Koalicioni për Reforma, Integrim dhe Institucione të Konsoliduara
Coalition for Reforms, Integration and Consolidated Institutions

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Tirana, dated 17/04/2026

To: **Members of the Ad Hoc Parliamentary Committee for the Implementation of Electoral Reform**

Subject: **RECOMMENDATIONS Regarding the draft law *"On the financing of political parties"****

Honorable Members of the Committee!

In response to your request, KRIIK presents below its recommendations regarding the draft law "On the financing of political parties".

At the outset, KRIIK brings to your attention that this law needs to be as visionary as it is effective in its provisions, **given the context and challenges** facing our country, such as extreme politicization, weak law enforcement, high informality, major corruption, the presence of organized crime and the large amount of cash in circulation, against a background of institutions that are still being strengthened and weak media and civil society.
Based on the experience to date with weak and passive law enforcement, this draft law needs **to specifically establish clear obligations and duties** for various actors in its provisions, in the areas of individual responsibilities and institutional interaction, with clear competences and deadlines, and it should also seek, as far as possible, to **define the concepts and clear meaning of the terms used, leaving no room for discretion or divergent interpretations**.

Overall, in KRIIK's assessment, the draft law contains several innovations that deserve to be highlighted positively. These include the effort to clarify the terminology and regulatory structure of the law, the expansion of restrictions on sources of financing, the establishment of defined limits on donations, the strengthening of certain transparency and internal-control obligations, and the provision of new instruments for financial publication and monitoring. It should also be noted as a positive element that audit costs are expected to be covered by the CEC and not by the political parties themselves.

However, the draft law contains three structural weaknesses which, in KRIIK's assessment, require substantial revision: (1) the fragmentation of the legal framework between two normative acts, (2) the weakness of the CEC's controlling role, and (3) the failure to address third-party expenditure.

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On the other hand, from KRIIK's perspective, in order for the law to be in line with the best standards of transparency in a society aspiring to become part of the European Union in the near future, it should also clearly address (4) the obligation to publish political parties' financial data in open format.

Furthermore, in KRIIK's judgment, (5) the inclusion and addressing of several additional elements should be taken into consideration, as necessary not only for full transparency regarding parties' financial activity, but also for strengthening their integrity, the standard of democracy they apply, and the electoral offer they provide to the country and society.

The recommendations concerning these five issues are presented in Section I. Section II presents more specific recommendations, generally of a more technical nature, referring to the current articles of the draft law.

I. PRIORITY RECOMMENDATIONS

I.1. Fragmentation of the legal framework between two normative acts

The draft law regulates the financing of political parties only outside the election campaign period, leaving campaign financing regulated by the Electoral Code. This separation produces direct consequences: possible inconsistencies between the definitions in the two acts, different transparency standards, gaps in control, and real opportunities to shift revenues or expenditures from one regime to the other. Party financing outside the campaign and campaign financing are not two independent phenomena; revenues, expenditures and related entities operate continuously throughout the political cycle, and therefore the regulation should treat political financing as a single issue in a unified act.

The preferred structural solution, in KRIIK's view and as it has consistently expressed, would be **the construction of a unified framework for political financing**, covering both annual and electoral financing, candidates, related entities, third parties, online expenditures, reporting, auditing, oversight and sanctions.

The need for coherence between the two acts becomes even more evident if one considers how financial reporting functions in practice. The Electoral Code links campaign expenditure to the purpose for which it is incurred and not merely to the moment in time when it is incurred, while the annual reporting of political parties includes the party's ordinary financial activity. In the absence of a clear and harmonized separation between these two regimes, it remains unclear what should be included in the annual self-declaration report, what in the campaign finance report, and whether the financial activity of the campaign should be presented in detail in the annual report or only as a separate

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item. Precisely for this reason, KRIIK assesses that clear normative coherence is needed between this draft law and the Electoral Code[1].
If this is not achieved at this stage, the necessary minimum would be for the drafting of this law to be accompanied by simultaneous amendments to the Electoral Code and by explicit harmonizing provisions between the two acts.

In the latter case, KRIIK recommends that **the draft law on the financing of political parties not be discussed and approved in isolation, but be accompanied by exhaustive discussions and simultaneous amendments to the Electoral Code**, guaranteeing clear harmonizing provisions aimed at unifying definitions, principles, reporting standards, auditing and sanctions for all forms of political financing. Only at the end of this process should a complete legislative package be approved by the Assembly.

I.2. Strengthening the CEC's controlling role

The draft law grants the CEC a number of competences: approval of reporting formats, monitoring, auditing, imposition of sanctions, requesting documentation and access to databases of other institutions (mainly Articles 19 and 24). However, Article 17, point 5, formulates direct verification of finances as a right and not as an obligation: "The CEC has **the right** to verify directly...". This language leaves room for institutional passivity, discretion, narrow interpretation of competences, and avoidance of responsibility by the CEC.

The financing of political parties is not merely an administrative matter. It is directly linked to transparency in political life, equality of political competition, the integrity of public decision-making and public trust in the functioning of the democratic system itself. The CEC should be conceived not as a body that waits for reports, but as an **institution that exercises active, independent and mandatory control**.
Control through external accounting experts is a valuable auxiliary instrument, but it cannot replace state oversight. In practice, it has resulted that the control and verification report prepared by the CEC has relied mainly on auditors' findings, without sufficiently reflecting investigations or verifications carried out directly by the CEC administration itself.

KRIIK recommends that **the direct verification of political finances be formulated as a legal obligation of the CEC**, not as a right, and that this obligation be **supported by sufficient human, technical and financial capacities** within the CEC's structure, as well

[1] The Electoral Code provides that campaign expenditure is any expenditure incurred by a political party for campaign purposes, regardless of the time when that expenditure was incurred. Practice has shown that parties declare in the Self-Declaration Reports for the election campaign all revenues and expenditures incurred from the decree of the election date until election day. In these reports, generally, all expenditures made by the party are included, including those items which in other non-election periods are normal party expenditures or revenues, i.e. related to ordinary financial activity. This situation necessarily requires clarification and coherence between legal provisions and, above all, in KRIIK's judgment, inclusion in the political party's annual report of the election-campaign report detailed by item, in the case of an election year, and not as a single block item.

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as by **mandatory exchange of information with competent institutions** in the fiscal, banking, anti-money-laundering and public-procurement fields.

