

MOLDOVA'S POLITICAL PARTY FUNDING

Legal framework and measures for
inclusive participation



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1 EXECUTIVE SUMMARY

This paper examines the legal framework and measures for political party funding in Moldova, with a particular focus on promoting the political participation of women and youth. It provides information on the permitted sources of funding, discusses reporting requirements, responsible institutions, and oversight bodies. Additionally, it outlines the key challenges in political party finance. Moldovan political parties are funded through a mixed model that includes state budget allocations, membership fees, donations, and other legal revenues. The Central Electoral Commission (CEC) oversees the distribution of state funds, which are allocated based on election results and the promotion of women and youth in politics. Despite strict regulations on the use of these funds, the growing reliance on state allocations—accounting for up to 84% of party revenue—raises concerns. To ensure accountability in their financial management, parties must submit financial reports to the CEC twice a year, along with additional monthly and annual reports. These reports, which include monthly bank statements and records of income and expenses, are submitted electronically through the "Financial Control" system and made publicly accessible within 48 hours of receipt. To enhance oversight, the CEC collaborates with the Court of Accounts and other entities, imposing severe penalties for non-compliance, including temporary bans on political activities.

The current framework is designed to uphold transparency, safeguard public trust, and maintain the integrity of political financing in Moldova.

The paper also discusses legal measures in Moldova that promote the political participation of women and youth. Key legislation includes the Law on Ensuring Equal Opportunities between Women and Men and the Law on Political Parties, which mandate gender quotas, reduced signature requirements for female candidates, and financial incentives for promoting the participation of women and youth. It highlights the positive impact of these measures, particularly the increased representation of women and youth in the Moldovan Parliament. Additionally, it addresses the compliance of political parties with legal requirements for fund allocation to promote gender equality and youth engagement, noting challenges in enforcement and offering recommendations for improving adherence.

Although Moldova has made progress in promoting transparency, accountability, and inclusivity through state allocations, strict reporting requirements, and measures to encourage women's and youth participation, several challenges remain, including compliance with financial regulations, the growing reliance of political parties on state funding, foreign interference, and the effective implementation of affirmative measures.

2 INTRODUCTION

This paper explores Moldova's legal framework governing political party funding, focusing on measures to promote women's and youth's political participation. It examines the institutions and mechanisms responsible for overseeing party finances, highlights the funding sources available for fostering inclusivity, and evaluates the effectiveness of affirmative measures in practice. The analysis also reflects on historical changes to these provisions, offering insights into their impact on Moldova's political landscape. Currently, the legal framework does not include specific provisions targeting other vulnerable groups.

The funding of political parties is a fundamental pillar of democracy, directly influencing its proper functioning within Moldovan society. Political parties' existence is naturally linked to financial resources, and the conduct of any electoral campaign would be impossible without a source of funding, whether public, private, or mixed. The legal provisions related to political party funding aim to ensure fair competition, transparency, and accountability.

A key factor in building voter trust is political parties' financial discipline, which is integral to ensuring fair competition, transparency, and accountability in the democratic process, as explored in this paper.

3 LEGAL AND REGULATORY FRAMEWORK FOR POLITICAL PARTY FUNDING IN MOLDOVA

The legal framework governing the funding of political parties in Moldova is established through key laws and regulations, including the Electoral Code (No. 325/2022), the Law on Political Parties (No. 294/2007), the Contraventional Code (No. 218/2008), the Penal Code (No. 985/2002), and regulations approved by the Central Electoral Commission (CEC). These laws collectively emphasize transparency, accountability, and the proper management of party finances, setting out rules for state support, prohibitions on certain types of funding, and penalties for violations. For detailed provisions and enforcement mechanisms, see Annexe #2.

4

PERMITTED SOURCES OF FUNDING FOR POLITICAL PARTIES

The sources of funding for a political party may include:

- Allocations from the state budget (State subsidies)
- Party membership fees
- Donations
- Other legally obtained revenues

Political parties are not permitted to use funding sources other than those listed above.

ALLOCATIONS FROM THE STATE BUDGET

Under the provisions of Article 27 of Law No. 294/2007 on Political Parties, political parties are entitled to receive funding from the state budget through the Central Electoral Commission on an annual basis. The right of political parties to receive funding from the state budget was approved by the Parliament of the Republic of Moldova on April 9, 2015, through Law No. 36/2015. Thus, the political party financing system was modified from exclusive private funding to a mixed system, where state budget funds supplemented private funding. Consequently, the provisions regulating allocations from the state budget became applicable to eligible parties for the first time on January 1, 2016. Independent candidates, regardless of the type of election or the elective office they are running for, do not receive any allocations.

According to Law No. 294/2007 on political parties, the amount of allocations for financing political parties is approved in the annual budget law, with the current percentage being 0.1% of state budget revenues, excluding revenues with special purposes provided by legislation and is distributed as follows:

▶ 30% for Parliamentary Elections: This part is given to political parties based on their performance in the last parliamentary elections. The more votes a party receives, the bigger the share of this 30% it gets.

