/soviet\\_political\\_technology](http://www.opendemocracy.net/article/democracy_power/ukraine_orange/soviet_political_technology)

<sup>16</sup> The American Association of Political Consultants, <http://www.theaapc.org/press/>

ginning, we would like to point out that in our study we make no difference between political consultants and political technologists and PR experts as well, even if those approaching these aspects more academically make some differences.<sup>17</sup>

In the Republic of Moldova political consultants have been addressed for advice since the last century. In the same time, everybody knows that there are consultants but they are not seen. Usually they do not appear in public and do not work in the same premises with the electoral staff. There are a number of reasons for this desire to remain unknown but the most frequent of them have a quite serious explanation.

Firstly, they want to remain anonymous because quite often, especially in countries like Moldova, they are perceived as people representing foreign interests and as a result are considered being a threat. In Moldova we have had several scandals like that. In the middle of the February 2005 campaign, a group of 20 consultants, mainly Russians (but 2 Ukrainians and 2 Kazakhs as well) **were detected and expelled** from the country on the grounds of official reason of violating the residence rules and a legal action was brought against them for possessing undeclared sums of about half a million dollars upon entering the country.<sup>18</sup> In fact, the political consultants were expelled with the involvement of PCRM because they were working for Democratic Moldova Bloc, although, officially, they were monitoring the electoral process.<sup>19</sup> **The 2009 campaign wit-**

17 pentru definirea completă vezi Peru, Aurelia/Bahneanu, Valentina: „Public relations” politic și crizele de imagine: sursele Public Relations PR-ului „negru” (cazul Republicii Moldova), *Moldoscopie* Nr. 2 (XXXVII) 2007, USM.

18 FOREIGN MINISTRY OF MOLDOVA EXPLAINED THE REASON FOR EXPELLING RUSSIAN FEDERATION CITIZENS FROM MOLDOVA <http://politicom.moldova.org/news/mae-al-moldovei-a-explicat-cauza-expulzarilor-din-republica-a-cetatenilor-federației-ruse-698-rom.html>

19 Illegal political technologists are still expelled from Moldova. Electoral campaign chronicle. <http://www.regnum.ru/news/411102>.

nessed several incidents as well. Political consultants Radu Popescu and Razvan Cazacu (both Romanian citizens) who were providing services to PLDM were expelled to Romania on the grounds of scandals and parties organized in the flat they rented.<sup>20</sup> It is worthwhile mentioning that PLDM consultants activated in the 2010 campaign as well and they affirm that both in 2009 and 2010 they were volunteers (!). In 2010 there were rumors as well, coming from Russia<sup>21</sup> and spread by mass media loyal to PCRM. The rumor had it that at the order of Vladimir Filat a group of American and Georgian political technologists had arrived to prepare the project of keeping the Alliance at the governance of Moldova,<sup>22</sup> a thing that did not prove right, but the bulk of those interviewed admitted being approached by some American citizens that allegedly were representing the interests of Vlad Filat.

Secondly, the consultants hide because their life is in danger. We have given above examples of attitudes that jeopardized more the consultants' freedom, but there were cases when political consultants were assassinated. Such cases were documented in Ukraine (in 2007 Oleg Șeremet – **main political technologist of Litvin bloc**)<sup>23</sup>, in Russia (in 2003 Evghenii Sabadaj – the main political technologist of Edinaia Rossia party in Krasnodar)<sup>24</sup>, in Dagestan<sup>25</sup>, etc. There are tens of examples to support this statement. Fortunately, we did

[html#ixzz16mMvhBbK](http://www.pldm.md/index.php?option=com_content&view=article&id=1218:corea-nord-intampla-asa-ceva&catid=2:catdinpresa&Itemid=30)

20 “Only in North Korea something like this may happen!”, Liberal democratic Party from Moldova, 27/03/2010, [http://www.pldm.md/index.php?option=com\\_content&view=article&id=1218:corea-nord-intampla-asa-ceva&catid=2:catdinpresa&Itemid=30](http://www.pldm.md/index.php?option=com_content&view=article&id=1218:corea-nord-intampla-asa-ceva&catid=2:catdinpresa&Itemid=30)

21 Egorjev, Dimitrii, Moldovan pendulum, <http://российскаягазета.рф/2010/11/09/moldaviya.html>

22 American and Georgian political technologists develop a project of keeping the Alliance at Moldova's governance, Agency OMEGA, 9/11/2010, <http://omg.md/Content.aspx?id=10851&lang=1>

23 Litvin bloc political technologist was killed, Komsomolskaia Pravda Ukraina, 03/12/2007, <http://kp.ua/daily/031207/14748/>

24 Political technologist responsible for the activity of КРО «Единая Россия» was killed, 07/07/2003, <https://newslab.ru/news/17533>

25 A famous political technologist was killed in Makhachkala, 29/06/2005, [http://www.fedpress.ru/page\\_28531.html](http://www.fedpress.ru/page_28531.html)

not have such examples in Moldova.