It could even go further, allowing an employee of the special structure within the CEC to have direct access (as a user) to the systems of other monitoring and supervisory institutions, in order to facilitate inter-institutional interaction and immediate access to information.

I.3. Third-party expenditures

A serious gap in the draft law concerns the absence of regulation of third-party expenditures. If individuals, commercial companies or non-profit organizations may directly incur expenditures for political advertising without going through political parties, the entire regime of restrictions, reporting and control envisaged by the draft law becomes easy to circumvent. For this reason, this issue constitutes a gap of particular importance, with direct consequences for transparency, equality in the contest and the integrity of political financing, especially if such expenditures are incurred during electoral periods or even during the election campaign itself, favoring particular parties or candidates.

Meanwhile, although the current Electoral Code contains some prohibitions related to certain forms of advertising during the election campaign,[2] these prohibitions remain limited and do not fully address paid political advertising in the broader sense. In particular, they do not explicitly regulate expenditures for online political advertising, despite the ever-growing role of this type of communication in political influence, voter orientation and the circumvention of classic financial-control mechanisms, as well as other forms thereof.

Consequently, KRIIK considers that the legal framework should **regulate third-party expenditures, with particular attention to expenditures incurred during electoral periods**. Any natural or legal person that incurs expenditures for paid communications or other activities which aim, or may reasonably be considered to aim, to favor or harm an electoral subject, candidate or electoral result, should be registered with the CEC after exceeding a certain expenditure threshold, use dedicated bank accounts, report the source of income and expenditures incurred, and be subject to reasonable spending limits.

[2] By way of illustration, the indirect prohibition of advertising/campaigning by third parties derives from several provisions of the Electoral Code read together: Article 2, points 28 and 31 link both campaign expenditure and static propaganda materials only with the electoral subject (“expenditures made by or on behalf of an electoral subject”; “materials serving the electoral subject”); Article 79, points 2-5 allows posters only near the office of the “respective political party or electoral subject”, requires every material to bear the note “Produced under the legal responsibility of...” with the name of the electoral subject, and orders the removal of materials placed contrary to these conditions; Article 80, point 1 and Article 83, point 1 reserve free airtime in public media for registered parties and the CEC; while Article 84, point 4 is the clearest provision, as it provides that “only electoral subjects registered for elections have the right to broadcast political advertisements” and that the advertisement must “clearly identify the ordering subject”. From the combined reading of these norms it follows that political advertising during the campaign is allowed only when it is legally connected to a registered electoral subject, which implicitly excludes independent advertising by third parties.

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Any coordination of these activities with an electoral subject or candidate should lead to **attribution of the expenditure to the beneficiary subject**. The provision should not apply to unpaid individual expression, the editorial activity of the media, academic, monitoring or research work, or civic expression on public issues that does not directly aim to favor or harm an electoral subject or candidate.

It is emphasized that this regulation is proposed in this draft law and not in later amendments that may be made to the Electoral Code, because it refers to paid political communication in general and not to communication of a strictly electoral (campaign) nature, which is indirectly regulated in the Electoral Code, at least as regards traditional campaign elements, but which also needs further improvements and detail.

I.4. Publication of financial data in open format

The draft law (especially Article 24) provides for reporting and publication obligations, but does not specify the format in which data should be made available to the public. This is a significant gap, because real transparency depends not only on the existence of the report, but also on the way it is submitted, completed, processed and made accessible.

Law no. 33/2022 "On open data and the reuse of public-sector information" establishes the general standard that public-sector bodies make documents available in an open, machine-readable, accessible and reusable format, where possible and appropriate. However, Article 7, point 3 of Law no. 33/2022 leaves the body itself discretion to determine the list of documents offered in open format, while the draft law "On the financing of political parties" does not set format obligations.

In these circumstances, without an explicit rule on submitting and publishing reports in open format, the CEC remains within this discretion. This is particularly important considering that the CEC itself has continuously undertaken efforts for reporting through electronic platforms, which in themselves aim precisely to raise the standard of data processing and publication.

Albania, as a member of the Open Government Partnership, has undertaken specific commitments for the proactive publication of information of high public value.[3] Political-party financing undoubtedly falls into this **category; therefore, OGP standards reinforce the reason for an obligation to be expressly set out in law**.

KRIIK recommends that the draft law **expressly provide for the CEC's obligation to publish the financial data of political parties in open and machine-readable format**, according to the definition of such data in Law 33/2022, including not only final reports but also registers, standard tables and metadata.

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[3] Open Government Partnership, Open Government Declaration, at: https://www.opengovpartnership.org/how-we-work/joining-ogp/open-government-declaration/

I.5. Inclusion and addressing of several additional elements

a. The draft law should clarify throughout its content that annual reports must present **the entire financial activity of the party carried out inside and outside the territory of the Republic of Albania**, regardless of whether it is carried out directly by the political party, its representatives or members, or by third actors, whether resident in Albania or in the diaspora.

b. The draft law should specifically define the reporting method, as a separate item in the annual financial report and in very detailed form, for **cases of lobbying or consulting that political parties, their representatives or third parties connected with them conduct with companies or individuals, foreign or domestic**, with foreign government institutions and international institutions as final beneficiaries, ensuring that in every case a copy of the contract concluded is deposited separately with the Central Election Commission.
The same reporting regime should also apply to expenditures incurred for consulting services obtained from foreign companies or individuals.

c. The draft law should manifest throughout its provisions the position that **offences/violations related to the financial activity** of political parties are not subject to limitation. This requires building the professional capacities of the special structure within the CEC, possession of all complete financial reports, both in electronic copy and in hardcopy, and provision for the right and possibility to denounce and investigate/verify any violation identified ex officio by the CEC or based on indications/denunciations from citizens or third actors, regardless of the time when the offence/violation was committed.

d. The draft law needs to **provide for and encourage parliamentary political parties**, with direct decision-making responsibility and the necessary full capacities, to **publish in advance on their websites the main costs of every activity** with access to and impact on the general public, as well as the source of income for these expenditures.

e. An informed and engaged public is a safeguard for integrity in political financing, as recommended by the Resolution of the 11th Conference of the States Parties to the United Nations Convention against Corruption in December 2025.
In pursuit of this major objective, the draft law needs to **encourage easy and sustainable/permanent access** by civic groups to data on political financing and to **ensure protection from harassment or retaliation when these groups report** misuse or violations.