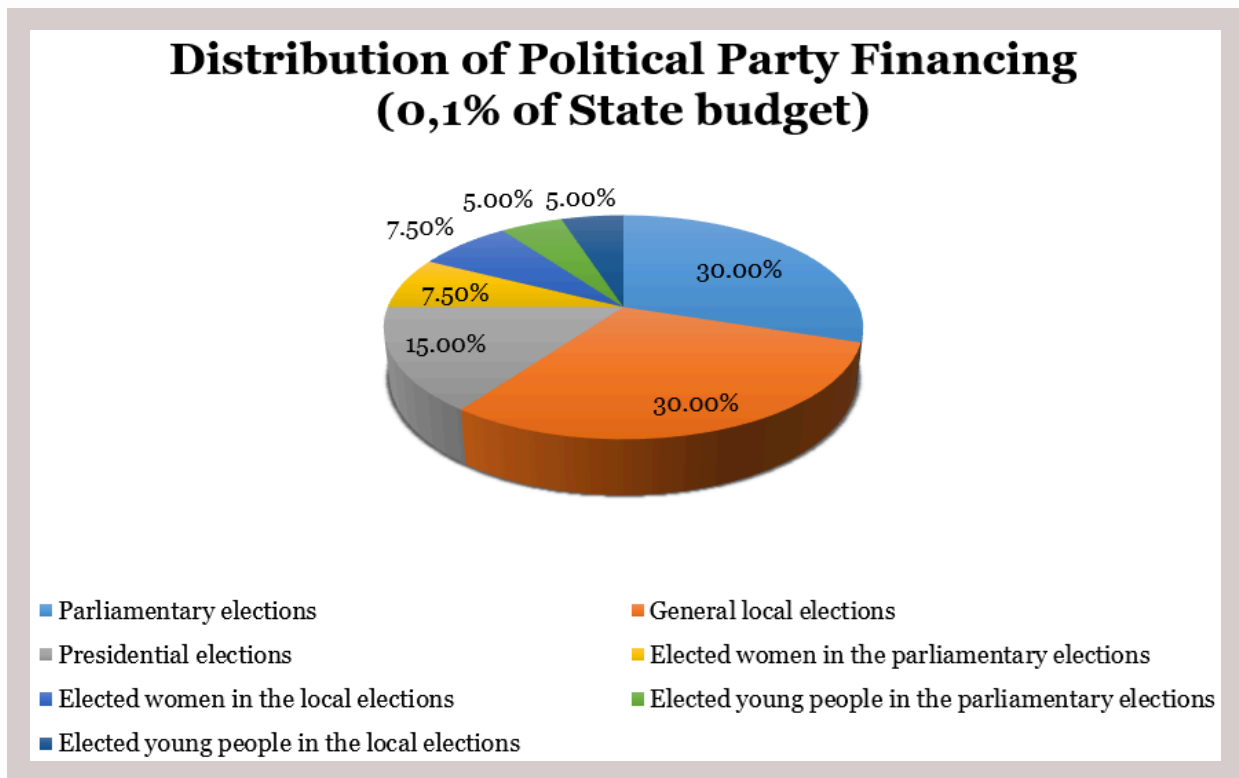
▶ 30% for Local Elections: Similar to the parliamentary share, this portion is allocated based on the results of the local elections. If a party receives more votes in local elections, it gets a bigger share of this 30%.

▶ 15% for Presidential Elections: This is given based on how political parties performed in the most recent presidential election, specifically the votes received in the first round of elections. The results of the second round are not considered when calculating the amount of allocations.

▶ 7.5% for Women elected in Parliament: This is based on how many women were elected to the parliament. The more women elected from a party, the bigger their share of this 7.5%.

▶ 7.5% for Women elected in Local Elections: This part works the same way as the previous one but focuses on local elections. The more women a party has elected locally as mayors and councillors, the more it gets from this 7.5%.

- ▶ 5% for Young people elected to Parliament: This percentage rewards the political parties based on how many young people (up to 35 years old) they elected to parliament.
- ▶ 5% for Young people elected in Local Elections: Similarly, this portion is based on the number of young people elected to local positions – mayors and councillors.



In practice, the government sets aside 0.1% of the total national budget (excluding specific funds). First, Central Electoral Commission calculates the total amount available for each of the above-mentioned criteria (like 30%, 7.5%, etc.). Then, CEC calculates how much money each party will receive based on how many votes they received, how many women, or young people they have elected. The more votes or elected officials they have in these categories, the higher their share of each part of the budget.

For example, if the total budget for political parties is 40 million MDL[1], 7.5% of that amount (3 million Lei) would go to the number of women elected to parliament. Then, CEC divides this 3 million Lei by the total number of women elected to parliament to determine how much money each elected woman represents. After that, each party gets a share based on how many women they have elected.

This method ensures that the funds are distributed fairly, considering how well parties perform in elections and how they contribute to gender equality and youth involvement in politics.

The regulations governing the financing of political parties, including the calculation methodology, are approved by the Central Electoral Commission.

Annually, following the adoption of the State Budget Law, the Commission approves the monthly allocation for each political party for the respective fiscal year, using the calculation method outlined above. If parliamentary, presidential, or local elections have taken place during the calendar year, the Commission may approve or revise the monthly allocation amounts based on the final election results, starting from the month following the date when the results are validated by the relevant authorities.

In the case of electoral coalitions, the allocation from the state budget will be divided according to the prior agreement among the members of the electoral coalition. If no agreement exists, the allocation will be distributed based on the number of mandates obtained by each member of the coalition. The allocation is based on the original distribution of mandates after the elections and does not change if an MP switches allegiance between parties during the mandate.

If a party loses the right to state funding or if this right is suspended, the transfer of funds will stop starting the month after the loss or suspension of the right. Any unspent funds transferred to a political party's account within the current fiscal year will remain available for the party to use in the following years.

Political parties lose their right to state funding in the following cases:

- 01 If their activity is limited^[2].
- 02 If they lose their legal personality
- 03 If they are undergoing liquidation
- 04 If they have been sanctioned by removal of their state funding rights

[1] The Moldovan Lei (MDL) is the national currency of the Republic of Moldova. As per January 6, 2025, 1 MDL=0,05 Euro = 3,21 MKD

[2] Article 21 from Law on Political Parties No.294/2007 regulates the cases and methods of limiting the activities of political parties. Thus, party activities can be limited in cases where actions harm political pluralism or fundamental democratic principles. Additional limitations apply if the party fails to submit its financial management report or provide necessary information for financial oversight, as required by the Central Electoral Commission. In such cases, the Ministry of Justice can request the party leadership to address the issues within a month. If non-compliance continues, the court can impose a limit on the party's activities for up to six months. During this period, the party is prohibited from participating in elections, organizing public events, or engaging in political advertising. However, limitations cannot be applied during election campaigns.
https://www.legis.md/cautare/getResults?doc_id=141459&lang=ro#

A political party that has lost its state funding rights may regain them through a decision by the Central Electoral Commission, once the cause of the loss or the sanction is no longer in effect.

