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EUROPEAN COMMISSION FOR DEMOCRACY THROUGH LAW
(VENICE COMMISSION)

LAW
ON THE FINANCING OF POLITICAL PARTIES
OF BOSNIA AND HERZEGOVINA

LAW ON PARTY FINANCING

Article 1 (Purpose of the law)

This law shall regulate the methods and conditions under which political parties and members of political parties acting on behalf of the party obtain their funds.

Article 2 (Definition of the political party)

For the purpose of this Law, the political parties shall be considered organizations into which citizens are freely and voluntarily organized and registered with the competent authority in either Entity, in accordance with law in order to carry out political activities and pursue political goals.

In order to participate in the election political parties shall certify their eligibility with the Election Commission of Bosnia and Herzegovina under the same name that it registered with the competent court.

Article 3 (Sources of funding)

A party may obtain funds from the following:

1. Membership fees;
2. Contributions from legal entities and natural persons;
3. Income generated by property owned by the political party;
4. The budgets of Bosnia and Herzegovina for financing of the parliamentary groups in accordance to the Art. 10, Entities, or any subdivision thereof.
5. Profit from the income of the enterprise owned by the party;

The enterprise referred to in Item 5 of the preceding paragraph may only carry out culture-related or publishing activity.

Membership fees referred to in Item 1 of Paragraph 1 of this article shall only be regular payments a member pays by virtue of statutory provisions. Contributions shall be payments exceeding the aforementioned membership fees.

Annual incomes of the party referred to in Items 3 and 5 of Paragraph 1 of this article may not exceed 20% of the amount of all annual incomes of the party. Within 30 days of filing its financial statement pursuant to Article 11, a party shall donate such income in excess of 20% to one or more charitable organizations.

Article 4 (Contributions)

Legal entities and natural persons may give contributions to the political parties or members acting on behalf of political party. For the purpose of this Law, a contribution to the party or members acting on behalf of the political party shall also include gifts given to the political party or member acting on behalf of the party, free service or rendering of a service for the party or members acting on behalf of the party or selling of products to the party or to the members

acting on behalf of the party under the conditions which provide a preferential treatment for the party in relation to the general public.

A legal entity or natural person that renders a service to the party or sells it a product must deliver a receipt to the party, irrespective of who the payer of the service is or the price of the product, or, irrespective of the whether the service has been rendered or the product given free of charge.

Article 5 (Donating limit)

The total amount of the single contribution referred to in Paragraph 1 of Article 4 may not exceed eight average worker's salaries according to the official information by the Bosnia and Herzegovina Agency for Statistics in a calendar year and may not be cumulated more than once a year.

Public grants appropriated for political youth organizations shall not count towards the contribution limits imposed by this article.

Public grants appropriated for political youth organizations shall be reported on political party financial disclosure forms separately from other income to the party.

Article 6 (Reporting threshold)

If the total amount of the contributions given by the single contributor referred to in Paragraph 1 of Article 4 exceeds 100 KM such payment must be recorded in the financial report.

Article 7 (Contributions given to the members of political parties)

In the case that the contribution to the political parties is provided by its member or a group of members, the contribution is to be reported in the same manner as the contribution referred to in the Article 6.

Article 8 (Prohibited donations)

A State body, public institutions, public companies, local community bodies, humanitarian organisations, businesses which by virtue of their activity are exclusively intended and directed for non-profit, religious communities, as well as economic association in which public capital has been invested to the amount of a minimum of 25% may not finance parties.

Private enterprises, which through government contracts perform public services cannot financially support political parties.

Article 9 (Prohibited activities)

Exercising any form of political pressure on legal and natural persons when soliciting contributions for political parties is forbidden.

Making promises of privileges or personal benefits of any kind to a political party donor is forbidden.

Article 10
(Appropriations from the State budget)

Budgetary financing of the parliamentary groups represented in the Parliamentary Assembly of Bosnia and Herzegovina shall be distributed so that 30% of the total amount dedicated to the parliamentary groups will be distributed equally, while 70% will be distributed proportionally according to the number of seats each parliamentary group holds at the time of distribution.

Detailed distribution and facilitation of funds will further be regulated by the Rules of Procedure of Parliamentary Assembly of Bosnia and Herzegovina.

Article 11
(Obligation to render a public statement of account)

A political party shall be obliged to file with the Election Commission of Bosnia and Herzegovina a financial report for each calendar year (accounting year).

A political party shall file a separate financial report for the campaign period as determined in the Election Law.

Political parties shall submit by 31 March of the following year a financial report in a format approved by the Election Commission. Such report shall contain the same information as determined in the Election Law. The Election Commission of Bosnia and Herzegovina shall issue Regulations in order to implement this article, whereby it shall specify in detail the content, form, manner and other details of reporting.

All persons who are required to file reports must also file such additional reports as the Election Commission of Bosnia and Herzegovina may require.

The Election Commission shall have full authority to implement and enforce the provisions of this article in the same manner as provided for by the Election Law of Bosnia and Herzegovina.

Article 12
(Appointment of the political party agent)

Every political party shall appoint a competent person who shall be in charge for filing reports and record-keeping, and who shall be authorized to receive communications from the Election Commission of Bosnia and Herzegovina.

Those who file reports shall inform the Election Commission of Bosnia and Herzegovina about appointing the competent person referred to in paragraph 1 of this article within three (3) days of his or her appointment, and must file the amendments within three (3) days, of any changes to his or her status.