Likewise, the draft law should **encourage cooperation of the CEC's special structure** with the media, election-observation groups and the private sector, and cooperation of the latter with anti-corruption oversight bodies and law-enforcement authorities.

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II. ARTICLE-BY-ARTICLE RECOMMENDATIONS

Article 2 - Definitions

II.1. Point 5 - Definition of political party

The current wording of point 5 risks unnecessarily limiting the concept of a political party by linking its existence and function almost exclusively to participation in elections. Such an approach is not in line with the spirit of the Law "On Political Parties", according to which a political party is a form of political organization of citizens and is not reduced only to its electoral function.

For this reason, it is recommended that **the definition be reformulated so as not to limit the political party only to participation in elections**, but to retain the current definition according to the Law on Political Parties.

II.2. Point 7 - Non-resident persons and the risk of contributions from the diaspora

The number of Albanian citizens living outside the territory of the Republic of Albania is very large. This creates real opportunities for funds that are difficult in practice for Albanian institutions to verify and control to be channeled through their contributions. Because they are not residents in Albania, effective control over them through currently available legal mechanisms is significantly more limited.

For this reason, it is recommended that this provision **be carefully reviewed and accompanied by additional verification and reporting requirements**.

II.3. Point 8 - Definition of expenditures

It is recommended that **the definition of expenditures also include the following wording**: "and any other expenditure proven to have been incurred by the political party, its structures, or by third parties in its interest, inside or outside the country". This addition is necessary so that expenditures actually incurred in the party's interest are not left outside reporting, including those that may result from the activity of its structures abroad or from third-party entities acting in its favor.

II.4. Point 9 - Volunteer services and in-kind contributions

The current wording is overly broad and, if left without clear limitations, risks undermining in practice the entire logic of regulating in-kind contributions. In this way, any service or coverage of expenses may be presented as "voluntary activity", fictitiously reducing the party's real costs and, on the other hand, creating relationships of dependence or corrupt influence.

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It is recommended that the provision be reformulated more narrowly, **clearly defining which forms of engagement may genuinely be considered voluntary and which should be treated as in-kind contributions and reported as such**.

On the other hand, the way the definition is formulated excludes from inclusion as income only the unpaid time spent by volunteers. Meanwhile, Law 45/2016 "On Volunteering" establishes several financial obligations that arise for the provider of volunteering (the political party in this case) when it engages volunteers, such as "payment of necessary expenses for carrying out volunteering" (Article 21, point 1.dh.) or health insurance for the volunteer (Article 22). In these circumstances, the law needs, at a minimum, to **establish the obligation of political parties to register and report the number of persons, hours of volunteering and services provided by volunteers**, enabling cross-checking between these data and the reporting of related expenses.

Article 4 - Use of financial and material resources

II.5. Activities with clientelist risk

Article 4, point 1, letter "dh" allows "any other activity... that promotes the program, activity and objectives of the political party". This wording is overly broad and enables any expenditure to be justified under the umbrella of "promoting objectives". The list of permitted purposes is not closed and does not prevent the distribution of benefits of a clientelist nature.

Among activities with a high risk of misuse, KRIIK considers charitable activities and the provision of material aid to individuals or communities (a practice documented as having occurred after natural disasters), or the financing of local public infrastructure with the party logo or under the patronage of candidates/political representatives, with a direct electoral effect, whether immediate or subsequent.

It is recommended that point 1 of Article 4 be supplemented with an explicit provision according to which **party resources may not be used for any form of distribution of material benefits, aid or support of a charitable, humanitarian or clientelist nature, regardless of their labeling as a party activity**.
The political party needs to remain within and fulfill its mission of stimulating and shaping public opinion, in this case in support of mechanisms or institutions of a charitable, humanitarian nature, etc., but without replacing them or assuming their role.

II.6. - Clarification of point 1.dh

Article 4, point 1.dh uses the wording "public and/or social media", without making clear whether "public media" refers to public audiovisual media, publicly owned media, or public communication in the broader sense. It is also unclear whether online media are treated as a separate category or are considered included in this wording.

For this reason, **it is recommended that the provision be clarified terminologically and use the phrase "in the means of public mass information"**, in order to maintain

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coherence with the terms used in the draft law. Thus, the letter would read: "dh) any other activity, including activity in the means of public mass information, that promotes the program, activity and objectives of the political party".

Article 5 - Prohibition of exerting pressure

II.7. Supplementing point 2: prohibit giving as well, not only promising

Article 5, point 2 prohibits only the promise of personal privileges or benefits deriving from state resources. The norm remains incomplete: it prohibits the preliminary phase of the conduct, but not its realization.

It is recommended that Article 5, point 2 be reformulated so as to **prohibit not only promising, but also giving, enabling and receiving, directly or indirectly**.

Article 6 - Financial and material resources

II.8. Loans and credit on preferential terms

Article 6, letter "ç" allows loans and credit as a source of financing without setting any standard on market terms, leaving channels open for disguised financing.

It is recommended to establish that **a political party may not take loans or credit on preferential terms, but only on market terms**, taking into account interest rates, fees, maturity, guarantees, collateral and penalties.

To supplement this rule, it should be determined that **any economic advantage arising from terms more favorable than the market is considered a financial contribution or in-kind benefit and is subject to reporting obligations as such**.

Article 7 - Prohibition of financial and material aid

II.9. The case of shareholders with distributed participation but real control

Article 7, point 1, letter "ë" prohibits donations from legal persons only when the shareholder owns more than 50% of the capital. This wording is too narrow. Two shareholders with 40% each, or related shareholders with joint control, fall outside the prohibition even though the risk is the same.

It is recommended that **the provision be reformulated on the basis of real control, direct or indirect**, through decisive influence, joint action by related shareholders, or ownership through intermediary companies, and not on the basis of the formal majority of capital.

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II.10. Gifts and aid from foreign parties or political foundations

Article 7, point 2 allows aid from foreign parties and political foundations for open-ended purposes, including the expression "etc.", without setting limits on purpose, procedure and control.

It is recommended that this provision be detailed by expressly and exhaustively determining that **aid is permitted only for limited purposes** (e.g. political cooperation, training, democratization, gender equality, human rights); **in no case may it be used for an election campaign or support of candidates**; **any aid must be declared in advance to the CEC** with identification of the donor, purpose, amount and period; and **any deviation from the permitted purpose should entail return of the funds and the relevant sanctions**.