Thirdly, and not less important, political consultants hide in order to avoid discussions with local consultants who constantly criticize the foreign ones of not being competent, not knowing the language, traditions, specificity and accusing them of selling “lies” to politicians.

In the Republic of Moldova the political consultants have been activating at least since 1996. During presidential elections in 1996, the team of Petru Lucinschi was consulted by Vladimir Proseanic and Svetlana Visnepolinschi, who advised in 2000 the candidate Vladimir Voronin.<sup>26</sup>

Also, according to the official web page, at the parliamentary elections in 1998, one of the most renowned political technologists Igor Bunin from the Center for Political Technologies who won the campaign for Elşin in 1996 acted in the electoral campaign in Moldova.<sup>27</sup> Since 2001 political technologies have been constantly used in Moldova, at least all the major parties have been doing this. For example in 2001, PCRM was consulted by a well known company – Novocom,<sup>28</sup> whose head is a famous political technologist, former KGB agent, Alexander Kondyakov, that by coincidence is the head of the mason lodge of Russia and who consulted Kremlin presidential administration.<sup>29</sup>

In accordance with the data presented, in 2005 there were political technologists both at the BMD and PCRM, but the latter remained unknown. In the same time, also in

2005 appeared the American political consultant Dick Morris who worked in the electoral campaign of Victor Yushchenko during the orange revolution, while in Moldova he consulted PPCD.<sup>30</sup> The same in 2009, along with PLDM political consultants mentioned above, PCRM benefited from highly qualified Russian political consultants of the Company for public relations development<sup>31</sup> headed by Sergei Zverev.<sup>32</sup> PPCD had foreign political consultants in 2009, although their activity is not very well known and PPCD result does not say much, however they were consulted by Shaviv Strategy and Campaigns that mentioned on its webpage the cooperation with the PPCD leader<sup>33</sup> and there was a support letter of Iurie Roşca who recommended the services of this company.<sup>34</sup> AMN benefited in 2009 from Romania political consultants.<sup>35</sup>

Also in 2009, PLDM benefited from American specialists political consultancy; one of them being Jim Loftus (assisted by another American and a Bulgarian) who suggested the liberal leader the attitude to take. The 2010 campaign was not an exception either. According to specialists estimates, during the electoral campaign for 28 November 2010 elections, PLDM, PD, PL, PCRM, MAE, AMN, PUM, MU, PSD and Gabriel Stati benefited from political consultants services. They were either Romanians (PLDM), or mixed (Moldovan- Romanians at MAE), Russians (PDM) or Moldovans. During the 2010 cam-

26 Proseanic, Vladimir/Visnepolinschi, Svetlana, Some Results of the 1996 and 2000 Moldovan Presidential Elections, Ideation International, [http://www.ideationtriz.com/paper\\_Moldovan\\_Elections.asp](http://www.ideationtriz.com/paper_Moldovan_Elections.asp)

27 History of the Center for Political technologies, <http://www.cpt.ru/history.php>

28 History of Novocom, <http://www.novocom.org/av.php?section=10&lang=2>

29 Tariceanu met with Kondyakov, România Liberă, 07/05/2007, <http://www.romanialibera.ro/actualitate/eveniment/tariceanu-s-a-intalnit-cu-kondyakov-94360.html>

30 Electoral discord in Chisinau, 02/03/2005, <http://www.deca-press.net/moldovaworld/viewarticle.php?id=452>

31 Russian political technologists help Voronin to keep power, 17/02/2009, [http://www.vedomosti.md/news/Rossiiskie\\_Politehnologi\\_Pomogayut\\_Voroninu\\_Uderzhat\\_Vlast/1#](http://www.vedomosti.md/news/Rossiiskie_Politehnologi_Pomogayut_Voroninu_Uderzhat_Vlast/1#)

32 The Company for developing public relations, <http://www.cros.ru/about/index.php>

33 Shaviv Strategy and Campaigns, <http://www.strategyandcampaigns.com/>

34 <http://www.scribd.com/doc/21978973/Iurie-Rosca-Reference-Letter>

35 Țirdea, Bogdan: - political scientist, director of the Social-Democratic Institute of Moldova, <http://alltiras.com/conferences/1183-bogdan-tsyrdia-ekspert-kishinev.html>

paign there is information that apart from political consultancy provided by Romanian citizens to PLDM, there were American political consultants working for this party. Meanwhile, according to public appearances and the promoted message, Vitalie Andrievski and Bogdan Țîrdea allegedly worked for PCRM. Along with the Russian political technologists from PDM about whose many people spoke but nobody saw them, PDM was consulted also by Mircea Geona's consultant, the Romanian Cosmin Gușă and MAE was consulted by Kensington Communications, company represented by Razvan Săndulescu.<sup>36</sup>

Generally, among experts in Moldova there is a clearly defined impression, with some minor exceptions, that Russian political consultants are the most competitive, because, unlike the others, they elaborate their own messages and do not copy them from their origin countries in order to adjust them later to the Republic of Moldova. In the same context, it is necessary to mention the fact that some organizations like Priznanie Fund are perceived as the center of Russian political technologists in Moldova.<sup>37</sup>

All these above-cited examples indicate clearly that the political consultants are constantly addressed to in Moldova but nobody has ever reported in their financial statements to the CEC about these expenses!? Could they all really be just volunteers?