When a party is reorganized[3], the right to state funding is transferred to its successor. If a political party that benefits from state funding ceases its activity, the funds due to that party will be redistributed to the other eligible political parties.

The use of state allocations is strictly regulated by Article 28 of the Law on Political Parties and is decided by the governing bodies of the political parties. These allocations may be used, including for supporting initiative groups registered by the political party or electoral campaigns[4], exclusively for the following purposes:

- ▶ Operational and administrative expenses: rent, maintenance, and operation of party headquarters; personnel expenses (salaries); protocol expenses, office supplies, bank fees, and audit expenses (external/mandatory).
- ▶ Outreach, promotion, and public engagement: media and promotional materials; production and broadcasting of advertising spots; organizing political activities, public demonstrations, seminars, training courses for party members, programs for youth and women, and public opinion polls at national and local levels.
- ▶ Consultancy and legal services: political consultancy; legal consultancy, lawyer fees, executor and expert costs; judicial and other state institution-related expenses.
- ▶ Travel and delegations: travel expenses abroad; hosting foreign delegations; fuel, transportation, and travel costs.
- ▶ Technology and asset management: telecommunications, web applications, party website development, and investments in movable and immovable assets necessary for party activities.
- ▶ Membership and international relations: payment of membership fees to international political organizations.

[3] According to the Law on Political Parties, No.294/2007, a party can reorganize through various means, including merger (combination or absorption), division, or transformation, based on a decision by its supreme governing bodies. The legal successor of a political party is typically determined by the party's governing bodies, in accordance with the party's statute. In cases of internal disputes or complex situations, a court decision may be required to resolve the issue of the legal successor.

[4] Political parties have the right to use up to 70% of the amounts allocated from the state budget that are in the party's account at the beginning of the electoral period for their electoral campaigns, Article 51 paragraph (10), Electoral code No.325/2022

From the total annual allocations from the state budget, the party should utilize:

- 20% for promoting and encouraging women's participation in political and electoral processes.
- 10% for promoting and encouraging youth participation in political and electoral processes.

State budget allocations used for purposes other than those stipulated by law, as well as for failing to comply with the proportions for promoting and encouraging women and youth, must be reimbursed to the state budget based on a decision by the Court of Accounts, in the amount used contrary to the intended purpose.

MEMBERSHIP FEES OF POLITICAL PARTIES

The amount of membership fees, the payment method, and the payment frequency are determined by the political parties in their statutes. The information is communicated to the Central Electoral Commission.

Membership fees can be collected in cash or through banking operations. When collected in cash, a receipt is issued, and the amount is transferred to the political party's bank account within 5 working days.

DONATIONS TO POLITICAL PARTIES

A political party can receive monetary^[5] and non-monetary^[6] donations. All the donations must be made via bank operations (card payments, direct transfers), with the donor's identity indicated on the bank document. Cash donations at the party office, without a bank account must be deposited into the party's bank account.

A political party's annual revenue from donations and membership fees cannot exceed 0.1% of the state budget's total revenues.

Donations made by an individual to one or more political parties in a fiscal year cannot exceed the equivalent of six average monthly wages^[3] for the respective year. This limit cannot exceed 30% of their annual income recorded for the previous calendar year.

For Moldovan citizens who only receive scholarships or other social benefits, the donation limit cannot exceed one average monthly wage for the respective year.

For Moldovan citizens holding public office, public servants, including those with special status, or employees in public organizations, the donation amount cannot exceed 10% of their annual income and cannot exceed six average monthly wages for the respective year.

[5] Contributions other than membership fees, originating from employment, entrepreneurial, scientific, or creative activities, scholarships, pensions, social benefits (excluding social aid), or other legal incomes of Moldovan citizens.

[6] Contributions in the form of properties, goods, free or discounted services, which are recorded in the party's accounting and valued at their market price.

[7] The average monthly salary is approved by the Government each year. For 2025, it has been estimated at 16,100 lei (approximately 840 euros).

If the individual is a party member, the mentioned limit includes the amount of membership fees paid by them in a year, with the membership fee and donation being recorded separately in the political party's accounting and financial management reports.

An individual can make cash donations to one or more political parties up to the value of one average monthly wage for the respective year. Donations exceeding this limit must be made exclusively through banking operations.

A legal entity can donate to one or more political parties in a fiscal year, but the total amount cannot exceed the equivalent of 12 average monthly wages for the respective year.

The legal entity making a monetary donation to a political party must present a decision from its authorized bodies regarding the donation, register the donation, reflect it in its financial reports, and inform its shareholders or members about the transactions made.

A recently proposed draft law seeks to cap donations from students, social benefit recipients, and legal entities at 30% of their previous year's income, ensuring donations are proportionate to their financial capacity. [8]

Donations cannot be made by:

- Minors and individuals under judicial protection.
- Foreign citizens, stateless persons, anonymous donors, or those donating on behalf of others.
- Public authorities, state-funded organizations, or state-owned enterprises, except where explicitly permitted by law.
- Legal entities with outstanding debts to state funds or those involved in public procurement contracts within the last three years.
- Entities with foreign or mixed capital, foreign legal entities, and international or non-profit organizations.

Donations exceeding three average monthly salaries established for the respective year are subject to verification by the Central Electoral Commission to ensure the declaration of income sources and any associated tax obligations. If there are concerns regarding compliance with tax laws, the Central Electoral Commission will conduct checks and, if necessary, take steps to hold individuals accountable for administrative violations. Additionally, the Commission may refer the matter to the State Tax Service for further verification within its jurisdiction.