It is also recommended **that the law establish a maximum permitted limit for such aid, so that** support from foreign political entities does not reach proportions that create financial dependence or excessive influence over the political activity of the beneficiary party.

II.11. Point 1, letters "d", "dh", "e", "ë", "h" and "g",

In order to be effective, the prohibitions provided in Article 7 should be further reformulated and clarified. Specifically:

In letter "d", **the prohibition should extend not only to the legal entities themselves, but also to their owners**, the owners' relatives, managers, administrators and their relatives, because there is a real risk of use as an indirect financing channel.

In letter "dh", **the terms used, "domestic public entities and commercial companies", should be expressly defined in Article 2 "Definitions"**, in order to avoid ambiguities in implementation.

In letters "e" and "ë", the wording "that have and up to 3 years" should be clarified, and **the 3-year period itself should be reconsidered, assessing whether it would be more appropriate to extend it to 5 years**, so as to cover at least the time span of one legislature.
It is not understood why a restriction of only a 3-year period has been concluded, while the possibility remains open for the creation of a clientelist or corrupt relationship and the production of its effects within the 4-year period of a governing mandate.

In letter "g", it is suggested to **add the wording "and/or for whom a procedure has been initiated"**, so that the provision is not limited only to the case of the initiation of compulsory enforcement proceedings by the bailiff service.

It is considered that the mere fact of being a debtor to the institutions of the Republic of Albania is more than sufficient to prohibit any financial or material aid to a political party. This is not only a moralistic approach in favor of preserving political integrity from law-evaders or violators, but also a way to avoid any influence on politics and any possible clientelist or corrupt relationship that may be established.

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In letter "h", donations are prohibited from citizens convicted of criminal offences in several fields, but only for the convicted natural person, not for the legal person that she/he may control. It is recommended that the provision be expanded by **also prohibiting donations from legal persons where the person convicted under this letter owns, directly or indirectly, control over the company**, whether through ownership of shares, voting rights or decisive influence over the governing bodies.

II.12. Point 3: Cooperation modalities

Point 3 should **better clarify the obligation for stable and periodic cooperation between the CEC and other institutions**, including deadlines, modalities and regular exchange of information.
Moreover, **the right of the CEC** (the special structure dealing with the monitoring and control of finances) **to have direct access to obtain information from the databases of the respective institutions**, such as the tax directorate, HIDAACI, the Financial Intelligence Agency, etc., may be considered.

Article 9 - Modalities for financing a political party

II.13: Clarify the term "all revenues"

With regard to Article 9, point 1, **it needs to be clarified whether the term "all revenues"** also includes public support in kind, such as the use of headquarters, offices or other state assets that may be made available to political parties.
The above constitute material benefits with monetary value and **should not remain outside control mechanisms, but should be declared as public income in kind and reflected in reporting**.

II.14. Ambiguity of the wording on bank accounts

Article 9, point 3 states: "As a rule, political parties should have a single account in one bank and when this is not possible they may open accounts in any other second-tier bank in the Republic of Albania through which they carry out all transactions"; this wording is unclear because it is not understood what is not possible (to have one account or to have only one account?).
At this point, it is considered necessary to **specify clearly that a political party may have only one account in one or more second-tier banks**, removing the term "as a rule" from the provision.

If the non-exclusive term "as a rule" is retained, it is recommended that the provision be clarified by clearly providing the obligation to have **at least one main account registered with the CEC and prior declaration of any additional account** in that bank or in any other bank, justifying in each case the need for that additional account. In every case, the political party must fully identify all accounts used by it to the CEC.

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II.15. Point 2 and point 4 - Market value and declarative obligations for membership fees

It is recommended that Article 9, point 2 expressly clarify that the value of donated goods or services must be **reflected according to the market value at the time of issuance of the declaration or invoice**.

Likewise, point 4 should be supplemented so that when membership fees are deposited in the bank, they are accompanied by a **declaration of the party**.

The declaration on membership fees should contain not only the total amount, but also the dates of deposit of the fees and the number of members who contributed, according to the register of the political party.

To avoid abusive use of the item "membership fees", **the fees should be recorded in a Special Register, standardized and approved by the CEC**, which should be submitted together with the parties' financial self-declaration reports.

The political party should also have the obligation to maintain and, at least for institutional verification purposes, **deposit with the CEC the Membership Register** or sufficient verifying data about it. This is necessary because, in the absence of a verifiable membership register, the use of fees remains easily manipulable[4]: various sums may be declared as membership fees without any possibility of checking whether the payment was actually made by party members and whether the value is in line with the party statute.

If the payer is not a member, the amount should be treated as a donation and be subject to the relevant restrictions.

II.16. Harmonization of points 4 and 5

Point 4 requires bank transactions for all revenues and expenditures, except for membership fees. Point 5 allows cash donations up to 50,000 ALL. These two provisions contradict each other and weaken financial traceability.

It is recommended that **a single regime be established**. In the current context of high informality, major corruption, the presence of organized crime and the large amount of cash in circulation, **every donation to a political party should be made only through a bank transaction**.

In this way, **donors of financial amounts through the bank should in every case complete the declaration provided for in Article 10, point 2**, declaring that they comply with the provisions (prohibitions) of Article 7 of the draft law.

It is considered necessary that **only the collection of membership fees be allowed in cash**, while the procedure presented in point II.15 should be followed for depositing them in the bank.

[4] The issue of declaring membership fees - one year with zero lek and the next year with millions of lek - is a major problem. This item has always been declared without any additional specification and without any concrete possibility of verification. This considerable amount is often transferred to the party's campaign account without any possibility of control or verification. It has often been found that the value of fees has not been coherent with the provisions set out in the respective statutes or with the membership numbers made public, where such a declaration has existed.

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Such regulation would be more in line with the objective of traceability of transactions, limiting the use of cash, and preventing money laundering in political financing according to the recommendations of international institutions.

II.17. Point 6 - funds received without the party's will

The obligation to notify and transfer is linked only to the case when funds are made available to the party "without its will", a narrow wording that leaves room for interpretation.

It is recommended that point 6 be reformulated by providing for **the obligation to notify and transfer in every case when the party receives, discovers or ascertains that it has received funds contrary to the law, regardless of its will to accept them** (for example: if the funds were accepted because of human error; if the party itself later discovered that the donation received is contrary to the provisions permitted by law, etc.).

