



**Council of Asian  
Liberals and Democrats**



## **FINAL REPORT**

### ***POLITICAL PARTY STRATEGIES TO COMBAT CORRUPTION WORKSHOP***

**Organized by:  
The National Democratic Institute for  
International Affairs (NDI) and  
The Council of Asian Liberals and Democrats (CALD)**

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January 14-16, 2002  
Bangkok, Thailand  
The Regent Hotel

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## I. INTRODUCTION

The National Democratic Institute for International Affairs (NDI) and the Council of Asian Liberals and Democrats (CALD) held a workshop on *Political Party Strategies to Combat Corruption* in Bangkok January 14-16, 2002. This workshop was part of a broader regional program launched in March 2001 to support political parties in their efforts to implement internal reforms through enhanced democracy, accountability, and transparency. In addition, the program explores the challenges facing parties with respect to raising funds, complying with national legislation and regulations, and fulfilling evolving public expectations of accountability and good governance.

The program consists of three primary components: (1) comparative research in eight countries in Asia to examine the legislative frameworks governing parties and political finance and document existing internal party strategies to reduce corruption; (2) a workshop to equip political party representatives with practical recommendations for party reform based on regional best practices; and (3) the establishment of an anti-corruption resource center for political parties, providing information on political finance legislation, anti-corruption initiatives, and networking opportunities. The program will also be expanded in the future to include additional workshops and trainings.

Following the completion of the research component of the program, NDI and CALD organized the regional workshop, in which political party leaders and reformers, representing both ruling and opposition parties from eight countries, came together to share experiences, network, and discuss challenges to creating strong, accountable political parties. A Steering Committee of five party officials helped identify the objectives and draft the agenda for the workshop. The central aim of the workshop was to identify specific tactics and strategies political parties could use to promote greater internal democracy and accountability and limit opportunities for corruption.

At the workshop, party representatives shared “lessons learned” for party reform and discussed measures that might be adopted in a variety of countries. The workshop consisted of presentations by experts from Asia and elsewhere and the participants themselves on the environment in which parties function, the advantages and disadvantages of external legislation, and political party reform strategies. Participants also broke into small working groups to discuss various reform tactics in detail and synthesize a list of recommendations. At the conclusion of the workshop, participants shared their ideas for future initiatives.

## **II. PROGRAM RATIONALE AND BACKGROUND**

Corruption poses one of the gravest threats to economic growth, democracy, and political stability, in countries across the globe at all stages of political and economic development. In Asia, in particular, political corruption has taken on a new prominence in public discourse due to its devastating impact on public confidence in political and economic institutions. Actors from all sectors, including political parties and political party leaders, recognize the need to develop more effective strategies to control the influence of money in politics.

Increasingly, political parties are recognizing their central role in both the problem of and solution to political corruption. Whether motivated by a principled commitment to the ideals of good governance or by more practical considerations of political survival and electoral appeal, political party leaders across Asia are making the battle against corruption a top priority. In some cases, party leaders have provided substance to their anti-corruption rhetoric, supporting national anti-corruption legislation as well as implementing specific measures such as codes of conduct, declarations of assets, and other reforms that promote greater transparency within party operations and increase accountability of party structures. In parties that have been slower to act, party reformers have nevertheless raised the profile of internal anti-corruption issues and applied greater pressure on party leaders to take concrete steps to fight corruption.

Despite this growing recognition of the role political parties play in both the problem of and solution to political corruption, parties have not been included in the discussions on corruption at the national and regional levels. Increased efforts are needed to bring parties into the anti-corruption debate and to support party initiatives in combating money politics. For this reason, NDI and CALD launched a regional party program on strategies to combat corruption. The purpose of the program is to understand better the financial challenges Asian political parties face and to support parties in their efforts to reduce opportunities for corruption from within.

In the first stage of the program, NDI and CALD conducted research to identify existing party strategies and mechanisms to limit opportunities for corruption, whether voluntarily adapted or mandated by legislation. This research took place in eight countries: Cambodia, Indonesia, Malaysia, Nepal, Philippines, South Korea, Taiwan, and Thailand. NDI and CALD first examined the external environment in which parties function. The research explored the general political context of each country, including the country's transition to democracy, current political climate, governance and electoral systems, and problems with political corruption. In particular, NDI and CALD studied the legislation and institutions governing political parties, elections, and political finance.

Most importantly, however, the research focused on internal political party reforms. The political parties in the study generously shared various strategies they currently employ to promote greater internal democracy, accountability, and transparency in decision-making processes, candidate and leadership selection, financial management,

fundraising practices, and disciplinary procedures. Parties described their use of devices, such as codes of conduct, mandatory disclosure requirements, financial audits, independent disciplinary committees, training and ethical education programs, monitoring and evaluation procedures, term limits for party leaders, and other reform measures.

The results of the regional research were compiled in a comprehensive report, which was used as a briefing document for the Bangkok workshop. Many of the research findings were also provided to participants during the workshop to serve as a launching point for discussion in the working groups.

Another ongoing effort of the program has been to build a regional resource center for political parties to provide information on various legislation in the region, anti-corruption initiatives and conferences, and networking opportunities. The CALD office in Manila will serve as this regional center and will contain a library of relevant materials for party use, such as party documents, anti-corruption literature, corruption news from the region, and contact information. The resource center will also help coordinate future anti-corruption activities and workshops for political parties in the region and identify opportunities for party participation in global and regional conferences on corruption.

### **III. WORKSHOP STEERING COMMITTEE**

In October, a Steering Committee of party representatives was formed to determine the objectives, structure, and agenda for the NDI-CALD January workshop on political party reform strategies. The aim of the workshop was to provide a forum for political parties to share best practices and formulate recommendations, while NDI and the CALD Secretariat had a purely facilitative role. Therefore, to ensure the workshop reflected the needs of and was of most benefit to the participating parties, representatives of parties were best suited to plan and structure the workshop.

On November 3, 2001, the Steering Committee met in Bangkok. Steering Committee members consisted of party representatives who had been very involved in the formulation of the program and research process. They included: Teresa Kok Suh Sim of the Democratic Action Party in Malaysia; Abhisit Vejjajiva and Prakob Chirakiti of the Democrat Party in Thailand; Wilson H. Tien of the Democratic Progressive Party in Taiwan; and Kim Sangwoo of the Millennium Democratic Party in Korea. Several other party representatives were unable to attend. In addition, John Joseph S. Coronel the executive director of CALD, and Laura Thornton, NDI's program manager for this project, and Peter Manikas NDI's director of Asia Programs, participated in the meeting.

The objectives of the meeting were to:

- Discuss research findings. At this meeting, Laura Thornton briefly described the research process and the format of the research report. Steering committee members were asked to offer ideas on the most constructive way in which the

report could be used as a “briefing document” for the January workshop. It was determined that the report would be distributed to participants in early December in draft form.

- Determine January workshop objectives. The broad goal of the workshop was for political parties to share their experiences in addressing the problem of corruption internally and to identify “best practices.” At the end of the workshop, parties had to develop a list of recommendations of mechanisms for party implementation. The Steering Committee fleshed out these objectives and discussed anticipated outcomes.
- Define main workshop sessions and topics. Based on the discussion of objectives and outcomes, several themes emerged, and these themes helped define the workshop sessions. The Steering Committee determined the topics that should be covered in the workshop – candidate and leadership selection, external legislative environment, fundraising, among others -- and divided them into categories.
- Formulate workshop methodology, structure, and panels. Given the size of the workshop, approximately 40 participants, it was determined that a combination of plenary sessions with panel speakers and smaller working groups should be used. The Steering Committee designed a workshop format, based on the sessions identified, and discussed possible panel speakers and facilitators.
- Draft January workshop agenda. Based on the above conclusions, the Steering Committee drafted a three-day workshop agenda.

NDI and CALD also consulted with other party representatives about the agenda and incorporated their suggestions and changes.

#### **IV. WORKSHOP OBJECTIVES AND CODE OF CONDUCT**

As determined during the planning discussions between CALD, NDI, the Steering Committee, and other party representatives, the central objective of the January workshop was for participants to identify specific tactics and strategies political parties can use to promote greater democracy, accountability, and transparency in party structures and practices in order to limit opportunities for corruption. Participants were asked to both identify successful internal party reform strategies for possible replication and explore the obstacles to the reform implementation process. The workshop also had the underlying purpose of providing representatives from parties of varying ideologies and political power with the opportunity to share experiences and build a common commitment to fighting corruption.

The outcome of the workshop was a list of internal party reform recommendations, based on party best practices. These recommendations would later have to be tailored to the unique context of each country and party. The workshop also

identified important follow-on activities, as participants recommended future initiatives and described their needs for technical assistance and training.

It is evident that broader national political and economic factors, such as the political culture, the level of economic development, the relative independence of the judiciary and media, and the level of education, affect the levels of political corruption in a country or party. It was determined, however, that these issues could not be adequately addressed at a regional conference, given the breadth of the subject and the diverse contexts of the countries represented. The workshop, therefore, was limited to addressing the internal structures and systems of political parties and exploring the common challenges parties everywhere face.

Given the sensitive nature of the subject and the presence of competing parties, it was agreed that the workshop needed certain “rules of procedure.” The workshop did not, therefore, concentrate on personalities, private financial matters, or political strategies but rather on party systems, processes, and procedures and how they can be improved. The workshop aimed to highlight positive reform strategies and anti-corruption best practices, and participants agreed that there would be no discussion of specific corruption scandals or “finger pointing.” Despite the focus on positive experiences, at the workshop several participants voluntarily chose to speak frankly about problems within their parties and incidents of corruption. It was understood by all participants that these comments were made in good faith and would not be used for political purposes later.

Another important characteristic of the workshop was that it aimed to guarantee complete party ownership and management, and almost all of the facilitators, presenters, and chairpersons at the workshop were the party representatives themselves, with the exception of a few resource persons. To ensure the workshop results and recommendations were entirely the product of the participants, NDI and the CALD Secretariat played only resource-providing and facilitative roles.

## **V. WORKSHOP METHODOLOGY AND STRUCTURE**

The workshop methodology included a combination of plenary presentations by outside experts and party representatives, small working group brainstorming sessions, and open discussion. The first day of the workshop provided a broad overview of the issue of legislative and political party reform, drawing on regional and global experiences. In addition, party representatives shared several “case studies” of party anti-corruption strategies. The objectives of the first day were to set a broad framework for discussion and introduce several concepts for in-depth analysis during the working group sessions on the following day.

- Panel Presentations: Academics and Experts

Following opening remarks from the conveners, there were three panel presentations on the external legislative environment affecting parties and

political finance and on internal party reform. The presenters addressed the limitations and advantages of various legislative measures (regulations on political finance, elections, and political parties) and their impact on parties. The presenters also discussed the challenges of party reform, based on lessons learned from the region and globally.

- Panel Presentations: Party Representatives

A panel of party representatives gave presentations under the following themes: candidate and leadership selection; ethical standards, evaluation, and discipline; general reform efforts and financial management; and building a legislative agenda for reform. Each presenter was asked to describe an example of a reform mechanism or tactic that his or her party employed to limit corruption. The presenters described the reasons for reform, the development and implementation process, obstacles encountered, and the lessons learned from the process.

Once a framework had been established and several examples of party reform provided, on the second day of the workshop, participants engaged in intense brainstorming and discussion on reform strategies and recommendations. Participants were able to select the working group of their choice: candidate and leadership selection; ethical standards, evaluation, and discipline; financial management and fundraising; or building a legislative agenda for reform.

Following an introductory session on the aims, process, and structure of the day's activities, participants broke into three working groups. Materials from NDI and CALD's research, including descriptions of several party reform mechanisms identified, were provided as a launching point for discussion. Each group had an appointed facilitator and co-facilitator to manage discussion and report working group outcomes to the plenary.

There were two sessions in each working group. In the morning session, participants discussed the problems they have encountered with respect to corrupt practices and the needed areas for reform. The working group participants then focused on the various reform strategies developed by their parties to address those needs, sharing measures that were successful or unsuccessful and compiling a list of "best practices." In the afternoon session of the working group, participants discussed the implementation process, obstacles to reform, and lessons learned.

Following the working groups, participants briefly came together again in the plenary, and each group facilitator reported the findings and outcomes of the working group sessions, followed by an open discussion.

The aim of the final day of the workshop was to review the working group recommendations, build consensus on the suggestions, and pledge to implement reforms upon returning home. Participants also recommended future initiatives and identified needs for support and technical assistance.

## **V. WORKSHOP PROCEEDINGS**

*Monday, January 14, 2002*

### **A. OPENING REMARKS BY THE CONVENORS**

Dr. Neric Acosta, an Executive Committee member of the Council of Asian Liberals and Democrats (CALD) and a Congressman from the Philippines, officially opened the workshop as Master of Ceremonies by introducing the conveners of the workshop and all participants. Mr. Sam Rainsy, the Chair of CALD and Leader of the Sam Rainsy Party of Cambodia, and Mr. Peter Manikas, Director of the Asia Programs for the National Democratic Institute for International Affairs (NDI), then presented their opening remarks.

Mr. Rainsy began his speech with a Cambodian folktale about a monkey who steals a bowl of rice from her owner and places the blame on an innocent sleeping goat, which is killed as a result. Mr. Rainsy believes this fable demonstrates the need for accountability of action, transparency in decision-making processes, and wise counsel in leadership. With these principles in place, “the goat would still be alive and the monkey banished.”

Mr. Rainsy emphasized the need for the corruption debate to move “beyond statistics” and focus on the “human face of corruption,” the distortion of values and disregard of human dignity that it brings. He also acknowledged the countless anti-corruption activities and conferences that have taken place across the region and stressed the importance of making this workshop more than “a mere academic exercise.” He challenged participants not only to pledge their commitment to combating corruption but also to implement and apply the best practices and recommendations that emerge from the workshop.

Mr. Rainsy acknowledged that people are skeptical about the sincerity of political parties to reform, but argued that if parties are part of the problem of political corruption, they must also be part of the solution. He added that strong, effective parties are critical to any meaningful democracy, but in many developing countries parties lack serious platforms, struggle with corruption, and are personality-driven. He added that it was up to the parties “to make themselves relevant.” Mr. Rainsy concluded by underscoring the importance of supporting parties in their efforts to enhance democracy, accountability, and transparency in their internal practices, and this process is an essential part of the broader struggle for democracy.

Following Mr. Rainsy’s speech, Mr. Peter Manikas briefly described the goals and activities of NDI and shared the original rationale for NDI and CALD’s regional program on political party strategies to combat corruption. Mr. Manikas noted that political parties have frequently been absent from the seminars and debates on corruption, and the program and workshop intend to remedy this problem.

Mr. Manikas, like Mr. Rainsy, emphasized the importance of party involvement in order to tackle effectively the problem of political corruption. He added that this is a challenge in older democracies as well. Mr. Manikas cautioned participants that there is “no perfect model” or “magic bullet” that will solve the problem of political corruption, but added that there is much to learn from the experiences of others, both in terms of the obstacles they face and the remedies they seek.

Mr. Manikas acknowledged the many factors that affect and sometimes contribute to corruption, including the expectation of the voters, legislative frameworks, and level of economic development. He stressed, however, that the aim of this workshop is to examine the role political parties, themselves, play in tackling corruption through internal reform efforts. Although there is substantial diversity represented by the parties at this workshop, all of the parties share “the common task of convincing voters of their right to govern.”

Mr. Manikas concluded by emphasizing that the workshop is a forum for the participants and they have full ownership of the outcomes. NDI’s role is that of a facilitator and resource provider. He also said that the Institute is prepared to provide assistance and support beyond the workshop.

## **B. PRESENTATIONS ON THE EXTERNAL AND INTERNAL PARTY ENVIRONMENT BY OUTSIDE EXPERTS AND ACADEMICS**

**Chaired by Mr. Tunku Abdul Aziz**

*The External Party Environment: Lessons from Thailand*

Dr. Gothom Arya, former Election Commissioner of Thailand, began his presentation by emphasizing that although the external environment -- legislative framework, electoral system, political history and culture -- greatly affects the ways in which parties function, the onus for reform cannot fall solely on legislative solutions. There are limitations and shortcomings of legislation, and, therefore, meaningful reform must also come from the parties themselves. He added that “it is in parties’ capacity to change” and the workshop presents an opportunity for party representatives to learn from others.

Dr. Arya summarized the relevant legislative measures of the eight countries present, drawing on NDI and CALD’s research, and then reviewed the legal framework in Thailand in detail. He pointed out that Thai law does not have contribution limits for parties due to concern about creating an incentive for undeclared donations. Parties are also not restricted in spending, because this would be viewed as an imposition on party freedom. Dr. Arya believes that campaign finance regulations, the filing of financial returns, and regular party audits are necessary for equity and transparency. Disclosure of the sources of funding is also an alternative way to limit contributions, as parties must

consider rejecting donations in order to preserve their image, although he acknowledged that there is little public interest in accessing the financial returns of the parties.

Dr. Arya stressed the need for Asia to break away from a culture of patronage and recognize that party reform is part of political reform. According to Dr. Arya, the party system needs to move from one of “vote buying, patronage, elite enrichment, and weak value systems” to one of “implementation of promised policies, equitable income distribution, and social responsibility and cooperation.” Moreover, parties need to respond to the demands of voters for political reform. He noted that “Pork barrel politics” is being rejected by the public, and therefore parties must increase their credibility as reformers and “get their houses in order.” Dr. Arya argued that the public wants to see a reduction of state power in favor of business and civil society and parties can respond by becoming more broad-based and democratic and less dependent on charismatic and rich leaders.

Dr. Arya then described three main obstacles to political reform: Free riders, political concentration, and “rational ignorance,” a state in which people are aware of the need for reform, but have no will to change because it is costly and against vested interests. Driving forces for reform, on the other hand, are knowledge, public acceptance, and political will. Dr. Arya asserted that votes for money must become votes for policy, competent politicians must replace elite and “brand name” politicians, and imperfect information and propaganda must be replaced with relevant voter education. He added that parties must also tackle rent seeking, horse-trading, and voter apathy by fostering ideology-based policies and voter participation.

In conclusion, Dr. Arya called upon participants to address the actions parties can take to overcome obstacles in the external party environment. He reiterated that legislation can only help solve some of the problems of political corruption, as demonstrated by the Thailand case study. It is up to the parties, therefore, to take action on their own, and their incentive should be the increasing public demand for political reform. Dr. Arya’s presentation was followed by a brief question and answer session.

#### *Legislative and Party Reforms: Lessons from Europe*

Mr. Uwe Johann, Regional Director for East and Southeast Asia of the Friedrich Naumann Stiftung Foundation, presented his paper on “Countering Corruption through Controlling Party and Campaign Finances – The European Experience: A comparative analysis.”

Mr. Johann began his presentation by emphasizing that money politics and political corruption are universal phenomena, and every country has struggled to find effective reforms. In Europe, reform has mainly been “scandal-driven,” and governments have responded by controlling political party and election campaign finances, although the approaches vary across Europe. Almost every member country of the European community has experienced high-profile party finance scandals, and Mr. Johann

described several of these events in order to provide some context for the resulting reform measures.

Mr. Johannen discussed in detail the legislation on parties and party finances implemented in response to several corruption scandals. With respect to regulating parties and party activities, the experiences across Europe differ. Germany, for example, instituted direct constitutional regulation of political parties, while Belgium does not have any legal measures specific to parties and parties' accounts are not subject to any fiscal control. Campaign spending, however, has been the most consistent area of regulation in Europe. Governments have regulated and subsidized campaign funding in various ways: limits on expenditures and contributions; disclosure regulations; bans against types of contributions and expenditures; provision of free facilities for parties and candidates; and public subsidies.

Mr. Johannen then presented two broad models for regulation of party and campaign finances in Europe: the public and private models. Spain and France, for example, adopted the "public model," forbidding or limiting donations from corporate donors and trade unions and providing state aid to parties. He added, however, that this approach has not proven successful at eliminating aggressive fundraising or illegal contributions. Other countries have adopted a "private model," in which parties can receive money from anyone but must disclose their contributions.

Mr. Johannen shared some of the disadvantages of political finance regulations in Europe. One overarching "lesson learned" from reform legislation is that it tends to breed additional and more complex reforms. Mr. Johannen described the vicious cycle that results from regulation: as the restrictions become more elaborate and detailed, politicians and parties search for loopholes, presenting the need for additional laws and regulations. He added that the two main reasons laws have failed in the European experience are the loopholes in legislation and the inadequate enforcement of regulations. In practice, the enforcement of political finance laws is weak, and there is little political will to punish wrongdoers. In sum, according to Mr. Johannen, legislation in Europe has only "reshaped the rules of the game of influence-buying." Therefore, meaningful reform will require deeper cultural shifts.

Although approaches to and effectiveness of legislation differ across Europe, Mr. Johannen made a few general observations. Disclosure of contributions can enhance transparency and deter politicians from "shady deals." Spending limits can reduce disparities of resources between rich and poor parties, but require strict monitoring and enforcement. Controlling the costs of campaigns through subsidized media coverage and public subsidies can also reduce the need for fundraising and can allow parties to strengthen themselves as institutions. Mr. Johannen added that grassroots participation in parties has encouraged membership ownership and helped maintain the voluntary natures of parties.

Finally, Mr. Johannen stressed the importance of internal party reform. Legislation, as described above, has limitations. As observed in the NDI-CALD research

report on Asia, legislation can defeat its own intention of promoting transparency by creating perverse incentives. The European experiences have confirmed this. Mr. Johannsen argued, therefore, that parties must reform from within. A major lesson learned from the European experiences is that external pressure on the parties from stringent legislation, public opinion, and the media often triggers internal party reforms. A significant incentive for reform in Europe is that so-called “reform parties” are rewarded by increasing membership, positive media coverage, and electoral victories. “Anti-reform parties,” on the other hand, have been penalized by the electorate.

For parties to succeed anywhere, Mr. Johannsen argued, they must “establish modern and professional structures, and eliminate old practices of corruption, lack of transparency, and authoritarianism.” Mr. Johannsen’s presentation was followed by a question and answer session.

#### *Party Reform: Lessons from South Asia*

The morning session ended with a presentation by Dr. Randhir B. Jain, Former Head of the Department of Political Science at the University of Delhi, on “Implementing Party Reforms in South Asia: Challenges and Strategies.” Dr. Jain began his presentation by briefly describing party development in South Asia. Although there was no uniform pattern of evolution or development, most South Asian parties emerged from social movements, such as independence struggles against colonial rule. Parties in South Asia also have been greatly influenced by ethnic, tribal, and religious differences, given the diversity within each country. Dr. Jain observed that in recent years South Asian parties have declined in their ideological commitments and are experiencing rising fundamentalism and internal corruption.

Dr. Jain then described several needed political reforms in South Asia: the institutionalization of parties; regulation of party funds; transparency in party operations; electoral reform; anti-defection measures; checks on communalism; checks on the proliferation of independent candidates; internal party “good governance”; and the decriminalization of politics. Most importantly, he emphasized the need for parties to “put their houses in order” not only to survive in the voting booth but also to fulfill their public obligations. Parties must have their own internal codes of conduct, ethical standards, and transparent democratic decision-making procedures in order to improve the political process in South Asia.

Dr. Jain then discussed several strategies to implement these needed reforms. Legislation is clearly one of the first avenues for reform. Dr. Jain argued that all political contributions should be regulated and disclosed by law. Parties should also be required to register with an independent body, providing their constitutions and ensuring their commitment to democratic values. Internal democracy should be required of parties, with an emphasis on increasing the participation of women and other under-represented groups. Electoral expenditures should also be limited to provide a level playing field to candidates and parties, and an election commission or similar institution should monitor electoral expenses.

Dr. Jain stressed that parties must also play a role in reform. Parties must ban candidates who have ever been accused of a crime and restore “moral standards” to public life. Parties can develop codes of conduct to encourage and enforce ethical behavior. Party think tanks should be established to conduct research in order to build sound policy proposals. Party building, Dr. Jain emphasized, must go beyond election cycles, and training at all levels of the party should be continuous. Public Ethics Committees can also be created, consisting of representatives of all political parties, to monitor party behavior and enforce ethical conduct.

Finally, Dr. Jain described some of the barriers to reform. Initiatives must come from within the parties themselves, however this is often an unrealistic expectation. Dr. Jain argued that history has shown that implementation of internal party reforms tends to be weak and few incentives exist for adherence. He added, however, that if party leaders are selected through a democratic process, party leadership is more likely to facilitate the acceptance and implementation of internal reforms. Parties that are authoritarian, personality-driven, and unrepresentative are less likely to embark on a reform process. Greater internal democracy, therefore, encourages reformers within.

Governments, Dr. Jain argued, can also help encourage and support internal reforms by establishing institutions, such as an office of Ombudsperson to monitor reforms, and by providing financial and logistical support to parties. NGOs, civil society, and media must also be involved to serve as a check on corrupt practices and an incentive for party reform.

### **C. PARTY PRESENTATIONS ON INTERNAL REFORM STRATEGIES**

**Chaired by Mr. Ivan Doherty**

#### *Rules of Procedure*

Before the party presentations, Workshop Deputy-Chair Ivan Doherty made some remarks about the expected conduct of all participants for the duration of the workshop. He noted that the workshop is unique because it provides a forum for discussion on political corruption comprised solely of political practitioners. Mr. Doherty stressed that for the workshop to be a success it must transcend partisan politics. Participants cannot use the workshop as a tool to take advantage of political opponents. He reminded participants that they must “leave partisan politics behind” in order to address the common problem of money politics, an issue that “goes to the very heart of the democratic process.” Mr. Doherty added that the goal of the workshop is for political parties to share initiatives and approaches to combat corruption, and he conveyed his desire for an open and frank discussion.

Mr. Doherty then described the format and objectives of the afternoon panel. He explained that the panelists would share their experiences with internal reform, focusing on a specific reform mechanism that their party has employed. He encouraged panelists

to discuss the initial problem or need that necessitated the reform as well as the obstacles to reform, the implementation process, and lessons learned. Although there would only be eight panel presentations, Mr. Doherty emphasized that they only represent a few examples and that everyone in the room is encouraged to share their experiences, particularly during the working group sessions on the next day.

### *Leadership and Candidate Selection*

Mr. Wilson Tien of the Democratic Progressive Party (DPP) of Taiwan gave the first panel presentation on his party's process for selecting party leaders and candidates for public office. Mr. Tien first described some of the reasons for the success of the DPP in Taiwanese politics. He believes that the "international factor" played a key role by drawing attention to Taiwan and creating a space for opposition voices. The isolation of Taiwan was an incentive for the party in power to build international support, and repressing opposition forces would not help them in the eyes of the international community. Domestic factors also favored a competitive political system. The Taiwanese people have consistently shown support for democratic movements due to the presence of a strong middle class, high levels of education, and international exposure.

In the DPP, rules and regulations are essential in all aspects of party life. This is a result, Mr. Tien explained, of the "lack of mutual trust" that has existed in the party since its establishment. Because the party was formed by different factions, rules were quickly put into place to keep checks on the different leaders. The party, for example, implemented term limits, a maximum of two two-year terms, for the party Chair and Central Committee members to ensure that no one group gained too much power. Interestingly, the factional politics of the DPP necessitated transparency, laws, and monitoring.

The DPP's candidate and leadership selection processes are also heavily regulated by the party. In the candidate selection process, the public and all members of the party participate. The DPP experimented with several different candidate selection methods in an effort to protect against corruption and vote buying. Today, candidates for public office are determined 70% by the results of public opinion polling and 30% through direct elections by all members. Party leaders are elected by all party members. These democratic processes have caused some disputes between party headquarters and local branches. Often the party backs someone who lacks local support, or is unknown, and therefore cannot run for office. Nonetheless, by opening up the process to all members and the public, there are fewer opportunities for intervention and manipulation by patrons within the party. This has ensured a higher standard of party officials and elected representatives.

### *Ethical Standards, Evaluation, and Discipline*

Mr. Khau Menghean from the FUNCINPEC Party of Cambodia gave the first presentation on the subject of party ethics. Mr. Menghean first emphasized

FUNCINPEC's commitment to tackling corruption in Cambodia and the involvement of the party in the establishment of the country's Anti-Corruption Unit.