In Moldova political parties spend from 15% to 25 % of the campaign budget for the political consultants. For example in 2003 in Russia, for a campaign for local elec-

tions in Petersburg, the head of technologists group received about \$ 50 000 per month and if there was a single consultant providing consultancy, this sum was reduced to 5% of the campaign budget.<sup>38</sup> Others, working in the field, state that the remuneration must not be less than 10% of the campaign budget, but, the smaller the campaign budget, the higher the percentage for political technologies. In Moldova, the campaign sums, as shown in the study, vary. On average a major party spends about \$1 000 000 on political consultancy in a parliamentary campaign. The vast majority of those interviewed recognized that political parties pay too much for this kind of service, but, without these services it is impossible to conceive an efficient election campaign. Some people pay a daily fee, for instance in 2005 about 1 000 Euro a day was paid.

But there is still a major problem: these expenses have never been included in the parties' financial statements. Maybe among the few pressure instruments that could move all these expenses into the legal field are monitoring by non-governmental organizations and especially by investigating journalists, followed by the activity of making these materials public and debated in mass media in order to exercise a higher pressure on political parties and urge them to be more responsible.

36 Sultănoiu, Marian: Confessions of Romanians that activated in the electoral campaign in Moldova: what shocked them, what fascinated them, 1/12/2010, <http://www.gandul.info/news/confesiunile-romanilor-care-au-lucrat-in-campania-electorala-din-republica-moldova-ce-i-a-socat-ce-i-a-fascinat-7769154>

37 Let the storm struck harder, <http://observatormd.blogspot.com/2010/09/blog-post.html>

38 History is made by masses. Of political technologists, *Lenin-gradskaia Pravda*, 26/05/2003, <http://www.lenpravda.ru/digest/spb/254407.html>

# CHAPTER V. TRANSPARENCY OF DONATIONS OF PARTIES AND CANDIDATES' INCOMES TAKING PART IN PARLIAMENTARY ELECTIONS IN 2010

***Cornelia Cozonac***

The financial statements of political parties participating in elections on 28 November, the size of donations and the income declarations to CEC of candidates on the political parties lists indicate that in the race for the 101 parliamentary seats decided to take part both unemployed and impoverished young people and lei millionaires or even currency millionaires. Although the majority of them declare that they live just off the salary and pensions, many of them own luxurious houses and cars. The members of parliament, ministers, that, lately, or for a long time, activate within the state institutions, with a very low income of some thousand lei a month and complaining to the press that their salary of officials could ensure them just a modest way of life, suddenly become very generous during electoral campaigns when the seats in the parliament are at stake and, sometimes, make rather generous donations exceeding considerably the savings gathered the last years. It is difficult to say what do they live on this poor magistrates. More recent evidence suggests that in Moldova even the unemployed are extremely generous, making donations of hundreds of thousands, leaving behind even some millionaires. It is up to the Fiscal Office to say if they paid or not their taxes. For instance, for the Democratic Party made donations of 3000 to 100 000 lei at least 21 people who at that moment were unemployed. Also, 6

pensioners donated to the party sums ranging from 3200 to 90 000 lei. For PLDM donations of 3000 to 40 000 lei were made by six retired people. In the PL financial statements we did not find unemployed or retired donors, and we were not able to check those of PCRM because the financial statements do not contain information whether those donating money are in work or not.

As for the millionaires – there is a paradox, too, which may not be explained so far. In this year electoral campaign the number of millionaires business people taking part in the race for Parliament, willing to exchange their monthly revenues of hundreds of thousands of lei for a Member of Parliament salary of 5-6 thousand lei, is very high. What is the stake behind this step? The desire to dedicate themselves to the country's interests, to work for citizens, the worry to protect their business, group interests, just a fad or the fact that the MP function is a very profitable one, unofficially of course?

The stake seems to be rather high. The larger donations to the parties in the November campaign were made, mainly, by people that were among the first 10-20 persons on the lists of parties participating in elections, namely those on eligible places. The size of donations decreases proportionally with the place on the list. The arrangement after the elections shows that



the majority of generous donors from the parties surpassing the threshold became Members of Parliament.

### *Democratic Party from Moldova*

The most generous donor to the Democratic Party was the controversial businessman Vladimir Plahotniuc inscribed at the last moment on the party list and quickly installed in the deputy seat. He officially donated to the party the sum of 720 000 lei. Dumitru Diacov, the party honorary leader, along with other five candidates: Stoianoglo Alexandru, Botnari Vasile, Aghenia Vasile, Țurcanu Zinaida donated 100 000 lei each and Adrian Candu – 85 000 lei. Sums of about 100 000 were donated by other 4 citizens who, however, did not see their names appearing on the parties lists. One of them – Dorin Andros – is unemployed. Stoianoglo Alexandru, Țurcanu Zinaida and Aghenia Vasile had, for the 2008-2009 years, an income, according to the statement filed to the CEC that was two times smaller than the donation made for the Democratic Party (!).