Article 10 - Contributions to political subjects

II.18. Donor self-declaration without a verification mechanism

Article 10, point 2 requires only the donor's signature on a declaration. The entire system of prohibitions in Article 7 is thus based entirely on self-certification: the party has no legal verification obligation; the CEC has no automatic control mechanism. The formal prohibition may be circumvented through false declarations, while the party is protected by the argument of lack of knowledge.

It is recommended that **the party have an active obligation of minimal verification**, at least for donations above a certain threshold, through public registers; that **the CEC have inter-institutional access** to procurement, criminal-conviction and tax-declaration registers; and that **the party bear administrative responsibility** even when it has accepted a false declaration, if it has not carried out the minimal verification.
Moreover, the obligation of the CEC **to verify, where applicable, whether** the natural or legal person has reflected these donations in its own financial or tax documentation should also be examined.

In the case of legal persons, **donations should be made through a bank transaction from the account of the legal entity itself to the account of the political** party, so that traceability and identification of the source are complete.

KRIIK also assesses that **the maximum limits of permitted contributions under this article should be reconsidered, with the possibility of halving them**.
The financing of political parties should not rely disproportionately on high individual contributions, thereby being exposed to influence, but on broad participation of the membership. In this sense, the essence of regulation should be to **strengthen the role of membership fees as the healthiest form of political financing**, because it increases participation, strengthens the party's link with its members and increases its

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accountability to them. This approach better serves the idea of equality of the economic weight of each member in the internal political life of the party.

Article 11 - Public fund for supporting political parties

II.19. Inclusion of in-kind financing in declarations

In addition to monetary funds allocated each year from the state budget, **public support in kind that political parties may have in use**, such as headquarters, offices or other state assets, also needs to be taken into consideration. Even when these are not provided in the form of a monetary transfer, they constitute benefits with economic value and therefore **should be declared and reflected as public support in kind**, so that they do not remain outside transparency and control mechanisms.

II.20. Distribution formula and political pluralism

The current public-financing formula (70% according to the number of MPs, 20% among parliamentary parties and those with over 10,000 votes, 10% according to electoral percentage) dominantly reflects the weight of existing parliamentary mandates, in the ratio of 90% for parliamentary parties and 10% for parliamentary parties and those that received more than 1% nationwide, divided proportionally according to the percentage obtained.
This asymmetric logic has a double effect: it financially consolidates parties already in parliament and maximally reduces political competition, based also on the current electoral system.

This framework is not considered at all to fulfill what is stated in the Explanatory Report of the draft law, specifically in Chapter I "Purpose of the draft act and objectives intended to be achieved", point 3 "Improving equality in political competition", where it states that "Through the detailed formula for the distribution of public funds, the draft law aims to create fair financial conditions among political parties. Redistribution is based on parliamentary representation, the number of votes and participation in electoral processes, ensuring stable support for small parties while also establishing clear meritocratic criteria. ...".
Public financing should aim not only at institutional stability, but also at promoting political pluralism.

It is recommended that **the formula be reviewed with the aim of reducing the weight of parliamentary mandates and increasing the role of the vote** as an indicator of real electoral support, creating a broader support component that does not disproportionately exclude non-parliamentary parties that participate in elections and manage to receive meaningful support from voters.

The Law on Political Parties, in Article 5, provides that "the activity of political parties may extend throughout the territory of the Republic of Albania or to some units of the country's administrative territorial division", thereby giving even more space to pluralism and political thought even only in some administrative units of the country.

Such a party would find it very difficult to benefit from state financial assistance under the current regulation and today's electoral panorama in the country.

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The same applies to small political parties, which not only are not favored by the system built by the two large parties, but barely manage to survive in the political system, being forced to be used or misused by them for their electoral games, while their existence can and should itself constitute an additional asset for shaping opinion and orienting positions in our society.

This positive perspective toward them is lacking. Moreover, the draft law provides for a series of obligations on financing transparency, internal organization and even sanctions which imply ruinous costs for small parties.

Such an approach will not change the current problematic situation at all, but will lead directly to a climate and behavior of illegality among them, affecting the entire regulation and effectiveness of the law, and further damaging pluralism in the country.

While this draft law provides for restrictions up to their non-participation in elections, it is recommended that **the state and the system established should first provide incentives and support** for the dignified and easy fulfillment of legal obligations as soon as the political party is created and shows that it manages to receive at least 3,000 votes, which may be called the "morality threshold" of being a political party, equal to the minimum number of supporters needed for founding a party and for its living existence. Passing this threshold by a political party gives it full and sustainable integrity in terms of meeting the legal condition for being a living political party in active political life, meaning that its mission and activity continue to be valued and attractive among the political offers presented in elections.

Burdening it at this moment with countless obligations and costs, starting from the costs of keeping a bank account open, operational and organizational costs, and up to a functional website, paralyzes and de facto suffocates this political offer, since membership fees alone are in every case insufficient to cover these annual costs. On the other hand, such a situation exposes this new political formation to the need to become part of clientelist relationships or prey to donations of a dubious nature, thereby undoing the integrity of the party itself and its mission, and constituting an even greater risk to political life and electoral offers in the country.

Therefore, it is judged and recommended that **financial support from the state budget for all parties that reach the threshold of 3,000 votes** in parliamentary elections is not only direct assistance for the moral and political integrity of the political and electoral offer in the country, but also a further encouragement to the founders and supporters of a new/small political party to carry their ideas and platforms forward by promoting them and further increasing information, opinion-shaping and the political offer in the country.

KRIIK recommends that the annual fund be distributed as follows: a) 50% according to the number of MPs; b) 20% among parliamentary parties and those with over 10,000 votes; c) 30% among parliamentary parties and those with over 3,000 votes.
Such a solution would better serve the principle of promoting pluralism and more equal financing of subjects that have demonstrated real electoral support.

Failure to reach the 3,000-vote threshold of support in elections morally justifies limiting benefits, with the consequence even of non-participation of the respective party in elections, because there is de facto no longer support even at the minimum number of supporters/founding members of that party.

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II.21. Point 6 - Funds for gender equality and youth

The 5% grant is provided as an addition to the existing public fund, not as a conditioned part of it. Such an approach "rewards" political parties if they wish to promote support and empowerment of women and young people in politics, while in a fair and democratic society this should be a primary, indeed mandatory, objective of political parties.
On the other **hand, it is consideredconsideredconsidered a deficiencydeficiencydeficiency that other underrepresented groups that political parties should empower are not mentioned**, limiting increased participation only to women and young people.