Mr. Menghean then described in detail FUNCINPEC's party contract as a mechanism for ensuring ethical behavior and effective job performance. All public officials who are members of FUNCINPEC must sign the contract pledging to adhere to certain standards of the party and to subject themselves to regular performance evaluations. FUNCINPEC has demonstrated its seriousness in enforcing this contract by removing three governors and six deputy-governors for violating contract principles. The party is now discussing expanding the contract to require a declaration of assets from all officials. The party is also considering establishing a "personnel management system" that would include civil society reviews of the party's public officials.

Mr. Menghean concluded his remarks by stressing the importance of broader, external reforms in Cambodia. An independent judiciary, for example, is essential. Furthermore, the country must provide civic education to the public and involve NGOs as watchdogs. Finally, Mr. Menghean emphasized the critical role that opposition parties play in any country by providing a check on government power.

Mr. Arjun Narasingha KC from the Nepali Congress Party of Nepal gave the next presentation on the theme of party ethics. Mr. KC first provided some background on the Nepali Congress Party (NC). He explained that since its establishment in 1950, the NC has been involved in movements advocating multi-party democracy in Nepal. The party was integral, for example, to the revolution that overthrew of the autocratic 104-year rule of the Ranas family. The NC has also been involved in the establishment of independent watchdogs, such as the Commission for Investigation of Abuse of Authority (CIAA), the Auditor General, the Election Commission, and the Public Service Commission.

Mr. KC then described several of the steps the NC party has taken to implement internal good governance. At the 10<sup>th</sup> National Convention of the party in 2001, close to 1500 delegates agreed to make "fighting corruption" a key part of the NC's platform. The party agreed that it would reveal all sources of funding to the public and amended its statute to include an 11-point code of conduct with enforcement mechanisms. In the code, all Central Committee members, Members of Parliament, and District Presidents in the party are obligated to declare their assets and the sources of their income annually to the Central Disciplinary Action Committee of the party. This five-member committee is empowered to investigate any alleged violations of the code, and the committee reports its findings to the Central Committee. In addition, Article 21(9) of the NC Statute gives the party President the right to form an Enquiry Committee to look into alleged corruption by any party member.

In closing, Mr. KC remarked that democracy is still young in Nepal and parties do not have the experience of working transparently. He believes that in time, however, parties will strengthen themselves as institutions and the political system will improve.

Dr. Syed Azman Syed Ahmad from the Islamic Party of Malaysia (PAS) then gave a presentation on maintaining ethical standards in PAS. He reminded the participants that there is corruption in every party, and all parties have a responsibility to admit to and address the problem. Dr. Ahmad believes that the problem of corruption usually emerges from a desire to build power. “Holding power,” he added, “can be very dangerous.” This phenomenon affects the opposition parties as well, because of their aim to wrest power from the ruling party.

Dr. Ahmad then discussed PAS and its commitment to the democratic process. PAS has competed in 10 general elections since its establishment in 1951, and in the last general elections, PAS was able to gain control of two states. Dr. Ahmad admitted that victory has presented a challenge for the party, and party members are deeply concerned about the possible corruption this newfound power could bring. Therefore, the party is committed to ensuring transparent procedures and promoting advancement based on merit and credentials.

Dr. Ahmad explained that the party forbids lobbying for party positions and candidacies. He added that the “zero tolerance” for manipulation is so strong that any person who has attempted to influence election results has been ostracized from the party. To explain how PAS has instilled this adherence to clean behavior, Dr. Ahmad pointed to the ideological obligation of membership in PAS. All members who join the party must adhere to the principles of Islam, and the party has established an Ombudsperson system (or *Hisbah* system) to monitor compliance with ethical standards. All leaders are required under this system to declare their assets and wealth, and there is a special committee to investigate violations. Even members of the general public can submit a complaint about any member in the party.

The party also holds monthly “open discussions” about corruption and good behavior. In these discussions, Dr. Ahmad said that the party emphasizes the importance of a simple and modest lifestyle. This strong belief system is demonstrated by the actions of the leaders themselves, all of whom, according to Dr. Ahmad, live in simple conditions. In closing, Dr. Ahmad argued that Islam alone could not explain PAS’s commitment to clean leadership. He explained that the party’s adherence to democratic processes is a critical factor in promoting party ethics.

#### *General Reform Measures and Financial Management*

Dr. Yu-ming Shaw from the Nationalist Party (KMT) of Taiwan gave the first presentation on the theme of general reform measures and financial management. The KMT of Taiwan is one of the oldest parties in Asia, established in 1894. It has a long, complicated history and has witnessed many phases of leadership. Dr. Shaw explained that the KMT oversaw the economic miracle in Taiwan as well as engineered the first direct election of the president. Although the KMT initially ruled in a one-party system, it was also responsible for introducing multi-party democracy in Taiwan, which, Dr. Shaw explained, “Was a victory for the nation, but a defeat for the party.”

Dr. Shaw candidly described two critical problems facing the KMT. The party has not been able, he acknowledged, to avoid corruption. The KMT is one of the richest parties in the world, creating ample opportunities for financial abuses. In addition, the party has faced the obstacle of internal divisions. The split in party loyalties, he pointed out, is in a large part responsible for the KMT's recent electoral defeat.

Dr. Shaw stated that the party has recognized its weaknesses, and two years ago, the KMT embarked on a massive reform process. He explained that in the past, the leadership and candidate selection processes were tightly controlled by the party leaders. Today, however, the Chair of the party is chosen by all party members and the Central Standing Committee is elected by 210 Central Committee members. In addition, the party started using public opinion polls to help determine party candidates for office, and the party implemented quotas for women, youth, and ethnic minorities. No one with a criminal record is allowed to become a candidate for office.

With respect to financial management, Dr. Shaw explained that the party has accumulated enormous wealth throughout its history. He stated that although the party claims that all its assets were acquired legally, there have been many challenges to this assertion. Therefore, the party has proposed to move all party assets, with the exception of the headquarters building, into a trust managed by independent financial professionals. The party also determined that it would not engage in business. Dr. Shaw pointed out, however, that there is no party law, asset law, or contribution law in Taiwan to guide the KMT's proposed movement of funds. The party is waiting for the enactment of the needed laws before it proceeds with this monumental change in financial management systems.

Finally, Dr. Shaw said that the party has acknowledged its drop in support and internal divisions. In response, the party is reconstructing its ideology to address the new challenges. The party conducted, for example, a complete re-registration of members to assess true membership support and is soliciting feedback from members on the party's policies and platforms.

Mr. Yos Son from the Cambodian People's Party of Cambodia spoke next about the CPP's commitment to tackling corruption in Cambodia through a series of governmental reforms of the public administration, judicial system, and armed forces. Mr. Son said that the government already established standards for civil service selection and is in the process of decentralizing government administration. The upcoming commune elections, for example, are a first step in the decentralization process and, according to Mr. Son, will enhance the effectiveness of public services at the local level.

Mr. Son added that the government has reviewed its public financial management system and drafted a law requiring annual audits. Moreover, in 1999, the government established an Anti-Corruption Unit and has made progress on eradicating illegal logging, confiscating illegal land, and eliminating "ghost" members in the armed forces. In closing, Mr. Son stated that a "change in individual behavior" is also needed to fight corruption, and education takes time and must be accomplished "step by step."

### *Building a Legislative Agenda for Reform*

Mr. Abhisit Vejjajiva from the Democrat Party of Thailand opened his presentation by observing that the costs of corruption and money politics have increased in recent years and that corruption poses one of the single greatest threats to democracy. In Thailand, as elsewhere, parties exist to gain power, and this reality has presented problems of corruption. Even “good people” are easily caught up in the cycle of money politics. He added that parties have a difficult time enforcing rules and regulations, and, therefore, reforming the structure of parties is necessary.

The Democrat Party is unique in Thailand, Mr. Vejjajiva argued, because it was founded on a shared belief in democracy, rather than based on a particular personality. In fact, the party has experienced a succession of leaders over its history, and no one individual has gained unchallenged control. Mr. Vejjajiva stated that the members of the party have a real voice in the party’s policies but that the party needs to be supported by an effective legislative agenda.

Mr. Vejjajiva believes that the new Thai constitution and subsequent legislative measures presented some critical improvements in the political process in Thailand. The new semi-proportional electoral system, with the implementation of a party list, for example, allowed a shift toward national party policies. The new rules also encouraged greater public participation in the political process by guaranteeing certain rights.

Mr. Vejjajiva then presented some of the limitations and challenges of legislative reform. He argued that regulations, for example, are difficult to enforce, and there are always loopholes to be discovered. He also explained that it is difficult to lobby for changes in the laws in Thailand, as many parties lack the political will. Most change comes from rising public awareness and demands. Mr. Vejjajiva pointed out that in the case of Thailand, parties and politicians do not advocate for legislative reform, the public does. Parties, for example, did not push for the new constitution, it was the increased public outrage that engendered change and put pressure on the parties, which eventually enacted the laws. Therefore, it is not enough to rely on parties to build a legislative agenda for reform. Alliances must be built with civil society, the media, and other forces in society in order for legislative reform to be realized.

Following Mr. Vejjajiva’s remarks, Dr. Kim Sangwoo from the Millennium Democratic Party (MDP) of South Korea explained that he would stray from the topic of legislative reform to discuss some important recent changes within the MDP. Dr. Kim talked frankly about the need for reform in the party in order to rebuild the confidence and trust of the Korean people. The criticism of the MDP over the past few years, he believes, is related to the problem of corruption, but also to the apathy of the people.

Dr. Kim explained that on January 7, 2002 at the party’s convention, there was unanimous agreement on party reform, particularly in the wake of President Kim Dae Jung’s resignation as president of the party and a series of corruption scandals. The MDP

agreed to establish a special committee to implement several reforms. One of the main changes made at the convention was the elimination of the position of party president in order to protect against one person dominating the party. Instead, the Supreme Council elected by members will run the party. In addition, the leadership of the party and the candidate for president will be separate in order to ensure smooth management of the party in the future. Finally, Dr. Kim said that the selection of party candidates would be radically altered. The MDP will hold primaries open to average citizens to help determine candidates. In calculating a candidate's score, the result from the primaries will count for 50%, the vote from all party members will count for 30%, and the vote from party delegates will count for 20%.

Dr. Kim explained that these reforms were all experimental, and he did not yet know if they would all be successful. However, he hoped that through the MDP's demonstration of its willingness to reform and to challenge the existing power structures, the party could also affect other parties in Korea by setting the bar high for reform.

### *Discussion*

Following the party presentations, there was discussion and questions in the plenary. Participants spent some time discussing the role of civil society in reform. Dr. Kim stated that civil society must serve as a check on party decision-making. Mr. Vejjajiva agreed that civil society plays an essential role by pressuring parties to pass reforms, and the parties must respond to these demands or be replaced. He added, however, that a sad trend is emerging in which civil society is starting to replace parties because parties have become more and more personality-driven and unattractive to the public. Civil society groups are attracting constituents away from parties, and this is a dangerous development for democracy.

One participant posed the question of whether defeat or a crisis was necessary for party reform, as in the case of the KMT in Taiwan. Dr. Shaw responded that often people are too slow to change unless there is a strong incentive. The KMT was so preoccupied with the transition to democracy in the country that they were too slow to democratize the party internally. It eventually took electoral defeat for the party to realize the need to change. Mr. Vejjajiva added that one cycle of reform is often not enough. In Thailand, for example, a second phase of reform is needed. There have been several serious setbacks since the passage of the new constitution, and many "politicians are seen as threats to lasting reform." Plus, the public reaction to reform is uncertain, and many have what is dubbed "reform fatigue." Parties must, therefore, react to this crisis and disillusionment.

Participants also discussed the issue of fundraising, particularly when in the opposition. Mr. Tien said that before gaining control of the government, the DPP had a difficult time raising donations. The state provision of party funding, however, allowed the party to launch its campaign. Public subsidies comprised approximately half of the DPP's funding, and party leaders also shouldered a large proportion of party costs. Dr. Ahmad of PAS explained that his party mandates its Members of Parliament to donate

20% of their salary to the party, which is essential given donors' hesitation to give to the opposition in Malaysia.

Another participant raised the concern that parties can sacrifice power by implementing internal reforms. If one party introduces various internal reform measures, such as increased transparency of accounting, it may put them on an uneven playing field with other parties that have not passed such measures. Dr. Shaw replied, "The rain must fall – like it or not." In the case of the KMT, he said, the party sacrificed power but the country won as a result.

***Tuesday, January 15, 2002***

#### **D. WORKING GROUPS**

Workshop Chair Tunku Abdul Aziz opened the second day of the workshop by briefly summarizing the presentations and discussions of the previous day. Based on the depth of discussion and insightful experiences shared on Monday, he said that it was evident that the participants "were committed to a frank and open dialogue on the problem of corruption." He applauded participants for generously sharing their successes and failures with reform without pointing fingers or discussing specific corruption cases. In this regard, he declared the workshop "the most professional anti-corruption workshop" he had ever attended. Deputy Chair Wilson Tien reiterated Mr. Aziz's sentiments. He added that he was extremely encouraged by the previous day's discussion and hoped that the openness would continue in the working groups.

Deputy Chair Ivan Doherty then provided some guidance for the working groups. He reminded participants that the working groups would be the "real meat" of the workshop, while the previous day laid the context and groundwork. He added that not often do party representatives and MPs have the opportunity to take time away from their busy schedules to reflect upon these issues and that they should take advantage of the situation. Moreover, he noted that most anti-corruption conferences do not solicit input from political practitioners, so this workshop presents a unique opportunity.

The previous day, participants signed up for one of four working groups: candidate and leadership selection; ethical standards, evaluation, and discipline; financial management and fundraising; or building a legislative agenda for reform. The working group "ethical standards, evaluation, and discipline" was dropped, as few participants signed up. Mr. Doherty stated that this "made sense," as ethics was a theme that is relevant, to and would emerge in, all working groups.

Mr. Doherty explained that the working groups were tasked with identifying some of the obstacles to party reform, discussing current best practices and lessons learned in tackling money politics, and developing a list of concrete recommendations. Participants could also discuss the reform implementation process and the challenges experienced. Mr. Doherty explained that the working groups were purposely unstructured, as it was up to the participants themselves to determine the process for discussion and the outcomes.

He reminded participants that some general guidelines, including several findings from NDI's research and questions for consideration, would be provided by the organizers, but they were meant only to serve as a possible launching point for discussion.

### **Working Group One: Leadership and Candidate Selection**

Facilitator: Jose Luis Martin C. Gascon, Liberal Party, the Philippines

Co-Facilitator: Wilson Tien, Deputy-Chair

Members:

Shamsul Anwar Sulaiman, United Malay National Organization (UMNO) Youth, Malaysia

Yos Son, Cambodia People's Party (CPP), Cambodia

Jung-Hyun Joh, Grand National Party (GNP), Korea

Alvin Ling Piao Lie, Partai Amanat Nasional (PAN), Indonesia

Husnan Bey Fananie, United Development Party (PPP), Indonesia

Pramono Anung Wibowo, Indonesian Democracy Party of Struggle (PDI-P), Indonesia

Hari Bahadur Basnet, Rastriya Prajatantra Party (RPP), Nepal

Yaggyajeet Shah, Nepal Sadbhawana Party (NSP), Nepal

Abhisit Vejjajiva, Democrat Party (DP), Thailand

#### *Background*

This working group addressed the process for determining both candidates for public office and the party's own leadership and officials. Most Asian parties are challenging the leadership-driven and top-down practices of the past by involving more members, and in some cases the public, in the determination of party representation. Very few parties still allow a small number of key leaders to determine all candidates for election or to select officials for party posts. Internal party elections have become the most common process for determining both candidates and party leaders. The breadth of participation in these elections varies from the entire membership of the party to the central committee members. As parties integrate democratic procedures into the selection process, they report that their candidates are of a higher caliber and the "purchasing" of party positions and nominations becomes more infrequent.

This working group allowed participants to share the various procedures their parties employ for choosing candidates and leaders, the problems they have encountered, and any reforms their parties have implemented in the selection process. The outcome of the working group was to create a list of "best practices" and recommendations of reforms to the candidate and leadership selection process.

In the first session of the working group, participants were tasked with discussing the various methods of candidate and leadership selection, such as elections and appointment, and describe who is involved in the selection process. In addition, participants were to identify some of the problems or opportunities for corruption in the

selection process, such as vote buying, bribery, cronyism, and patronage. The group also explored possible methods of selecting candidates and leaders that reduce opportunities for corruption and manipulation, and the advantages and disadvantages of such measures. As a launching point for discussion, NDI and CALD provided a list of several party reforms identified through their research of political party practices.

In the second session of the working group, participants were tasked with finalizing the list of “lessons learned” and recommendations. Participants were also asked to discuss the implementation process -- building an internal party consensus for reform, designing and executing a workplan for reforms, vetting the reforms with constituents and the public – and shared some of the obstacles to implementation.

### *Current Practices*

The session began with a discussion of the current leadership and candidate selection processes in each participant’s party. Much of this information can be found in the NDI-CALD Political Party Strategies to Combat Corruption Draft Report. Some general observations and lessons learned from current party practices raised in the working group discussion included:

- The political parties represented in the working group aim to broaden their membership, especially at the local level, and implement a leadership selection process from the ‘bottom up.’ However, there remain major differences across parties in the degrees of internal party democracy, and democracy and accountability also vary within parties at the different levels in the party structure.
- In most parties in the working group, the party leaders, particularly the party presidents or central governing councils, still exercise considerable power over many party decisions, including leadership and candidate selection, and often try to control the choice of certain candidates.
- The internal party processes for leadership and candidate selection are deeply affected by the broader political context (legal framework, form of government, political culture, etc.). Reform measures, therefore, should address both the internal and external environments of political parties.
- Procedures for choosing party leaders and selecting party candidates for public office necessarily entail costs. Because of this reality, corruption, vote buying, patronage politics, cronyism, and other bad practices do occur in all parties. Although these problems cannot fully be eradicated, they must be controlled and minimized.
- There are various internal mechanisms, such as membership requirements, probation periods, and distinctions between active and regular members, which political parties employ to determine who can participate in the leadership and candidate selection processes. However, the party representatives in the working group acknowledge that there have been abuses in the granting of this franchise.

- Participants observe that corruption in the leadership and candidate selection processes often occurs at the middle or lower levels of the party structures where there is less public and media scrutiny.

### *Problems and Obstacles*

Participants in the working group synthesized a list of some of the key obstacles and problems encountered in the leadership and candidate selection process.

- **Abuse of power by party leadership.** Some party leaders abuse their power, undermining democracy and transparency within party processes and procedures. These abuses include arbitrary dissolution of critical branches or disenfranchisement of members or local leaders in order to maintain support. Also party leaders have great influence in determining who are considered active members with rights to participate in party elections.
- **Disconnection from constituents.** It was noted that party leaders and candidates often lose touch fairly quickly from their constituencies once elected. This has sometimes led them to engage in corrupt practices to win public support and maintain their hold on power.
- **Party defection.** The phenomenon of party switching affects the candidate and leadership selection process, encouraging the use of money to recruit popular leaders. In addition, new parties often emerge around charismatic, or populist, leaders at the expense of policies or ideology.
- **Trade-off between party cohesion and expanding democracy.** By broadening participation in the leadership and candidate selection processes, parties face increased costs, additional logistics, and geographical constraints. Moreover, a more democratic process can threaten the integrity of the party's ideology and diminish the authority of a party's leadership, as many diverse players become involved in decision-making.
- **Enforcement.** Participants noted the difficulty of enforcing standards for leadership and candidate selection. It is difficult for parties to monitor themselves. In addition, depending on the country's legal framework, disciplinary procedures taken by the party often do not extend to those who hold public office due to the absence of sufficient legal mandates.

### *Recommendations*

Following a discussion of current practices and the problems encountered in the leadership and candidate selection processes of parties, the working group participants divided their recommendations into two categories: external and internal reforms.

#### External Reforms

Participants agreed on the need for external controls, through an appropriate legal framework, to set common standards for all parties. These legislative measures should include:

- **State funding for parties.**
- **Anti-defection legislation.**
- **Independent accountability institutions.** It is essential to establish and strengthen the independence of institutions of public accountability: election commissions, courts, and ombudsperson offices.
- **Political party law.** A political party law is needed to serve as a standard and guide to parties.
- **Disclosure.** Parties should be required to disclose their finances and internal processes for public scrutiny.
- **Civic involvement.** Civil society or public monitors should be engaged to observe party selection processes.

### Internal Reforms

Participants also agreed that internal party reform is essential, particularly standards that will reduce the arbitrariness of party leaders, ensure the application of internal rule of law, and allow for appropriate remedies.

- **Decentralization.** Parties should limit the powers of central party leadership by decentralizing leadership roles and functions within the party structure.
- **Term limits.** Parties should consider term limits for party leaders.
- **Independent party committees.** Parties should create independent disciplinary, audit, and investigative party committees to address complaints of party members and the public.
- **Conflict of interest clauses.** Parties should adopt a policy that prohibits leaders and candidates from having any interests, privileges, or contracts that may be derived from the party's influence in government or with the private sector.
- **Disclosure.** Parties should consider introducing methods to increase transparency in financing, such as allowing public scrutiny of political party accounts on a regular basis.
- **Direct party elections.** Introduce free and direct elections for party officials, with the possibility for successive rounds to ensure majority support. Parties can attempt to limit internal lobbying by reducing the frequency of intra-party elections (e.g. holding elections at times that coincide with predetermined parliamentary calendars).
- **Public involvement in candidate/leadership selection.** Parties should open up the processes of choosing leaders and candidates to input from the public through surveys, primaries, or engagement with civil society organizations.
- **Disciplinary procedures.** Parties should institutionalize laws and regulations to ensure party discipline and avoid party switching.
- **Independent disciplinary body.** Parties should establish an independent disciplinary body within the party endowed with sufficient powers to monitor the leadership and candidate selection processes and discipline those who engage in corrupt or unethical behavior. One party in the working group, for example, created a committee of well-respected senior members and retired government

officials who imposed sanctions on several senior division chiefs. Disputes should also be resolved in a speedy and fair manner.

### *Conclusion*

At the end of the working group, participants tabled several issues and questions for future discussion and analysis. Of great concern to participants was the challenge of institutionalizing political parties in countries where personality-driven parties and charismatic leaders dominate. It is difficult for parties to establish rules and official procedures when the political culture is based on informal relationships and patronage.

Participants also discussed the challenge of decentralizing party activities given the opportunities for corruption and other problems that decentralization can bring. Participants all agreed that in order to democratize, more power must be given to local leadership. This way, the party becomes more accountable to its members and constituents and has a broader reach at the grassroots level. However, by devolving power, the party not only has a more difficult time monitoring for corrupt practices but also risks losing its identity and central ideology. In sum, many participants pointed out that the more internal democracy in the party, the more difficult the party becomes to govern, and the integrity of the party can be put at risk.

### **Working Group Two: Financial Management and Fundraising**

Facilitator: Victor Andres C. Manhit, LDP, the Philippines

Co-Facilitator: Tunku Abdul Aziz, Workshop Chair

Members:

Son Chhay, Sam Rainsy Party (SRP), Cambodia

Prakob Chirakiti, Democrat Party (DP), Thailand

Luthfi Hasan Ishaq, Keadilan Party, Indonesia

Khalid Jaafar, Keadilan Party, Malaysia

Randhir B. Jain, University of Delhi, India

Uwe Johannsen, Friedrich Naumann Stiftung Foundation, Asia

Hiranya Lal Shrestha, Communist Party of Nepal – Marxist-Leninist (CPN-ML), Nepal

Lawrence TP Siburian, Golkar, Indonesia

Teresa Kok Suh Sim, Democratic Action Party (DAP), Malaysia

### *Background*

This working group addressed the process of raising and managing finances within the political party system. Party representatives frequently cite financial management and fundraising processes as the most common area for abuse. Most parties agree that enhanced transparency of party finances limits opportunities for corruption. In other words, the more members able to review financial records, and the greater number of checks and balances, the easier it is for the party to avoid problems. If money

management is tightly controlled by a few leaders, on the other hand, it is difficult for parties to know whether money is received and spent legitimately and it can raise suspicion among party members and the public.

In this working group, participants discussed the various mechanisms used within the party to avoid abuses in financial management and fundraising practices. The outcome of the working group was to develop a list of “lessons learned” and recommendations for reforms.

In the first session, participants were tasked with reviewing the various methods of managing party finances and fundraising, and the opportunities for corruption discovered in the process. The working group discussed systems for controlling funds, fundraising strategies, the role of financial donors, monitoring measures, and the most common areas for abuse. The group was also tasked with identifying mechanisms for limiting corruption in the financial management and fundraising processes, and the advantages and disadvantages of these tactics. As a launching point for discussion, NDI and CALD provided a list of some party reforms identified through their research on political party practices.

In the second session of the working group, participants finalized the list of “best practices” and recommendations. Participants also discussed the implementation process -- building an internal party consensus for reform, designing and executing a workplan for reforms, vetting the reforms with constituents and the public – and shared some of the obstacles to implementation.

### *Problems and Obstacles*

Professor Manhit, the working group facilitator, opened the working group by asking participants to discuss the financial management and fundraising processes in their parties and describe some of the problems and obstacles their parties have encountered. The most common challenges identified were:

- **Increased costs of politics.** The escalation of campaign costs due to increased use of media-based technology, such as television and radio advertisements, was unanimously noted as a source of increased corruption within parties. Parties are forced to raise enormous amounts of money in order to compete effectively. One participant noted that when discussing reform, one could not forget the reality of political contest.
- **Unrealistic legislation.** Many laws, particularly campaign spending limitations, have not been updated in decades and do not reflect the reality of election costs. As one participant observed, this has forced even “good” politicians to break the laws; and “although the good are smart, the crooks are smarter.”
- **Unleveled playing field between opposition and ruling parties.** Participants agreed that opposition parties in all countries have a more difficult time raising

funds, particularly from big, corporate donors. As one participant said, “Corporations are opportunistic” and, therefore, give money to the party that “is in a position of power and thus in a position to provide rewards.” Particularly in countries where a ruling party is deeply entrenched, not only are opposition parties unable to provide tangible rewards in return for financial support, but also in some circumstances donors to opposition parties can face retribution from the ruling government.

- **Economic hardship.** In poorer countries, or in times of economic crisis, contributions to political parties cannot be expected from the average voter. As one participant pointed out, citizens may even take offense at the notion. In these situations, a very small group of elites can control the political process by serving as the main donors. One participant noted, “Whoever dominates economic activity in the country, dominates the parties.”
- **“Professional fundraisers” or “intermediaries.”** In many countries, parties rely on intermediaries or canvassers to raise funds, making it more difficult to trace contributions. Sometimes these intermediaries are criminal or mafia elements in society and resort to methods of extortion and other unsavory fundraising tactics.
- **Purchasing candidacies.** Most participants agreed that many parties reward contributors with candidacies or party posts, rather than choosing the most qualified candidate. This is a difficult situation for poorer parties that need financial support. In more extreme cases, wealthy individuals can purchase (or form) an entire party or faction of the party to serve their interests, and there are usually no limits on their contributions.
- **Voter behavior.** Problems of corruption are entrenched in society. Unless voters change their expectations of their representatives, then parties have little incentive to alter behavior. Participants argued that voters do not always vote based on policies but rather make electoral decisions based on monetary reward. One participant added, “Complacency is a big part of corruption.” In wealthier countries, he noted, if people are satisfied and provided with basic services, they will complain less about corruption.
- **Enforcement problems.** Probably the number one problem discussed in this working group is the difficulty of enforcement. First, there are simple resource constraints. It is extremely challenging to monitor, for example, the expenditures of parties without tremendous human and financial resources. As one participant argued, there is often a lack of clear evidence, as research and monitoring is limited. Second, in many countries there is little faith in the monitoring bodies themselves and severe doubts about their neutrality. In these situations, one participant observed, parties are monitored in an “unequal” manner, with certain parties singled out for punishment, while others “get away with everything.”

## *Recommendations*

Participants in this working group decided that recommendations for reform in the area of financial management and fundraising involved both legislative measures and internal party reforms.