The PD leader Marian Lupu, number one on the election list, is not the first in the fortunes top. He declared an income from the salary of 344 000 lei and the same property like the last year: a flat (estimated in 2009 at 1.2 million lei) and a garage. The Party Honorary President Dumitru Diacov although earned less from his deputy salary – 270 000 lei is wealthier than Lupu making more than one million lei from renting property. He does not say if this is the three-room flat in Moscow or the two offices situated at the same address as the PD headquarters, whose official owner is his wife, as well as his house in Chisinau of Diacov family of 189 m2 and a BMW car. Mr. Diacov, who is also the

owner of a newspaper, has on his bank account 147 000 lei, \$ 6413 and 7885 Euro as well.

The deputy Igor Corman, who last year made the largest donation to the PD electoral fund – 500 000 lei – and who was till May 2009 the RM ambassador to Berlin, declared an income of about 650 000 lei for 2008-2009, a car and a plot of land of 5.4 ares. The Minister of Economy Valeriu Lazar might be considered a millionaire. He has a share of 10%, estimated at \$2,6 million, a house of two million, a plot of land of 16 ares in Mingir, Hâncești, a 50% share in “Tatra-Bis” company, a car and an income of about 330 000 lei. But we do not find in the statement two flats indicated last year. Analyzing the income statements we may see that some state companies’ managers are remunerated with salaries that are rather impressive for Moldova. For instance, the PD candidate Pavel Filip earned, during the last two years, as the manager of “Tutun” CTC 1,022 million lei i.e. 42 000 lei a month. Also more than one million was earned during the last two years by his colleague on the list, Vasile Botnari who in 2008-2009 was the manager of „Air Moldova” and then of the Transport Agency. The businessman Vladimir Plahotniuc declared an income of more than 4 million lei during the last two years. He, despite allegations in the press, declares that he owns together with his wife a flat of 463 m2 and three cars Mercedes. Although he mentions that he is the chairman of the Administration Board at BC “Victoriabank” SA and vice-president of ICS “Petrom-Moldova” Board, Plahotniuc does not indicate that he has a share in these companies. Another wealthy candidate on the PD lists, who was inscribed on the lists two weeks before the elections, is Valeriu Guma, MP. He declared an income of 260 834 lei for 2008-2009. His property consists of 4 plots of land with a total surface



of 4,1 hectares, 3 houses in Chisinau, a car Lexus 570. Meanwhile, Valeriu Guma has 100% of the Insurance Company Gals SA and SRL Promo TV and 16% of shares in “Gerom” SA.

### ***Democratic Party from Moldova***

Nr.	Surname/First name	Place on the electoral list	Donations	Declared income for 2008-2009
1	Plahotniuc Vladimir	nr.2	720.000	4.326.085, 19
2	Diacov Dumitru	nr.5	100.000	270.967,63
3	Aghenia Vasile	nr. 59	100.000	48.000
4	Turcanu Zinaida	nr. 66	100.000	45.000
5	Stoianoglo Alexand.	nr.11	100.000	48.756
6	Botnari Vasile	nr.10	97.000	1.000.258
7	Candu Andrian	nr.7	85.000	209.700,10
Others				
8	Andros Dorin	unemployed	100.000	
9	Gagauz Andrei	IP Gagauz-Ekam	100.000	
10	Sari Alexandr	SRL Petcu-Com	120.000	
11	Groapa Stanislav	Telfpetrol SA	107.000	

### ***Liberal Democratic Party from Moldova***

The most generous candidate inscribed on the PLDM electoral list is the deputy Ion Ionaș, former businessman. He donated to the party the sum of 800 thousand lei in the election campaign of 28 November. He contributed another amount of 350 000 lei to the party for the referendum of 5 September. The donation made this year by Ion Ionaș represents a third of his income for the last two years – about 3 million lei. In terms of donations Ionaș is followed by Valeriu Streleț – 500 000 lei, Vladimir Filat – 417 000 lei, Victor Bodiu – 183 000 lei, Ghenadie Ciobanu and Simion Furdui – 150 000 lei each and Alexandru Cimbriciuc – 100 000 lei. Other donations are less than 100 000 lei. We have to remind that at the September referendum the Prime Minister Vlad Filat donated 506 000 lei,

Ghenadie Ciobanu 150 000 lei, Simion Furdui 150 000 lei while his income for the last two years was 113 000 lei. It is worthwhile reminding that at the two elections in 2009 Simion Furdui made donations of 430 000 lei.