[8] CEC decision for the approval of the opinion on the draft law amending certain normative acts (effective combating of electoral corruption and related aspects), legislative initiative no. 381 of December 17, 2024 https://a.cec.md/ro/pentru-aprobarea-avizului-asupra-proiectului-de-lege-pentru-modificarea-unor-2751_112136.html

OTHER LEGALLY OBTAINED REVENUES

A political party has the right to engage in editorial activities, activities directly related to the management of its property, as well as other activities that generate income for the needs of the party, provided that these activities are not prohibited by law and are expressly mentioned in the party's statute.

CONSIDERATIONS REGARDING THE USE OF PUBLIC SOURCES OF FUNDING FOR POLITICAL PARTIES

Recent years show that political parties in the Republic of Moldova have become increasingly dependent on state budget allocations for their funding[9]. In 2023, these public funds accounted for 84% of the total reported revenues of political parties, up from 82% in 2022. A significant number of parties rely almost entirely on state resources, with their funding proportions nearing 100%[10].

However, there is some variability in this trend. A few parties have lower shares of public funding, with percentages like 60%, 76%, 11%, and 9%. This suggests that these parties have managed to secure other significant sources of income, such as donations, membership fees, or revenue from economic activities. Despite these exceptions, the general pattern shows a concentration of funding sources around state allocations.

The heavy dependence on public funding raises several important questions. Politically, this reliance could make parties more susceptible to government influence. Financially, it highlights the need for greater diversification of funding sources to enhance the autonomy of political entities.

During election campaigns, parties utilize these state funds alongside private contributions to cover various expenses, including organizing events, producing promotional materials, and maintaining premises. According to Article 51 of the Electoral Code, the political parties can use up to 70 % of the funds from annual allocation in the party account at the beginning of the electoral period for their election campaign. Besides this, state support for election campaigns is provided inter alia through free airtime and interest-free loans. The reliance on state funds during election campaigns shows significant variation across different electoral events, reflecting diverse funding strategies among political parties and candidates. In the 2023 local general elections, 14 out of 32 parties reported using state allocations, with percentages ranging from 7% to 100%. Data from the 2024 constitutional referendum shows that among ten parties that submitted financial reports, four relied on state allocations, with public funds comprising 20%, 68%, 89%, and 100% of their total campaign expenditures, respectively.

[9]<https://epde.org/?news=political-party-funding-in-moldova-retrospective-2023-growing-dependence-on-state-budget-appropriations-and-unreported-expenditures>; https://epde.org/wp-content/uploads/2024/07/Summary-report_Financing-of-political-parties-in-the-Republic-of-Moldova_2023-Retrospective.pdf

[10]Based on the analyses of CEC Decision No. 2560 of May 31, 2024 on the exercise of the attribution of supervision of reports on the financial management of political parties for the year 2023

Finally, in the 2024 presidential elections, four candidates reported public funding shares of 5%, 12%, 18%, and 97% in their campaign expenditures.

Comparing the averages from the 3 last national elections reveals a trend where the reliance on state funding is context-dependent, with different electoral events showing varying levels of public fund usage. The local elections had the most diverse range of dependency, while the constitutional referendum saw a higher average reliance on state funds. With their lower average dependency, the presidential elections suggest that candidates might have had more success securing alternative funding sources.

Encouraging greater diversification in funding sources is crucial to enhance the independence and sustainability of political activities in the Republic of Moldova. To address these issues, organizations like Promo-LEX have recommended implementing measures to ensure a reasonable balance between public and private financing of political parties[11]. They also advocate for enhanced monitoring and control mechanisms to oversee political and electoral financing effectively.

[11] Summary Report Financing of political parties in the Republic of Moldova 2023 Retrospective, https://promolex.md/wp-content/uploads/2024/06/SUMAR_Finanțare-partide-politice_retrospectiva-2023_eng.pdf

5 PERMITTED SOURCES OF FUNDING FOR POLITICAL PARTIES

Political parties must submit to CEC financial management reports twice a year: by July 15 for the first half of the year and by January 15 for the second half of the previous year. The annual report must be submitted by March 31.

Parties receiving allocations must also submit financial reports to both the CEC and the Court of Accounts.

By the 10th of each month, parties must submit the following to the CEC:

- An electronic report on the previous month's expenses from allocations.
- A monthly staff report on party staff.

Parties are required to submit monthly bank statements for the reporting period along with their financial report. Upon request, they must also submit primary documents electronically that support the reported income and expenses. Additionally, a report on the party's assets must be included with each reporting period.

All the reports must be submitted electronically through the automated system, "Financial Control", signed by the party leader and treasurer. CEC will notify the party upon receiving the report, indicating the date and time of submission.

The CEC verifies the inclusiveness and accuracy of the submitted reports. If any issues are found, the CEC can request additional information, which the party must provide within the given deadline (or up to 14 working days). The bank where a political party has its current account and/or account for state budget allocations must provide the Central Electoral Commission, semi-annually and upon request, with information about all deposits and withdrawals from these accounts.

The information in financial management reports, excluding sensitive personal data, is public. Reports are published on the CEC's official website within 48 hours of receipt and remain accessible for 5 years. Political parties are also required to publish their reports on their own websites if available.

For 15 years after the reports are received, anyone involved in journalistic or scientific research can request access to the reports. After this period, the reports will be kept for an additional 15 years without attachments, after which they will be destroyed.

These requirements promote transparency and accountability in political party financial management while protecting personal information.