In addition, it was agreed that where laws do not exist, parties must step in and voluntarily impose reforms. This generated some debate about whether self-imposition of regulations would place parties at a disadvantage, as other parties would not be held to the same rules, or, on the other hand, put parties at an advantage with respect to public support. A few participants expressed hesitancy about leading the way by “reforming first.”

### External Reforms

Participants proposed that most of the legislative reforms fall under a comprehensive political party law. The working group decided that it should not go into great detail about the specifics of legislation, as it would vary depending on the needs and contexts of each country, but would rather suggest general areas for reform.

- **Public funding of political parties.** Participants agreed that there should be public funding for both election-related activities as well as day-to-day party building. There was a discussion about whether assistance to parties should take place in cash, in kind, or both. Most participants agreed that both kinds of subsidies were needed. Participants also acknowledged that criteria for public subsidies must be established based on a combination of seats, membership, and votes. The law should also ensure free media coverage for all political parties during the campaign period, and consider tax relief for contributors to parties as an incentive.
- **Disclosure.** The law should require parties to disclose their financial accounts, including the sources of funds, for both the campaign period and regular party activities.
- **Ban on foreign funding.** To limit the influence of external factors, parties should not be allowed to accept money from non-citizens.
- **Limits.** There was no consensus on whether contribution and/or spending limits were important. Some argued that limits with disclosure would simply drive practices underground, while others pointed out that lack of faith in enforcement should not be a reason to reject a law.

### Enforcement of Legislation

Given that lack of effective enforcement was identified as one of the most serious problems, many of the group’s recommendations were related to enforcement.

- **Independent election commission.** Although it was agreed that “independence” is essential, there was some debate about how to ensure independence, particularly when determining election commissioners. Participants came to the consensus, however, that guaranteeing independence depended on the situation in each country. In places where parliament is consistently dominated by one party, for example, parliament may not be best suited to select the commissioners. In addition, most participants agreed that the budget of the election commission should be set for a fixed period of time, so it does not fluctuate with changing government budgetary committees.
- **Periodic review of limits.** In countries with expenditure/contribution limits, the governing body should review the limit amounts regularly to ensure that they are consistent with political costs.
- **Strong civic watchdogs.** To complement the efforts of an independent election commission, civil society organizations should participate in the monitoring process, and the government should recognize their role. Several participants also emphasized the value of foreign observers.
- **Comprehensive voter and civic education.** Educating citizens about the laws and the need to combat corruption will enable the public to serve as an essential check.

### Internal Party Reforms

An overwhelming sentiment expressed by working group participants was that to have credibility in advocating external reforms, parties must first “clean up their own houses.” One participant pointed out that opposition parties are not immune to the need to “clean house,” because “one day they too could be in power” and should have the proper checks and mechanisms in place. Moreover, as one participant noted, “Money problems can break your party apart, so it is essential to establish checks.” The main recommendation was that parties should establish professional management systems internally.

- **Internal and external audits of all party accounts.** Parties should require independent audits of all financial records.
- **Disclosure of party accounts and the sources of funding to the public.** This recommendation was met with some hesitancy. One participant explained, for example, that some donors to opposition parties want to maintain anonymity. Moreover, if the party disclosed information and none of the other parties did so, if it is not required by law, it could place the party at a disadvantage by subjecting it to uneven scrutiny. Nonetheless, participants agreed on the importance of disclosure.

- **Transparent selection process for party candidates.** Although participants recognized that this recommendation would be more appropriate in the first working group, they added it because of the prevalent problem of donors purchasing their candidacies. The purchasing of party positions is an important example of donor demands in the fundraising process.
- **Financial control mechanisms.** There was a discussion in the working group about decentralization versus centralization of party finances and fundraising. On one hand, decentralization can “decentralize” corruption and make it difficult for parties to monitor monetary transactions. However, decentralization can also create additional checks on party financing and further “democratize” the party management. In the end, the group agreed that as long as financial controls are in place at all levels, decentralization does not have to go hand in hand with corruption. Participants agreed that there should be checks throughout the party on party finances, on the treasurer, and on party leadership, and fundraising practices must be monitored.
- **New fundraising tactics.** Participants agreed that their parties should explore alternative fundraising tactics and consider banning contributions from certain “unethical” sources.
- **MP contributions.** MPs should contribute a certain percentage of their salaries to the parties. It was agreed that this practice would provide an internal source of income to the parties and help build party cohesion, perhaps preventing defections.
- **Foundations and think tanks.** Parties should establish their own foundation or think tank to conduct party-building activities, carry out research, and raise funds.
- **Constituent Outreach.** Through public opinion polling, public hearings, and focus groups, parties should solicit public input on their reforms and policies.

### *Conclusion*

When discussing the implementation of reforms, working group participants agreed that “universal minimal standards” should be set for political parties and elections. A universal framework for reform would help parties lobby internally for change. Among these standards should be a code of conduct for parties. In addition, participants suggested building a regional party network to establish and monitor adherence to these standards. This regional group could share experiences, information, and support.

### **Working Group Three: Building a Legislative Agenda for Reform**

Facilitator: Vijayaratnam S. Seevaratnam, Gerakan Party, Malaysia

Co-Facilitator: Chee Soon Juan, CALD Executive Committee

Members:

Neric Acosta, Liberal Party, the Philippines  
Syed Azman Syed Ahmad, Islamic Party (PAS), Malaysia  
Teresa Benedict, Kuala Lumpur Society for Transparency & Accountability, Malaysia  
Sundaa Bridgett, USAID, United States  
Danilo Coronacion, LAKAS-NUCD, the Philippines  
Jhala Nath Khanal, Communist Party of Nepal – United Marxist-Leninists (CPN-UML), Nepal  
Khau Menghean, FUNCINPEC Party, Cambodia  
Arjun Narasingha KC, Nepali Congress Party (NC), Nepal  
Kim Sangwoo, Millennium Democratic Party (MDP), South Korea  
Gene Ward, USAID, United States

### *Background*

Many political parties have incorporated the fight against corruption into their party platforms and agendas and have provided concrete critiques of existing anti-corruption legislation, advocating specific legislative and governmental reforms. Parties have issued press releases, held forums, and drafted anti-corruption policy prescriptions. Several parties, for example, have recommended changes to the current structure, powers, and activities of existing anti-corruption bodies, such as the counter corruption commission, election commission, and prosecutor's office.

The aim of this working group was for participants to share successful strategies for placing reform on the legislative agenda and to identify essential legislative measures. The participants were tasked with listing several of the obstacles to promoting legislative reform and identifying solutions. NDI and CALD provided a list of legislative reform tactics, uncovered through the research, to serve as a starting point for discussion. In the second session of the working group, participants discussed implementation strategies.

This working group strayed from the issue of legislative reform specifically to discuss corruption in the political process more broadly. They identified both legislative and non-legislative recommendations and proposals.

### *Problems and Obstacles:*

Workshop participants began their session by discussing several of the obstacles and challenges to creating strong, clean political parties in their countries.

- **Lack of checks and balances.** Participants agreed that media, civil society, and academia play an indispensable role by checking government institutions, politicians, and political parties. Unfortunately, one or more of these forces are weak in many countries still undergoing transitions from less democratic forms of government.

- **Absence of, or weak, election commissions and anti-corruption bodies.** Independent and effective election commissions needed to ensure fair elections, monitor parties, and protect the voting rights of citizens, are missing in many countries. Often there is minimal legislation in the field of elections, parties, and political finance. Anti-corruption bodies are also either absent or ineffective in many countries.
- **Corruption within the watchdogs.** Corruption has infiltrated the media and other independent institutions, such as the judiciary, compounding the problem of money politics. Media conglomerates are often so powerful that they can set the political agenda. In addition, anti-corruption agencies and watchdogs may become corrupt themselves and be purchased by politicians, fostering the question, in the words of one participant, “Who guards the guardians?”
- **Lack of incentives for change.** Since ruling parties in most cases tend to benefit from the prevailing system, there is often no incentive for them to initiate reforms. Moreover, opposition parties that previously advocated for reforms quickly abandon their efforts once in power.
- **Creative and innovative ways to maintain the status quo.** Political parties and bureaucracies find new ways to commit fraud if the “old tricks of the trade” become too obvious or too unpalatable to the public.
- **Enforcement.** Even if laws are in place, government agencies may lack the political will or resources to enforce such laws or to maintain minimum standards of accountability and transparency.
- **Lack of data and information to define problem.** Despite many anti-corruption efforts and campaigns, there remains a dearth of reliable and adequate information. Current studies sometimes create a distorted picture of reality. There is also a need to define and understand better the term “political corruption.”
- **Economic hardship.** Political reforms are harder to implement in economically underdeveloped countries. Participants argued that several of the factors conducive to reform, such as a strong middle class, an independent media, an active civil society, and a well-educated and informed public, are stronger in more economically developed societies.
- **Conflict with cultural traditions.** Participants argued that it is often hard to delineate generally accepted customs and traditions, like giving of gifts, from what may constitute bribery. As one member put it, “A basket of fruit is a gift that sometimes becomes a Mercedes Benz.”

### *Recommendations*

Working group participants discussed several broad solutions to the problems identified. Several of these solutions necessitate legislative action, and participants agreed that parties must play a role in putting these recommendations on the legislative agenda.

- **Education.** Given the deeply embedded state of corruption in many societies, there is a need to change public attitudes and behavior and, in the words of one participant, “build a culture intolerant of corruption.” Political parties, even those that benefit from the status quo, must contribute to this education process.
- **Independence of judiciary.** Despite the presence of comprehensive and strict anti-corruption laws, an independent judiciary is essential to enforce those laws and provide disincentives to corruption. If cases are not properly prosecuted, corruption will continue to flourish.
- **Independent anti-corruption institutions.** There are global models of bodies and commissions, such as election and corruption watchdogs, that can be adopted. It is important to garner lessons learned from the successes and failures of reforms in other countries and regions.
- **Collaboration and cooperation between different forces in society.** Although civil society cannot replace political parties, the four pillars of reform must be consolidated and cooperate: academia, civil society, media, and political parties. Although distrust may exist among these key players, avenues of communication and other forms of cooperation must remain open, particularly when advocating legislative reforms.
- **Internal party reform.** Parties must implement internal measures to combat graft. Measures should include: disclosure all expenditures and income to the public; declarations of assets and liabilities of party officials and candidates; separation of the party president from country president; and democracy within the party through collective leadership. Without internal reform, proposals for external reform will “fall flat.”

### *Conclusion*

The working group participants then discussed the implementation process and some of the hurdles for parties to realize reform goals. Frequently, parties lack research capabilities, and thorough, well-researched information is essential to promoting an informed advocacy campaign. Moreover, participants pointed out that the external environment is often not conducive to reform efforts, and the parties would therefore have to work against popular practices and opinion.

Despite the obstacles, participants agreed that it was “time to talk less and do more.” Despite the proliferation of anti-corruption events over the past few years, there

has been little continuity or follow-up. Participants agreed that their projects must be specific, measurable, attainable, realistic, and time-bound (SMART).

To help parties in various countries implement legislative and other reforms, participants suggested a **regional umbrella organization** to: define political corruption; study existing legislation and bodies, such as the ICAC of Hong Kong; develop a reform action plan on specific areas; expand upon NDI's research on party practices to combat corruption; hold follow-up workshops and seminars; and create a "political party index" to measure internal transparency, accountability, and democracy within parties.

### **Working Group Summaries**

Following the working groups, all participants returned to the plenary for brief presentations from each working group facilitator. The facilitators presented their groups' findings and conclusions. Following the presentations it was determined that participants would discuss the results in more detail the following morning, when participants would have the opportunity to submit their ideas on the working groups they were unable to attend.

### ***Wednesday, January 16, 2002***

#### **E. CONSENSUS ON RECOMMENDATIONS**

##### *Summary of Findings*

In the morning, CALD and NDI distributed the notes from the working groups the day before, including a list of participants' reform recommendations on the topics of: leadership and candidate selection; financial management and fundraising; and building a legislative agenda for reform. Mr. Doherty emphasized that the objective of the morning session was to try to reach some consensus on the broad conclusions of the working groups.

Mr. Ivan Doherty synthesized the main findings from the working groups and facilitated a discussion on the recommendations. The most encouraging result of the working groups, he argued, was that all the participants believe that parties have an essential role to play in addressing corruption, and are ready to play that role.

All of the working groups focused on both internal and external reform needs. For external reforms, participants believe that a comprehensive legislative framework is essential. Every country should implement a party law, require disclosure of party finances, and provide public funding for parties. The working groups also put forward the recommendation of enforcing ethics in public office through declarations of assets and conflict of interest measures.

A resounding theme of the working groups was the challenge of enforcement. There seemed to be unanimous consensus that current enforcement practices were not

adequate and that countries must implement more credible means of policing parties and political finance.

With regard to internal reforms, the working groups made several important suggestions. Participants agreed that parties should become more open and democratic in all of their internal practices. In the leadership and candidate selection process, for example, more members should be involved in party elections. Moreover, parties should make efforts to involve the public in the selection process through primaries and/or polling. Participants agreed on the need for greater financial accountability and professional management. Parties should implement financial controls throughout all levels of the party, and where legislation is not present, parties should voluntarily disclose their financial records to the public for scrutiny.

Finally, the working groups agreed that additional regional collaboration was needed to enhance the implementation of party reforms. Participants proposed a regional anti-corruption umbrella to set minimal standards for party practices and to provide technical assistance and support to parties in each country to realize those standards.

#### *Discussion on Recommendations*

Mr. Doherty then opened up the floor for discussion, encouraging participants to comment on the recommendations and/or add new recommendations. Many participants first used this opportunity to thank NDI and CALD and express their appreciation for the opportunity to participate in the workshop. Participants then discussed the recommendations and stated their commitment to implementation.

One participant from Malaysia stressed the importance of involving ruling parties in the discussion of money politics, and he was grateful to meet with other ruling parties that face similar challenges. He added that there is no way to completely avoid money politics, particularly in big, governing parties. On the list of internal reform recommendations, he suggested the establishment of independent bodies within the party to take complaints and discipline corrupt practices. This approach has been successful in his party, resulting in the expulsion of several high-ranking party officials.

A participant from Taiwan emphasized that parties cannot depend on a single leader. The most important reform for parties, therefore, is to ensure that there are democratic procedures within the party and that many people involved in decision-making. Although internal democracy has its disadvantages, it is essential for combating corruption. Parties must guarantee a constant change in leadership through regular elections and term limits.

A participant from Nepal called upon the parties to take the results seriously by going home and implementing the reforms within their party structures. Another participant from Nepal concurred, adding that it was evident that the participants agreed on the common points and the need to take action. A participant from Malaysia added that NDI and CALD should tabulate all the findings and recommendations to send to the

leaders of all parties. He added that it is important to “get the word out” to all parties to encourage reform. A participant from Indonesia pledged to distribute all the findings to his party leadership and share the recommendations with outside businesses and organizations as well.

A participant from South Korea stated that the workshop was very important for him, as his party is going through the process of selecting a presidential candidate. He wanted, on behalf of his party, to state his commitment to implement the conclusions of the workshop and to hold a follow-up meeting in Korea with NDI and CALD.

On the issue of implementation, a participant from Cambodia said that it is essential for parties to “change themselves first” before blaming others. Although internal reform may not “benefit your own party in the short run, parties will win in the long run.” He pledged his commitment to introduce reforms in his party.

At the end of this discussion, Mr. Doherty asked the group to indicate whether they had all come to a consensus on the above reform recommendations and agreed to take a lead in developing an action plan for reform upon returning home. All the participants applauded their agreement. Mr. Doherty also stressed the responsibility of the participants to serve as the “contact person” in the party on reform efforts.

## **F. NEXT STEPS**

Mr. Peter Manikas then asked the participants for recommendations of future activities, identifying the skills and assistance needed to move forward on this anti-corruption program. He added that the possibilities were many: internal party action plan development; sub-regional workshops; in-country workshops; workshops for ruling parties or opposition parties; the establishment of regional networks; collaborative activities with civil society, media, and businesses; among others. He added that NDI and CALD want to continue to provide assistance.

The participants offered many suggestions for future activities, many of which emerged in the previous discussion on recommendations.

- **Annual Review.** A participant from Nepal argued that the workshop “cannot be a one-time program.” He asked NDI and CALD to continue facilitating this type of activity in the future and suggested that they all come together again to measure progress and “continue to learn from one another.” Another participant suggested that an “annual review” take place in one year’s time. Another participant agreed, adding that NDI and CALD should play a “key role” and monitor developments of each of the parties on their implementation process.
- **Sub-regional Workshop on Specific Reforms.** A participant recommended that each party examine the list of recommendations and select one area – establishment of a party law, campaign finance reform, building legislative committees – for a future sub-regional workshop.

- **National-level workshops.** Several participants expressed the need for workshops at the national level. One participant added that he had a hard time envisioning cross-national collaboration, as the countries are so different.
- **“New Democracies” Workshop.** A participant from Nepal suggested that NDI host a workshop for newer democracies on the issue of corruption.
- **Wide Dissemination of Workshop Results.** Several participants suggested that the workshop results be put in book-form and shared with a wide audience – parties, businesses, election commissions, and international organizations.
- **Regional Network of Parties Against Corruption.** A participant from the Philippines said that he was thrilled to be able to share ideas with parties going through similar problems and challenges. He added, “Corruption is a global issue and therefore needs a global solution.” He recommended that all the participants form a group of “Parties Against Corruption” and continue to meet and exchange tactics. He suggested setting up an electronic exchange to create a “party to party network.” The network should accept parties of all ideologies to examine issues that cut across all parties. A participant from Cambodia added that the network should tap into SEAPAC, an organization of parliamentarians. He suggested that NDI help organize networking opportunities.
- **Secretariat of Resources for Parties.** A participant added that in addition to a regional network, NDI and CALD should establish a secretariat with information on anti-corruption legislation and party reforms.
- **Collaboration between Parties, Civil Society, Media, and Business.** A participant from South Korea offered his deep appreciation to the organizers. He said that the workshop was the first step – bringing parties together to discuss how to tackle corruption. He added that this step had been very successful. He emphasized that the next step was to understand that parties could not act alone to resolve the problem. Dialogue between parties, NGOs, academics, and the business community on the issue of corruption is essential. The region does not have a mechanism to bring people together, so he proposes that this group start that process and expand to include other countries such as Japan and China. Another participant added that parties work with Transparency International chapters.
- **Technical Skills.** A participant from Malaysia stated that although it was clear that the consensus to fight corruption was there, parties lacked certain skills. Parties, for example, are unable to gather evidence and conduct research. Parties need technical assistance to increase their research capabilities.
- **Party Workplans.** A participant suggested that NDI and CALD help parties with their individual implementation workplans, possibly through consultants.

There was an overwhelming consensus that the Political Party Strategies to Combat Corruption initiative should continue. Participants expressed their encouragement at the enthusiasm and commitment of the party representatives at the workshop and the frank and open manner in which participants shared their experiences. Dr. Jain, one of the few non-party participants, admitted that he came to this workshop with skepticism. However, after three days his “perspective has completely changed.” He stated that he now believes that parties are sincere in their willingness to change and reform. He added that parties have been given a bad name, but based on the participation at this workshop, there is “a lot to be optimistic about.”

Many participants expressed some concern that the momentum will dissipate and this “important workshop will result in nothing.” Several participants responded that it was up to them to promise to take action and continue to communicate with NDI and CALD. In the words of one participant from Malaysia, “We cannot let this die.” Mr. Manikas encouraged participants to keep sending ideas and suggestions.

Following this discussion, Dr. Gene Ward from the United States Agency for International Development gave a presentation on the “Money and Politics Handbook,” an initiative to document disclosure and political finance measures in countries across the globe.

## **G. CLOSING CEREMONY**

Ms. Teresa Kok Suh Sim of Malaysia’s Democratic Action Party served as the Master of Ceremonies for the Closing Ceremony and press conference.

Mr. Sam Rainsy, Chair of CALD, summarized the results of the workshop and noted the progress that had been made over the three-day period. He also conveyed his deepest gratitude to NDI for making the workshop possible and expressed his hope that this would be the beginning of a productive working relationship between NDI and CALD.

Mr. Tunku Abdul Aziz, Workshop Chair, also stated his pleasure at the amount of work accomplished at the workshop and the tangible results the participants created. He noted that the workshop ended on a “positive, confident, and determined note,” demonstrating that Asian political parties are not “taking the easy way out” in the battle against corruption. He added that the ideas generated by the workshop are highly sensible, practical, and innovative, and, with some refinement, can be formidable weapons to fight corruption.

Mr. Aziz then discussed the destructive nature of corruption in humanitarian, ethical, and economic terms. He argued that corruption widens the already enormous gap between the rich and the poor and has destabilizing effects socially, economically, and politically. To fight corruption, he emphasized that the playing field must be level in every area of activity. He added that institutional reforms should provide checks and

balances within the governance system, increase transparency and accountability of government policies, mandate declarations of assets for all government officials, ensure the independence of accountability bodies, guarantee open, free, and fair elections, and strengthen judicial independence.

Dr. Aziz ended by expressing his confidence that the workshop participants would face their responsibilities in combating corruption by initiating reforms within their own parties and governments upon returning home. Ms. Teresa Kok Suh Sim then opened the floor for questions from members of the press.

A reporter from the *Associated Press* (AP) expressed his surprise that the role of the media did not emerge more prominently in the press release for the workshop. He added that without an independent press, the public would not be informed of corrupt practices. Mr. Aziz responded by saying that the workshop participants recognized the media's role in anti-corruption campaigns and discussed the importance of collaborating with the media and other sectors of society. Mr. Sam Rainsy added that the press release explicitly recognized the importance of independent media sources.

Recognizing that the fight against corruption cannot succeed without the cooperation of political parties, a reporter from the *Bangkok Post* asked how parties would implement the recommendations that emerged from the workshop. Mr. Aziz responded that the participants demonstrated a serious commitment to take action against corruption and developed practical recommendations. Mr. Aziz added that the participants are all in positions of authority within their parties and can introduce reforms. Moreover, he added, post-workshop progress would be monitored.

Ms. Teresa Kok Suh Sim officially called the workshop to a close.

**APPENDIX ONE**  
**EXECUTIVE SUMMARY OF RESEARCH REPORT**

**POLITICAL PARTY STRATEGIES TO COMBAT CORRUPTION**  
**EXECUTIVE SUMMARY**

**The National Democratic Institute for International Affairs (NDI) and  
The Council of Asian Liberals and Democrats (CALD)**

**By Laura L. Thornton**

**Introduction**

In March 2001, the National Democratic Institute for International Affairs (NDI) and the Council for Asian Liberals and Democrats (CALD) launched a program in Asia on *Political Party Strategies to Combat Corruption*. Its purpose is to support political parties in their efforts to implement internal anti-corruption reforms through enhanced democracy, accountability, and transparency in party structures and practices. In addition, the program explores the challenges facing parties with respect to party financing, national legislation and regulations, and evolving public expectations.

In the first stage of this program, NDI and CALD conducted research to identify existing strategies and mechanisms parties are employing to limit opportunities for corruption, whether voluntarily adapted or mandated by external legislation. This research took place in eight countries: Cambodia, Indonesia, Malaysia, Nepal, Philippines, South Korea, Taiwan, and Thailand. NDI and CALD first examined the external environment in which parties function, including the country's transition to democracy, current political climate, governance and electoral systems, and problems with political corruption. In particular, NDI and CALD studied the legislation and institutions governing political parties, elections, and political finance.

Most importantly, however, the research focused on internal political party reforms. The political parties in the study generously shared various strategies they currently employ to promote greater internal democracy, accountability, and transparency in their party structures and decision-making processes, candidate and leadership selection, financial management and fundraising practices, and ethical criteria and disciplinary procedures. Parties described such tactics as codes of conduct, mandatory disclosure requirements, financial audits, independent disciplinary committees, training and ethical education programs, monitoring and evaluation procedures, term limits for party leaders, among others.

This report presents the research findings, with the objective of providing comparative information on party reform practices in order to aid parties in their anti-corruption efforts. All of the party reform strategies described in this study emerged from discussions with the party representatives themselves and are only as detailed and as

accurate as the information provided in the interviews. NDI and CALD welcome comments and corrections.

## **Background**

Corruption poses one of the gravest threats to economic growth, democracy, and political stability, in countries across the globe at all stages of political and economic development. In Asia, political corruption has taken on a new prominence in public discourse due to its devastating impact on public confidence in political and economic institutions and processes. Actors from all sectors, including political parties and political party leaders, recognize the need to develop more effective strategies to control the influence of money in politics.

At regional and global conferences, people have increasingly pointed to political party corruption as an essential focus for anti-corruption efforts. At the 10<sup>th</sup> International Anti-Corruption Conference (IACC) held in Prague in October 2001, for example, closing speakers listed political party accountability as one of the top three areas for needed future action. Despite this increased commitment to tackling political corruption and addressing the role of political parties in reform, parties have still been largely absent from this discussion and few programs, if any, have been developed to work with parties on this issue.

Political parties in Asia naturally vary significantly in their structures, practices, and development. Although there are examples of transparent, policy-oriented parties, in many countries, parties also participate in corrupt and illegal activities. Electoral competition requires parties to raise large amounts of money in order to finance their campaigns, and fundraising practices often circumvent the law. Parties frequently build support through patronage networks, rather than through issue-oriented platforms based on the interests and needs of citizens.

Many parties are opaque in their internal operations and undemocratic in their decision-making. Even if political parties falter, however, they cannot be viewed merely as part of the problem. They must also be viewed as part of the cure. Parties remain the principle vehicle for placing issues on the public agenda. Moreover, increasingly, whether motivated by a principled commitment to the ideals of good governance or by more practical considerations of political survival and electoral appeal, anti-corruption ranks highly on the agenda of almost every political leader. This new profile for corruption in political discourse presents an opportunity for parties in Asia to ensure that the rhetoric of political leaders is supported by meaningful reforms and concrete actions to combat political corruption.

For these reasons, NDI and CALD launched a regional party program on strategies to combat corruption. The purpose of the program is to better understand the challenges Asian political parties face and to support parties in their efforts to reduce

opportunities for corruption from within. The program has three primary components: (1) comparative research in eight countries in Asia to explore existing party strategies to reduce corruption; (2) a workshop to equip political party leaders with practical recommendations for party reform based on regional best practices; and (3) the establishment of an anti-corruption resource center for political parties, providing information on political party finance issues, anti-corruption initiatives, and networking opportunities. This report will describe the research phase of the program.

## **Research Design and Methodology**

NDI and CALD conducted comparative research on political party reform experiences in eight Asian countries: Cambodia, Indonesia, Malaysia, Nepal, the Philippines, South Korea, Taiwan, and Thailand. The central objective of this research component was to identify mechanisms that parties have implemented to promote internal accountability and transparency and to reduce opportunities for corruption from within, such as:

- full membership involvement in the election of party leaders and officials;
- full membership involvement in the selection of party candidates for election (and/or public involvement in the selection process through polling or open primaries);
- term limits for party officials;
- codes of conduct for party officials and candidates;
- party contracts for party officials and candidates (e.g. conflict of interest agreements);
- ethical standards for party officials and candidates;
- public declarations of assets and liabilities for all party officials;
- disciplinary procedures;
- internal anti-corruption bodies;
- evaluation criteria and monitoring strategies;
- financial disclosure procedures for all party accounts;
- full public disclosure of the *names* of donors;
- external audit systems; and
- fundraising guidelines and regulations.

The research explored parties' organizational structures and decision-making processes, selection of leaders and candidates, financial management and fundraising practices, ethical standards and criteria, and disciplinary procedures. In addition to examining internal party behavior, the research also investigated the external challenges and pressures political parties face with respect to their country's political culture, constitutional and electoral framework, media access, and public perceptions of parties. In particular, the research examined the impact of legislation (political party, election, and political finance laws) on the conduct of parties and the opportunities and limitations legislation presents.

The primary method of research was first-hand, individually administered interviews with political party leaders and representatives in each of the eight identified Asian countries. The number of parties interviewed in each country was limited to those with the largest representation in parliament or those with important historical and legislative roles. In some cases, the parties chosen were not inclusive. In Malaysia, for example, research focused on the peninsular parties, omitting parties in Sabah and Sarawak states in Borneo. Moreover, in some circumstances, parties did not agree or were not able to meet with the researchers.