The competent person shall sign each such report and shall be responsible for keeping records that support the reports, and must make such reports available to the Election Commission of Bosnia and Herzegovina upon request. The political parties shall retain their complete financial reports for at least last six years after filing.

Article 13
(Authority of the Election Commission)

The Election Commission of Bosnia and Herzegovina shall make all reports available to the public, and shall take appropriate actions to ensure that all citizens have easy access to information contained within the reports.

The Election Commission of Bosnia and Herzegovina shall have the authority to investigate instances of non-compliance with the provisions of this chapter, and may order individuals to answer written questions, to provide documentary and other evidence, and to provide testimony in connection with any investigation that the Election Commission of Bosnia and Herzegovina may initiate. The Election Commission of Bosnia and Herzegovina may initiate investigation or take appropriate implementing actions, on its own initiative or in response to a complaint filed by a person.

The Election Commission of Bosnia and Herzegovina shall have jurisdiction with respect to enforcing this chapter, and shall have power to make determinations that a political party or any other person has violated provisions of this chapter, and it shall have power to assess civil penalties against any political party, for non-compliance with the mentioned provisions, or to take appropriate administrative action within its general authority under this law.

Before assessing a civil penalty or taking administrative action, the Election Commission of Bosnia and Herzegovina shall seek to achieve voluntary compliance with the political party determined to be in violation.

Article 14
Financial Audits of Political Parties

The Election Commission of Bosnia and Herzegovina shall establish an Auditing Office, which shall review and audit financial reports submitted by the political parties.

The audit of a party's financial report shall include the party's national and Entity headquarters (including District Brcko) and at least two subordinate regional branches chosen by the Auditing Office.

The result of the audit shall be in writing and delivered to the executive committee of the party and to the executive committee of the audited regional branch. It shall be signed by all auditors from the Auditing Office.

If no objections are lodged after the final, written audit report is delivered to the party, the auditor shall certify the results of the audit. The certification shall confirm that, after a dutiful audit and on the basis of the party's account books and documents as well as the information and evidence furnished by the executive committees, the statement of account complies with the provisions of this Law. If objections are lodged, the auditor must refuse to certify the audit or he must modify it according to the objection. The names of the regional branches audited must be stated in the auditor's certificate.

The auditor's certificate must be attached to the financial report to be submitted and published in Official Gazette of Bosnia and Herzegovina.

The Election Commission of Bosnia and Herzegovina will establish the Audit Office taking into consideration the professional qualifications of the auditors. The Election Commission of Bosnia and Herzegovina will be in charge of hiring and removing people from Auditing Office.

For the purpose of the preceding Paragraph a person appointed as auditor must not be a member of the executive committee, a member of a general party committee, an appointed accountant or employee of the party to be audited or of one of its regional branches or have been such during the last three years prior to his appointment.

In the event that the Audit Office holds that more precise financial scrutiny has to be conducted in order to ensure the validity of submitted statement of account, the Audit Office shall have a right of access to party premises. In the case of refusal to permit access to party premises, it shall be deemed that the party failed to submit a financial report and the Election Commission shall prohibit the party to stand for the next election.

Article 15 (Role of the Election Commission)

Any irregularities found by the Audit Office shall be submitted to the Election Commission of Bosnia and Herzegovina. In the case of failure to comply with the Law, the Election Commission shall have the authority to impose the financial penalties in accordance with the Election Law of Bosnia and Herzegovina.

If a political party has received funds in excess of the allowed annual income referred to in Article 3.4., or received funds in excess of contribution limit set in the Article 5 or in the manner prohibited by Article 8, the Election Commission shall fine the political parties in an amount not exceeding the amount of three times the unlawfully received sum. Such a fine shall be permitted and imposed under this Article even if the total amount of the fine exceeds ten thousand (10.000) convertible marks.

Article 16 (Role of the Appeal Council)

The Appeal Council shall be competent to hear appeals from a decision of the Election Commission of Bosnia and Herzegovina. The Appeal Council shall have the authority to impose the financial penalties in accordance with the Election Law of Bosnia and Herzegovina

Article 17 (Obligation to report to Parliament)

The Election Commission shall have to report on the reviewed statements of account to the Parliamentary Assembly of Bosnia and Herzegovina each year. The report shall be circulated as a Parliamentary printed paper.

Article 18 (Distribution of the financial penalties)

All the fines imposed by the Election Commission or the Appeal Council, as well as all illegal contributions collected shall be distributed according to the following:

- 70% of the sum shall be distributed to the budgetary financing of parliamentary groups as provided in the Article 10;
- 30% of the sum shall be allocated for the financing of the Election Commission of Bosnia and Herzegovina and its Audit Office and the Appeal Council.

Article 19
(Transitional Provisions)

As long as the Service for Financial Transactions (ZPP, ZAP, SPP) exists, the political parties shall include in their statement of account referred to in Article 11, a list of all annual financial transactions completed through the Service for Financial Transactions.

Article 20

No later than three (3) months after this law comes into effect, the political parties are obliged to submit data about their assets, categorized by amount, kind and source to the Audit Office.

Article 21

Until a permanent Election Commission is established pursuant to Article V of Annex 3 of the General Framework Agreement for Peace, the Provisional Election Commission may assume all, or any part, of the powers and duties assigned to the Election Commission by this law.

Appeals from decisions of the Provisional Election Commission may be made to the Election Appeals Sub Commission pursuant Article 16 and the rules of procedure adopted by the Election Appeals Sub Commission. The jurisdiction of the Election Appeals Sub Commission granted by this paragraph shall continue until an appropriate state body assumes such jurisdiction.