Political parties with income or expenses over one million lei (around 52.000 EUR) must have their financial management reports audited at least once every three years. The responsibility for selecting the audit entity and conducting the audit lies with the political party. At the end of 2024, CEC with support from the Council of Europe, developed a new methodology to provide clearer guidance for auditors, ensuring that reports are more targeted and aligned with the needs of the CEC. The party must submit the audit report, along with its annual financial report, to the CEC and, for those receiving state budget allocations, to the Court of Accounts. The audit report must be published on the CEC's website within 48 hours and remain publicly available for five years. Political parties must also publish the report on their own website if they have one.

If the party has not submitted the financial management report or has not provided the necessary information for the oversight and control of the party's financing, within the deadline and format established by the Central Electoral Commission its activity may be limited. The limitation of a political party's activity means that the party is temporarily banned from participating in elections or referendums, engaging in political advertising, organizing public events, and using its bank accounts for most financial transactions. The party can only use its accounts for essential payments, such as settling contracts, paying taxes, or compensating damages.

If the party fails to submit annual financial management reports for two consecutive years, the Central Electoral Commission will request the Public Services Agency to remove it from the State Register of Legal Entities.

RESPONSIBLE INSTITUTIONS AND OVERSIGHT BODIES

To hold political parties accountable and ensure compliance with legal standards, the following institutions and oversight bodies are competent:

The **Central Electoral Commission** is mandated with overseeing political party financing and distributing state allocations to political parties. It owns and manages a specific automated system, "Financial Control" to ensure transparent and systematic financial reporting.

The CEC has extensive authority to:

- ✓ Draft administrative acts and guidance documents for applying financing legislation.
- ✓ Collect, analyze, and publish financial reports from political parties, initiative groups, and electoral competitors.
- ✓ Verify and examine financial compliance, issuing binding decisions and reporting findings to Parliament annually.

- ✓ Collaborate with other public authorities and entities for effective oversight.
- ✓ Impose sanctions for violations, ranging from warnings to suspending state budget allocations for up to a year.

The **Court of Accounts** receives the semi-annual and annual reports of political parties and carries the external public audits^[12] regarding the use of allocations granted to political parties.

The **Ministry of Justice** may request the court, either ex officio or at the request of the Central Electoral Commission, to limit the activity of a political party and its dissolution. In the case of liquidation, the Ministry participates in this procedure.

CONSIDERATIONS RELATED TO ELECTIONS/ELECTORAL CAMPAIGN FINANCES AND REPORTING

At the beginning of the electoral period, the Central Electoral Commission (CEC) sets a national ceiling on the financial resources that can be transferred to the "Electoral Fund" account and used by electoral contestants for that election. This ceiling is equivalent to 0.1% of the revenues specified in the state budget law for the respective year.

Electoral contestants must open a bank account labelled "Electoral Fund" within three days after registration, transferring their funds and donations received from Moldovan citizens or local legal entities. For political parties and electoral coalitions, the "Electoral Fund" account can be opened before registration. Financial transactions in this account are permitted only after the contestant's registration and not earlier than 30 days before the election date. Upon opening the "Electoral Fund" account, contestants must inform the CEC within 24 hours and provide the account details. Contestants who do not open an account within three days of registration must notify the CEC in writing and may only engage in non-financial campaign activities.

The bank managing the "Electoral Fund" account reports weekly to the CEC on the account's financial movements and balance. Electoral contestants must appoint a treasurer responsible for financial records and submitting signed financial reports to the electoral body.

The CEC, as the independent supervisory and control body, collects, organizes, and verifies the financial reports submitted by electoral contestants. These reports are analysed, and binding decisions are made regarding their verification outcomes. Contestants are required to submit financial reports weekly through the "Financial Control" system, with final reports due within three days after the election day.

[12] Despite its legal obligations, the Moldovan Court of Accounts challenges its competence to control how political parties use public funds, arguing that national legislation is not aligned with international standards. Since the initiation of financing the activity of political parties from the state budget, no detailed controls have been carried out by the Court of Accounts. [Summary Report Financing of political parties in the Republic of Moldova 2023 Retrospective](https://promolex.md/wp-content/uploads/2024/06/SUMAR_Finanțare-partide-politice_retrospectiva-2023_eng.pdf), https://promolex.md/wp-content/uploads/2024/06/SUMAR_Finanțare-partide-politice_retrospectiva-2023_eng.pdf

Donation ceilings for electoral campaigns are regulated, with individual donations limited to six average monthly wages for the economy in that year. Specific limits apply based on the donor's income and status, and legal entities may donate up to twelve average monthly wages.

Donations in kind, services, and voluntary work must be valued and reported, adhering to legal donation ceilings.

The CEC uses the MConnect interoperability platform^[13] to verify donor eligibility and ensure compliance with legal restrictions. In cases of suspected non-compliance with fiscal legislation, the CEC may initiate contravention procedures or refer the matter to the State Tax Service for further investigation.

[13] The MConnect interoperability platform is the technological solution developed by the Government of the Republic of Moldova to streamline data exchange and interoperability within the public sector, as well as between the public and private sectors.

6 MEASURES PROMOTING POLITICAL PARTICIPATION OF WOMEN AND YOUTH

In Moldova, several legal provisions have been established to ensure the equitable participation of women and men in political life, with additional measures aimed at promoting youth participation.

The Law on Ensuring Equal Opportunities between Women and Men (No. 5/2006) is a key piece of legislation. Specifically, Article 7 of this law mandates political parties to foster equality of rights and opportunities among their members. To achieve this, political parties must adhere to a minimum gender representation quota of 40% for both sexes in their leadership bodies and candidate lists, ensuring balanced gender representation without discrimination.