The interviewees in each party also varied. For most parties, researchers were able to meet with at least one senior representative, such as the party leader, secretary general, executive director, or secretary for administration. Researchers also sought meetings with known reformers in the party, such as youth wing members, who often offered interesting insights on the political realities within the party. The researchers developed a survey for these interviews, which suggested key areas for questioning and served as a guide for the interviews.

Despite these guidelines, each interview in the study was unique. The researchers attempted not to be too rigid in their questioning and allowed the conversation to flow in the direction of interest to the interviewee. There were clearly some lines of questioning that the parties felt more comfortable not discussing. In several cases, the interviewees requested anonymity or asked that the interview take place completely “off the record.” In all instances, the researchers respected these wishes. Interviews also varied in time. Some meetings ran as long as two and a half hours, others lasted less than 30 minutes. Naturally, the timing of the interviews was not always convenient for the party, particularly in countries in which the researchers do not live. Consequently, each party section unavoidably varies in length and in its level of detail.

Although interviews with political party leaders were most central to the research, key representatives from other relevant sectors helped to verify, clarify, and cross-reference the information gathered. Such figures included: leaders from civic organizations and NGOs active in political, electoral, or anti-corruption issues; academics focusing on corruption and the political process; government officials, such as members of the anti-corruption body, the election commission, or the government body overseeing political party registration and activities; representatives of the media; international observers from foreign missions or NGOs; representatives of the private sector; among others. The survey instrument was easily adapted for such interviews.

### **Findings: External Reform Legislation**

The laws and regulations governing political parties, political finance, and elections are critical in framing the context within which parties operate. A main component of the research process, therefore, involved scrutinizing these various legislative measures and interviewing political parties about the impact of legislative reforms on party activities and conduct. The researchers collected all relevant documents from each country, such as the constitution, the political party law/regulations, the

electoral law/regulations, and the political finance law/regulations. Special consideration was given to:

- The regulations regarding party registration and operations and the responsibilities of the government body empowered with oversight and enforcement functions;
- Provisions in the party law/regulations related to party finances, such as mandatory review by a government institution, public disclosure requirements, stipulated legal and illegal sources of funding, limits on contributions and/or expenditures, and audit and accounting regulations;
- Provisions in the electoral law relating to campaign finance and campaign expenditure, such as limits on contributions and/or expenditures, mandatory review of campaign finances by a government body, public disclosure requirements, and accounting and reporting regulations;
- Public funding system and the criteria for receiving state funds; and
- Laws pertaining to declaration of assets and liabilities requirements for party leaders and officials, conflict of interest legislation, and anti-corruption agencies.

Of the eight countries in the study, Korea and Thailand have the most detailed and stringent national regulations aimed at limiting political corruption and money politics. Malaysia, Cambodia, and the Philippines have relatively weak legislative frameworks governing parties and political finance, and although Indonesia passed several political finance laws in 1999, they are not fully enforced or have not yet been implemented. In Nepal and Taiwan, legislation is under consideration.

### *Thailand*

The 1997 Thai Constitution introduced new party, political finance, and election laws, under the Organic Law on Political Parties and the Organic Law on Elections, and empowered an independent Election Commission of Thailand (ECT) with oversight authority. These laws strictly regulate party operations and accounting practices in order to enhance transparency and accountability within the party system. A key objective of the new legislation is also to strengthen parties as ideological bodies and broaden their membership bases, with the aim of reducing the prevalence of patronage and vote buying.

The new party and election laws inflict stringent regulations and checks on parties. Disclosure is the main theme of the new reforms. All party officials, including branch chairpersons, must declare their assets and liabilities to the ECT, regardless of whether or not they hold public office. The new laws mandate annual party audits and financial reports that detail all expenditures and the amounts and sources of all contributions, and these reports must be made available to the public. Spending limitations are also placed on parties during the campaign period. In addition, parties are required by law to have internal elections for party posts and policies, including the election of branch office committees, and to decentralize party structures. The law even provides an appeals process to the Constitutional Court for those party MPs who feel they

are the victims of “undemocratic” party decisions. Moreover, the new legislation attempts to limit factionalism and encourage more ideologically based and cohesive parties by making it difficult to switch parties and providing a public subsidy for institution-building and constituent outreach activities.

The ECT is responsible for managing and enforcing the political party regulations and has demonstrated its authority. In July 2001, the ECT sent dissolution requests for 17 parties to the Constitutional Court because the parties failed to abide by the new regulations. Short of dissolution, the ECT has also fined parties for accepting donations from illegal sources. In addition, the ECT submitted to the Constitutional Court over 380 cases of party officials who have failed to declare their assets and liabilities. During elections, the ECT is empowered to disqualify candidates and call for fresh elections as needed. The ECT exercised this power during the 2001 general elections by nullifying election results and banning numerous candidates on corruption charges. Although by all accounts the new ECT serves as a model of enforcement, the Commission itself acknowledges that its oversight capabilities are limited and many violations continue to take place.

### *Korea*

The 1987 Korean Constitution requires political parties to be democratic in their organization and operations. In fact, if a party violates the “fundamental democratic order,” the Constitutional Court can force its dissolution. The Political Parties Act (amended in 2000) requires all parties to register with the National Election Commission (NEC), to hold elections for the party’s leaders and officials, to establish branch offices, and to provide lists of all members to the NEC. The law also places a limit on the number of paid employees in a party.

The Political Fund Act (amended in 2000) includes provisions on fundraising, expenditures, and party reporting. There are both income and expenditure limits on parties at all times, and donations are funneled through supporters’ associations established for the parties and candidates. The NEC receives names of all members of and donors to the supporters’ associations, which become part of the public record, although in certain circumstances contributors can request anonymity. The law also provides state funding for political parties. Parties’ annual audits and financial accounts can be accessed by all citizens.

The Act on the Election of Public Officials and the Prevention of Election Malpractices (amended in 2000) creates the framework for electoral competition in Korea and establishes the NEC as the oversight body for all elections. The NEC sets campaign income and expenditure limits and requires each candidate or election campaign to appoint an accountant to maintain a record of all financial transactions. Receipts for expenses and contributions and a report of all accounts must be submitted to the election commission within 20 days after the election. These accounts are available for public inspection for a period of three months.

### *Cambodia, Indonesia, Malaysia, and the Philippines*

Cambodia's Political Party Law (1997) specifies minimal requirements for parties. Parties are required to register with the Ministry of Interior, providing a party name and the signatures of at least 4,000 citizens. Parties also have to provide activity reports to the Ministry every year. There are no limits on spending or donations; public disclosure of the sources of funding is not required; and there are no mandatory declarations of assets or liabilities for party officials. The Election Law (1997) requires parties to submit campaign expense statements to the National Election Commission, but parties do not have to reveal the sources of funds and these expense statements are not made available to the public. There are also no campaign income or expenditure limits.

Indonesia passed two laws in 1999, No. 2/1999 regarding Political Parties and No. 3/1999 regarding General Elections. The Political Party law establishes criteria for party competition and sets contribution limits to political parties. Parties are also required to file financial reports, along with a list of all donors, and to conduct an annual audit. To date, however, no party has reported an annual audit. The Party Law also provides for state funding, although this has not been implemented yet. The Election Law sets contribution and spending limits, requires parties to file financial reports, and calls for campaign audits of parties by the election commission. The commission had significant difficulty conducting campaign audits following the last election. In sum, although Indonesia has passed legislation requiring full financial disclosure and encouraging greater party accountability, it may take more time for these measures to be fully realized.

Malaysia's Societies Act (1966) governs political parties, NGOs, associations, and charities in Malaysia, and all of these organizations must register with the Registrar of Societies, under the Ministry of Home Affairs. Parties have to submit financial accounts to the Registrar, but these accounts are not disclosed to the public and there is no requirement for parties to reveal the sources of their funds. The current law also does not prevent political parties from owning and managing financial enterprises, and there are no spending or contribution limits. The Election Offences Act includes specific campaign finance regulations for candidates. During the campaign period, which is technically the period from the day of nomination to polling day and is usually between seven and 15 days, there are limits on campaign expenditures. Candidates must also file returns with the election commission, which are made available to the public. Under the current legislation, there is little transparency of internal party affairs and finances, and many civic groups and several political parties have lobbied for stricter regulations, particularly with respect to party financing.

The Philippines has no law governing political parties other than the Omnibus Election Code, and there are no laws regulating political finance outside the campaign period. There are no limits on spending or contributions, no required declarations of assets and liabilities, no reporting requirements, and no disclosure of financial records to the public or a governmental body. During the campaign period there are expenditure

and contribution limits for candidates. The election law also requires parties to file financial reports for all campaign income and expenditures with the election commission, and these reports are made public. Several political parties and civic organizations have advocated for the passage of a political party law to regulate party practices and finances between elections.

### *Nepal and Taiwan*

Nepal, like the Philippines, currently has no law governing political parties and there are no political finance regulations outside of the campaign period. The country's Election Code of Conduct sets limits for campaign expenditures and requires all candidates and parties to maintain records of expenses and submit them to the election commission, although these records are not routinely made public. A new Political Party Law (2001), however, passed the House in the legislature. Although it has not been implemented yet, the law will require party audits and financial reporting, including disclosure of the names of contributors of more than 25000 rupees (\$333).

Taiwan has not yet enacted a political party law to govern the registration, finances, or operations of political parties. Provisions for political party registration are provided by the Civic Associations Law, which, like Malaysia, is extremely broad, covering registration for all types of civic and charitable groups. The law places few requirements on political parties. An aspiring political party must submit its constitution, its structures and operations, its leadership roster, and registration forms to the ministry. The current law does not prevent political parties from owning and managing financial enterprises, nor does it place any requirements on political party financial practices, such as audits of party financial accounts or declarations of party assets. The Public Officials Election and Recall Law (POERL) and the President and Vice President Election and Recall Law (PVPERL) establish spending and contribution limits for the campaign period and require each candidate to prepare an account book of campaign income and expenditures, audited by a certified public accountant, and to make this account book available for inspection and reference. The state also provides financial subsidies to political parties and candidates based on electoral performance.

Taiwan's legislature is considering amendments to the Election and Recall laws that would eliminate the penalty for breaking contribution and spending limits, which are widely considered unrealistic, and would impose stricter eligibility requirements for candidates. A pending Political Contributions Law would, for the first time, regulate political finances *outside* of the campaign period. Political parties would have to keep detailed and accurate financial records that would be audited by certified public accountants and made available for public inspection. The government has also proposed the enactment of a Political Party Law to regulate the registration and operations of political parties and ban parties from managing their own profit-making enterprises. Interestingly, Taiwan's proposed legislation would actually remove some of the existing requirements, such as the contribution and spending limits, in order to enhance the transparency of campaign finances.

### *Disadvantages of External Legislation*

Stringent external legislation, although an attractive approach to combating political corruption, has disadvantages. Although enforcement of external legislation varies, overall it is extremely difficult for regulating bodies to keep tabs on party activities, expenditures, and income. Even the widely praised Election Commission of Thailand faces resource difficulties and is unable to scrutinize all party records.

In addition to being difficult to enforce, many parties in this study complained that the laws do not take into account the political culture in which they function. As one MP said, “You cannot buy a vote unless someone sells it.” Parties have argued that the laws single them out for sanction without taking into consideration the demands placed upon them. Moreover, laws can frequently underestimate the amount of money that parties need to operate effectively and competitively, and spending limits and regulations are often unrealistic. To emphasize this point, one politician claimed that if he bought one newspaper advertisement, he would violate the campaign spending limit.

The laws can also create perverse incentives. In Korea and Thailand, for example, parties explained that many donors prefer to remain anonymous, so the public disclosure laws force parties either to reject the needed financial support or to break the law. In fact, many report that legislation, such as cumbersome reporting requirements, has simply driven practices underground. “The law has made us all criminals,” reports one MP. In fact, Taiwan has learned that limits on campaign spending and donations *reduces* transparency and is therefore considering lifting the penalties for breaking these limits. It is widely recognized that current accounting reports are inaccurate, so by lifting the penalties of legislation, the government hopes that it will, for the first time, obtain an accurate assessment of actual expenditures and contributions. In other words, legislation can often defeat its own intention of promoting greater transparency in political finance.

### **Findings: Internal Reforms**

Most of those interviewed agree that despite strict external legislative reforms governing political parties and political finance, effective reform must come from within the parties themselves. There are frequently loopholes or other ways in which to circumvent the law if parties do not voluntarily adapt an anti-corruption mandate. In addition, internal party efforts are needed to complement and reinforce legislative requirements and can help demonstrate the party’s anti-corruption message to the voting public.

When embarking on this regional program, NDI and CALD encountered considerable skepticism of the notion that parties would “reform themselves.” In virtually every party interviewed for this program, however, NDI and CALD encountered reformers committed to ridding their parties of money politics. Several parties provided

the researchers with concrete examples of strategies and instruments they use to promote internal transparency, accountability, and democracy in internal party structures and practices. Such reforms include codes of conduct, internal monitoring procedures, financial checks and balances, defined nomination and election processes, among others. These tactics can serve as useful “best practices” for possible replication by other parties in the region.

### *General Party Reform and Anti-Corruption Activities*

Most of the political parties interviewed have publicly recognized the damaging effects of political corruption on their countries’ economic growth and governance and have incorporated the fight against corruption into their party platforms and agendas. Beyond these commitments, many parties have provided concrete critiques of the existing anti-corruption legislation and have advocated specific legislative and governmental reforms. Parties have issued press releases, held forums, and drafted anti-corruption policy prescriptions. Several parties, for example, have recommended changes to the current structure, powers, and activities of the existing anti-corruption bodies, such as the counter corruption commission, election commission, and prosecutor’s office.

Several political parties in the study have also implemented broad internal party reform processes and bodies. A few parties, for example, established reform committees tasked with recommending a wide-range of changes to the party’s current regulations, structure, decision-making procedures, and financial management practices. These reform committees are empowered with a specific mandate and are frequently allowed to operate independently from the other party structures.

Examples of general reform and anti-corruption activities include, but are not limited to:

- The Democratic Action Party (DAP) of Malaysia has placed “anti-corruption” at the top of its agenda and has organized numerous forums to discuss legislative reforms. Specifically, the party made recommendations to the Anti-Corruption Bill of 1997 and has demanded greater transparency in party funding.
- The Kuomintang Party (KMT) of Taiwan recently established an independent Party Reform Task Force comprised of 40-60 party officers of various levels to develop a reform action plan that addresses corruption in the party and attempts to strengthen internal party democracy. Initial reforms put forward by this Task Force include: the election of most party officials by the party’s members, the use of public opinion polls and primaries to determine party candidates, and the complete re-registration of members.
- The Millennium Democratic Party (MDP) of Korea formed an informal “committee on solutions and implementation,” a block of progressive MDP legislators who were successful in drafting, promoting, and building consensus on the recent anti-corruption legislation that passed in the country.

- The Grand National Party (GNP) of Korea recently created a Reform Committee, chaired by a party vice president, to lead the party’s reform and restructuring efforts and draft recommendations.
- The Democrat Party of Thailand has embarked on a reform process that involves a restructuring process to “professionalize” the management of the party to protect against possible conflicts of interest for party MPs and party officials. This reform effort also involves reformulating the party’s platform and agenda. The party has held training seminars across the country to solicit the feedback of its membership.
- The Laban ng Demokratikong Pilipino Party (LDP) of the Philippines is trying to understand better the problem of patronage and opportunistic party defection by organizing internal party seminars, conducting policy discussions, and establishing a party research institute.
- The Sam Rainsy Party of Cambodia has prioritized the fight against corruption, placing anti-corruption as one of 10 fundamental components of the SRP platform. In the National Assembly, the party has advocated for adoption of a tough anti-corruption law, an independent anti-corruption commission, and mandatory declaration of assets for all elected leaders.

### *Candidate and Leadership Selection*

Through the research process, parties shared several strategies for enhancing democracy and transparency in the selection of both candidates for public office and party officials. Most parties interviewed are challenging the leadership-driven and top-down practices of the past by involving more members, and in some cases the public, in the determination of party representation. Very few parties still allow a small number of key leaders to determine all candidates for election or to select officials for party posts. Internal party elections have become the most common process for determining both candidates and party leaders. The breadth of participation in these elections varies from the entire membership of the party to the central committee members. As parties integrate democratic procedures into the selection process, parties report that their candidates are of a higher caliber and the “purchasing” of party positions and nominations becomes more infrequent. If officials and candidates are determined by the entire membership of the party through a clean, secret, and fair voting process, patronage and cronyism can no longer be viable determinants of the party’s leadership and representation.

Examples of reforms to the leadership and candidate selection process include, but are not limited to:

- The Democratic Progressive Party (DPP) of Taiwan has established a special “corruption hotline” for party members to report corrupt behavior within the party nomination and internal election processes. All phone calls are recorded. The Central Standing Committee has also tasked the Deputy Secretary General with investigating corruption in the primary process, serving as the “anti-corruption czar” within the party.

- The DPP has voluntarily implemented term limits for all party leaders in order to avoid a monopoly of power with one group, and, therefore, limit opportunities for corruption and the use of influence and party machinery by incumbents in party elections.
- To ensure that party candidates for public office are nominated in a democratic manner, and not determined by patronage or cronyism, and are accountable to the public and broad party membership, the DPP uses a combination of primary elections involving all members and public opinion surveys to select its candidates. Candidates' scores are based 30% on their performance in the primaries and 70% on their performance in the public opinion polls.
- Gerakan Party of Malaysia allows all candidates for party offices to appoint "election observers" to monitor for corruption during the internal party elections.
- Chart Pattana Party of Thailand allows its branch offices to select party candidates for national elections, to ensure popular support for the candidate locally, and the party's central headquarters rarely interferes with these decisions.
- Partai Keadilan (PK) of Indonesia emphasizes selective criteria for party leadership positions and candidate selection to ensure that "the best person for the job has been given the candidacy."
- Partai Persatuan Pembangunan (PPP) of Indonesia requires all local chairs to be determined by a "one person one vote" process at each level of the congress.

### *Financial Management and Fundraising*

Party representatives frequently cite financial management and fundraising processes as the easiest area for abuse. It is extremely difficult for parties to keep track of all the money flowing in and out of the party, particularly with offices and members spread across the country. Financial donors can also present problems for parties by demanding rewards in return for their support. Parties have approached this problem in many different ways. A few parties have chosen to centralize all party fundraising with the party headquarters to avoid opportunities for corruption. Other parties have called in external management companies to control their assets and finances. Most of the parties interviewed, however, agree that enhanced transparency of party finances limits opportunities for corruption. In other words, the more members who are able to review the financial records and the greater number of checks and balances within the party help the party avoid problems. If money management is tightly controlled by a few leaders, it is difficult to know whether money is received and spent legitimately and it can raise suspicion among party members and the public.

Through the research, parties shared several tactics for preventing corruption in the financial management and fundraising processes, such as:

- The KMT has proposed to transfer all of the party's assets into a trust managed by a private professional management company to enhance transparency of the party's finances and limit opportunities for abuse of party resources.
- The DPP has voluntarily implemented public disclosure of party financial records, including all income and expenditures.

- The Marxist Leninist (ML) Party in Nepal requires all central committee members to receive permission from the party before constructing or expanding a private home in order to monitor for unusual accumulation of wealth, and possible misuse of party resources, and to protect the party's public image.
- The Nepali Congress Party, the United Marxist Leninist (UML) Party, and the Communist Party of Nepal - Marxist-Leninist (CPN-ML) of Nepal include in their codes of conduct a requirement that all party office holders at all levels declare their assets and sources of their income to trace unusual wealth.
- The United Malays National Organization (UMNO) of Malaysia does not allow branch or division party offices to raise money on their own. This prohibition was initiated to avoid the abuse of funds by party members and the influence of donors on the party.

### *Ethical Standards, Training, and Discipline*

Parties have employed a variety of measures to promote ethical conduct among their members, leaders, and candidates, and to punish those who engage in unethical behavior or violate the laws of the party. Frequently, ethical behavior is linked to party loyalty, as many countries in the study experience problems with party defection. Most party representatives interviewed agreed that codes of conduct and written regulations alone are not enough. There need to be other reinforcing preventative measures, such as training, as well as procedures for enforcement, namely evaluation, monitoring, and disciplinary processes. If there is no threat of sanction for committing corrupt acts, such as vote buying, and party regulations are largely ignored, then behavioral change is unlikely.

Although all parties have an official party disciplinary process, some parties argue that informal pressure and reprimands are the most effective way to discipline because they protect party members and officials from "losing face." Few party officials state that their parties actually go through the official disciplinary channels when there is a problem. Instead, they would prefer to handle things "discretely." Other party representatives, however, claim that if there are unclear or opaque disciplinary practices, they can be applied inconsistently, or based on factional favoritism, and can therefore weaken respect for the official laws and rules of the party, fostering a culture of impunity. These representatives believe that parties should strictly follow their regulations in order to build respect for "rule of law" in the party and to strengthen parties as transparent, rule-driven, and formal institutions rather than family-oriented, informal cliques.

Mechanisms to enhance party ethics include:

- The DPP has strict eligibility requirements for party candidates, including signed codes of conduct to hold party candidates accountable to clean campaigns.
- The United Liberal Democrat (ULD) Party in Korea has a code of conduct for party leaders, monitored and implemented by the Committee on the Code of Conduct.

- FUNCINPEC Party in Cambodia has a contract that all party members who hold public office – MPs, ministers, provincial governors -- are required to sign before accepting their appointment. Upon signing a contract, the individual accepts to resign voluntarily from his or her position in the government if he or she violates the provisions in the contract, which relate primarily to ethical conduct and job performance. The party conducts regular evaluations of their members to ensure that the contract is being followed.
- Parti Islam SeMalaysia (PAS) of Malaysia has religious counselors at all levels of the party to provide ethical advice and serve as mentors to party members.
- The New Aspiration Party of Thailand (NAP) holds lectures on corruption and vote buying for party candidates, encouraging monks to participate as facilitators and using religious values as guidelines for ethical behavior.
- UMNO recently established an independent disciplinary committee to investigate and punish corruption within the party. The committee has already expelled six senior UMNO officials for buying votes in internal party elections.
- The DAP of Malaysia requires candidates to sign their own resignation letters for their seats in case they violate party principles, namely by switching parties.
- Lakas-NUCD-UMDP of the Philippines requires all its candidates to sign an agreement stating that they will resign their seats if they defect from the party.
- The Cambodia People’s Party (CPP) of Cambodia has established internal structures to monitor party operations and finances. Party “Controlling Commissions” operate at all levels of the party hierarchy – national, provincial, district, commune, and branch.
- Partai Kebangkitan Bangsa (PKB) of Indonesia provides “Islamic grounding” throughout the country to promote ethical practices.

### *Lessons Learned*

While Thailand and Korea have the most stringent national legislation governing political parties and finance of the countries in the study, the Democratic Progressive Party (DPP) of Taiwan is, perhaps, the party richest with examples of internal party reforms. The DPP has undertaken extraordinary efforts to tackle political corruption by implementing numerous checks and balances within the party and ensuring full transparency of party operations. These efforts are particularly interesting because the party has adopted them voluntarily, as Taiwan has minimal legal requirements placed on parties. The reforms have also paid off at the ballot box. The DPP and its platform of reform won a stunning victory over the KMT in the last presidential election. The KMT’s response to its electoral defeat has been to undertake its own program of party reform and restructuring.

Perhaps no other country demonstrates better the constructive role that voter behavior can play in influencing political practices. Public opinion polls in Taiwan consistently reveal that citizens want clean political parties, and in order to compete effectively, political parties have been forced to demonstrate their “clean politics” credentials. Another “lesson learned” from Taiwan’s experience is that parties tend to

mimic one another. If one party sets the bar high for reform and clean practices, providing voters with a desirable alternative, then other parties tend to follow.

Nepalese parties have also taken significant steps to enhance transparency in the party system through voluntary disclosure requirements. Thai and Korean parties have implemented few reforms that were not already mandated by national legislation, although parties are beginning to explore voluntary reform measures. Some Indonesian, Cambodian, Malaysian, and Philippine parties have implemented interesting internal anti-corruption mechanisms, but there is ample room for additional work.

### **Conclusion and Next Steps**

If parties are recognized as part of the problem of political corruption in Asia, they must also be recognized as part of the solution and can no longer be excluded from anti-corruption discourse. Moreover, NDI and CALD have learned through this program that parties in Asia are homes to many reformers and democrats who want to see good government prevail, and several parties have taken steps to root out the scourge of corruption within. It is a critical time to encourage and support these efforts.

Although external legislation regulating parties, elections, and political finance is one approach to attempt to reform party practices, significant change will also have to come from within. The positive effects of internal party reform go beyond strengthening the political party system and competition in a country. Party practices and conduct can influence the behavior and operating procedures of a country's leaders and legislators, as most of them started their careers in the party system. Anti-corruption indoctrination at the party level has national repercussions by helping build political will for and reinforce national reforms.

The next step for this program is to put the research results into meaningful use. The aim of the research was to take stock of existing reform strategies and mechanisms that have been employed by parties in the eight countries in order to identify best practices for replication. The comparative models provided by the regional research serve as a launching point for further discussion and analysis by party representatives themselves to determine best uses and implementation. NDI and CALD will host a workshop in January 2002 in Bangkok, which will bring together political party representatives to review and expand upon the best practices identified through the research and recommend strategies and tools for implementing reforms within their parties upon returning home.

## **APPENDIX TWO BIOGRAPHIES OF PARTICIPANTS**

### CHAIR

**Mr. Tunku Abdul Aziz Ibrahim** who is Vice-Chairman of Transparency International has held senior management positions in large private and public sector organizations in Malaysia, Hong Kong, and the UK.

Tunku Aziz currently devotes the whole of his time to Transparency International on a voluntary basis and has written and spoken widely on corruption and integrity issues both domestically and internationally. He is a member of the World Bank High Level Advisory Group on Anti-Corruption in the East Asia and Pacific Region, and a member of the Advisory Board of Global Public Policy Networks, a project of “Visioning the UN,” an initiative of the Secretary-General of the United Nations and the United Nations Foundation. He is a member of the Board of the International Institute of Public Ethics.

### DEPUTY CHAIR

**Mr. Ivan Doherty** joined the National Democratic Institute for International Affairs (NDI) in September 1997 as director of political party programs and is the Institute’s principal in-house expert on political party development. Mr. Doherty has an extensive background in political party development and international relations, having worked for more than 15 years with Ireland’s Fine Gael Party. After starting out as a local campaign organizer for the Fine Gael Party, Mr. Doherty held a number of senior positions, including assistant national director of organization, deputy general secretary and general secretary (1990-1994). He was appointed government program manager upon the party’s entry into government in 1994. Mr. Doherty’s extensive international relations experience includes: serving as senior advisor to the European People’s Party parliamentary grouping in the European Parliament; participating in NDI programs in more than 25 countries; and conducting Irish trade promotion missions around the globe.

### PRESENTERS

**Dr. Gothom Arya** is the Registrar at the Asian Institute of Technology (AIT) in Bangkok. Dr. Arya recently left his position as Election Commissioner at the newly established Election Commission of Thailand where he oversaw the 2000 Senate and 2001 House elections and was responsible for implementing the new Organic Law on Elections. Prior to joining the Election Commission, Dr. Arya was the Secretary General of Pollwatch Foundation, an election monitoring organization. He was also previously the Director of the Institute for Rural Development at Chulalongkorn University and Head of the Department of Electrical Engineering at Chulalongkorn University. Dr. Arya is actively involved in several civic organizations and serves as Chair of the Foundation for Child Development, Chair of Forum-Asia Foundation, and Secretary of the 14 October Foundation. Dr. Arya received his Docteur Ingenieur at Paris University in France.

**Dr. Randhir B. Jain** is a former Dean of the Faculty of Social Sciences, and Professor and Head of the Department of Political Science at the University of Delhi in India. In addition, he has served as a visiting Fullbright Professor at Georgetown University in Washington, DC, a Commonwealth Visiting Professor at Carleton University in Ottawa, Canada, and a DAD Fellow at the University of Konstanz in Germany. Presently, he is the Chair of the International Political Science Association's Research Committee Four on Public Bureaucracies in Developing Societies, and is a consultant to many private, governmental, and international agencies, including the Government of India's National Commission to Review the Working of the Constitution. He is the author/editor of more than 25 books and 150 articles/papers. He is an alumnus of the London School of Economics and Politics and Columbia University in New York.

