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PROBLEMS OF IMPROVING THE FUNDING OF POLITICAL PARTIES OF UKRAINE (CONSTITUTIONAL AND LEGAL ASPECT)

Political parties as one of the significant achievements of civilization, is an important, sometimes crucial element of the political system. They reflect the interests, needs and goals of specific social groups, act as intermediaries between citizens and the political system and act as a political tool in the formation and use of the political power. Situation and the activities of political parties are indicators of democratic nature of society and characterize the extent of its political and legal development. Particularly important is the role of political parties in post-totalitarian countries, if they contribute to the development of civil society, strengthening the rights and freedoms of man and the citizen.

In Ukraine there are no rules that allow institutions of civil society and voters controlling the financing of political parties in Ukraine especially during election campaigns.

The article aims at argumentation of the need to introduce transparent funding of political parties of Ukraine and the formation of proposals on improvement of constitutional law.

The issue of reform of funding of parties is of particular relevance in Ukraine. Firstly, the reform should protect the

party from financial dependence on big business and individuals, prevent corruption in politics. Secondly, it should give voters a clear answer to the question who finances the party, whose interests this party represents and whom such party shall owe its victory in the elections. Thirdly, the regulation of funding of party should not be a hindrance to the development of the party system. It has to support not only the political forces in power, but also those who could potentially compete to gain power at the next election.

The need for public funding of political parties in Ukraine is determined by several reasons. First of all, public funding of parties largely prevents corruption in politics – in fact dependence of parties on private funding increases the likelihood that access to power will be used to support those who fund party activities.

Secondly, public funding guarantees a minimum level of financial support to the parties, which does not depend on the availability of sources of private funding. Thus, public funding promotes equal opportunities for inter-party competition. Thirdly, the availability of public funding allows parties to reorient to find additional sources of funding for

the development of party ideology, local communities, enhancing human and organizational resources.

In Ukraine, direct state funding of political parties was introduced by Law of Ukraine “On Amendments to Some Legislative Acts of Ukraine Concerning Transparency of Financing of Political Parties in Ukraine” dated 27.11.2003.

No law of Ukraine “On political parties in Ukraine” or electoral law does not require political parties and candidates to provide professional independent audit of its accounting records and financial statements. All responsibility for the content, reliability and timeliness of financial reporting receipt and use of election funds entrusted to the election fund managers (who are elected from a list of certain categories of persons, but are not required to have special education or experience in audit or accounting).

In addition, Art. 17.1 of the Law of Ukraine “On Political Parties in Ukraine” obliges them to publish annually a financial report on their income and expenses, as well as report on the property. However, neither the said law nor regulations of the Cabinet of Ministers of Ukraine specify requirements as to the form, the content of these reports and the deadline for their publication. Accordingly, political parties, with few exceptions, do not always adhere to these commitments.

According to the above we believe that to enhance the transparency of the current funding of political parties, the following steps should be taken. Firstly, the content

and form of annual reports of political parties should be clearly formed according to a single format and accompanied by proper documentation about the origin of money. Secondly, proper and comprehensive accounting of profits should be ensured (including specification of individual donations above a certain amount and name of contributor), expenses, debts and assets. Thirdly, records, including local party organizations and other institutions directly or indirectly associated with a party or under its control should be merged; parties should be obliged to provide annual reports to be verified by independent monitoring bodies and easy access to them by the public within the time prescribed by law. Parties should prepare and submit consolidated reports (in paper and electronic form) on contributions and directions for their use not later than 45 days after the reporting period. Reports of parties, which during the reporting period received public funding of their statutory activities, should enclose conclusion of independent auditor about the accuracy of the report.

In addition, the Law of Ukraine “On Political Parties in Ukraine” should enshrine the situation in which the party statute shall determine the order of creation and powers of internal party control of party funding, requirements for persons elected to such an agency (relevant requirements should ensure independence of the members of the body of unlawful influence by party members of other parties).