The Law on Political Parties (No. 294/2007) and the Electoral Code provide several positive measures to **support gender equality**, including the following:

- 1. Double gender quota for candidate lists:** Candidate lists for parliamentary and local elections must respect the minimum representation quota of 40% for both sexes. The positioning of candidates on the lists follows a rule: at least four candidates for every ten positions must be of each gender.[14]
- 2. Sanctions for non-compliance:** If a political party submits a candidate list that does not meet the gender quota requirements, the Central Electoral Commission or the district electoral council will refuse to register it.
- 3. Legal protections against quota distortion:** Political parties or electoral coalitions must ensure that any changes to their candidate lists uphold the legally mandated gender quotas. Specifically, any withdrawal or modification of a candidate list must be made by the party or coalition that submitted it, ensuring that the minimum percentage of female candidates, as required by law, is maintained.
- 4. Reduced signature requirement for female independent candidates:** Independent female candidates need only submit 1,000 to 2,500 signatures from supporters with voting rights (compared to the 2,000-2,500 signatures required for male candidates) to register with the Central Electoral Commission (for Parliamentary elections).
- 5. Financial incentives for women elected:** 7.5% of the annual state funding allocated to political parties is distributed proportionally based on the number of women effectively elected in parliamentary elections, and another 7.5% is allocated based on the number of women elected in local elections.

[14] Article 68, paragraph (3) of the Electoral Code

6. Funding for gender equality initiatives: 20% of the annual state allocations for political parties must be used to promote and encourage women's participation in political and electoral processes.[15]

7. Support for women's organizations in political parties: In parties with women's organizations, the funds designated to promote women's participation are managed by these organizations.

8. Sanctions for misuse of funds: If the funds are used for purposes other than those specified, they must be refunded to the state budget, as determined by a decision from the Court of Accounts, based on the amount used incorrectly.

The Law on Political Parties also includes provisions supporting youth participation and political representation. Key measures include:

1. Financial incentives for youth elected: 5% of the annual state funding allocated to political parties is distributed proportionally based on the number of young people elected in parliamentary elections, and another 5% is allocated for those elected in local elections.

2. Funds for promoting youth participation: 10% of the total funds allocated to political parties must be used to promote and encourage youth participation in political and electoral processes.

3. Support for youth organizations in political parties: For political parties with youth organizations, the funds designated for promoting youth participation are managed by these organizations.

4. Sanctions for misuse of funds: As with the funds for women's participation, if the funds for youth engagement are used for purposes other than those specified, they must be refunded to the state budget, as determined by the Court of Accounts.

[15] The law does not specify any particular requirements for promoting women and youth within the funds allocated for electoral campaigns.

CONSIDERATIONS RELATED TO ELECTIONS/ELECTORAL CAMPAIGN FINANCES AND REPORTING

The evolution of women's representation in the Moldovan Parliament from 1990 to 2021 reflects the impact of electoral system changes and gender quotas on promoting gender equality in politics (See Table #1).

In the early years (1990-1994), women were significantly underrepresented, with only 3.8% in 1990 and a slight increase to 4.9% in 1994. The introduction of the proportional representation system from 1994 to 2014 did not initially lead to substantial improvements, as the percentage of women remained low, peaking at 25.7% in 2009 before declining slightly in subsequent years.

A notable shift occurred after the implementation of gender quotas and financial incentives aimed at increasing women's participation. The 2019 elections saw the introduction of a 40% gender quota, although this was applied only to the proportional component due to the mixed parallel electoral system in place. This led to a stabilization of women's representation at 25.7%, indicating that the quota had some positive effect, albeit limited by the mixed system.

Table #1. Women in Moldovan Parliament (1990 – 2021) ¹⁶

Elections ¹⁷	Total MPs no.	Women	%
1990	380	12	3,8
1994	101	5	4,9
1998	101	9	8,9
2001	101	16	15,8
2005	101	21	20,8
2009	101	26	25,7
2010	101	19	18,8
2014	101	21	20,9
2019	101	26	25,7 ¹⁸
2021	101	40	39,6

Single-member constituencies. No gender quota

Proportional representation system. No gender quota

The 40% gender quota was introduced in 2016, but soon after, a new mixed parallel electoral system was implemented. The quota applied only to the proportional component, while financial incentives were introduced for the majoritarian component in single-member constituencies to support women's participation. This was the only elections to use mixt system.

Proportional representation system. Double gender quota and financial incentives as described in chapter *Measures promoting political participation of women and youth*.

[16] Source: www.cec.md

[17] Next Parliamentary elections are scheduled for 2025

[18] For 2019 Parliamentary elections, candidate lists were required to adhere to a 40% gender representation quota for both sexes. Political parties that met the quota of at least 40% female candidates in single-member constituencies received a 10% increase in budgetary support. Additionally, 5% of funding was allocated based on the number of women elected to parliament and the number of young people elected in parliamentary and local elections. Article 42 paragraph (21) and (22), Electoral Code version 2017 and Article 27, Law on Political parties, version 2018.

The most significant improvement came with the 2021 elections, where a double gender quota was introduced along with financial incentives to promote women's political participation. This resulted in a substantial increase in the percentage of women in Parliament, reaching 39.6%. This sharp rise underscores the effectiveness of combining quotas with financial incentives in enhancing women's representation. It demonstrates the importance of sustained and targeted measures to achieve gender parity in political institutions.

In 2018, positive measures to encourage youth participation were introduced in the Law on Political Parties. Initially, 5% of state budget allocations were distributed to political parties based on the number of young people effectively elected in parliamentary and local elections. In 2019, this allocation was expanded to 5% for young people elected in both parliamentary and local elections. Additionally, the 2019 reforms introduced the requirement for 10% of the annual state budget allocations to be used specifically for promoting and encouraging youth participation in political and electoral processes.

The representation of young people in the Moldovan Parliament from 1994 to 2021 illustrates the challenges and gradual improvements in youth participation in politics (See table #2).

Table #2. Young people in Moldovan Parliament (1990 – 2021)

Elections ¹⁹	Total MPs no.	Young people	%
1994	101	11	10,89
1998	101	5	4,95
2001	101	2	1,98
2005	101	5	4,95
2009	101	8	7,92
2010	101	11	10,89
2014	101	13	12,87
2019	101	16	15,84
2021	101	14	13,86

Proportional representation system. No provision regarding youth participation in the law

Mixt system. First financial incentives for young people that are effectively elected

Proportional representation system. Financial incentives and rules for spending the state allocation, as described in chapter *Measures promoting political participation of women and youth*.