**Mr. Uwe Johann** is the East and Southeast Asia Regional Director of the Friedrich Naumann Foundation in Thailand and has been with the Foundation for 30 years. He had been the Director of the Institute of Politics and International Cooperation in the Foundation's head office in Germany, coordinating and controlling all FNF activities worldwide. He also served as a member of the German Federal Commission for Foreign, European and Development Policy of the Free Democratic Party (FDP). He studied Law, Economics and Political Science. He graduated with an MA in Economics.

#### CAMBODIA

**Mr. Son Chhay** is a Member of Parliament representing the Sam Rainsy Party and has served as a member of the Permanent Committee and as Chair of the Committee for Public Works, Transport, Telecommunications, Post, Industry, Mining, Energy, and Trade of the National Assembly. Mr. Chhay participated in the drafting of several laws, including the National Anti-Corruption Board legislation, Declaration of Assets legislation, and the Council of the Throne. He was recently appointed Coordinator of SEAPAC (Southeast Asia Parliamentarians Against Corruption) at the World Movement for Democracy Conference in Brazil. Mr. Chhay received his Bachelor's Degree in Mathematical Science and Diploma in Education in Australia.

**Mr. Khau Menghean** is currently a Secretary of State in the Ministry of Interior of the Cambodian government and Chief of the Executive Commission of General Administration for FUNCINPEC Party. Mr. Menghean has been involved in the FUNCINPEC movement since 1981 in France. He has also served as Deputy Governor of Phnom Penh and Deputy Head of Administration of the Commercial Bank of Kampuchea. Mr. Menghean also worked in the Bank of Credit Agricole in France and the Immigration Department in Australia. He received his Bachelor's Degree in Law and Political Science from the Cambodia Faculty of Law.

**Mr. Yos Son** is a Member of the Central Committee of the Cambodian People's Party (CPP) and is Chair of the Commission for External Relations. Mr. Son was elected a Member of Parliament in 1998. In 1990, he was nominated as Minister of Education and served in this post for two years. Prior to joining politics, Mr. Son was a secondary

school teacher.

## INDONESIA

**Mr. Pramono Anung Wibowo** is a Member of Parliament and is the Deputy Secretary General of the Indonesian Democracy Party of Struggle (PDI-P). He completed his Bachelor's Degree at Bandung Technology Institute and his Master's Degree at Gadjah Mada University at Yogyakarta, Indonesia, focusing on Mining Engineering and Business, respectively.

**Mr. Husnan Bey Fananie** is a Secretary of the Board of Experts in the United Development Party (PPP). He manages PPP's activities related to promoting the party's values, philosophies, and principles. At present, he is one of the Personal Assistants of the Vice President of Indonesia, Dr. H. Hamzah Haz. Before joining the party, Mr. Fananie was completing his Master's Degree at Rijksuniversiteit Leiden (Leiden University) in the Netherlands in Sociology, Anthropology, and ASEAN and Indonesian studies.

**Mr. Luthfi Hasan Ishaq** is one of the founders of the Justice Party and is a member of the Justice Party's Majelis Syuro (Consultative Board). He manages Treasury and Finance for the Central Board of the Party and is Supervisor of national budgeting of the party. Before joining the Party, Mr. Ishaq was completing his Master's Degree at Punjab University in Lahore, Pakistan in Islamic Studies.

**Mr. Alvin Lie** is a Member of Parliament from the Partai Amanat Nasional (PAN) or the National Mandate Party. He serves as one of the Deputy Chairs of the Reform Faction and is a member of Commission Five, which oversees Trade and Industry, Cooperatives, SME's, and State-Owned Enterprises. Mr. Lie is also the Deputy Secretary General of PAN. He is a graduate of the Chartered Institute of Marketing in the United Kingdom and Strathclyde University in the United Kingdom.

**Mr. Lawrence TP. Siburian** is a member of the Department of Law and Legislation and the Central Board of the Golkar Party, and is the Chair of the Central Board of Legal Aid and Services for Golkar Party until 2003. Mr. Siburian was a member of the Peoples Assembly of Republic of Indonesia, 1997 – 2002, and was the Personal Assistant to the Minister of Justice of Republic of Indonesia, 1993 – 1998. He is a lawyer by profession.

## MALAYSIA

**Dr. Syed Azman Syed Ahmad** is a Member of Parliament from Kuala Terengganu representing the Islamic Party of Malaysia (PAS). He handles the international affairs of the party and is very active in participating in many regional and international programs. Before selected as a MP, he was a lecturer at Malaya University. Dr. Ahmad completed his PhD at Birmingham University in the Department of Political Education in the United States.

**Mr. Khalid Jaafar** is currently Executive Director of the Institute for Policy Research (IKD) in Kuala Lumpur. Mr. Khalid is also a member of the Supreme Council of the National Justice Party (Keadilan) and editor of its newspaper. From 1988 to 1998, Mr. Jaafar served as press secretary to Anwar Ibrahim in his capacities as Minister of Education, Minister of Finance, and later Deputy Prime Minister. Mr. Jaafar earned his degree in mass communication from Universiti Teknologi Mara (UiTM) and worked as journalist for eight years.

**Dr. Vijayaratnam S. Seevaratnam** is Vice President of Gerakan Party and Chair of the party's International Affairs Bureau. He is a Doctor of Medicine and runs a family practice in Malaysia. Dr. Seevaratnam is a member of the National Economic Consultative Council, a Fellow of the Royal Society of Health in London, and an Honorary Fellow of the Indian College of General Practitioners in New Delhi.

**Teresa Kok Suh Sim** is a Member of Parliament in Malaysia. She is also the International Secretary of the Democratic Action Party (DAP) and an elected member of the party's Central Executive Committee. Previously, she worked as political secretary to Mr. Lim Kit Siang, the former Opposition Leader in the Malaysian Parliament from 1990 to 1995. Ms. Sim also served as the coordinator for ASEAN with the International Political Leaders Network Promoting Democracy in Burma (PD Burma) for two years. She graduated from the School of Communication at the University of Science Malaysia (USM), and she received her Master's of Philosophy in political science in University of Malaya (UM).

**Dr. Shamsul Anwar Sulaiman** is an Executive Committee member of the United Malay National Organization (UMNO) Youth and Chair of UMNO Youth's International Affairs Bureau. An Obstetrician and Gynecologist, Dr. Sulaiman runs a family clinic and is a member of the Malaysia Medical Council and Malaysia Medical Association. Dr. Sulaiman has also participated in several international missions and was involved in the establishment of Emergency Medical Mission Teams For Kosova and Afghanistan in partnership with UNHCR, UNESCO, WHO and the World Food Program. Dr. Sulaiman received his B.Med Science and his Medical Degree at the University of Leuven in Belgium.

## NEPAL

**Mr. Hari Bahadur Basnet** is a Central Committee member and Head of the International Relations Department of the Rastriya Prajantanta Party (National Democratic Party). Mr. Basnet entered politics in 1970 and was elected to the Rastriya Panchayat (National Parliament) three times. He has also held several Cabinet ranking ministerial portfolios. Mr. Basnet received a M.Sc. in Engineering.

**Mr. Arjun Narasingha KC** is the Central Committee member and Spokesperson of the Nepali Congress Party (NC). Mr. KC was elected as a member of parliament twice in the 1991 and 1994 parliamentary elections. He also was Minister for Health and Education from 1995 to 1999. He was the party's Chief of the International Wing before he was

appointed the party Spokesperson in 2001. He earned his Master's Degree in Political Science and also taught political science at Tribhuvan University in Nepal before joining politics.

**Mr. Jhala Nath Khanal** is a Central Committee member of the Communist Party of Nepal – United Marxist-Leninists (CPN-UML). He manages the Foreign Relations wing of the party and was formerly the General Secretary of the party. He was one of the Ministers during the interim government of 1990, immediately after the restoration of democracy in the country. Mr. Khanal also became the Information and Communications Minister in 1997. Mr. Khanal completed his studies in Political Science and History at Tribhuvan University in Nepal.

**Mr. Yaggyajeet Shah** is a Member of Parliament representing the Nepal Sadbhawana Party, the forth-largest party in parliament. It is his first term in parliament. Mr. Shah is in the State Affairs Committee, the committee responsible for the anti-corruption Constitutional watchdog bodies, such as the Commission for Investigation of Abuse of Authority (CIAA) and the Election Commission General Administration. He is a graduate from Tribhuvan University in Nepal.

**Mr. Hiranya Lal Shrestha** is a Central Committee member of the Communist Party of Nepal -- Marxist-Leninists (CPN-ML) and oversees the Foreign Relations and Communications wing of the party. He was elected a Member of Parliament twice in the 1991 and 1994 parliamentary elections representing the then CPN-UML Party. Mr. Shrestha completed his Master's Degree in Political Science and taught at the Tribhuvan University in Nepal.

## THE PHILIPPINES

**Dr. Juan Romeo Nereus O. Acosta** is an elected Representative from the 1<sup>st</sup> District of Bukidnon and Vice-President for Mindanao of the Liberal Party of the Philippines. Congressman Acosta is the principal author of the Clean Air Act of 1999, which earned him the distinction of being the only freshman in the 11<sup>th</sup> Congress with a landmark national law to his name. He also has been actively involved as an academic, non-governmental worker, media practitioner, and youth leader. He obtained a PhD in Government and Political Science as an East-West Center doctorate scholar at the University of Hawaii, the United States, following a Master's Degree in International Relations and Political Studies from Indiana University in the United States, and a Bachelor's degree in Political Science from the University of the Philippines. A year after he finished his doctorate degree, he was recognized as one of the Ten Outstanding Young Persons in Asia and the Pacific by the Osaka Junior Chamber, Inc.

**Mr. Danilo M. Coronacion** is the Administrator of the Philippine Coconut Authority (PCA) and is the Deputy for International Affairs of the Lakas-NUCD-UMDP-KAMPI Party and Vice Chair of the party's Political Institute. He is also the Secretary General of the Filipino Christian-Muslim Democratic Movement, Executive Director of the Asian Political Parties Foundation, Inc., and the Executive Director of the Global Foundation

for Christian-Muslim Partnership. Before assuming these posts, Mr. Coronacion held various positions both in government service and non-governmental organizations, such as Deputy Administrator of Philippine Overseas Employment Administration (1996-1998), Senior Special Assistant to the Secretary of Foreign Affairs (1987-1992), Executive Director of the KAS-CREDO Rural Development Project, Vietnam (1988-2000), the National Sectoral Commission of Lakas-NUCD-UMDP (1994-1996), and the Center for Christian-Muslim Democracy (1992-1994). Mr. Coronacion has also been a Member of the Philippine Constitutional Association and the Forum of Democracy Leaders in Asia-Pacific, a Konrad Adenauer Foundation Fellow, a Foreign Policy International Fellow of the University of Maryland, and a Fellow of the Asia Foundation. Mr. Coronacion obtained his Bachelor's Degree in Philosophy/Behavioral Science at Ateneo de Manila University, where he also finished his Master's Degree in Business Administration. He has taken Special Studies in *Development Management* and *Public and International Affairs* at the Asian Institute of Management and the University of Maryland in the United States, respectively.

**Dr. Victor Andres C. Manhit** was Undersecretary for External Affairs and Special Concerns of the Department of Education, Culture and Sports (DECS) from 1998 to 2001, and Deputy Secretary for Administrative and Financial Services of the Philippine Senate from 1996 to 1998. He is presently the Executive Director of the LABAN (Laban ng Demokratikong Pilipino or LDP) Party Institute, a post he has held since 1994. Dr. Manhit is also currently a Member of the Faculty of the Political Science Department of De La Salle University-Manila and a Political and Policy Consultant to opposition leader Senator Edgardo J. Angara and the Senate Committee on Constitutional and Electoral Reforms.

#### SOUTH KOREA

**Dr. Jung-Hyun Joh** of the Grand National Party is the Director General of the Vocational Affairs Bureau and a Member of the Advisory Council on Democratic Peaceful Unification of Korea. He received his Ph. D in Political Science.

**Dr. Sangwoo Kim** is Ambassador for International and Strategic Affairs and Adjunct Professor of International Relations at Kyunghee University in Seoul, Korea. For the last 10 years, Dr. Kim has been a close aid-de-camp to President Kim Dae-Jung on foreign policy, holding various key positions in the National Congress for New Politics, Millennium Democratic Party (MDP), Forum of Democratic Leaders in the Asia-Pacific, and Kim Dae-Jung Peace Foundation. He also was a Member of the National Assembly representing the MDP, where he served on the Standing Committee on Unifications, Foreign Affairs, and Trade as its Vice-Chair. He received his PhD in History from Queens' College, University of Cambridge. Since 1998, he has been a Co-Chair for PD Burma (International Network of Political Leaders Promoting Democracy in Burma) based in Oslo, Norway.

#### TAIWAN

**Dr. Yu-ming Shaw** is Chair of the Board and CEO of the *Central Daily News* and has been an adjunct professor in the Department of Diplomacy at the National Chengchi University since 1983. Dr. Shaw served as the Deputy General Secretary in the Central Committee of the Nationalist Party of China (Kuomintang) from 1999 to 2001, and he was Advisor to the Executive Branch in the government of Taiwan from 1998 to 2000. He also held the position of Director-General of the Government Information Office for the Executive Branch from 1987 to 1991. Dr. Shaw has served as a director and fellow at several academic institutes in Taiwan and the United States, and is the author of 19 books, including: *An American Missionary in China: John Leighton Stuart and Chinese-American Relations*; *Beyond the Economic Miracle: Reflections on the Development Experience of the Republic of China on Taiwan*; and *Hong Kong: A Chinese and International Concern*. Dr. Shaw also serves as Director of the Board of Directors for the Chinese Association of Political Science, the Chinese Association of International Law, and the Chinese Association of American Studies. Dr. Shaw completed his PhD in History at the University of Chicago and his Master's Degree in International Relations at the Fletcher School of Law and Diplomacy at Tufts University in the United States.

**Mr. Wilson H. Tien** is the Director of International Affairs for the Democratic Progressive Party (DPP), a position he has held since 2000. Mr. Tien has also served as Deputy Manager of the New Tides (Faction) Office of the DPP and as Executive Director of the DPP Taipei City Chapter. An engineer by training, Mr. Tien worked as a consultant for the Institute of Information Industry, a Senior Software Engineer for Motorola, and a System Engineer for Delco Electronics. Mr. Tien was an Executive Member of the Taiwan Association for Human Rights and the Secretary General of Mainlanders for Taiwan Independence Association. He received his Master's Degree in Computer Science from Indiana University in the United States.

## THAILAND

**Dr. Parnpree Bahiddha-Nukara** is the Deputy Secretary General and a Member of the Executive Committee of the Chart Pattana Party. He is on the Sub-Committee that drafted legislation on Small and Medium Enterprises Development Bank and is a member of the Small and Medium Enterprises Promotion Committee. Dr. Bahiddha-Nukara was previously the Advisor to the Minister of Industry and Advisor to the Prime Minister on Economics and Foreign Affairs. He was also the Director of the General Environmental Conservation Public Co., Ltd and Chair of Preechakorn Co., Ltd. Dr. Bahiddha-Nukara earned his Bachelor's Degree in Law from Chulalongkorn University, his Master's Degree in Public Administration at the University of Southern California, and his PhD in Government at Claremont Graduate School in the United States.

**Dr. Prakob Chirakiti** is the Director of the Democrat Party. He has also been a Member of Parliament, Chair of the Standing Committee on House Affairs, Advisor to the Deputy Minister of Public Health, and Advisor to the Deputy Minister of Finance. An engineer by training, Dr. Chirakiti is Director of the United Communication Industries in Thailand and was Director of Silom Building and Services. He was also an Associate Professor at the National Institute of Development Administration in Thailand and a Lecturer at the

University of Missouri in the United States. Dr. Chirakiti earned his M.Sc in Engineering Management and Industrial Engineering and his PhD from the University of Missouri in the United States.

**Mr. Pimuk Simaroj** is a Member of Parliament representing the Thai Rak Thai party. He is Spokesperson to the Parliamentary Commission on Energy and Spokesperson to the Foreign Affairs Minister. Mr. Simaroj also serves as Vice Chair of the Executive Board of the Siam United Service Public Company Limited and the Siam Mongkol Marine Company Limited. He previously worked as a financial advisor to Finance One Public Company Limited. Mr. Simaroj received his Bachelor's Degree in Engineering from King Mongkul Institute of Technology in Thailand, his Master's Degree in Business Administration from Michigan State University in the United States, and his Master's Degree in Public Administration from Chulalongkorn University in Thailand.

**Mr. Abhisit Vejjajiva** is a Member of Parliament representing the Democrat Party and is the Deputy Leader of the Democrat Party. From 1997 to 2001, Mr. Vejjajiva was a Minister to the Prime Minister's Office, where he oversaw the Office of the Board of Investment, participated in the revision of the National Education Law, and worked on Bureaucratic Reform of the public sector and state enterprises. Mr. Vejjajiva was also assigned by the Cabinet to participate in the Committee on Policy and Coordination, the Committee on Local Administrative Law and Decentralization, the Committee on Privatization Policy, and the Committee on National Industry Development. He earned his Bachelor's Degree in Philosophy, Politics, and Economics at Oxford University in the United Kingdom, his Master's Degree in Economics from Oxford University, and his Bachelor's Degree in Law from Ramkhamhaeng University in Thailand.

#### OTHER PARTICIPANTS

**Ms. Teresa Benedict** (Malaysia) is currently the Executive Director for The Kuala Lumpur Society for Transparency & Integrity. She was the Program Consultant for Watershed Communities for a local non-governmental organization (NGO) in the Philippines. She was a Researcher for the European Chamber of Commerce, Philippines, in the fields of strategic alliances between the Philippines and Europe; cross-cultural issues and negotiations; analysis of the Electronics Sector in the Philippines. Ms. Benedict is also a volunteer with The Kuala Lumpur Archdiocesan Service Team of the Catholic Charismatic Renewal and was the Secretary of organization for four years. Ms. Benedict earned her Masters in Development Management (MDM) and obtained her Bachelor in Law (LL.B) from the University of London, United Kingdom. She is a qualified advocate and solicitor and has been in active legal practice since 1995.

**Dr. Chee Soon Juan** (Singapore) is a neuropsychologist and a CALD steering committee member. He was formerly a lecturer at the National University of Singapore but was fired from the university three months after he joined the Singapore Democratic Party, of which he is presently the Secretary-General. Dr. Chee is the author of several books including *To Be Free: Stories from Asia's Struggle Against Oppression* and *Your Future, My Faith, Our Freedom: A Democratic Blueprint for Singapore*.

**Mr. Jose Luis Martin C. Gascon, Esq.** (The Philippines) is the Executive Director of the National Institute for Policy Studies (NIPS), a non-governmental organization undertaking research, training, and networking activities on liberal politics in the Philippine context. He is also the Chair of the Liberal Party's Commission on Public Policy and Advocacy. His work has led him to pursue a principal role in contemporary political issues involving constitutional and electoral reforms, campaign finance reform, transparency and accountability in governance, human rights and conflict transformation, and other social reforms. He was recently awarded the 2001 Benigno S. Aquino Fellowship in the field of Public Service. Mr. Gascon is also presently a Member of the Philippine Government's Panel negotiating a comprehensive peace settlement with the National Democratic Front (NDF). He previously served as Member of the Constitutional Commission, which drafted the 1987 Philippine Constitution, and of the 8<sup>th</sup> Congress of the Republic of the Philippines. A lawyer by profession, he obtained both his Bachelor's Degree and LLB from the University of the Philippines. He also read for a Master's of Law Degree (LLM) in International Law at St. Edmund's College, University of Cambridge.

## APPENDIX THREE BIOGRAPHIES OF CONVENORS NDI AND CALD SECRETARIAT

### CALD

**Mr. Sam Rainsy** is Chair of the Council of Asian Liberals and Democrats. He is the Leader of the Opposition in the Cambodian Parliament and Leader of the Sam Rainsy Party of Cambodia, a party that emerged from the Khmer Nation Party of which he was a founder in 1995. Mr. Rainsy was also a founding member of the FUNCINPEC Party and a member of its Steering Committee from 1992 to 1995, and served as Minister of Finance of the Royal Government of Cambodia from 1993 to 1994. From 1971 to 1985, Mr. Rainsy was financial analyst and investment manager for various banks and financial institutions in Paris, including Manufacturers Hanover and Paribas. He joined Paluel-Marmont, a French bank specializing in financial research and stock investment, as Director in 1985 and became Chair and Chief Executive Officer of the Paris-based Investment Company DR Gestion in 1988 until he returned to Cambodia.

Sam Rainsy is a Lawyer registered at the Cambodian Bar Association. Mr. Rainsy has obtained degrees in Political Science (*Diplôme de l'Institut d'Etudes Politiques de Paris-1971*), Economics (*Maîtrise + Diplôme d'Etudes Supérieures de Sciences Economiques from the Faculté de Droit et des Sciences Economiques de Paris-1973*), Accounting (*Diplôme d'Etudes Comptables Supérieures* issued by the French Ministry of Education – 1979), and Business (*Master of Business Administration* from INSEAD, Fontainebleau, France– 1980).

**Mr. John Joseph S. Coronel** is the Executive Director of the Council of Asian Liberals & Democrats (CALD). He does consultancy work in public relations and political campaigns. Mr. Coronel is also a writer and reviewer, and his articles have been published in *The Philippine Post* and *Blueprint Magazine*. He is an officer of the Creative Collective Center that is currently doing a traveling art exhibit covering the Philippines, Thailand, and the United States. He studied at the University of the Philippines and the University of Hawaii. An award winning writer, some of his plays have been staged, and he started his career as one of the writers for *Batibot*, the Philippines' leading children's educational television program.

**Mr. Celito F. Arlegue** is a Program Officer of the Council of Asian Liberals and Democrats (CALD). Mr. Arlegue is working with the organization's Executive Director for a regional program on political parties to combat corruption and is a co-writer of the Philippine section in the program's research report. He also assisted in the recent CALD Globalization Conference held in Manila, the Philippines and is involved in the *Nobel Peace Laureate Campaign for Aung San Suu Kyi and the People of Burma*. Before joining CALD, Mr. Arlegue served as an Instructor of Political Science at De La Salle University, where he taught Philippine government and constitution, Philippine local government, and research-writing in political science. He is now pursuing a Masters in

International Studies at the University of the Philippines, where he also obtained his Bachelor's degree in Political Science-*Cum Laude* in 2000.

**Mr. Angelico O. Mercader** is a Program Officer of the Council of Asian Liberals and Democrats (CALD) based in Quezon City Philippines. He assisted in organizing and implementing CALD's recent Globalization Conference in Manila. Mr. Mercader is also involved in developing media applications for CALD, such as the organization's website and brochure. Before joining CALD, Mr. Mercader was a technical support engineer for Sykes Asia and a free agent in communications design for Walden Design Studios. He was also involved in Filipino youth development programs like the Junior Council of the Children's Museum and Library, Inc (CMLI), where he served as president and Pinoy Sa Canada where he coordinated various projects on Filipino-Canadian identity. He attended the University of the Philippines, receiving a Bachelor's Degree in Philosophy.

### NDI

**Mr. Peter M. Manikas** serves as NDI's regional director for Asia programs and chief of party of its Indonesia project. Previously, he was NDI's chief of party in Bangladesh, Cambodia, and Malawi. From August 1998 to October 2000 he served in Washington, DC as NDI's regional manager of Southern Africa programs. Mr. Manikas has been associated with NDI, first as a consultant, and later as a senior associate, for the past 12 years. He has been involved in NDI's democratic development work in more than 20 countries.

Before joining NDI full-time, he served as a consultant to the chairman of the UN Commission of Experts for the former Yugoslavia, providing advice and research on the law applicable to the conflict. He also served as a senior fellow in International Human Rights Law at DePaul University College of Law's International Human Rights Law Institute in Chicago, Illinois, and he is the co-author of a major treatise on the law applied by the UN's International Criminal Tribunal at The Hague. Mr. Manikas has also served as a consultant to the World Bank, the UN and the United States Agency for International Development on human rights and anti-corruption issues. Earlier, he held the position of research social scientist at Northwestern University's Center for Urban Affairs and Policy Research, and served as the executive director of a court reform commission in Cook County, Illinois, appointed by the chief judge of the Circuit Court of Cook County. Mr. Manikas earned his JD at DePaul University Law School. He is the author of more than 20 publications on international law, elections and public policy.

**Ms. Laura L. Thornton** is Senior Program Manager at the National Democratic Institute for International Affairs (NDI) and is based in Bangkok, Thailand. She manages NDI's regional program on political party strategies to combat corruption and is co-editor of the program's research report. Ms. Thornton has managed NDI's programs in Thailand and Malaysia and worked on NDI election observation programs in Cambodia, Indonesia, Malaysia, Sri Lanka, and Thailand. Prior to joining NDI, Ms. Thornton served as a consultant for the Democracy and Governance unit at the United States Agency for International Development (USAID) in Phnom Penh, Cambodia and as a survey

researcher in Serbia, Yugoslavia and Kosovo. She also worked as a program officer and trainer for women's health and advocacy organizations in Thailand and the United States. Ms. Thornton earned her Bachelor's Degree in History from Northwestern University and her Master's Degree from Princeton University's Woodrow Wilson School for Public and International Affairs, where she received a full fellowship.

**Mr. Ram Garagain** is a Senior Program Officer at the National Democratic Institute in Katmandu, Nepal. He is responsible for coordinating civic and voter education programs throughout the country, managing parliamentary and civic anti-corruption programs, and organizing high-level seminars and workshops on ethics for ministers, party leaders, senior government officials, and civic leaders. Mr. Garagain has over 16 years of experience in teaching at Tribhuvan University, Nepal Law Campus. He has also worked as an Editor of the Parliamentary Affairs and Local Self Governance Bulletins and as a Program Manager for the Privatization Project for the Society for Constitutional and Parliamentary Exercises (SCOPE). Mr. Garagain received his Bachelor's Degree in English and Social Studies and his Master's Degree in English Literature at Tribhuvan University in Nepal.

**Ms. Suppanikar Thewthom** is an Accounting and Logistics Assistant for the National Democratic Institute's office in Thailand. She graduated with a Bachelor's Degree in Arts from Thammasat University in Thailand. Before joining NDI, she took part in the Electricity Generating Authority of Thailand's three-month research program.

**Ms. Dawn Emling** has been working as a consultant to NDI's regional program on political party strategies to combat corruption and co-authored the chapter on Indonesia for the program's research report. Ms. Emling is Managing Director for Tern Consulting, a private firm working in the field of corporate social responsibility in Asia. She also consults independently for non-profit clients in the region on human rights, legal rights, and democracy related issues. Between 1998 and 2001, Ms. Emling served as deputy team leader for the election and democracy support office of USAID/Indonesia. Prior to this, Ms. Emling worked with USAID/South Africa on issues of legislative strengthening, NGO development, and civic education. Ms. Emling has also worked with a US based non-profit organization focusing on human and legal rights education around the world. Ms. Emling holds a Bachelor's Degree in Political Science from the University of Michigan and a Master's Degree in International Development from the American University.