It is recommended to provide that **the percentage of revenues that should go to strengthening gender equality and youth inclusion in politics be supplemented with the obligation to empower the representation of other underrepresented groups**.

This fund should be a **conditioned fund within the public financing that the party already benefits from** and not an addition; the party should have a **special reporting obligation on its use**; and in case of non-use or use for other purposes, the amount should be returned to the state budget.

II.22. Point 7 - Indexing the public fund by the Council of Ministers

Article 11, point 7 gives the Council of Ministers the competence to index every two years, with a ceiling of one percentage point above targeted inflation. This gives the executive direct discretion over the financing of parties, including opposition parties, without procedural guarantees against selective or delayed non-indexing. It is worth emphasizing that Article 11, point 8 provides for parliamentary review every 4 years. The 4-year review by the Assembly and indexing by the executive are two processes with different objects and logic, where the latter remains uncontrolled by the former.

It is recommended that **the indexing mechanism be automatic and linked to objective indicators** such as INSTAT's consumer price index; and that **mandatory deadlines and procedural guarantees against blockage** be provided.

Article 13 - Financial reporting

II.23. Point 4 - Ambiguity regarding election-campaign reporting

Article 13, point 4 says that party reports are submitted "together with the financial report of the election campaign", without clarifying whether the latter is an integral part of the annual report or a separate document (e.g. whether the election financial report provided for in the Electoral Code will be resubmitted together with the annual report, or considered already submitted).

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It is considered necessary that, in the function of full transparency and avoiding artificial obstacles in the integral review of the annual report and the conduct of necessary controls or cross-checks, **the election-campaign report be an integral part of the annual financial report**, enabling a clear distinction between items of ordinary activity during the year and items of activity related to the election campaign held during that year.
The purpose of the law should be fully fulfilled by ensuring **complete transparency over every financial activity carried out, detailed by item, in a complete and integral manner**, without continuing the experience of block reporting of the campaign and duplicated, undetailed reports that are often incomprehensible to third actors and the general public.

II.24. Point 5 - Specifying the nature of the CEC Report

The draft law should **clearly define the active monitoring and supervisory role of the CEC** through its special structure, **the product of which should also be the CEC Monitoring Report** provided for in point 5 of Article 13 of the law, which is expected to be published together with the other reports 30 days after their submission by the political party.

This report should summarize the preliminary findings made from the detailed prima facie review after submission of the reports by political parties, as well as the necessary cross-checks or investigations, based also on data/indications/denunciations received ex officio by the CEC itself, from denunciations by citizens or third actors. In this case, this report should also be made available in advance to legal auditors at the moment when the audit process of political parties begins according to the lot drawn.

Article 14 - Income taxation

II.25. Point 2 - Submission of the annual financial report also to tax bodies

Tax legislation does not exempt political parties from the obligation to submit their annual financial reports (financial statements) to tax bodies, like any non-profit organization, which political parties also are in the Republic of Albania.

Political parties, like every entity registered with tax bodies, have a NIPT and enjoy a NACE code (from French: Nomenclature statistique des activités économiques dans la Communauté européenne) in tax registers, which determines the nature of the entity's economic activity.

In cases where the subject/political party carries out economic activity, even non-profit activity, as provided in Article 8 point 2 and Article 14 of the draft law, then **the political party is obliged to submit a copy of the annual financial report to the tax bodies**, which must fulfill their legal responsibilities regarding control of the economic activity carried out and payment of the related taxes/fees.

Regarding the above, it **is recommended thatthatthat thethethe LawmakerLawmakerLawmaker and this draft lawlaw clarifyclarifyclarifyclarify**

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thisthisthisthis dualitydualitydualityduality of obligation, encouraging correctnesscorrectnesscorrectness and full law enforcementenforcementenforcementenforcementenforcement ofofof the legal framework for the submission of annual financial reports (annual financial statements).

The case **where political parties carry out economiceconomiceconomic activityactivity shouldshould also be considered**, and they should make available annual financial statements and be subject to control regarding this activity by tax **bodies, whose competencescompetencescompetences andandand responsibilitiesresponsibilitiesresponsibilitiesresponsibilitiesresponsibilitiesresponsibilitiesresponsibilitiesresponsibilities cannotcannot bebe covered either by the CEC or by legallegallegal auditorsauditors**.

Article 15 - Internal control

II.26. Publication on the party website of data on internal control

It is recommended that **understandable data on the content and implementation of the obligations of this article be published on the political party's website**. Transparency over internal control should not remain only a matter of internal organization, but should also be accessible to the public, especially when the party benefits from public funds.

For this reason, KRIIK also suggests that **every political party financed from the state budget be required to have a functional public website**.

It has been found that some of the identified violations are directly related to lack of response to the managerial and political leadership of the party by its bodies, branches, candidates, members, etc., which places responsibility on the political and managerial leader of the political party, in the relevant structures, in branches or at the center.

In this regard, in order to increase political and managerial awareness of the political party and its **structures, it is recommended that the law expressly cite the provision of necessary procedures by the political party** itself, which lead the respective responsibilities to party officials charged with supervision and ensuring implementation of the law at every level of the party structure in relation to finances.

It is **also recommended that the law specify the obligation of every political party to declare to the CEC, at the beginning of each year, the putting into operation of the register of financial and material revenues**, as a minimal element of transparency and control defined in Article 9 point 1.

It should **also declare the managerial structure in relation to finances, the updated address and contacts** of the political party, the leader(s) of the party and the party financier.

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Article 17 - Financial control

II.27. Explicit obligation that all parties be audited

Article 17 should **clarify that the obligation for auditing and control is not linked only to cases where the political party has submitted the financial report**, because otherwise failure to submit the report would produce the absurd effect that the subject is sanctioned only for non-submission, but remains outside control for other possible violations and financial activity it may have carried out.

Likewise, **the deadlines provided for appointing auditors should be reviewed** because they appear unrealistic in practice.

The possibility of political parties submitting incomplete reports and reports outside the format, as happens continuously, needs to be taken into consideration.
In such cases, the responsible structure within the CEC may and should return the annual report to the respective political party for necessary additions or corrections within a short deadline, after beginning their review after 1 April.

This action is considered reasonable due to the practice followed to date, the lack of proper information among political parties, and in order not to expose directly and immediately make factual a situation of violations before the CEC and auditors, violations which then imply the mandatory imposition of the sanctions provided by law.