[19] Next Parliamentary elections are scheduled for 2025

In the early years (1994-2005), youth representation fluctuated at low levels, with a notable decline from 10.89% in 1994 to just 1.98% in 2001. The lack of specific provisions or incentives for youth participation during this period likely contributed to these low numbers.

A turning point came in the 2009 elections, where youth representation began to increase, reaching 7.92%, and continued to grow, peaking at 15.84% in 2019. This rise coincided with the introduction of financial incentives for young people who were effectively elected during the 2019 mixed electoral system elections. This system, which combined proportional and majoritarian components, provided the first tangible support for youth participation, suggesting that financial incentives can play a significant role in encouraging young people to run for office and succeed.

In 2021, with the return to the proportional representation system and the implementation of financial incentives and rules for state allocation spending to promote youth participation, the percentage of young MPs remained relatively high at 13.86%. This indicates that these measures have had a positive impact, though there is still room for further improvement.

While youth representation in the Moldovan Parliament has generally increased over the years, it remains below the desired levels.

CONSIDERATIONS REGARDING THE POLITICAL PARTIES' COMPLIANCE WITH THE LEGAL REQUIREMENTS FOR ALLOCATING FUNDS TO PROMOTE WOMEN'S AND YOUTH PARTICIPATION

As mentioned before, parties are legally required to allocate 20% of state funds for promoting women's participation and 10% for youth participation. The CEC reviews the financial reports submitted by political parties to ensure compliance with these legal thresholds.

In instances where parties report expenditures below the required percentages or fail to allocate funds for the designated purposes, the CEC identifies discrepancies, including unused funds or negative balances compared to planned allocations. For example, in 2023, ten parties underspent on women's participation and eight on youth participation, with five parties reporting zero expenditures for both categories. When such discrepancies are detected, the CEC investigates the reasons behind them and takes corrective actions.

In 2023, the CEC initiated contravention proceedings against several political parties for the misuse of funds. This highlights the CEC's commitment to enforcing the financial regulations and ensuring that the state allocations are used for their intended purposes. These efforts aim to ensure that political parties comply with the legal requirements to foster more inclusive political representation.

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The average compliance rates suggest that many political parties are falling short of meeting the legal thresholds. For women's participation, parties only spent in 2023 on average 12.16% which is just over half of the legally mandated amount. Similarly, for youth participation, the legal requirement is 10%, but parties allocated an average of only 6.90%, again around 60-70% of the required percentage. It is important to note that these unspent funds will remain available for use in the next fiscal year. Political parties must ensure that they use the funds in accordance with their original purpose, or they will face penalties for diverting the funds to other uses.

While some parties exceeded the required allocations both in 2022 and 2023, the overall trend reflects significant underutilization, highlighting a need for stronger enforcement and better adherence to these legal obligations. The discrepancy between the expected and actual expenditure underscores the importance of continued monitoring by the CEC to ensure that state funds are being used effectively to promote gender equality and youth involvement in the political process.

In their 2022 and 2023 reports, the Promo-Lex Association, a non-governmental organization that monitors the financing of political parties in the Republic of Moldova, recommended to the CEC to approve a detailed guideline on how expenses for youth and women's programs should be reported. In fact such a guideline has been developed, but it is currently intended only as a recommendation and has not been published on the CEC website. The CEC use these guidelines during the training of political parties' treasures.

7

KEY CHALLENGES IN POLITICAL PARTY FINANCE

The legal framework for political party funding in Moldova promotes transparency, accountability, and inclusiveness. With state allocations, strict reporting requirements, and measures to encourage women's and youth participation, Moldova has made significant progress. However, several challenges persist:

- ◆ **CEC capacity and oversight:** Despite the establishment of a special department for overseeing party financing and electoral campaigns, the CEC faces capacity limitations in fully enforcing transparency. While the MConnect platform has improved data exchange, the CEC requires more resources and technical expertise to enhance its oversight. The “Financial Control” system for electronic financial reporting also needs improvement.
- ◆ **Balancing public and private financing:** Moldova must ensure a better balance between public and private financing of political parties to maintain political integrity.
- ◆ **Verification of funds for women's and youth participation:** The legal requirement for political parties to manage funds for gender and youth participation through dedicated organizations within the party is difficult to verify. Although some parties may have sub-accounts for these funds, reports show that funds are typically managed centrally by the party. The legal framework requires reporting on expenditures but does not mandate details about how these funds are managed. The low utilization rates of gender and youth funds suggest a need for better guidance or monitoring to ensure full and effective use.
- ◆ **Third-party involvement in campaigns:** Moldova's legal framework for regulating third-party involvement in electoral campaigns is underdeveloped, increasing the risk of malign interference and undermining electoral transparency, as highlighted by GRECO and ODIHR.

- ◆ Financial reporting issues: Timely and accurate financial reporting during electoral campaigns remains a challenge. Some parties and candidates fail to submit complete reports, including unreported funds and undisclosed payments. The CEC has initiated contravention proceedings but issues with bank processing of contributions continue to delay compliance with reporting requirements.
- ◆ Court of Accounts' approach: The Moldovan Court of Accounts challenges its own authority to audit how political parties use public funds, despite its legal mandate, citing inconsistencies with international auditing standards.

These challenges underline the need for improvements in the legal framework and the operational capacity of institutions involved in political party finance. Addressing them would enhance transparency and accountability in Moldova's political financing.

7 ANNEXES

#1 GLOSSARY

Allocation - The amount of financial resources approved in the state budget for funding political parties.

Average economy salary - The amount approved by Government Decision for use as established by law.