## **APPENDIX FOUR WORKSHOP AGENDA**

### **Steering Committee Members**

Teresa Kok, Democratic Action Party, Malaysia  
Abhisit Vejjajiva and Prakob Chirakiti, Democrat Party, Thailand  
Wilson Hsin Tien, Democratic Progressive Party, Taiwan  
Kim Sangwoo, Millennium Democratic Party, Korea

Conference Conveners:	NDI and CALD
Conference Chairpersons:	Mr. Tunku Abdul Aziz
Conference Deputy Chairs:	Mr. Wilson Tien, DPP Mr. Ivan Doherty, NDI

### **Venues**

1. All plenary sessions (Jan. 14, 15 & 16)  
Regent 1 (ground floor)
2. Briefing for speakers and facilitators (Jan. 13)  
Room 249 (mezzanine floor)
3. Welcome dinner (Jan. 13)  
Pimarnman Room (mezzanine floor)
4. Coffee Breaks  
Regent 1 Foyer (ground floor)
5. Lunch (Jan 14)  
Regent 3 (ground floor)
6. Lunch (Jan 15 & 16)  
Regent 2 (ground floor)
7. Dinner reception (Jan. 14)  
Dinner on Cruise along Chao Praya River
8. Working groups
  - 8.1 Group I (Room 248, mezzanine floor)
  - 8.2 Group II (Room 249, mezzanine floor)
  - 8.3 Group III (Boardroom, ground floor)

# AGENDA

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## Program

### ***Sunday, January 13***

Participants Arrive

- 5:00 pm Briefing for Chair and deputy-Chairs
- 6:00 pm Briefing for facilitators and presenters
- 7:00 pm Informal Welcome Dinner: Open to all participants

### ***Monday, January 14***

8:00 am Registration

#### ***Opening Ceremony***

- 9:00 am Remarks from conveners, NDI and CALD
  - Mr. Sam Rainsy, Chair of CALD and Leader of the Sam Rainsy Party, Cambodia
  - Mr. Peter Manikas, Director of Asia Programs, NDI

Master of Ceremonies:  
Dr. Neric Acosta, Liberal Party, the Philippines

10:00 am Coffee Break

*Participants: Please visit Registration Desk for reimbursement and per diem*

10:15 am Opening Presentations  
Chair: Mr. Tunku Abdul Aziz

1. Overview of the External Party Environment  
Legislative Framework: Party laws, election laws, political finance laws; limitations and shortcomings of legislation; and other factors affecting the environment in which parties operate

Presenter:  
Dr. Gothom Arya, Former Election Commissioner of Thailand

Questions and Answers

2. External Party Environment & Internal Party Reform:  
The European Experience

Presenter:  
Mr. Uwe Johannsen, Regional Director for East & Southeast Asia,  
Friedrich Naumann Stiftung

# AGENDA

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Questions and Answers

### 3. Overview of Internal Party Reform

Challenges to internal party reform, the implementation process, and building consensus and electoral appeal

Presenter:

Dr. Randhir B. Jain, University of Delhi, India

Questions and Answers

### ***End of Opening Ceremony***

12:00 pm LUNCH

1:30 pm Rules of Procedure – Remarks from the Chair and Deputy-Chairs  
Open Discussion/Q&A

2:00 pm Party Presentations  
Chair: Mr. Ivan Doherty

Party representatives will share their experiences with internal reform, using a particular example as a case study. Presenters will address obstacles, the implementation process, and lessons learned. 15 minutes each.

1) Leadership and candidate selection

-Mr. Wilson Tien, Democratic Progressive Party, Taiwan

2) Ethical standards and evaluation

-Mr. Khau Menghean, FUNCINPEC, Cambodia

-Mr. Arjun Narasingha KC, Nepali Congress Party, Nepal

-Dr. Syed Azman Syed Ahmed, Islamic Party of Malaysia (PAS), Malaysia

3:30 pm Coffee Break

*Please Visit Registration Desk for Reimbursement and Per Diem*

3:45 pm Presentations continued

3) General reform measures and financial management

-Dr. Yu-ming Shaw, The Nationalist Party (KMT), Taiwan

-Mr. Yos Son, Cambodia People's Party (CPP), Cambodia

4) Building a legislative agenda for reform

-Mr. Abhisit Vejjajiva, Democrat Party, Thailand

-Dr. Kim Sangwoo, Millennium Democratic Party (MDP), Korea

# AGENDA

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- 5:00 pm Discussion/Q&A
- 6:15 pm Assemble in hotel lobby for departure to dinner
- 6:30 pm Departure of bus
- 7:30 pm Dinner

## ***Tuesday, January 15***

- 9:00 am Recap of previous day/review agenda
  - Chair Tunku Abdul Aziz and Deputy Chair Wilson Tien
- 9:30 am Terms of Reference for Working Groups:  
Objectives, Process, and Outcomes.
  - Deputy Chair Ivan Doherty

Q&A
- 10:15 am Coffee Break
- 10:30 am WORKING GROUPS – Each working group will have a facilitator, a co-facilitator, and a note-taker. Materials from the research, including a list of party reform mechanisms identified to date, will be provided as a launching point for discussion. Each group will be tasked with identifying the obstacles to internal party reform, discussing the implementation process and lessons learned, and producing recommendations of party reform mechanisms (drawing on the research findings as well). **OUTCOME:** Each group will develop a list of “best practices.”

Session One: Identifying problems of corruption in the party system and needed areas for reform. Develop recommendations and “best practices.”

- 1) Leadership and candidate selection  
Facilitator: Mr. Chito Gascon  
Co-Facilitator: Mr. Wilson Tien
- 2) Ethics, evaluation, and discipline  
Facilitator: Chee Soon Juan  
Co-Facilitator: Dr. Randhir B. Jain
- 3) Financial management and fundraising  
Facilitator: Dr. Victor Andres C. Manhit  
Co-Facilitator: Mr. Tunku Abdul Aziz
- 4) Developing a legislative agenda for reform

# AGENDA

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Facilitator: Dr. Vijayaratnam S. Seevaratnam  
Co-Facilitator: Mr. Ivan Doherty

12:00 pm LUNCH

1:30 pm WORKING GROUPS continued

Session Two: Discussing obstacles to implementation of reforms, strategies to overcome those obstacles, and lessons learned.

2:30 pm Coffee Break

2:45 pm PRESENTATIONS in plenary – The facilitator from each working group will present the group’s findings and conclusions.

4:00 pm Open discussion

FREE EVENING

[CALD and NDI: \*\* Write up of recommendations from working groups\*\*]

## ***Wednesday, January 16***

9:00 am Distribution of reform recommendations from the working groups

Consensus on recommendations. Synthesis of best practices: 5-6 things that all parties should consider in each area to ensure the integrity of their operations.

Facilitator: Mr. Ivan Doherty

10:30 am Coffee Break

11:00 am Future Regional Initiatives

- 1) What is needed? Skills, technical assistance, materials?
- 2) Collaboration with other organizations/Future regional networking opportunities
- 3) Other regional initiatives: Money and Politics Handbook, USAID, Presenter: Dr. Gene Ward

Facilitator: Mr. Peter Manikas

12:00 pm LUNCH

1:00 pm Closing Ceremony  
- Mr. Sam Rainsy, CALD Chair

# AGENDA

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- Mr. Tunku Abdul Aziz, Workshop Chair

Master of Ceremonies: Ms. Teresa Kok Suh Sim, Democratic  
Action Party, Malaysia

1:30 pm PRESS CONFERENCE

**APPENDIX FIVE**  
**TERMS OF REFERENCE FOR PARTICIPANTS**

**POLITICAL PARTY STRATEGIES TO  
COMBAT CORRUPTION**

**The National Democratic Institute for International Affairs (NDI) and  
The Council of Asian Liberals and Democrats (CALD)**

January 14-16, 2002  
Bangkok, Thailand

**Terms of Reference for Participants**

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The National Democratic Institute for International Affairs (NDI) and the Council of Asian Liberals and Democrats (CALD) are pleased that you will be participating in the workshop on Political Party Strategies to Combat Corruption in Bangkok January 14-16, 2002.

This workshop is part of a program NDI and CALD launched in March 2001 to support Asian political parties in their efforts to address ‘money politics,’ by promoting greater regional dialogue, sharing lessons learned, and identifying best practices. The program consists of three primary components: (1) comparative research in eight Asian countries to explore legislative measures governing political finance and parties and to document existing internal party reforms to reduce opportunities for corruption; (2) a workshop to equip political party leaders with practical tools and skills to implement internal reform; and (3) greater regional networking through the establishment of an anti-corruption resource center for political parties.

At the workshop, political party leaders and reformers representing both ruling and opposition parties, which participated in the research component of the program, will come together to share experiences, network, and discuss challenges to creating strong, accountable political parties and to tackling the problem of money politics. The workshop aims to ensure complete party ownership and management, and almost all of the facilitators, presenters, and chairpersons at the workshop will be the party participants themselves, with the exception of a few resource persons. At the workshop, NDI and CALD will play only a consultative role.

A Steering Committee of five party officials helped identify the objectives and draft the agenda for the workshop, with input from NDI and CALD staff persons. The central aim of the workshop is to identify specific tactics and strategies political parties can use to promote greater democracy, accountability, and transparency in party structures and practices in order to limit opportunities for corruption. Participants will share “best practices” for party reform and discuss strategies for successful adaptation and implementation.

***Program Rationale and Background***

Corruption poses one of the gravest threats to economic growth, democracy, and political stability, in countries across the globe at all stages of political and economic development. In Asia, in particular, political corruption has taken on a new prominence in public discourse due to its devastating impact on public confidence in political and economic institutions. Actors from all sectors, including political parties and political party leaders, recognize the need to develop more effective strategies to control the influence of money in politics.

Increasingly, political parties are recognizing their central role in both the problem of and solution to political corruption. Whether motivated by a principled commitment to the ideals of good governance or by more practical considerations of political survival and electoral appeal, political party leaders across Asia are prioritizing the battle against corruption. In some cases, party leaders have provided substance to their anti-corruption rhetoric, supporting national anti-corruption legislation as well as adopting new strategies and implementing specific measures such as codes of conduct, declarations of assets, and other reforms that promote greater transparency within party operations and increase accountability of party structures. In parties that have been slower to act, party reformers have raised the profile of internal anti-corruption issues and applied greater pressure on party leaders to take concrete steps to fight corruption.

Despite this new recognition within Asian political parties of the need to address political corruption, often parties are not included in larger dialogues on corruption at the national and regional levels. Increased efforts are needed to bring parties into the anti-corruption debate and to support party initiatives in combating corruption. For this reason, NDI and CALD launched a regional party program on strategies to combat corruption. The purpose of the program is to understand better the financial challenges Asian political parties face and to support parties in their efforts to reduce opportunities for corruption from within.

In the first stage of this program, NDI and CALD conducted research to identify existing party strategies and mechanisms to limit opportunities for corruption, whether voluntarily adapted or mandated by external legislation. This research took place in eight countries: Cambodia, Indonesia, Malaysia, Nepal, Philippines, South Korea, Taiwan, and Thailand. NDI and CALD first examined the external environment in which parties function. The research explored the general political context of each country, including the country's transition to democracy, current political climate, governance and electoral systems, and problems with political corruption. In particular, NDI and CALD studied the legislation and institutions governing political parties, elections, and political finance.

Most importantly, however, the research focused on internal political party reforms. The political parties in the study generously shared various strategies they currently employ to promote greater internal democracy, accountability, and transparency in party structures, decision-making processes, candidate and leadership selection, financial management, fundraising practices, the establishment of ethical criteria, and disciplinary procedures. Parties described such tactics as codes of conduct, mandatory

disclosure requirements, financial audits, independent disciplinary committees, training and ethical education programs, monitoring and evaluation procedures, term limits for party leaders, among others.

The draft research findings are included with this briefing book.

### ***Workshop Objectives and Outcomes***

Based on planning discussions between CALD, NDI, and the Steering Committee, the January 2002 workshop aims **to identify concrete strategies political parties have implemented to promote transparency, democracy, and accountability within political party structures and processes**, with the aim to reduce opportunities for corruption.

It is evident that the broader national political and economic structures, political culture, and legislative frameworks (such as the level of economic development, the independence of the judiciary and media, level of education, among other factors) determine in many ways the state of political corruption in any given country. These issues cannot be adequately addressed at a regional conference, as the contexts differ significantly from country to country. The conference will therefore focus on the internal structures and systems of political parties and explore the common challenges parties everywhere face.

The conference will not concentrate on personalities or politics but rather on the party systems and how they can be improved. Members of the Steering Committee expressed concern that parties would not want to discuss internal party affairs in front of competitors. As a result, the conference will not explore details about private financial matters or political strategies. Further, there will be no discussion of corruption scandals. Rather, the conference will examine general party systems, processes, and procedures and will highlight positive reform strategies and anti-corruption best practices.

In addition to identifying successful internal party reform strategies for possible replication, the conference also aims **to explore the obstacles to the reform implementation process**, as the process of advocating and developing reform measures is as essential as the strategies themselves. Participants will have an opportunity to learn from the experiences of other parties in promoting internal reform and how certain approaches succeeded or failed.

Similarly, the Steering Committee determined that another objective of the conference would be **to identify strategies for promoting a successful legislative agenda for reform**, particularly in countries with weaker anti-corruption legislation and enforcement. The workshop will not address specific recommendations for legislative reforms, but rather focus on the process of developing a legislative agenda within parties, drawing on the experiences of the participants.

The outcomes of the workshop will be reform recommendations, based on party best practices, as well as suggestions for successful implementation. Party representatives may also decide to sign a “Plan of Action,” agreeing to introduce some of the workshop recommendations to their parties upon returning home. These recommendations will obviously have to be tailored to the unique context of each country and party. Finally, the conference will end by identifying important follow-on activities, and participants will recommend future regional initiatives and networking activities.

## *Activities*

### DAY ONE

The first day of the workshop will provide an overview of the issue of internal party reform and several “case studies” of party anti-corruption strategies. The objectives of the first day are to set a broad framework for discussion and introduce several concepts for in-depth analysis during the working group sessions on the following day.

- Panel Presentations: Academics and Experts

Following opening remarks from the conveners and the keynote address, there will be a presentation on the general external political party environment. The presenter will discuss the limitations and advantages of various legislative measures (regulations on political finance, elections, and political parties) and their impact on parties. In addition, the presentation will address other factors affecting political party activities, such as the media, state of civil liberties, independence of the judiciary, political culture, and other factors.

The following presentations will provide an overview of the internal party reform and renewal process. The presenters will discuss the challenges of party reform and lessons learned from the region and globally.

These overview presentations will be followed by an open discussion in the plenary.

- Panel Presentations: Party Representatives

A panel of party representatives will present specific reform strategies based on party case studies in the following areas: candidate and leadership selection; ethical standards, evaluation, and discipline; financial management and fundraising; and building a legislative agenda for reform.

Each presenter will describe a specific example of a reform mechanism or tactic that his or her party has employed. The presenter will describe the entire implementation process from the initial problem or need that necessitated the reform, to the development, planning, and initiation of the reform, to the impact

of the reform. The presenters will be asked to discuss obstacles to the implementation process and the lessons learned from the process.

Following the panel presentations, discussion will be open to the floor.

## DAY TWO

On the second day of the workshop, participants will engage in intense brainstorming and discussion on internal reform strategies and implementation. Following an introductory session on the aims, process, and structure of the day's activities, participants will break into four working groups. Materials from NDI and CALD's research, including descriptions of several party reform mechanisms identified to date, will be provided as a launching point for discussion. Each group will be tasked with identifying the obstacles to internal party reform, discussing the implementation process and lessons learned, and producing recommendations of party reforms. The outcome of each working group will be a list of "best practices." Each group will have an appointed facilitator to manage discussion and report working group outcomes to the plenary.

There will be two sessions in each working group. In the morning session, participants will discuss the problems they have encountered in terms of corrupt practices and the needed areas for reform. The working group will then focus on the various reform strategies parties have developed to address those needs. Participants will share the measures that were successful or unsuccessful, compiling a list of "best practices," which will expand upon the research findings and the panel presentations the day before.

In the afternoon session of the working group, participants will discuss the obstacles to reform, the challenges of implementation, and lessons learned. The objective of this session is to identify strategies for introducing and building support for reform within the party. Participants will discuss such issues as: identifying the party body most appropriate for introducing reform; building an anti-corruption mandate among members; overcoming the challenges to implementation; developing a workplan and timeline for reforms; evaluating the progress of reform; among other issues.

In the afternoon, participants will come together again in the plenary, and each group facilitator will report the findings and outcomes of the working group sessions, followed by an open discussion.

## DAY THREE

On the final day of the workshop, participants will review the compiled list of "best practices" produced by the working groups and make revisions. Participants will then develop a Plan of Action, a statement of the activities participants agree to introduce to their parties upon returning home. This session will also focus on how participants can call upon and support one another in these efforts through on-going networking.

Finally, in the afternoon, participants will recommend future regional initiatives and identify needs for support and technical assistance.

### ***Preparation and Questions for Consideration***

This workshop requires the active and thoughtful involvement and contributions from **all** participants. The workshop results and agreements will be the exclusive product of the discussions and recommendations from party representatives, while NDI and CALD will play only a facilitative role. It will be helpful, therefore, for party participants to spend some time planning for the workshop, considering the four key topic areas to be addressed and the contributions they would like to make.

- **Candidate and leadership selection.** This topic addresses the process for determining both the party's candidates for public office and the party's leadership and officials. Party representatives will share the various procedures their parties employ for choosing candidates and leaders, the problems they have encountered, and any reforms their parties have implemented in the selection process.

Questions for consideration:

- What are some measures of selecting candidates that reduce opportunities for corruption and manipulation? Should all members vote on the selection of candidates? Should a committee decide? Should members of the public be consulted? Should branch offices choose the candidate from their areas?
  - How should leaders and officials of the party be selected? By election? By appointment? How should local party leaders and officials be determined?
  - Should party leaders have ultimate veto power?
  - What are some problems encountered in the selection process of both candidates and leaders? Vote buying? Bribery? Cronyism? Patronage?
  - What are possible mechanisms for reform? Open primaries? Public opinion polling? Full membership elections? Term limits for all positions? What are the advantages and disadvantages of each option?
- **Ethical standards, evaluation, and discipline.** This topic addresses the criteria and requirements for party officials and candidates and the process through which party officials and leaders are held accountable to those requirements. Party representatives will share the various standards to which they hold their members, officials, and candidates accountable, and identify reform needs.

Questions for consideration:

- Are codes of conduct for party members effective? What other contracts are important? Conflict of interest clauses? Disclosure procedures? Set criteria for ethical behavior?
  - Is it difficult to monitor the behavior of party members? How does the party know if members are committing illegal activities? Is it difficult to encourage party members to serve as “watchdogs” or does a culture of camaraderie prevent this?
  - What are effective disciplinary measures? Is it best to have formal or informal procedures? Are policies of incentives and disincentives helpful?
  - Are there examples of preventative measures that are successful in encouraging ethics within the party? Training? Ethics counselors? Religious advisers?
- Financial management and fundraising. This topic addresses the way in which the party manages and raises money. Participants will discuss the various procedures their parties use to manage finances and raise money and mechanisms for avoiding abuses.

Questions for consideration:

- Should professional accountants manage party funds?
  - Should party financial records made available to all members of the party? To the public? To any particular government monitoring agency?
  - Should there be external audits of party accounts?
  - How should party funds be controlled? Who should have authorization over bank accounts? Are greater checks on financial management advantageous?
  - Are there examples of fundraising tactics that limit opportunities for corruption? Should there be specific fundraising guidelines? Who should manage fundraising for the party? Should party members have to report all the funds they raise?
  - Should parties place any restrictions on donors? Are there sources of funding parties should reject? How can parties monitor for contributions from “dark sources”?
  - Is it difficult to keep track of the money coming into the parties? How should parties handle contributions going directly to the candidates? In cases where funds are given to candidates, do parties have any particular policies to monitor and keep track of such exchanges?
- Building a legislative agenda for reform. This topic strays from the theme of internal party reform and addresses how parties can develop legislative reform proposals. Participants will share successful strategies for placing reform on the legislative agenda and discuss essential legislative measures.

Questions for consideration:

- What are successful strategies to build support within the party for an anti-corruption legislative proposal? How does a party develop a good marketing strategy?
- How can parties build support among constituents? Forums? Public hearings? How can parties better infiltrate the reform recommendations of voters?
- What are some techniques for coordinating with other parties?
- Are there minimal legislative measures recommended for all countries in the region? Full financial disclosure? Limits? Public declarations of assets and liabilities? An independent election commission?

The workshop does not aim to answer all the questions posed above, nor are these questions inclusive. Rather, the questions are designed simply to present some “food for thought” prior to the workshop. We strongly encourage each participant to bring ideas, suggestions, and questions of her or his own.

## APPENDIX SIX WORKING GROUP GUIDELINES

**Working Group One:**  
**Leadership and Candidate Selection**  
**Facilitator: Mr. Chito Gascon**  
**Co-Facilitator: Mr. Wilson Tien**

This topic addresses the process for determining both candidates for public office and the party's own leadership and officials. Participants will share the various procedures their parties employ for choosing candidates and leaders, the problems they have encountered, and any reforms their parties have implemented in the selection process.

**\*\*The outcome of the working group will be a list of "best practices" and recommendations of reforms to the candidate and leadership selection process.\*\***

### Session One

1. Problems encountered in the candidate/leadership selection process. The group will be tasked with discussing the various methods of candidate and leadership selection and problems or opportunities for corruption in the process.
  - What are some of the methods for selecting candidates and party leadership (elections, appointment)? Who is involved in the process?
  - What are some problems encountered in the selection process of both candidates and leaders? Vote buying? Bribery? Cronyism? Patronage?
  - Do members need to provide financial support to the party in order to secure nomination for a party post or candidacy? Is this a form of bribery?
  - How influential is the party's Executive Committee in the process?

2. Reforms. The group will explore possible measures of selecting candidates and leaders that reduce opportunities for corruption and manipulation, and the advantages and disadvantages of the measures. As a launching point for discussion, here are some of the party reforms identified through NDI and CALD's research:

- "Corruption hotlines" for members to report corrupt behavior within the party nomination and internal election processes.
- Anti-corruption, independent monitoring bodies within the party to investigate the internal campaign process and expose vote buying.
- Term limits for all party leaders to avoid a monopoly of power with one group, and, therefore, limit opportunities for corruption and the use of influence and party machinery by incumbents.
- Open primary elections allowing the public to select the party's candidates for office.
- For party offices, *all* members of the party participate in the selection process.
- No tenured or appointed positions in the party - all officials determined by election.
- Public opinion surveys to assess public views on party nominations and determine candidates.
- "Election observers" for each candidate in order to monitor for corruption during the internal party elections.

This group will discuss the above tactics and add to the list.

### 3. Questions for consideration

In general, parties report that as they integrate democratic procedures into the selection process, their candidates are of a higher caliber and the "purchasing" of party positions and nominations becomes more infrequent. When, for example, officials and candidates are determined by the entire membership of the party through a clean, secret, and fair voting process, patronage and cronyism are no longer determine party leadership and representation.

- Who should select candidates and leaders? All members? A committee?
- Should members of the public be consulted?
- Should branch offices choose the candidate from their areas?
- Should party leaders have ultimate veto power?
- In general, how can parties enhance the democratic nature of their selection process?

### Session Two

In the afternoon, this group will finalize the list of "best practices" and recommendations.

Participants in this session should also:

- Discuss the implementation process: building an internal party consensus for reform, designing and executing a workplan for reforms, vetting the reforms with constituents and the public, etc.
- Share some of the obstacles to implementation: encountering internal party resistance, winning over key stake-holders, monitoring party activities, overcoming culture of informality, etc.
- Identify strategies to overcome those obstacles and share lessons learned from past experiences.
- Determine evaluation tactics to measure the impact of the reforms and their effectiveness.
- Discuss the role of constituents and the general public in promoting these reforms.

The group will share their strategies for effective implementation in the plenary.

### **Working Group Two:**

**Ethical Standards, Evaluation, and Discipline**

**Facilitator: Dr. Soon Juan Chee**

**Co-Facilitator: Dr. Randhir B. Jain**

This topic addresses the ethical criteria and standards for party members and the process through which they are held accountable to those requirements. Participants will identify reform needs and share successful methods for promoting party ethics.

**\*\*The outcome of the working group will be a list of "best practices" and recommendations of reforms.\*\***

### Session One

1. Problems encountered with party discipline. The group will identify difficulties maintaining ethical behavior among members.

- Is it difficult to monitor the behavior of party members? How does the party know if members are committing illegal activities? How can a party set effective standards of behavior?
- Is it difficult to encourage party members to serve as "watchdogs?" Does a culture of camaraderie prevent this? Are there concerns about members "losing face?"
- Does ethical behavior become more difficult to maintain as the party grows? If the party is in the ruling or opposition coalition?

2. Reforms. The group will also discuss successful mechanisms for promoting ethical behavior and the advantages and disadvantages of each mechanism. Participants will share effective methods of evaluation and discipline. As a launching point for discussion, here are some of the reforms identified through NDI and CALD's research:

- Signed codes of conduct to hold party candidates accountable to clean campaigns.
- Party contracts for party officials and candidates (e.g. conflict of interest agreements).
- Public declarations of assets and liabilities for all party officials.

- Contracts outlining ethical and performance expectations, in which public officials from the party agree to resign voluntarily from their government position if they violate the contract.
- Job performance criteria and evaluation guidelines. Annual performance reviews of party representatives. Soliciting reviews from the community.
- Religious or ethics counselors at all levels of the party to provide ethical advice, organize trainings, and serve as mentors to party members.
- Trainings and lectures on corruption and vote buying for party candidates, utilizing respected people from the community or religious leaders.
- Independent disciplinary committees, separate from party leadership, to conduct investigations and hold hearings.

This group will discuss the above tactics and add to the list.

### 3. Questions for consideration

Many party representatives agree that codes of conduct and written regulations alone are not enough. There need to be other reinforcing preventative measures (e.g. training) and procedures for enforcement, such as evaluation, monitoring, and disciplinary processes. If there is no threat of sanction, and party regulations are largely ignored, then behavioral change is unlikely.

- Are codes of conduct for party members effective? What other contracts are important? Conflict of interest clauses? Disclosure procedures? Set criteria for ethical behavior?
- Are there examples of preventative measures that are successful in encouraging ethics within the party? Training? Ethics counselors? Religious advisers?
- How can disciplinary procedures be more effective? Is it best to have formal or informal procedures? If there are unclear or informal disciplinary practices, can they be applied inconsistently? Do informal measures weaken respect for the official laws and rules of the party, fostering a culture of impunity?

- What is the role of the public in preventing unethical behavior?  
How can their influence be improved?

### Session Two

In the afternoon, this group will finalize the list of "best practices" and recommendations.

Participants in this session should also:

- Discuss the implementation process: building an internal party consensus for reform, designing and executing a workplan for reforms, vetting the reforms with constituents and the public, etc.
- Share some of the obstacles to implementation: encountering internal party resistance, winning over key stake-holders, monitoring party activities, overcoming culture of informality, etc.
- Identify strategies to overcome those obstacles and share lessons learned from past experiences.
- Determine evaluation tactics to measure the impact of the reforms and their effectiveness.
- Discuss the role of constituents and the general public in promoting these reforms.

The group will share their strategies for effective implementation in the plenary.

### **Working Group Three:**

#### **Financial Management and Fundraising**

**Facilitator: Dr. Victor Andres C. Manhit**

**Co-Facilitator: Mr. Tunku Abdul Aziz**

This topic addresses the way in which the party manages and raises money. Participants will discuss the various procedures used and mechanisms for avoiding abuses.

**\*\*The outcome of this working group will be to develop a list of "best practices" and recommendations for reforms to the financial management and fundraising processes.\*\***

### Session One

1. Problems encountered in financial management and fundraising. The group will be tasked with discussing the various methods of managing party finances and fundraising. Participants will discuss the opportunities for corruption discovered in financial management and fundraising.
  - How are party funds controlled? Who has authorization over bank accounts? What types of "checks" on financial management exist?
  - Do parties have specific fundraising guidelines? Who manages fundraising for the party? Do party members have to report all the funds they raise?
  - Is it difficult to keep track of the money coming into the parties? How can the party monitor all contributions?
  - How do parties handle contributions going directly to the candidates? In cases where funds are given to candidates, do parties have any particular policies to monitor and keep track of such exchanges?
  - What the most common areas for abuse? Is it difficult to monitor for "dark sources" of funding?
  - Do financial donors present problems for parties by demanding rewards in return for their support?
  - Do parties have problems with members of the party altering their books or "double counting" expenses? Can the party trust the financial reports it receives from branch offices?
  