Generous donations to the PLDM were made by people not inscribed on the party's candidates list. For instance Alexandru Cekan from the Assabat Grup SRL and Vasile Matiusenco from ICS Nata Company SRL donated 500 000 lei each, Ion Gangan from Plastcom Plus SRL – 280 000 lei, Tudor Rotaru from LVM/TR – 220 000 lei and the Soroca mayor and the mayor of the village Vadul lui Isac from Cahul district donated 150 000 lei and 100 000 lei.

The richest politician from the government, according to the income statement filed with the CEC is the Prime Minister Vlad Filat who seems to be the most affluent PLDM candidate. He declared that in 2008-2009 he earned 222 000 lei from salary and almost 7,2 million lei from investments. Filat owns a house of 376 m2 in a prestigious area, a car Toyota Rav 4 and a Soviet “Niva”. Compared to the last year statement, in the present one appeared again the shares that are worth about 11, 5 million lei in “Kapital Invest Company” SA from Romania (that holds 49% of the building “Ipteh” situated across UNIC, nationalized during the communist governance, but returned later, after a CEDO decision, to the current owners).

Another millionaire on the PLDM list is the son of the former President Lucinschi, Chiril. The latter declares an income of 846 000 lei, has three flats, two houses, 1,5 hectares of land and shares of 5,7 million lei in the American company “Emerging Media Holdings” (which owns the branch „Media Alianta and Analiticmedia-Grup” in Moldova that owns some TV stations and an advertising agency). The second on the

PLDM list, the minister of Justice Alexandru Tanase, who was a lawyer till 2009 elections, declared an income of 574 000 lei for 2008-2009, a house in the capital and a car. The Minister of Foreign Affairs, Iurie Leancă, earned from his salary 422 000 lei, has a plot of land in Ialoveni, two cars and 50 000 euro on his bank account. His colleague, number three on the list, Mihai Godea, had more modest incomes: 167 000 lei, a plot of land in a village in Ialoveni district, a car, but has no house. Among the new comers on the list, Grigore Belostecinic, the ASEM rector, has a good financial situation and earned the last two years from his salary and other sources about 700 000 lei, meaning 30 000 lei per month. He also owns 13% of shares in “Moldcredit” SRL, a flat, a car, a garage, a plot of land in the suburbs of Chisinau. Another recent “acquisition”, Nicolae Juravschii, the head of the National Olympic Committee, earned more than 200 000 lei, has a three-room flat, 15 hectares of arable land, a car, a garage, and 50% of shares in “Satul Olimpic” SA. The Minister of Health Vladimir Hotineanu is the owner of 10 hectares of land, a house, a car and an income of 350 000 lei.

### ***Liberal Democratic Party from Moldova***

Nr.	Surname/First name	Place on the electoral list	Donations /lei 28 November 2010	Declared income for 2008-2009
1	Ionaș Ion	Nr. 26	800.000	1.281.963+1.461.995
2	Streleț Valeriu	nr. 17	500.000	339.101.31+2.651.400
3	Filat Vladimir	nr.1	417.000	222.038,83+7.193.800
4	Bodiu Victor	nr.36	183.000	2.204.908,64
5	Ciobanu Ghenadie	nr.24	150.000	30.509+46.145+4.438
6	Furdui Simion	nr.18	150.000	113.600
7	Cimbriciuc Alexandru	nr.22	100.000	116.117+200.178
8	Deliu Tudor	nr.15	64.000	154.257+29.243,36
9	Balan Ion	nr.14	50.000	113.598+16.000
10	Ioniță Veaceslav	nr.16	50.000	80.461,05+5.000
Others				

11	Gangan Ion	Plastcom Plus SRL	280.000	
12	Rotaru Tudor	LVM&TR	220.000	
13	Matiusenco Vasile	ICS NATA ICB COMPANY SRL	500.000	
14	Cecan Alexandru	Assabat Grup SRL	500.000	
15	Sau Victor	Mayor of Soroca	150.000	
16	Besliu alexandru	Mayor of Vadul lui Isac, Cahul	100.000	
17	Vlah Petru	Popular Gathering Găgăuzia	100.000	

### ***Liberal Party***

The liberals, in spite of being less affluent, made donations to the party that are comparable to those of millionaires from other parties. The most donated Mihail Cârliș – 500 000 lei, having an income of only 152 000 lei the last two years. The PL leader Mihai Ghimpu donated 400 000 lei at the declared income of 625 000 lei the last two years. We have to mention that in 2009 Mihai Ghimpu made donations of 755 750 lei to the party he leads - the largest sum donated by a natural person in these two election campaigns.

Oleg Bodrug and Alexandru Arseni donated 200 000 lei each, the latter having an income of just 85 000 lei the last two years. Sums of 150 000 lei were donated by Ion Lupu, Ștefan Uratu, Vitalie Marinuță and amounts of 100 000 lei by Gheorghe Brega and Ștefan Chitoroaga. Among those who were not inscribed onto the lists of candidates those who made large donations were Alexandru Machedon from “Starnet” – 300 000 lei, Corneliu Molea from “Danialen Impex” – 295 000 lei and Aliona Gabura – 140 000 lei.