Donation - Monetary resources, material/non-material goods, or services voluntarily and unconditionally provided to a political party and accepted by it.

Electoral campaign financing – covers direct and indirect support, including voluntary actions and free services provided by individuals or entities to electoral competitors and referendum participants.

Initiative groups – similar rules for financing apply to initiative groups, encompassing direct and indirect support, volunteer actions, and material contributions.

Membership fee - A fixed sum periodically paid by members of an association or organization.

Party - Voluntary associations, with the status of legal entities, of citizens of the Republic of Moldova with voting rights, who, through joint activities and based on the principle of free participation, contribute to the formulation, expression, and realization of their political will.

Party assets - Property titles for buildings, equipment, publishing houses, printing presses, means of transport, and other legally permissible assets.

Political party financing – includes financial and material contributions, voluntary actions, and free services, as well as state allocations.

Treasurer – the person responsible for the finances of the political party, the electoral competitor, the referendum participant, or the initiative group.

Women/Youth program – A set of structured measures and activities adopted or approved by the decision-making body of the political party, through which activities or actions are planned and carried out to involve, promote, and encourage the participation of women/youth in the decision-making and political process. These aim at, but are not limited to: remuneration, personal and professional skill development, strengthening women/youth organizations, increasing access to decisions and internal resources, participation in internal decision-making, and promotion to internal and elective positions at the national level.

#2 DETAILED LEGAL AND REGULATORY FRAMEWORKS FOR POLITICAL PARTY FUNDING IN MOLDOVA

The legal framework concerning funding of the political parties in Moldova includes:

- ▶ Electoral Code (No. 325/2022)
- ▶ Law on Political Parties (No. 294/2007)
- ▶ Contraventional Code (No. 218/2008)
- ▶ Penal Code (No. 985/2002)
- ▶ Regulation on financing political parties' activities (approved by CEC Decision No. 1102/2023)
- ▶ Regulation on financing initiative groups and electoral campaigns (approved by CEC Decision No. 1185/2023)

The **Law on Political Parties**^[20] (No. 294/2007) establishes the regulatory framework for political parties in Moldova, addressing funding, accountability, and transparency. It mandates state support, prohibits foreign and anonymous funding, and sets donation limits. Parties must submit financial reports to the Central Electoral Commission (CEC), which oversees compliance and enforces sanctions for violations. State budget allocations are distributed based on electoral performance, gender, and youth representation. Parties may generate lawful income but face penalties, including deregistration, for non-compliance.

The **Electoral Code**^[21] (No. 325/2022) provisions comprehensively address political and campaign financing, emphasizing transparency, accountability, and independent oversight by the Central Electoral Commission^[22] (CEC).

The **Contraventional Code**^[23] safeguards rules for financial management in political parties, electoral funds, and initiative groups, addressing violations such as:

1. Failure to submit or falsification of financial reports.
2. Mismanagement or misuse of assets and funds, including state allocations.
3. Illegal use of administrative resources in elections.
4. Unauthorized financial practices like exceeding donation limits or anonymous contributions.

[20] https://www.legis.md/cautare/getResults?doc_id=141459&lang=ro#

[21] https://www.legis.md/cautare/getResults?doc_id=144550&lang=ro#

[22] The Central Electoral Commission is an independent and apolitical public authority tasked with implementing electoral policies, ensuring the organization of elections, and overseeing compliance with laws on political party and campaign financing.

[23] https://www.legis.md/cautare/getResults?doc_id=136631&lang=ro#, Articles 481–483

Penalties for violations of financial management regulations for political parties, electoral funds, and initiative groups are applied to individuals in positions of responsibility and/or legal entities. These penalties include warnings or fines ranging from 60 to 600 conventional units[24], depending on the nature and severity of the violation, and may include the deprivation of certain rights or functions for a period of 3 months to 1 year in cases involving misuse of state funds or illegal electoral resources.

The **Penal Code**[25] targets more serious offenses (e.g., falsification, extortion, and criminal financing) with harsher penalties for political finance offenses that include both financial penalties and restrictions on rights. It sets penalties for:

1. Falsification of financial reports to conceal donor identities, misrepresent funds, or misuse undeclared/foreign resources in large amounts,
2. Illegal use of administrative resources during elections causing significant damages.
3. Coercing individuals to donate to political parties or electoral funds.
4. Misappropriating state budget allocations or electoral funds causing significant damages.
5. Knowingly accepting funding from organized crime groups or criminal organizations.
6. Financing political parties, initiative groups, or electoral campaigns from prohibited sources in significant amounts.

Regulation on financing political parties' activities[26] (approved by CEC Decision No. 1102/2023) establishes the conditions and procedures for the financial support of political parties' activities, the process for submitting financial management reports, the oversight and control of political party financing, as well as the liability for violating legislation in the field of political party financing.

Regulation on financing initiative groups and electoral campaigns[27] (approved by CEC Decision No. 1185/2023) establishes the conditions and procedures for the financial support of signature collection activities in support of candidates for elective public office and the electoral campaigns of electoral competitors, the procedures for submitting reports on the financing of initiative groups and electoral campaigns, the oversight and control of the financing of initiative groups and electoral competitors/referendum participants, as well as the liability for violating legislation in the field of financing initiative groups and electoral campaigns.

[24] As of the time this paper was drafted, the value of the conventional unit in Moldova is 50 lei, which is equivalent to approximately 2.60 euros.

[25] https://www.legis.md/cautare/getResults?doc_id=143535&lang=ro#, Articles 181² and 181³

[26] https://a.cec.md/storage/ckfinder/files/Regulament_finanțarea%20activității%20partidelor%20politice.pdf

[27] <https://a.cec.md/storage/ckfinder/files/Regulament%20finanțarea%20GI%20si%20campanii%20electorale.pdf>

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- 5.** Contraventional Code (No. 218/2008)
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