2. Reforms. The group will also discuss possible mechanisms for limiting corruption in the financial management and fundraising processes, and the advantages and disadvantages of these tactics. As a launching point for discussion, here are some of the party reforms identified through NDI and CALD's research:

- Transferring all of the party's assets into an external trust managed by a private professional management company to enhance transparency of the party's finances and limit opportunities for abuse of party resources.
- Full public disclosure of party financial records, including all income and expenditures and the names of donors.
- Consultation with the party before purchasing large luxury items like cars, houses, etc. in order to monitor for unusual accumulation of wealth, and possible misuse of party resources, and to protect the party's public image.
- Requirement that all party office holders at all levels declare their assets and sources of their income to trace unusual wealth.
- Prohibition on branch or division party offices fundraising (fully centralized fundraising) in order to avoid the abuse of funds by party members and the influence of donors on the party.

This group will discuss the above tactics and add to the list.

### 3. Questions for consideration

Party representatives frequently cite financial management and fundraising processes as the easiest area for abuse. Most parties agree that enhanced transparency of party finances limits opportunities for corruption. In other words, the more members able to review financial records, and the greater number of checks and balances, help the party avoid problems. If money management is tightly controlled by a few leaders, it is difficult to know whether money is received and spent legitimately and it can raise suspicion among party members and the public.

- Should professional, independent accountants manage party funds? How can the party keep the accountants insulated from internal politics and possible manipulation from party officials?
- Should there be external audits of party accounts? Neutral outsiders to look through the party's finances and make a report?

- Should party financial records made available to all members of the party? To the public? To any particular government monitoring agency?
- Are there examples of fundraising tactics that limit opportunities for corruption? Should only the party headquarters conduct fundraising? How can the party monitor for corrupt practices?
- Should parties place any restrictions on donors? Are there sources of funding parties should reject?

## Session Two

In the afternoon, this group will finalize the list of "best practices" and recommendations.

Participants in this session should also:

- Discuss the implementation process: building an internal party consensus for reform, designing and executing a workplan for reforms, vetting the reforms with constituents and the public, etc.
- Share some of the obstacles to implementation: encountering internal party resistance, winning over key stake-holders, monitoring party activities, overcoming culture of informality, etc.
- Identify strategies to overcome those obstacles and share lessons learned from past experiences.
- Determine evaluation tactics to measure the impact of the reforms and their effectiveness.
- Discuss the role of constituents and the general public in promoting these reforms.

The group will share their strategies for effective implementation in the plenary.

### **Working Group Four:**

#### **Building a Legislative Agenda for Reform**

**Facilitator: Dr. Vijayaratnam S. Seevaratnam**

## **Co-Facilitator: Mr. Ivan Doherty**

Participants will share successful strategies for placing reform on the legislative agenda and discuss essential legislative measures.

**\*\*The outcome of this working group will be a list of strategies and tactics to promote legislative reforms.\*\***

### Session One

1. Problems encountered in advocating for reforms. The group will discuss some of the challenges to promoting a legislative agenda, both within and outside the party.
2. Tactics for proposing legislative reforms. There are many tactics parties have employed to promote specific anti-corruption legislation. As a launching point for discussion, here are some of the tactics identified through NDI and CALD's research:
  - Organize forums with civic groups, academics, and citizens to discuss legislative reforms.
  - Form a party task force responsible for studying current legislation on corruption and transparency, and developing a reform action plan.
  - Build informal committees within the party (or wings) on reform to draft, promote, and build consensus on needed legislation.
  - Establish party think tanks and research institutes to examine the problem of political corruption and propose solutions.
  - Create cross-party advocacy committees of party members to build legislative support for proposals.
3. Questions for consideration

Many political parties have incorporated the fight against corruption into their party platforms and agendas and provided concrete critiques of the existing anti-corruption legislation, advocating specific legislative and governmental reforms. Parties have issued press releases, held forums, and drafted anti-corruption policy prescriptions. Several parties, for

example, have recommended changes to the current structure, powers, and activities of the existing anti-corruption bodies, such as the counter corruption commission, election commission, and prosecutor's office.

- What are successful strategies to build support within the party for an anti-corruption legislative proposal? How does a party develop a good marketing strategy?
- How can parties build support among constituents? Forums? Public hearings? How can parties better infiltrate the reform recommendations of voters?
- What are some techniques for coordinating with other parties?
- Are there minimal legislative measures recommended for all countries in the region? Full financial disclosure? Limits? Public declarations of assets and liabilities? An independent election commission?

## Session Two

In the afternoon, this group will finalize the list of recommendations and then discuss some of the obstacles to implementation. Participants will share strategies to overcome those obstacles and lessons learned from the process. The group will note down successful strategies to share in the plenary.

**APPENDIX SEVEN  
PRESS RELEASE**

**MEDIA RELEASE**  
**16 January 2002, Bangkok**

Asian Political Parties Commit Themselves to Reform

Political Party officials from ruling and opposition parties in eight countries in Asia committed themselves to be part of serious and long-term efforts in order to combat political corruption that continues to plague their respective countries.

In an unprecedented regional workshop, jointly sponsored by the National Democratic Institute (NDI) and the Council of Asian Liberals & Democrats (CALD), leading party officials, including members of parliament, set aside their ideological differences and sat down together to discuss the problem of corruption and come up with a list of practical recommendations for action.

After a three-day workshop made possible by an NDI grant, the participants from Cambodia, Indonesia, Malaysia, Nepal, Philippines, South Korea, Taiwan and Thailand formulated their recommendations that both generate impact and yet realistic in terms of scope and attainability. Among the strongest recommendations were:

- comprehensive legislative frameworks to ensure financial accountability, controls and disclosure of campaign spending, the disclosure of assets of candidates and party officials, the upholding of ethical standards, the avoidance of conflicts of interest, the penalization of money laundering
- enforcement of anti-corruption legislation and party standards through independent institutions, such as election commissions and counter corruption commissions
- state funding for political parties wherein proportional funds are allocated to parties

- transparency and accountability within political parties themselves, particularly in financial contributions and management, through disclosure mechanisms, audits, and professional management systems
- exercising greater democracy, particularly in selection and election of party officials, by involving broader membership participation and public input
- conducting further research, strengthening the research capabilities of political parties and encouraging the establishment or expansion of political party institutes
- regional collaboration in order to share ideas and information and to monitor on a regional level progress made within countries and political parties
- dialogue and collaboration with other sectors particularly, civil society, business, media and the academe

Ivan Doherty of the National Democratic Institute emphasized that political parties themselves must take the lead in implementing these recommendations and even expand its coverage to other political parties. Participants also reiterated the need for internal party reform, regardless of opposition or ruling status, to complement external legislative measures.

“Parties are now ready to take an active role alongside civil society,” declared conference chair, Dr. Tunku Abdul Aziz Ibrahim, Vice-Chairman of Transparency International.

**APPENDIX EIGHT  
PAPERS OF PRESENTERS**

## **OPENING SPEECH OF CALD CHAIRMAN SAM RAINSY**

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Greetings!

There is this Asian folktale about a monkey and a goat. Their master who is a farmer, left a bowl of rice inside his hut but before leaving he commanded, "This rice is my supper. Do not eat it." After the farmer left, the goat fell asleep and the monkey ate the bowl of rice. After several hours, the monkey peeped from the window and saw the farmer approaching. Surreptitiously, he placed rice grains around the mouth of the goat. The farmer, tired and hungry, barged in and saw the empty bowl on his table. "Who ate my supper?!" he bellowed. The monkey with the acting skills of a great thespian—and the panache of a shrewd politician—raised his hands timidly but his eyes gazed towards the sleeping goat. The farmer, upon seeing rice grains dripping from the mouth of the goat, flared. He took his blade and slaughtered the goat. The monkey went out, the farmer presumed because it could not stand such gory sight. Back in the forest, the monkey gloated and jumped in joy.

Fables usually have a moral story. A cynic perhaps would draw the following conclusions: one, crime does pay and two, there is seldom justice in this world. Or perhaps, a valuable lesson in the context of corruption "You are innocent until you are caught."

But although such a folktale at first sight may appear as being totally devoid of a moral lesson—ironically the very essence of a fable, it does present some valuable truisms.

If anything else it underscores the importance of sound values, accountability of action, transparency of decision-making processes and wise counsel in leadership. If these principles were present, the goat would still be alive; the monkey banished to the wilderness where it belonged; and the farmer would probably have more harvest and livestock than what he ended up with—in this case, an empty bowl and a carcass of a murdered goat.

But what I would like to point out is that corruption is beyond statistics, case studies and academic research work. For more

than counting dollars and cents the cost of corruption, we must hear the cries, smell the stench, view in full color the squalor and most painfully feel the suffering. We must see the human face of corruption, and more importantly, its effects. And what a tragic face it is: street children, beggars, prostituted women, a neglected citizenry, sickness and death brought about by dilapidated infrastructure and non-functioning public services, and so on and so forth *ad nauseam*. And even more tragic are those concealed beneath this face of corruption: the complete distortion of values, the total disregard for human dignity and the disintegration of the moral fibers of entire societies.

Countless activities and efforts have been conducted in order to fight corruption. I am quite sure that for majority of you, this is not the first time you would be attending an anti-corruption activity.

My colleagues in CALD agree that we have attended so many conferences, seminars and workshops on corruption. And some expressed their pessimism, if not exasperation. Oh no, not another anti-corruption activity! It is therefore important that the workshop becomes not just a mere academic exercise, or worse, a lip service just to show that we are doing something. As in any other workshop, the essence of the activity is its application. I do not wish to ignore the importance of theoretical frameworks and references, for indeed they are. But even the so-called best practices will be of no value unless they are precisely practiced and implemented with seriousness and political will and in significant magnitude and impact.

A strong point of this workshop is the fact that we have excellent representations from ruling parties, opposition parties and members of either ruling or opposition coalitions. Aside from such a mix, you who are here are all integral in your respective organizations and you are in a position to effect intraorganizational reform particularly in the areas of leadership and candidate selection, ethical standards and evaluation, and financial management; and to help formulate a legislative agenda for reform. It heartens me to see such a congregation of people from diverse political persuasions in a spirit of unity and cooperation to address a serious problem plaguing our nations. We may be of different ideologies but we are one in our hopes and dreams for our people, our countries and the community of nations.

Admittedly, this project had raised eyebrows. Imagine, a workshop on how political parties can combat corruption. Detractors and critics may ask, “but aren’t political parties part of this corruption?” or “what would be the impetus for political parties to be part of an endeavor aimed towards reforming the political system if they benefit from such a system in the first place?” As a member of a party—especially a party that much to my consternation bears my name—it pains me to admit that yes this is true. These are valid doubts and questions that cannot be ignored.

But on the other hand, we cannot allow ourselves to be trapped in this “Catch-22” situation. Corruption is one of those chicken and egg dilemmas that are tough to crack. Is it possible for a party to reform even in a political context characterized by graft, oppression and persecution? Must an idealistic and principled party concentrate on being part of greater social reforms without being bothered by short-term concerns?

The world is getting more and more complex. The world had long ceased to be viewed in black or white. It does not follow that if you are part of the problem, you should not be part of the solution. Yes, parties may contribute to corruption or at the very least, be unable to escape the system that it is part of but we do not have the luxury to remain apathetic and do nothing. Otherwise, we simply perish by default; we die by virtue of obsolescence.

I agree with the assertion of Ivan Doherty that much as civil society is important in any democracy, it cannot replace political parties. And for parties to be able to succeed in any advocacy—whether in anti-corruption or whatever endeavor—it must first and foremost, be strong, dynamic and accountable. In many developing countries, parties are either too weak on one extreme or too monolithic on the other, or too centered towards a strong personality without a concrete or serious platform to speak of, or too insignificant in a setting where the electorate are not even aware of their existence. Political parties are important but it is also up to political parties to make themselves relevant.

A corrupt society is like a sick person. Corruption is the tumor that destroys the human being. Political parties are both part of

the organism and part of the tumor. We therefore cannot have the moral ascendancy to demand for social reforms in our governments and states unless we incise from our own organism (the political party) the cancerous tissues of patronage and fraud; this malignancy of guns, goons and gold used and abused all in the name of political power.

Change is possible. Change is necessary. And therefore, we must make reforms inevitable. Otherwise, why bother?

Asia has gone a long way but it still has a lot of things to be done. In Asia, we have many of the oldest civilizations of the world. In Asia too are the biggest and oldest colonies of Western powers. In many cases, the transition from colonization to democracy was a tumultuous event characterized by long periods of home-grown tyranny.

Our organization, the Council of Asian Liberals & Democrats has been cognizant of the most critical issues affecting the region and in our humble way, we have attempted to address some of these issues. In the 1998 CALD Conference in Bangkok which was during the height of the Asian economic crisis, we attempted to face head on the political dimensions of what was essentially seen as an economic problem.

In our 2000 Jakarta Conference, we recognized the trend of democratization that was sweeping the region and how shared experiences from nations in various levels of democratic developments could learn from one another. Just last November in Manila, CALD attempted to tackle the impact of globalization in the region and discuss appropriate political responses to the global challenge.

It was in the 1998 Bangkok Conference where CALD argued that the crisis could have been prevented or at least, its impact cushioned more effectively if there were sounder policies in place and had systems and practices of accountability and transparency been installed and implemented. Now also in Bangkok, but this time with a new partner, the National Democratic Institute, we would attempt to support political parties in their efforts to implement internal anti-corruption reforms through enhanced democracy, accountability, and transparency in party structures and practices.

I view all these endeavors as part of a continuum of our democratic struggles towards our cherished and collective aspirations of freedom, prosperity, peace and justice. From Bangkok 1998 to Bangkok in 2002, these are but part of a dynamic, complex, unfinished and on-going process. "Democracy," as the President John Kennedy once said, "is never a final achievement. It is a call to an untiring effort." All of us have to pay democracy's exacting price of eternal vigilance.

In behalf of my colleagues in the Council of Asian Liberals & Democrats, I would like to extend my gratitude to the National Democratic Institute here represented by Peter Manikas, the Head of the Asia Team, Ivan Doherty of Washington DC and Laura Thornton who heads the Bangkok office. May this project be the beginning of a meaningful and beautiful relationship between our two organizations bound by common visions and goals. I would like to especially thank all those coming from the different political parties who have set aside differences in pursuit of collective dreams.

A pond that remains stagnant inevitably becomes murky. Only when fresh water flows in could this pond be clean again. Let fresh water flow in and in doing so, we reach the level of purity and uprightness that we all aspire for.

Good day and thank you very much.

**IMPLEMENTING PARTY REFORMS IN SOUTH ASIA:  
CHALLENGES AND STRATEGIES**

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# IMPLEMENTING PARTY REFORMS IN SOUTH ASIA: CHALLENGES AND STRATEGIES

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## Introduction:

Party systems in South Asia have not followed any uniform pattern of evolution or development. Despite the fact that except for Nepal, other countries in South Asia viz. India, Sri Lanka, Pakistan, and Bangladesh have shared long common historical traditions and colonial legacies, each of the country in the region has adopted its own political system without any common party features mostly present in most Western polities. Except for India and Sri Lanka who had remained democracies after Independence, Nepal, Pakistan and Bangladesh have faced varying intermittent spells of democracy and authoritarian rules which prevented or at least incapacitated the political parties to develop and function as normal entities. An attempt is made in this paper to review the emerging common characteristics and peculiar features of political parties in some of the countries of South Asia, with a view to identify the challenges that they face and to develop possible strategies for reform to combat corruption. The countries chosen for study in this paper are India, Sri Lanka, Nepal, Pakistan and Bangladesh, which have the structure of a viable party system in comparison to other South Asian countries -- Bhutan and Maldives.

## I

### Emerging Characteristics of Political Parties in South Asia

Party systems in South Asia have not evolved within the legislatures as in some Western countries nor have they followed Maurice Duverger's theorization of the formulation of party systems within parliaments. In most of these countries nationalist leaders have been preoccupied with the liberation of their country from the colonial yoke or with the problems of highly unstable political developments in the aftermath of Independence. Thus political parties in South Asia have extra-parliamentary origins or as one political analyst has observed "are externally created parties", or "the creatures of systematic political crisis, while in other circumstances their emergence itself creates a crisis for the system."<sup>1</sup> As is illustrated by the example of the Indian National Congress (INC), the oldest party in South Asia founded in 1885, political

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<sup>1</sup> See Joseph LaPalombara, and Myron Weiner (eds.), *Political Parties and Political Development* (Princeton, N.J., Princeton University Press, 1996), p.13. and Lok Raj Baral, "Political Parties and Governance in South Asia" in V. A. Pai Panandiker (ed.), *Problems of Governance in South Asia (New Delhi, Centre for Policy Research, Konark Publishers Pvt Ltd., 2000), pp.155-200.*

parties in this region were instruments of first achieving independence and then converting themselves into political institutions to run the governmental systems created by them. Similarly in Nepal, the Nepali Congress (NC) was instrumental in achieving democracy and to develop the country through democratic norms. However, as the experiences of Pakistan and Bangladesh show, the creation of Pakistan People's Party (PPP), the Bangladesh Nationalist Party (BNP) and the Jatiyo Dal (JD) are the creation of charismatic leaders and authoritarian dictators to either combat emergent political crises or for insuring regime stability with which to realize their own ambitions. Of course in course of time, they became legitimized as major parties in Pakistan and Bangladesh.

Since all countries in South Asia are multi-ethnic, multi-religious, multi-caste and multi-class in nature, political parties in South Asia are greatly influenced more by ethnic, tribal, regional, sub-national and religious diversities that polarize into specific groups for promoting the aggregated interests of each of them. They seem to find their origins in caste, class, and other forms of socio-economic hierarchies. While in India and Nepal, caste is a dominating factor, in Sri Lanka and Bangladesh, family and community factors determine the genesis and continuity of parties, in Pakistan, the political parties are still the exclusive domain of the landed aristocracy or of other forms of the feudal and moneyed class. In recent times, however, religious fundamentalism has played an important role in determining the ideological orientation of parties in both Pakistan and Bangladesh, more in the former than in the latter.

In order to gain greater political support, political parties in South Asia have been vying with each other, albeit with limited degree of success to assimilate the different caste, class, cultural, ethnic or religious groups within their folds. It is more visible in India with a large number of social formations at the lower rungs of the socio-economic hierarchy asserting themselves with new awareness of their role in governance. In other countries of the region, e.g. Sri Lanka and Pakistan, an increased assertiveness of the people at large is apparent in ethnic mobilization and in trying to redress the elite-mass gap, although with little success. It is indeed a very daunting task for any party system to achieve this without resorting to universal participatory model of governance. Even in India this task has proved very challenging despite the free universal suffrage, free media and press, and constitutionally decentralized system of government with one of the most liberal and effective system of affirmative action in the world.

Political parties in South Asia are in a state of great political ferment with some of them declining and others trying to survive on the basis of ethnicity, caste, tribe, religion, community, sub-nationalism,, regionalism or secessionism. The grand old historical parties like INC in India, the Pakistan Muslim League (PML) in Pakistan, the United National Party (UNP) in Sri Lanka and even NC and Awami League (AL) of Bangladesh have considerably lost their initial mass appeal. Thus since the ideological content of most parties in South Asia has almost eroded, they cannot be sustainable in the long run. Lack of inner-party democracy, personalized party leadership, corruption and malfeasance in party funding and governance, lack of direction and coherent policies accompanied by frequent defections and splits have besmirched the image of parties in South Asia.

## II

### Critical Areas for Reform of Political Parties

In the background of the evolving characteristics of political parties in Asia during the last fifty years as described above, the following areas of reforms seem to be of immediate concern.

1. Institutionalization of Political Parties - Need for a Comprehensive Legislation to regulate party activities. Definition of a Party -Criteria for Registration as a National or Regional Parties — Recognition and de-recognition of political parties.

2. Structural and organizational Reforms - Party organizations - National - State and local levels- Inner Party democracy - Regular Party Elections -recruitment of party cadres, socialization, development and training -research thinking and policy planning activities of the party.
3. Problems of Party Funding -Need for an appropriate legislation to regulate party funds - distribution and spending of party funds during non-election and election times.
4. Transparency in operations: Maintenance of Regular Accounts by the Political Parties-Auditing and publishing - available for open inspection.
5. Party system and Electoral system - To what extent and in what way the electoral system could be reformed so as to pave the way for the establishment of stable governments based on the concept of two party system or dual party alliance system – Is there a need to change the system of single member constituencies and first past the post system to a mixed system or a proportional method of representation along with the simple majority system ?
6. Ensuring Party Loyalties and Affiliations - Guarding against Defections.- Strengthening and strict application of Anti-defection Laws, wherever existing.
7. How to check the role of ethnicity, casteism and communalism in the functioning of the party systems?
8. How to check the proliferation of independent candidates, and the malpractices associated with putting up independent candidates at the time of elections?
9. Party system and governance - How to make parties as viable instrument for good governance?
10. Party System and the maintenance of standards and values in public life? The main problem is to check the phenomenon of the criminalization of politics and the politicization of criminals. How to introduce values in political life and bring about cleanliness in the working of governmental systems seems to be the biggest problem of the political systems in South Asia. today.

The manner in which political parties in South Asia are increasingly becoming anarchical in both their behavioural norms and functions suggests that too much compromise for staying in power would result in bad governance. If members of parliament and assemblies themselves become rowdy in their behaviour as is demonstrated by frequent walkouts, sit ins into the well of the house, installing the proceedings of the house on filmsical grounds for days on and on without regard to the staggering financial burden that it is causing to the public exchequer, apart from the precious waste of time and energy of the political elites, breaking furniture, communication equipment, using these as weapons to beat and hurt the opponents within the precincts of the house, prompting the Speaker as in India to frequently remark that it was "a mindless mockery of the people who have returned us to Parliament". it is shameful not only to the people of India but also to those who look upon Indian democracy for inspiration. The politics of splits, defection, violence and 'subterfuge' has taken over the governance of many countries in South Asia showing no deference to constitutional norms, rules and procedures. Such trends are likely to be routine affairs, if parties continue to stoop too low for grabbing power by force or by foul means.

Under the circumstances it is of utmost importance that political parties in South Asia strengthen their managerial and crisis management capacity and put their house together in order not only to survive, but also to effectively discharge their party and political obligations. At the same time it is essential that they develop viable strategies to combat corruption in public life and to project a clean image and transparency in their operations. Better management, autonomy to all layers and inner party democracy, accommodation of all sections of society in the decision making process, adopting the criterion of achievement rather than ascription in the selection of party leaders and candidates for contesting elections enforcement of a set of parties' own code of conduct and self-initiated reforms are likely to improve party systems in South Asia.

*Party Reforms in South Asia – Strategies to Combat Corruption*

Reforming political parties in the countries of South Asia to make them work according to the principles and values of their constitutions is indeed a very formidable challenge facing them today. In India, a National Commission to Review the Working of the Constitution is presently engaged in the task of making recommendations to streamline the working of political parties in order to tone up the system of parliamentary democracy and correct the various aberrations that have crept up in its working during the last fifty years. Similarly Nepal is also currently engaged in the enactment of a Political Parties Regulating Act to establish parameters for the smooth functioning of political parties in the nascent constitutional monarchy. In the light of such steps being taken in some countries of South Asia, it is evident that political elites in this region are quite concerned in bringing out reforms in the operations of political parties. To what extent the reform measures suggested and adopted would respond to the challenges of combating various forms of corruption would, however, depend on the will of the political leadership in each of the countries to implement these measures. However, one could venture to make some tentative suggestions for a strategy of reforms in this regard:

**A. Statutory Regulation:**

Firstly, a comprehensive legislation is necessary to regulate the functioning of political parties in most South Asian countries, which should provide conditions about the constitution of a political party and for registration, recognition, and derecognition. It should be made compulsory for all political parties to get registered under the proposed Act.

*B. Structural and Organizational Reforms:*

1. The constitution of the parties submitted for Registration under the above law should provide:
  - (a) a declaration to the adherence to the democratic values and norms of Constitution in their inner party organizations
  - (b) a declaration to shun violence for political gains
  - (c) a declaration not to resort to casteism and communalism for political mobilisation, but to adhere to the principles of secularism in the achievement of their objectives.
  - (d) provision for party conventions to nominate and select candidates for political offices at the grass roots and state levels.
  - (e) representation to the weaker sections of the society in party offices and candidates for contesting of polls.
2. Educational Training and Developmental Activities: Political parties should in their constitutions provide for establishing some institutional mechanism for planning, thinking and research on crucial politico-socio-economic issues facing the nation and to create educational cells for socializing their party cadres and preparing them for responsibilities of governance.

Political parties in South Asia should seriously consider adopting the leadership convention system, as is practiced in countries like Canada, and the USA. This would have the advantage first, of making the leadership election process more open, democratic, and federal. Second, the people will know in advance of the prospective Prime Ministerial/Presidential candidates. Third, it would introduce a nationally aggregative mechanism in major parties and curb the tendency of regionalisation and fragmentation. If the

national convention is found too expensive, a series of staggered state conventions may be held by major parties with their respective slates of candidates (common for all the states in one party). This will go a long way in making parties aggregative and thus more functional in a parliamentary federal system of governance.

### *C. Curbing Criminalisation of Politics:*

The entry of criminals in politics is a matter of great concern. Although it can be prevented by laws, but more than that it is within the powers of political parties to see that no criminal or people with the reputation of being in criminal activities are selected as their candidates for election to the legislative bodies. This does not need any amendment in the Election Laws or in the Constitution of the countries. The proposed law on political parties should provide that no political party would be able to sponsor and provide ticket to a candidate who

- a) has either been convicted by any court for any criminal offences for at least six years or duration of his conviction, whichever is greater, after the date of his conviction.
- b) or if the courts have framed the criminal charges against any prospective candidate, this should be enough to disqualify his candidature.
- c) any person convicted for any heinous crime like rape, murder, etc. should be permanently debarred from contesting for any political office. If a person is convicted by court for crime other than the heinous crimes, he should be debarred from contesting elections for the period of six years or for the period of conviction whichever is greater.
- d) At the time of their filing nominations for elections, candidates should be made to declare the cases pending against them involving charges of criminal conduct or corruption.
- e) Criminal cases pending before the Courts against politicians either for trial or in appeal must be disposed off speedily by appointing Special Tribunals or Courts to dispose off such cases. There is a need for speeding up the processes of judiciary in cases against politicians, if criminalisation in politics is to be checked.

### *D. Checking Proliferation of Independent candidates:*

Fielding of candidates without any party affiliations in the election fray often leads to a number of corrupt practices. While in a democracy an individual's right to stand for the elective offices cannot be curbed, but proliferation of independent candidates has given rise to a number of misdemeanors. It has been observed that many times the independent candidates withdraw from the electoral contest in favour of a particular party candidate, after they have entered into a political bargain with him/her and have received some hush money in the process. At other times too many independent candidates tend to blur the actual support that party candidates receive in a particular constituency. Many a time independent candidates are put up in order to make a dent in the number of votes likely to be received by their opponents.

In order to check the proliferation of the number of independent candidates and the various corrupt practices, that enter as a result into the election process, it is suggested that the security deposits in respect of independent candidates be raised to three times that of what is required by the candidates sponsored by political parties.

The security deposits should be doubled progressively every year for those independent candidates who fail to win and still keep on contesting year after year.

If any independent candidate has failed to get at least five percent of the total number of votes cast in his constituency, he/she should not be allowed to contest as independent candidate for the same office again at least for 6 years.

Any candidate who loses election three times consecutively for the same office while contesting as an independent candidate should be permanently debarred to contest election to that office.

A rule should be made that candidates contesting as independents should secure their nomination at least by hundred members spread out in majority of electoral districts in their constituency.

#### *E. Problem of Transparency in Party Funding and Election Expenses:*

An analysis has so far clearly shown that the problem of political funding is a complex and undeniable reality, and that there are no panaceas to remedy it. In effect, the premise that there are no absolute truths or ideal solutions in electoral matters has gained even more strength with regard to funding for two main reasons. One because of the close link that exists between this issue and the specific characteristics of the political system as a whole, as well as with the characteristics of the political party system in particular. Another reason is the permanent relationship posed by this subject with the values of political culture, which may mean that any solution can be evaluated in completely different ways in different contexts. For instance, whereas in Scandinavian countries the disclosure of electoral expenses and sources of funding is perceived as a violation of the fundamental principle of the right to voter secrecy, in other countries, such as Germany and Canada, these practices are viewed as exactly the opposite, as a guarantee of transparency in political activity and of the citizens' right to be duly informed.