The Liberals are the less affluent in comparison with their colleagues within the AIE. The largest income is that of the party leader Mihai Ghimpu – 125 000 lei from salary and municipal

counselor payment plus dividends of 500 000 lei from his share of 1/3 in the company “Eurosım” (owning a petrol station). Instead, his party colleague, the Minister of Transport Anatol Șalaru, temporarily withdrawn from the initial list, as well as the other ministers from PL, states that he earned the last two years only 73 000 from the salary. He declared two flats in Chisinau, a garage, a plot of land of 1,3 hectares in a village in Orhei district and two cars. The majority of liberal candidates seem to live on relatively low salaries. For instance, the presidential advisor Vlad Lupan declared that in 2008-2009 he earned only 70 000 lei while the deputy Boris Vieru even less – about 62 000 lei. However, the bulk of them are not that poor, declaring themselves owners of flats, cars, plot of land, houses and orchards.

### *Liberal Party*

Nr.	Surname/First name	Place on the electoral list	Donations	Declared income for 2008-2009
1	Cirliș Mihai	nr.20	500.000	151.869
2	Ghimpu Mihai	nr. 1	400.000	112.135,18+13.800+500.000
3	Oleg Bodrug	nr.6	200 000	162.816,45+23.594,52+350.000
4	Alexandru Arseni	nr.26	200 000	85.000
5	Ion Lupu	nr.13	150 000	630.750
6	Brega Gheorghe	nr.12	100 000	67.689,50+8.927,74
7	Uritu stefan	nr.30	150.000	38.575,89+210.670,38+48.630
8	Marinuta Vitalie	nr. 23	150.000	No statement to the CEC
9	Munteanu Valeriu	nr.5	150.000	101.519,56
10	Chitoroaga Stefan	nr. 34	100.000	53.896+1050
11	Vadim Cojocaru	nr.10	80 000	240.461,90+125.307,46
12	Moldovanu Mihail	nr. 25	76 200	149.195,95
13	Vacarciuc Vadim	nr.18	77.000	102,337,75+52.800
14	Arhire Anatolie	nr.17	50 000	196.500
15	Vieru Boris	nr.7	50 000	61.611,05+588,24
16	popa Victor	nr. 9	50.000	170.000
17	Ana Guțu	nr.11	50 000	63.282+113.381+44.493
18	Ion Hadircă	nr. 4	50 000	70.568,07+30.000+60.000
19	Berezovschi Valentin	nr. 27	50 000	125.600
20	Ion Casian	nr.21	49.000	114.461

Others			
Gabura Aliona	SRL Grand lift	140.000	
Molea Corneliu	Danialen Impex	295.000	
Machedon Alexandru	Starnet	300.000	

### *Party of Communists*

In the Party of Communists the things are different: the largest donations were not made by leaders or the first people on the candidates' lists like in the other parties presented in the Parliament but by unknown people, sometimes by unemployed. For example, only in Anenii-Noi 6 people donated sums ranging from 120 000 to 250 000 lei. They are Levitchi Anton, Gusev Vitalie (250 000 lei each), Cebanu Vitalie – 180 000 lei, Jigan Ghenadie – 150 000 lei, Gârleanu Gheorghe – 120 000 lei. Four Chisinau dwellers turned out to be very generous as well – Kovali Anatolie, Ciubanașvili Gheorghe, Tiperman Tatiana and Chiticari Elizaveta who donated to the Party of Communists 250 000 lei each. Vasilcan Oleg from Orhei donated 120 000 lei. Analyzing the lists of donations to the PCRM filed to the CEC in 2009 we found that all people on the first roles in the party had the responsibility to bring donations from a certain district. The person in charge of Anenii-Noi was the controversial communist deputy Anatolie Popusoi who is not found on the lists of PCRM donors this year.

Among the PCRM leaders the most generous were Igor Dodon and Alexandru Banicov who donated 150 000 lei and 104 000 lei. Otherwise, the donations are quite modest. For example, Vladimir Voronin contributed to the party treasury only 50 000 lei while Miron Gagauz, Sergiu Stati, Mark Tkaciuk, Anatolie Zagorodnâi and Igor Vremes – 30 000 lei each.