II.28. Point 4 - Auditor access and the nature of the auditor's opinion

The provision should be rewritten by giving the legal auditor full authority in the exercise of his or her duty during the process of auditing the annual financial activity of the political party. This is also in line with the generally accepted approach that the Legal Auditor is the only authority that may conduct a full audit, providing the necessary transparency, verifications and overall control over the entire annual financial activity of the political party.

The provision should **expressly clarify that the legal auditor is ensured access to all registers and documentation required by law and auditing standards** in order to verify their implementation and respect by the political party.

It is also necessary to **expressly determine that the legal auditor gives his or her complete and detailed opinion on the basis of the necessary verifications carried out** and not simply and solely on the documentation formally submitted by the subject being audited.
Such an approach is expected to increase and improve the mechanism of effective control of political financing and of auditing and oversight.

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Article 18 - Publication of data

II.29. Limited scope of the self-publication obligation

The draft law builds two layers of transparency: Article 13, point 5 obliges the CEC to publish the reports of all parties within 30 days of submission; Article 18 adds to parliamentary parties the obligation of active self-publication on their website.

Non-parliamentary parties, even when they benefit from public funds, do not have this second obligation, creating two unequal transparency regimes.

It is recommended that **the self-publication obligation extend at least to all parties that benefit from public funds**; that **the content of the publication be expanded to include complete and structured data** on revenues, expenditures and donors; and that **the self-publication obligation be maintained as an autonomous obligation parallel** to the CEC's publication.

Moreover, KRIIK assesses that publication should not be limited only to an annual basis. **Political parties that benefit from public funds should have the obligation to periodically publish** (e.g. at least every four months) the register of expenditures and purchases made, so that transparency is real and not only retrospective.

If the party does not fulfill this obligation, the **possibility should be considered that the CEC, based on information easily available from the tax administration and** other official sources (data on financial activity based on the NIPT of the respective political party), **publishes the data it administers, without affecting the primary responsibility of the political party**.
For this, the law needs to expressly provide the **obligation of the tax administrationadministrationadministration to extractextractextract everyeveryevery fourfourfour monthsmonths thethe entireentireentireentire financialfinancial activity of politicalpoliticalpolitical parties, grouped** according to separate item groups. These item groups and the format under which the data received from the tax administration may be grouped **should be approvedapprovedapproved by a special actactact of thethethe CEC, ensuring the most completecompletecomplete periodic informationinformationinformationinformationinformation possiblepossiblepossible, which** can provide as much transparency as possible and, on the other hand, minimize opportunities for circumvention or reflection of untrue data.

Regarding this proposal, KRIIK **brings to your attention that also in the Explanatory** Report of this draft law, specifically in Chapter III "Assessment of legality, constitutionality and harmonization with domestic and international legislation in force", point 5 "OSCE/ODIHR **Recommendations", it is expressly** stated that "... The draft law fulfills all these criteria through the innovation of real-time electronic transparency (Article **24), as well as the obligation for quarterly publication of expenditures and** donations (Article 18), which directly reflect the OSCE/ODIHR recommendations for increasing public control and periodic publication of financial data, emphasized by them in the latest reports on Albania.", while this provision is not reflected in the draft law.

KRIIK **encourages the Committee to incorporate this increased transparency by adding it and making it part of the legal provision, at least on a four-monthly** periodicity, i.e. the publication of summary and meaningful information data, as cited

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above, every four months by the political party itself and by the CEC itself based on data from the tax bodies.

Likewise, the reason for reducing the period of publication on the website to only 3 years is not understood, as provided in letter "c) to keep published for at least three consecutive years on its official website the annual financial report".

It is recommended that, if there are essential reasons for keeping the annual financial report published only for a limited period of time, then **this publication-obligation period be extended to at least 5 years**. This period would help and provide more complete information on every actor, and especially to citizen-voters, to understand the financial activity and relationship with law enforcement of each party in the previous 5-year period before voting day.

Also, **keeping it published for as long a period as possible creates greater opportunities for substantive public information**, comparisons or cross-checks of data, study and investigative approaches, etc., further increasing transparency and opportunities for control and denunciations by the public, and, on the other hand, strengthening the climate of law enforcement by the political parties themselves, also influencing the growth of citizens' trust.

Article 19 - Body responsible for the financing of political parties

II.30. Point 1 - Verification of complete annual financial activity and cross-checking of reports

It is considered extremely **necessary to expressly determine that the CEC verifies and cross-checks the party's annual financial report with the election-campaign financing report in thethethe case of an election year**.
The detailed annual reporting format should include the entire annual financial activity of the political party, including items related to the election campaign in the case of an election year. Regarding the latter, a special column may be added to the Annual Report format, marking that these items are part of the election-campaign financial report, which have also been declared and checked previously (see II.23. Point 4 - Ambiguity regarding election-campaign reporting).
This **inclusion would enable a complete and clear overview of all financial activity of the party,** without creating pockets or closed blocks in which financial items, whether revenues or expenditures, may be hidden or duplicated, thereby not allowing the necessary cross-checks and comparisons to ensure complete and genuine transparency and control, as has happened so far.
As a rule, these election-campaign expenditure items may not be considered for re-verification during the process of verifying the party's annual financial report by the CEC or during the audit process by the Legal Auditor; they may **also be re-verified if deemed necessary by the CEC or the Auditors for the full** verification and audit process in relation to the comparisons made or indications received from citizens or other actors.

II.31. Point 2 - Clarification of terminology and function

The further strengthening of the CEC's role by giving it attributes and a monitoring role in the annual financial activity of political parties is assessed positively.

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In this framework, in Article 19, point 2, **letter "a", it shouldshould bebe better clarified what is meant by "monitoring", "supervision" and "financial** auditing" in the framework of annual financing of political parties, so that concepts belonging to election-campaign monitoring are not mixed with those related to control of annual financial activity.
It is **also recommended that the standardized annual reporting formats be drafted in cooperation with the Ministry of Finance and the tax administration**, both to guarantee the coherence of the format and to enable more effective cross-control later, in cooperation also with other financial monitoring institutions. Therefore, it is necessary for the law to expressly specify that the CEC, in drafting the formats, **shall interact with other financial monitoring** institutions.