The communist leader Vladimir Voronin does not seem to be the richest, even if, in two years he earned about half a million lei from salary and pension. In his statement we find a flat of more than 230 m<sup>2</sup>, a garage, the parental home in Corjova and a villa in Pârâta, to which were added four plots of land in Budești, Chisinau with a total surface of 3,3 hectares. But the shares that are worth about seven million lei belonging to his wife Taisia in “Fincombank” have disappeared from the list. Their son Oleg is the main shareholder and president there. The second on the list Zinaida Greceanîi, earned 460 000 lei from the salary and pension the last two years, has a house of 1,2 million lei in Chisinau, a garage and 2,4 ha of land in Cotiujeni, Briceni and a car. Compared to the last year statement we see a debt of over 400 000 lei to “Fincombank”. The secretary of the party, Iurie Muntean, also earned good money the last two years – more than 300 000 lei from salary and almost 200 000 lei as the state’s representative in several companies., being the co-owner of two other companies. Mark Tkaciuk however declares that he has neither a car nor a house. More than this, he, apparently, lost the “Upper Anthropological School” that owned several buildings because this one was not inscribed on his income statement. Among the richest communists we may name Aleksandr Banikov who, till the change of the governance, was the Director of the Land Relations and Cadastre Agency. Along with 208 000 lei of salary he earned 1,86 million lei from his shares of 25% he has in two companies. Oleg Babenco can not complain either – he earned 730 000 lei, has a house and two flats in Chisinau downtown, being also the owner of the premises of Slavic University and the high school at the institution.

### *Party of Communists from the Republic of Moldova*

Nr.	Surname/First name	Place on the electoral list	Donations	Declared income for 2008-2009
1	Igor Dodon	Nr.6	150.200	259.510,09+36.468,15
2	Bannicov A.	Nr.21	104.200	208.144,87+1.862.743,35
3	Voronin Vladimir	nr. 1	50.000	319.671+190.080
4	Mindru Victor	Nr.35	40.000	144.705,53
5	<b>Gagauz Miron</b>	<b>Nr.18</b>	30.000	352.530
6	Statii Sergiu	Nr.23	30.000	572.720
7	Tkaciuc Mark	Nr.5	30.000	296.488,20
8	Zagorodnii Anatolii	nr. 12	30.000	372.652,65
9	Vremea Igor	nr. 45	30.000	304.268,47+33.268,52+989
10	Todua Zurab	nr.24	25.000	60.000
11	Babenco Oleg	nr. 34	25.000	722.520,68
12	Reidman Oleg	nr. 30	25.000	347.703,39
13	Bodnarenco Elena	nr. 26	20.000	297.869,39
14	Domenti Oxana	nr. 16	15.000	241.200
15	Mironic Alla	nr.20	15.000	184.072+95.900
16	Misin vadim	nr.7	10.000	279.372+227.000+103.000
17	Vitiuc Vladimir	nr.8	10.000	286.477,57
18	Gorila Anatolie	Nr. 25	9.000	145.000
19	Musuc Eduard	nr. 31	6.800	109.651,05+69.141
20	Ghenadie Morcov	nr.43	1.105	342.897,28
<b>Citizens</b>		<b>Locality</b>		
21	Kovali Anatolie	Chisinau	250.000	
22	Ciubanasvili Gh	Chisinau	250.000	
23	Tiperman Tatiana	Chisinau	250.000	
24	Chiticari Elizaveta	Chisinau	250.000	
25	Levitchi Anton	Anenii Noi	250.000	
26	Gusev Vitalie	Anenii Noi	250.000	
27	Teslari Valeriu	Chisinau	200.000	
28	Cebanu Vitalie	Anenii Noi	180.000	
29	Jigan Ghenadie	Anenii Noi	150.000	
30	Lungu Vitalie	Anenii Noi	150.000	
31	Vasilcan Oleg	Orhei	127.500	
32	Girleanu Gheorghe	Anenii Noi	120.000	
33	Burtev-Hristov Robert	Anenii Noi	66.555	

Although this year the mass media revealed the fact that some people, inscribed onto the Party of Communists lists, who made donations, some extremely generous, subsequently declared that they were not aware of this and anyway they would not have been able to donate these sums, however the CEC or other state bodies responsible for the political parties financial resources control have not taken a stand.

Note: some documented evidence for this chapter has been taken from the information of several research studies carried out by the journalists of the Center for Journalistic Investigations

[www.investigatii.md](http://www.investigatii.md)

# CONCLUSIONS AND RECOMMENDATIONS

All three parliamentary electoral campaigns organized so far revealed deficiencies resulting from an incoherent and ambiguous normative framework that reflects the practices used by political parties in their financial activities. As a result, the regulations did nothing else but to legalize the tools used by parties to self-finance without actually limiting the financial flows to and from parties and without providing an efficient control over these money flows.

In this context it is required to review thoroughly and urgently the normative framework in relation to political funding. Amending of the normative framework has to be realized under the following aspects:

- A clear separation in legislation of parties funding during their routine activities from their financial activities during election campaigns. This will restrict the possibilities to transfer without entering into accounts the revenues and expenses from one period to another.\*
- Eliminating discrepancies and overlapping of normative acts regulating financial aspects in parties' activities.
- Amending provisions regarding the maximum required cap of donations from individual and corporate donors. In this respect it is necessary to cap the donations in order to adjust them to the standard of living in the Republic of Moldova. The current normative provisions do not, by far, meet these requirements.
- In order to maximize the transparency and eliminate problems related to fictitious potential donors it is required to clearly regulate, in a normative way, the correlation between the income statements and value of donations. It is also necessary to prohibit donations from sources that can not be checked in order to prove the legal origin of these sources. Indicating the source of donations might be a guarantee of their legality.
- In order to reduce the parties' dependency on large donors it is required to develop a mechanism discouraging large donations from private sources both of individuals and companies. Meanwhile it is necessary to encourage small donations from individuals through fiscal incentives under the form of a differentiated and progressive mechanism applied in relation to individual donors. The donation value will be the basic criterion for tax deductions. The smaller the donation, the higher the fiscal facility. In the same time the idea to introduce some taxes on individual donations might be considered.
- Elucidating the situation concerning undeclared expenses requires an explicit nominalization of compulsory expenses categories for financial statements during election campaigns. As a model for such an approach might serve the expenses classification according to their destination used for budgetary allocations in the law



concerning political parties. As for election campaigns a similar model could be applied for identifying the expenses categories both for those inscribed on the parties financial statements and for those omitted but for which political parties spend an important part of campaign expenses.

- The existing reporting procedure proves that the information concerning political parties financial activity is available only during campaign and does not offer to the public the opportunity to be informed about the total volume of financial resources and about donors. During post-election period this information is useless in terms of shaping a voting opinion. A possible solution would be applying a similar model to electoral campaigns for periods between campaigns. Although the law requires political parties to register all donors and the value of donations this information is concealed from the public. Compulsory publication of these registers of donors according to the formula applied in electoral campaigns would contribute to a higher degree of transparency of political parties' activities and to a greater credibility of parties in society.
- The activities to diminish/to remedy problems associated with private funding might have a positive impact only under conditions of their corroboration with public funding. Postponing the implementation of the Article regarding public funding is a step backwards in the evolution of political funding system. For this reason, the future government should review this provision introducing public funding as soon as possible. One solution might be to fully implement the public funding mechanism

since 1 July 2011 when public funding is stipulated on the basis of general local elections results.

- Current regulations regarding public funding refer only to parliamentary parties limiting the access to public financial resources for parties underperforming in elections. Under these conditions the public funding system will not change the situation but will contribute to the conservation of the status quo. Rich parties will benefit more from public resources while those small and poor will remain in the same situation. In order to remedy the situation it is required to modify the formula of allocating budgetary subsidies applying both the principle of proportionality and fairness. This would mean that a fixed quota from public funding should be equally distributed among political competitors without taking into account the elections outcome.
- An efficient mechanism of public funding has to be correlated with private funding encouraging financially parties collecting funds of small sums from individual donors by offering them a monetary equivalent from public resources for every collected unit which respects established conditions.
- The existing normative framework demonstrated the inefficiency of the exercised control over financing. In order to optimize the control mechanism it is required to review the powers of institutions involved in this process. The CEC is the most suitable institution for carrying out the monitoring and control over financing both during and between campaigns because it is the most independent in-



stitution in comparison with the others being under a direct political control. In this context CEC has to be equipped with the resources, competences and responsibilities necessary for an autonomous activity in terms of checking parties' financial activity. The experience of previous campaigns proved that the CEC dependency on other institutions expertise has as an effect the neutralization of control and sanctioning mechanisms.

- The mechanism of parties funding will be a functional one only in the conditions of an efficient system of sanctions concerning political parties' financial frauds. Such a system must contain two indispensable elements: clear penalties for this type of violations formulated explicitly in the law text and proportionality of punishment depending on the seriousness of the breach. These elements are missing from the current regulations regarding political funding. Only under these conditions it

will be possible to ensure a financial discipline of political parties towards the whole mechanism of ensuring transparency starting with entering into accounts all financial resources and finishing with reporting and publishing financial information.

- Efficient functioning of the funding mechanism implies the change in mentality, attitudes and behavior of political leaders in relation to the funding issue. Currently, the political class does not desire to realize that a fair, honest and just system of funding is a fundamental pillar of democracy. As a result the funding mechanism is treated very narrow-mindedly just as a way of getting money. It is not regarded from a broader perspective as an essential tool in strengthening the liaison between parties and citizens. The awareness of this fact by the entire political class would contribute to the increase of public trust in political parties as representative democratic institutions.

IDIS “Viitorul” is a research, education and outreach organization which activates in the field of economic analysis, governance, law, political sciences, strategic and organizational science. IDIS is also a common platform that brings together young intellectuals who are concerned with the success of transition towards the free market and the open society. Consistent with this mission, IDIS has forged several linkages between the academic and policy-making environments, generating policy analysis and recommendations for various areas of public interest, creating and disseminating of the best practices, good governance, and economic analysis.

Since its foundation, our Institute has invested a lot of efforts in contributing to the development of new policy options, generating policy dialogue and cross-sectorial communication. We undertake research and monitoring of targeted issues of public interest, plan and undertake publishing, organize wide-national, cross-regional and topical conferences on various issues related to economic transition, liberalization policies, free trade agreements, conflicts and rule-of-law institutions.