II.32. Point 3 - Clarification of the duties of the responsible structure

The definition in law of a special structure responsible for financing, monitoring and control of the financing of political parties is assessed positively.
It is recommended that not only the existence of this responsible structure within the CEC be provided for, but also **that the law define and further clarify its duties andandand functions in relationrelation** to the collection and processing of data, formal and substantive verification, cross-checking, inter-institutional cooperation, publication, preparation of findings, initiation of administrative procedures, etc.

It is also considered necessary to **set clear deadlines in the law for completion of the control and verification process by the CEC.**

Article 20 - Facilitation measures

II.33. Use of space on public radio and television throughout the year

The legal obligation for political **parties to use, free of charge, the means of public mass information is assessed positively**, as these are considered means/channels for informing the general public that possess and use a public good and have broad and guaranteed public access. Therefore, this legal provision is considered appropriate in favor of a major public good, namely ensuring pluralism and free information of the general public by political parties on electoral and referendum issues.

For the purpose of this provision, it is **necessary to clearly determine its proper meaning in Article 2 "Definitions"** of this law, as well as **to address this provision at a later moment also in the amendments that should be made to the Electoral Code** by the Special Parliamentary Committee.

It is **recommended to consider the possibility of adding the right of free use of the means of public mass information also during the year and not only during election or referendum campaigns, for** matters of public interest judged by political parties, according to the criteria of equality and pluralism.
In this **framework, it is proposed that this right be granted to all parties that receive public** funds. The time available to each party and its use during the year should be **regulated by a joint act of the CEC and AMA**.

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It is judged that this right, in addition to promoting and strengthening pluralism in the country, is in line with international recommendations for reducing the costs of political activity and building a correct, unblemished and principled relationship in fulfilling the respective missions of political parties and mass-information media in relation to the public.

Article 21 - Administrative measures

II.34. Fines and continuation of the publication obligation

Article 21, point 1.a provides for a fine for failure by the political party to maintain the register of financial and material revenues according to Article 9 point 1, just as point 1.e provides for a fine for violation of Article 18 on publication of data on the political party's website.
In both cases, the provision does not clarify what happens to the still-unfulfilled obligation.

Should fulfillment of the norm be compelled even after the fine is imposed, in the concrete respective cases, namely the start of keeping the register and publication of the data on the website? Or will it be considered that the price of non-compliance with the obligation was paid by the imposition of the fine and the legal obligation will continue to remain unenforced, thereby undoing the transparency mechanism built? It is recommended that it be expressly provided that **the fine does not extinguish fulfillment of the required obligation, i.e. the publication obligation in the second case; the party remainsremains obligedobliged to publish even after the** fine. To guarantee fulfillment of the **obligation, a daily penalty may be provided for each day of delay, as wellwell as graduated consequences inin case ofof repetitionrepetition.**

II.35. Level of fines and their effectiveness

KRIIK assesses **that the current level of some administrative sanctions remains insufficient to ensure a real preventive** effect. Indeed, in the case of larger political parties that administer multimillion revenues from the state budget and other sources, the amount of fines imposed on them is negligible, having no preventive effect on the repetition of violations, which continue from year to year.
This situation renders the entire regulatory and preventive mechanism meaningless and undoes it, even encouraging a refractory and passive stance by the CEC itself, because the types of violations and deficiencies continue to be numerous and widespread.

For this reason, **it is recommended** to consider **increasing finesfinesfines in the most serious cases of violations, as well as providing for supplementary mandatory sanctions linked to the nature and repetition of the violation**.

It is **recommended that financial sanctions provide for a range of fine amounts or a certain single-digit natural**-number percentage of the amount of the political party's annual financial activity in the preceding **year, applying as the sanctioning measure whichever amount is higher**.

This method makes it possible to apply fines proportional to the amount of funds/annual financial turnover of political parties, ensuring the principle of equality on the one hand and, on the other, avoiding further ridicule of the measures and sanctioning norm.

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In particular, for **the violations provided in Article 21, pointpoint 1, letters "b", "c" and "ç", KRIIK recommends that administrative responsibility not fall only on the donor subject, but also on the beneficiary political party. In these** cases, the political party should bear responsibility and also be punished with a fine, at least in the value of the donation received contrary to the law.

II.36. Responsibility not only of the financier

Article 12 provides that the person responsible for finances is the person charged by law with carrying out all financial actions of the political party, who bears responsibility and represents the political party for financing in relation to the CEC.

The violations identified over the years are not simply violations and inaccuracies related to the specific work of the financier, because some of them are directly related to the failure of the party's bodies, branches, candidates, members, etc. to respond to the managerial and political leadership of the party, which places responsibility on the political and managerial leader of the political party, in the relevant structures, in branches or at the center.

In this regard, in order to increase political and managerial awareness of the political party and its **structures, it is recommended to provide for necessary procedures** which lead the respective responsibilities to party officials charged with supervision and ensuring implementation of the law at every level of the party structure in relation to finances. This also follows the provisions made in Article 15 of the draft law.

For the above, **it is recommended that the sanctions provide for supplementary fines addressed to the concrete responsible persons of the party governing structures**, in addition to the party financier, as provided in letter "g" of Article 21 of the draft law.

In the absence of identification of these persons, the **fine should be applied to the head of the branch to which the violation relates or to the leader of the political party itself**, if there are no other hierarchical structures of leadership and responsibility-bearing.

Article 24 - Use of information technology

II.37. Point 2 - Obligation to publish on the party website

KRIIK assesses that it is not reasonable for the operationalization of the CEC electronic platform to lead to the elimination of the obligation of political parties to report to the CEC and publish on their websites. **Both forms of publication should co-exist**, as they serve different levels of transparency and public access. Consequently, Article 24, point 2 should be reformulated so that **publication on the CEC platform does not replace, but complements, the party's own obligation for active publication**.

II.38. Point 2 - Obligation to archive hardcopy reports

Also, the functionality of the online platform should not eliminate the preservation in hardcopy of the reports, with signature and seal, as copies in the archive of the CEC

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institution, copies that may be generated by printing from the system with a digital seal in .pdf or Excel formats.

The importance and sensitivity of the content of detailed reports on the financial activity of political parties make it **necessary to preserve printed paper copies in the CEC archive**, regardless of the security and availability that the CEC electronic platform may appear or actually provide.

Thanking you for your understanding and cooperation,

Respectfully,

For the Coalition for Reforms, Integration
and Consolidated Institutions (KRIIK)

Premto GOGO

Chairperson

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