Two other considerations deserve attention in making any kind of recommendations. The first one has to do with emphasising the importance of reviewing the funding system, not only in terms of the aims of the reform effort and its desired effects on the political system and system of political parties, but also with respect to the degree of effectiveness of regulations as well as their undesirable or immoral effects. The second expresses the need to insist that not every reform to the funding system must be analysed separately, but rather as an integral part of political/electoral reforms as a whole. This is so because the consequences of such an analysis affect very important aspects, such as competition among parties, conditions for competition, the system of political parties and, consequently, the very credibility and legitimacy of democracy itself.

Moreover, every reform on this issue must be aimed at achieving greater and improved levels of transparency with respect to party revenues and expenditures. In fact, the issue of transparency and public disclosure is crucial to the fight against political corruption. In principle, this need would seem more fitting with regard to hefty contributions than for small ones, since the greater the contribution, the greater the risk of dependence and the greater the danger of corruption. Thus, there is a need for greater transparency and public disclosure in respect of party funding. This demand for transparency must be conceived, rather, as a democratic value in itself, a tool designed to avoid any wrongful influences of money in politics that might lead to corruption.

If laws are intended to be effective with regard to transparency, they should be very general in nature and be enforced with respect to everyone, and not just political parties or candidates, but also to the donors as well. Otherwise, alternate or indirect ways to evade control will be devised. In fact, while it is essential to strengthen regulation, the mechanisms and capabilities of supervision and controlling entities, this only addresses part of the problem. Quite often, funding and commitments do not reach the parties, but rather go directly to the candidate and his/her inner circle of supporters. This is even truer today, with the image and credibility crisis that partisan organisations have been undergoing, and the emergence of regional leaders due to the decentralisation process. This usually tends to make transactions between donors and beneficiaries become even more secretive. Hence, the main leaders or party members are often not aware of private contributions (many of them dubious in origin and in quite large sums), but only the candidate and his/her inner circle, which frequently consists of private contributors and/or individuals not involved in the party.

Consequently, any proposals for reforms concerning political funding should revolve, among other things, around the following five main objectives: (i) reducing the influence of money by diminishing its impact

(by shortening campaigns, establishing ceilings on expenditures and limiting individual contributions); (ii) improving the use of money by investing it on more productive activities for the sake of democracy, and not just squandering it on propaganda and negative campaigns; (iii) stopping, or at least curtailing, as much as possible, current levels of influence peddling and political corruption; (iv) strengthening public disclosure and transparency mechanisms with respect to both the origin and the use of funds; and (v) promoting fairer requirements for elections, particularly concerning access to the media.

*An Agenda for Action to Combat Corruption:*

On the basis of the aforesaid analysis, it will be appropriate to frame some specific suggestions to serve as an “Agenda for Action”, to bring about a semblance of control and transparency in respect of political finance in countries of South Asia.. The suggestions could be divided under five different categories: (A) Regulating political contributions (B) Controlling electoral expenditures (C) Monitoring of electoral expenses (D) State funding of election expenses, and (E) Monitoring of assets of Elected Candidates.

A. Regulating Political Contributions:

- A. 1. There is a need for one comprehensive legislation regarding the regulation of political contributions to political parties and towards election expenses. The various existing provisions in different Acts in various countries need to be consolidated into a single law regulating the flow of funds to political parties both from the internal as well as external sources.
- A. 2. Legislation should provide for compulsory auditing of the accounts of all political parties registered with the Election Commission or some such body by an independent authority specified under the new law regulating the functioning of political parties, publishing of audited party accounts to be made available for public inspection and scrutiny, and immediate de-recognition and/or enforcement of penalties for filing false or incorrect election returns.
- A.3. Legislation should also contain provisions for making both donors and receivers of political funds accountable.
- A.4. Individuals and corporate agency be permitted to make contributions to the political parties up to a certain ceiling and an incentive to this effect be provided in terms of tax concessions.
- A.5. The Government. should encourage the corporate bodies and agencies to establish an electoral trust which should be able to finance political parties on an equitable basis at the time of elections.

B. Controlling Electoral Expenditures

- B.1. No association or body of persons ( except a registered political party ) or individual should be permitted to incur any election expenditure without authorization of the concerned candidate or his election agent, and if so authorized, such expenditure should be included in the return of the election expenses of the candidate concerned. Any candidate violating these provisions should be liable with punishment with minimum imprisonment of one year which may be extended up to five years and with fine.
- B. 2. In view of the increasing cost of the election campaigns, it is desirable that the existing ceiling on election expenses for the various legislative bodies be suitably raised to a reasonable level reflecting the increasing costs. However, this ceiling should include all the expenses by the candidate as well as by his political party or his friends and his well-wishers or any other expenses incurred in any political activity sponsored on behalf of the candidate by an individual or a corporate entity. Such a provision should be the part of the legislation regulating political funding.

### C. Monitoring of Electoral Expenses

- C.1 The Election Commission/or any such institution should devise specific format(s) for filing of election returns by the candidates as well as political parties in such a manner that the fudging of accounts be made difficult. The returns of expenses filed by the candidates and the tax returns filed by candidates and political parties be made public. These accounts should be monitored through a system of checking and cross-checking through the income-tax returns filed by the candidates, parties and their well-wishers.
- C.2 The Election Commission/or such similar body should organize training-cum-orientation workshops for the candidates and party agents to enable them to manage party accounts and election expenses in the format prescribed by the Election Commission, especially on the eve of elections.
- C.3 A suitable law is to be enacted providing penalties against damaging or desecrating public or private property by candidates, political parties or the agents, through painting of slogans or erecting cutouts and hoarding or putting banners and buntings.
- C.4 The law should also provide for a separate judicial tribunal to ensure strict compliance of these regulations, should any dispute arise in respect of the alleged violations of such regulations by any candidate, political party or his agents and well-wishers.

### D. State Funding of Elections

- D.1 In countries where state funding is not in operation, there is a need for at least a limited support to be extended by the Government, which may not necessarily be in cash but in kind, such as making available electoral rolls without charges, providing for conveyances, postage or campaign facilities on a common platform,.
- D.2 The government should provide equal opportunity for allotment of time to political parties to carry out their election campaigns on the Government controlled TV and Radio media.
- D.3. The government should also establish an electoral fund for purposes of meeting the expenses towards state funding of elections by prescribing a small amount of election levy on the electors and allocating this money to political parties on the basis of their past performance and/or support.

### E. Monitoring Assets of Elected Candidates:

In effect, a valuable, useful tool in the fight against corruption would be a legislation to make it possible to ascertain details about the patrimony of elected candidates by means of public affidavits. Every elected person should before assuming office file an affidavit about his property and income for the last three years and that of his immediate family members' assets and properties. Such affidavits should be audited by the Special Authority created by the above proposed Act on Political Parties. Filing of false affidavits should be a ground for disqualification. During their term of office, elected officials should also submit audited reports of their income, assets and properties on an yearly basis, as well as a final audited statement at the end of their term of office. This type of measures would serve to keep the public fully informed about the patrimony and lifestyle of politicians before they assume power, during their term of office and at its conclusion, thereby avoiding any unlawful acquisition of wealth.

### F. Strengthening of Anti-Defection Measures:

Huge sums of money exchange hands under the pretext of defections on the basis of conscience, which in reality are for political gains and lead to corrupt practices. In order to check incidences of such defections from the political parties, there is a need for Anti-Defection Laws, under which it should be provided that

anybody wanting to change his party affiliation after being elected on that party's ticket, should first resign from the Assembly, Parliament or the concerned Legislature and seek a fresh mandate from the electorate. Such persons should also be debarred to hold any public office of a minister or any other remunerative post political post for at least during the remaining term of the existing legislature or until, the next fresh elections whichever is shorter. With such a law, there would be very few defections taking place and would be helpful in curbing the malpractices associated with it.

#### *G. Party Systems and Governance:*

1. As the parties provide the necessary political leadership for governance, it is appropriate that the incumbent to public offices must be chosen on the basis of their integrity and capacity to administer. If the political parties have a continuous program of grooming the potential members of their parties for different types of assignments corresponding to the ministries and departments of the government, things would become easier and a smooth transition of the government could take place. At the same time, the parties could contribute effectively to the processes of policy formulation, implementation and governance even while remaining in opposition.
2. The practice of political parties extending support to the government from the parliamentary floor from outside is an amoral exercise of power without responsibility. This inhibits the process of governance and has been the immediate cause of premature collapse of all the governments in India since 1989. It is suggested that this practice must be abolished, if the coalition governments in many South Asian countries have to survive and carry on their task of governance.
3. The practice of bloating the Council of Ministers by the Prime Ministers must also be stopped. It is suggested that a ceiling in the number of Ministers in any government be fixed at the maximum of 10% of the total strength of the lower house of the legislature.
4. For good governance it is also suggested that the practice of creating a number of political offices equivalent to the position or privileges of a minister should also be stopped. A party in power should not be able to create such offices unless it is desirable as an ad hoc measure to resolve some specific problem or crises and is so recommended by a Committee consisting of the Prime Minister/Chief Minister, Finance Minister and the, Cabinet Secretary. Any new administrative organization should only be created through regular administrative procedures and only if the provisions have been made in the regular budget estimates of the government concerned.
5. It is also suggested that the think tanks in various political parties' organizations should occasionally come out with alternative policy perspectives in the form of a "Green Paper" for want of a better term on some of the crucial issues facing the nation at a given moment and be widely circulated amongst the public, the media, intellectuals and others to elicit alternative opinions on the subject.
6. In times of emergencies, or national calamities, the parties should not eschew taking specific responsibilities in assisting governments in their activities to tie over the crisis.

#### **H. Restoring Moral Standards in Public Life:**

To the question what can be done for the restoration of moral standards and ethical values in public life, there is no simple answer. In the context of the current feeling of resignation to corruption and unethical and criminal practices in public life, and the disposition to consider them as inevitable and, therefore, acceptable, it may be well to remember Gandhiji's observations that "Life is an aspiration...the ideal must not be lowered because of our weakness and imperfections", and the fact of his long-life resistance to evil in many form--from racialism and imperialism to untouchability.

Thus, in addition to the many suggestions already made elsewhere in different contexts, like the various legislative measures to effectively curb defections, operation of black money, break the nexus between electoral politics, economic resources and criminal support, and establishing the institution of Ombudsman, it is necessary that a rigorous Code of Conduct be drawn for both Ministers/Legislators and also for important functionaries of all political parties, which should incorporate what the Nolan Committee in the U.K. has suggested as the seven principles of public life-- viz., selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

A Public Ethics Committee consisting of representatives of all Political Parties and some eminent public persons, presided over by a retired Justice of the Supreme Court may be constituted to enforce, oversee and monitor the adherence to this code.

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#### IV

### Implementing the Reform Strategies

Having analyzed the general challenges of party reforms in South Asia and the possible strategies thereof, the crucial question that arises is how to implement party reforms and what have been the lessons that have been learned in the internal reform processes in South Asia. How and by whom can a consensus be achieved on internal party reforms. How can members influence party leaders? What are the mechanisms for ensuring a smooth transition to new procedures and processes?

There is no doubt that the real initiative for internal reforms in political parties must come from within the political parties themselves. Almost all political parties in South Asia have had occasions at one time or the other for some introspection in their organizational structures and have come out with some concrete reports and valuable suggestions to revamp it. This is particularly so at the eve of elections when strategies to win are sharpened and procedures are devised to select prospective candidates and augment material, personnel and financial resources. The post mortem analysis of failures at elections and having remained out of power for some period of time also provide opportunities for such introspections and recasting the organizational mould. However, as the proverbial New Year Resolutions, such reports and suggestions are rarely followed through, when it comes to implementation, and gradually these are soon forgotten and soon find their way on the archives shelf., at best with only a few steps taken to pacify the rebels or the vocal elements within the party organizations.

Thus the opposition to reforms within the party organization itself has to be checked. A case in point is the recent Manmohan Singh Panel Report on the Party Funding of the Indian National Congress (2001). The report provides for ambitious changes in the party's funding mechanism. Many leaders felt that it was too idealistic to be implemented nation wide and must be tested in a few states before its countrywide implementation. It was after days of internal debate that a decision has been taken to take steps for its nation wide implementation. However, it remains to be seen as to how far the report is implemented in the light of the forthcoming Assembly elections in the state of Uttar Pradesh and elsewhere in early 2002, and would refrain from making any compromises or give in to political compulsions.

In many countries of South Asia, it has been observed party leaders are as much a problem as their party members, and that any reform plan that is premised on authoritarian, unrepresentative and often corrupt party leaderships taking action against their wayward party members is doomed to failure. Thus party leaders sometimes are themselves the obstacles in the way of reforms.

However, if the party leaders at different levels of their party organizations have risen from below as against their nomination by the central leadership, and have gained public legitimacy in the process, they are likely to carry greater conviction and force with the central political leadership at to facilitate the acceptance and implementation of internal party reforms.

Apart from the initiative of the political parties themselves, the responsibility for implementing party reforms also lies with the Governments concerned through (a) enacting appropriate legislations (b) establishing relative institutions to carry the out and (c) providing the necessary financial and logistic support to enable these institutions to implement and monitor the changes. Most of the party reforms are initiated and implemented by the governments at the initiative of the Elections Commissions or some such independent bodies. Therefore the independence and dynamism of such bodies, as the experience of the Election Commission under the leadership of its Chief Election Commissioner T N Seshan illustrates will certainly go a long way in implementing party and electoral reforms to combat political corruption.

For effective implementation of party reforms, it is necessary that the party and government functionaries strive to build constituencies to support the reforms within and outside the party and government domains, demonstrating the benefits that these may bring to the people and the democratic processes as a whole. In other words the creation of a favourable public opinion with the active involvement of media, press, the intellectuals, the academics and the NGOs is an essential prerequisite to the successful implementation of reform strategies to combat political corruption.

### ***Concluding Observations:***

The experience of some of the South Asian countries analyzed above has clearly shown the absence (and wherever they do exist, the weakness and helplessness) of strong monitoring and enforcement machinery for achieving the objectives of clean and fair elections not influenced by the four 'm's, (money, muscle, ministerial or media power). In some countries there are laws providing for punitive actions, but such laws are rarely implemented and action taken. In some others, the legal lacunae or the legal delays in the enforcement of such rules dilute their effectiveness. It is, therefore, necessary, that either the Constitutional / Statutory body, the Election Commission, or any other body created by the proposed Party Regulatory Law should make a provision for an independent tribunal or quasi-judicial body to decide such cases immediately after their occurrence, and prescribe punitive actions which should be strictly implemented.

Thus if the party reforms in the countries of South Asia have to be effectively regulated, implemented, controlled and monitored, to combat political corruption, it is necessary that in addition to the comprehensive legislation in each of these areas which many of these countries still lack, there should be a strong will on the part of the political leadership to implement these norms and standards. Invariably the political parties in all these countries adopt dual standards to professing to accepting and adhering strictly to the various rules and regulations and the codes of conduct before the elections, but opposing their enforcement tooth and nail once the elections are over and the party(ies) coming into power.<sup>2</sup> It is these dual standards of political behaviour, that seem to be the biggest obstacle in the way of party reforms, which must stop, if the nations were to fight political corruption and acquire a modicum of cleanliness and transparency in raising political funds and maintaining their efficient and effective use.

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<sup>2</sup> For example in India, the former Chief Election Commissioner, Dr. M. S. Gill had strongly complained to the Prime Minister Atal Behari Vajpayee that it is very odd for political parties to continue in successive meetings to support the Code of Conduct for Election Campaigns, while governments formed by them, from time to time, continue to pursue litigation to diminish its effectiveness. See "Parties profess code, in power block it", in *The Times of India*, 13 June 2000, p. 9:1-3.

***Party Reforms: Suggestions at a Glance:***

Firstly, a comprehensive legislation is necessary to regulate the functioning of political parties in most South Asian countries, which should provide conditions about the constitution of a political party and for registration, recognition, and derecognition. It should be made compulsory for all political parties to get registered under the proposed Act.

Secondly, the accounts of all political parties need to be checked and audited by an independent body created under the above legislation and should be available to public at large for inspection.

Thirdly, the proposed legislation should provide for limiting the expenditures of the political parties in relation to holding public rallies and large scale demonstrations and protests, which hardly serve any purpose in these days of high tech electronic media.

Fourthly, the constitutions of parties, submitted for registration under the above law must provide for internal democracy within its organization, representation to weaker sections of the society and women to party positions, party conventions, educational, training and developmental activities. The proposed law should make it mandatory for political parties to provide for a representation of at least 30 percent of its organizational positions at every level for women. The leaders of political parties should also make sure that at least 30 percent of their party tickets are distributed amongst the women at the time of elections.

Fifthly, there is a need for change in the electoral system to provide for a mixed type of election process, partly by majority votes and partly by proportional representation in order to maintain a modicum of stability in the functioning of the government in most of the parliamentary systems in South Asian countries.

Sixthly, in order to curb criminalisation of politics in most countries of South Asia, the proposed law on political parties should provide that no political party should sponsor and provide ticket to a candidate, who has been either convicted by any court for any criminal offence or against whom the court has framed criminal charges. Any person convicted for any heinous crime like rape, murder, etc. should be permanently debarred from contesting any political office.

Seventhly, in order to check the proliferation of independent candidates, the security deposit for independent candidates must be tripled than that of the party sponsored candidate, and if an independent candidate loses election continuously three times for the same office, he should be further debarred to contest election for the same office.

Eighthly, the problem of party funding must be tackled by the enactment of a separate law or making provisions in the comprehensive party legislation for (a) regulating political contributions (b) controlling electoral expenditures (c) monitoring of election expenses (d) state funding of election expenses, and (e) monitoring assets of elected candidates.

Ninthly, the Anti-defection Laws wherever existing are to be specifically amended to provide that all persons defecting from the party or party alliances should first resign their seats in the legislative bodies and then contest fresh elections.

Tenthly, in order to strengthen the role of parties in the process of governance, the practice of bloating of Council of Ministers must be stopped and the parties should develop think tanks within their organization to come up with alternative policy proposals to strengthen the process of governance.

And finally, each political party is to develop and enforce an internal code of conduct for its party members to uphold the values and standards of public life while performing the role of a legislator.

## Introduction

I have chosen to concentrate, in my presentation, on what I see as the essential idea behind this conference, of developing strategies to reduce opportunities for corruption.

The NDI-CALD study has provided useful information about the kinds of reforms that have been introduced in the Asian region. The results are presented in terms of internal and external reforms directed at

- 1) Candidate and Leadership Selection,
- 2) Financial Management and Fundraising, and
- 3) Ethical Standards, Training and Discipline.

The NDI-CALD study found that ... “of the eight countries in the study, Korea and Thailand have the most detailed and stringent national regulations aimed at limiting political corruption and money politics. Malaysia, Cambodia, and the Philippines have relatively weak legislative frameworks governing parties and political finance, and although Indonesia passed several political finance laws in 1999, these regulations are not fully enforced or have been implemented yet. Nepal and Taiwan are in the process of passing legislation”.

I am sure by now that you are all familiar with them.

## 2. The European Experience

### a) Political Financing Scandals

Reform, with regard to combating corruption in European political systems, has been largely scandal-driven and focuses on controlling political party and election campaign finances. The approaches by the various countries of Europe are many and varies, but still they may allow us to draw some useful conclusions and it may be useful to compare these with conclusions drawn from the NDI-CALD study.

Almost every single member country of the European community has had its own party finance scandal. To understand what kind of efforts have been made to bring more transparency into party financing, it is necessary to consider these scandals. Examples are drawn from several countries and the community itself.

### France

If a posthumously released videotape of a top political fixer is to be believed, president Jacques Chirac's party paid for his successful 1995 campaign with illegal kickbacks from companies that won fixed public-works tenders. Mr. Chirac refuses to bow to demands that he explain himself, in the wake of the tape's publication.

### Germany

After the Flick scandal of 1984, the Flick-concern was found to have massive illegal political payments to all the main parties starting in 1981, allegedly in exchange for business favors. The Speaker of the Parliament and two finance ministers resigned. In 2000, Helmut Kohl was forced to resign as honorary chairman of his party following revelations of illegal donations to the CDU during his Chancellorship. The CDU forfeited US\$ 3.5 million in public subsidies because of the scandal. Former chancellor Kohl has seen his reputation as one of Europe's leading postwar statesmen sullied by revelations that he personally accepted \$1 million in secret – and thus illegal – cash donations from sources he still refuses to name.

#### Italy

Discovery in 1993 of secret ties between leading politicians, Mafia bosses, and businessmen brought the entire edifice of Italian politics crashing down, destroying the Christian democratic party that had ruled the country since World War II.

#### Spain

In 1991, the Socialist Party of Spain was gravely damaged by allegations political payments made in 1989 campaign and disguised as consultancy contracts to the FILESA company.

#### Britain

Prime Minister Tony Blair's squeaky clean image has taken a beating from revelations that his Labour Party in 1997 accepted a British pound 1 million (\$1.46 million) donation from Bernie Ecclestone, the boss of Formula One racing. The Labour government then exempted formula One from a Europe-wide ban on tobacco advertising. Labour was forced to return the money when the gift became known. In Britain, conflict of interest scandals implicated members of Parliament to the point where public faith in government ministers being "generally trusted to tell the truth" was ranked at a mere 11% (with both doctors and teachers rating 84% and television news-readers 72%). While most occupational groups had improved their standing over the previous ten year period, the standing of Ministers and politicians, already very low, fell even further.

British politicians have generally fallen politically due to their misjudgment rather than through being found guilty of crimes. However, in continental Europe, including Belgium, Italy, Austria, France and Spain, political figures are being actively investigated and prosecuted for criminal breaches of trust

#### b) The Laws on Parties and Party Finances

As in Asia, each European country has its own legal framework when it comes to regulating parties and party financing.

Countries differ greatly in the extent to which political parties are recognized in their constitutions and their laws. In Germany, for example, Article 21 of the Constitution (Art. 21 I, II GG) refers to the role of parties:

*(1) The political parties shall participate in the forming of the political will of the people. They may be freely established. Their internal organization shall conform to the democratic principle. They shall publicly account for the sources and use of their funds and for their assets.*

*(2) Parties which, by reason of their aims or the behavior of their adherents, seek to impair or abolish the free democratic basic order or to endanger the existence of the federal republic of Germany shall be unconstitutional. The federal Constitutional Court shall decide on the question of unconstitutionality.*

In contrast to this example of direct constitutional regulation of political parties in Germany, there are other countries where parties have never been recognized by the law. Legally, they are no different from any other voluntary association or club. They are subject to the rules governing such voluntary associations.

For instance, in Belgium, political parties are de facto associations and do not have legal personality; hence their accounts are not subject to any fiscal control. In Ireland, political parties are generally regarded as unincorporated associations or private voluntary organizations and their existence is not regulated by law. The situation is similar in Luxembourg.

Each country's electoral laws are the next place to look for regulations relating to political parties and candidates. Beside that, in many countries laws mentioning parties are found in several different parts of the statute book.

The need to search in a variety of places – including unexpected ones – for party-related laws is illustrated by the recent situation in Britain:

The restriction on paid political advertising on television is laid down in the Television Act, 1954, s 3 (1), the special restrictions on donations to political parties by trade unions and employers association derive from Trade Union Acts from 1913 onwards. When it comes to donations from companies the Companies Acts from 1967 are important. The legal status of the Conservative party was defined only by the Courts as the by-product of an obscure legal case in which the Conservative Central Office appealed against the inspector of taxes for the right to pay income tax rather than corporation tax on its investment income. The legal definition of “political party” was given in the equally obscure Finance Act, 1975, part 1 (11) (2) which defined the conditions under which exemptions from capital transfer tax (i.e. inheritance tax) could be claimed for bequests to political parties.

### c) Regulation of Campaign Spending

Campaign Spending has come to be seen as most contributing to the corruption of political parties and unduly influencing their decisions and this has been the most important area of regulation.

The British government, for example, has implemented a “campaign spending limit”. Under legislation currently before parliament, political parties will be banned from spending more than British pound 20 million (\$29 million) each on a general-election campaign. At the last elections, the Conservatives spend 28 million (\$48 million) and Labour spent 15 million (\$22 million). Though these figures are minute compared to American expenditures, parties have less need to spend money, since TV and radio broadcasters are obliged to give each major party free airtime during campaigns and paid broadcast advertisements are banned. At the same time, British parties will be obliged under the new law to disclose the identity of large donors, and to refuse money from abroad. This sort of reform, say many political observers, is essential if voters are not to lose faith in their political leaders.

Governments have attempted to regulate and subsidize political funding in a variety of ways and the regulations listed here, which are implemented in full or in part in most European countries.

- a) Beside the limits on expenditures and contributions (as in the British example above), there are also disclosure regulations making it mandatory to name contributors to campaigns and to parties and disclose the amounts contributed by each.
- b) There are also bans against certain types of contribution and against certain type of expenditure
- c) The provision of free or below-cost facilities for parties and candidates (free postage for election literature, free of subsidized facilities to parties for broadcasting on television or radio), is designed to limit the cost of election campaigning.
- d) Public subsidies, i.e. financial payments to parties or candidates from public funds are designed to limit the need for private and corporate contribution.

#### d) Problems with the Regulation of Political Financing in Europe

It may be useful to examine some of the ways in which the reforms of recent years in Europe have been evaded. An examination of these techniques by which the intention of laws have been defeated may be of practical value. The leading German scholar, Karl-Heinz Nassmacher, has summarized the difficulties experienced by reformers in Western nations: Political practice of almost two decades has re-emphasized the general paradox of constitutional reform measures. Implementation of reform legislation breeds the need for more (and more complex) reform legislation. The elaborate restrictions designed to control the flow of money into the political process have encouraged the professional politicians to engage in a creative search for potential loopholes either in the application of the existing law or when drafting necessary amendments.

Reform legislation has a tendency to create new and unexpected problems. Evidence for this is the unending series of reforms of reforms in a number of countries such as France, Italy and Germany.

These are at least two basic reasons why it has proven so hard to devise satisfactory laws to regulate political finances.

First, the so called loopholes. Although contributions to political parties and to election campaigns are two of the most important and most direct channels through which money may be used to influence politics, they are not the only ones. Restrictions on the financing of parties and elections are likely to prove ineffective if other forms of “politically relevant” financing remain unchecked. Secondly, inadequate enforcement. In a field as controversial and complex as the funding of parties and campaigns, laws require effective supervision and implementation. That means enforcement demands a strong authority endowed with sufficient legal powers to supervise, verify, investigate and if necessary institute legal proceedings. Non-enforcement of the law, however, is too often the norm.

Germany provides a dramatic example of routine non-enforcement of the law relating to political money. The revelations of the early 1980s surrounding the “Flick Affair” suggested that there had been some 1800 cases of infringements of the law involving all the main parties, some of the most senior political figures and many of the country’s top business corporations, i.e. these cases had been routinely ignored because laws were not enforced.

Writing in 1994, Alexander and Rei Shiratori reported that in Italy a belated investigation had uncovered abuses of many years. “The inquiry called “Operation Clean Hands”, has claimed the lives of seven high ranking officials, including a former minister, who committed suicide after being formally notified that they were under investigation for violating laws on party financing. So far, 1500 politicians – including two former prime ministers – and businessmen have been imprisoned or interrogated and six government ministers and four heads of major political parties have resigned their posts”.

Political corruption has become widespread in France, partly because punishment for wrongdoing is light under French law, and also because for too many years, the justice system was not working.

The issue of the need for enforcement nevertheless poses another dilemma. On the one hand, laws are of little value unless they are enforced. On the other hand, the demands of accountability may prove so onerous that they will themselves add greatly to the costs of campaigning and will deter ordinary citizens from standing for political office.

#### e) Models of Regulation of Party and Campaign Finances

Some European countries, such as Spain and France, have adopted a “public model” of party financing, forbidding political parties to accept unlimited money from corporate donors or trade unions. Where the state finances political parties it is naturally free to decide the nature and extent of the aid granted. A great variety of arrangements exist. Some states offer extensive coverage of the cost of election campaigns, parties’ routine functioning and certain specific activities.

In Spain the same principles govern the award of public subsidies. Firstly, there are “electoral” subsidies. The law defines a state contribution to campaign expenses payable not only to political parties but also to federations of parties and groups of electors, in so far as they have won at least one seat. This contribution is proportional to the number of votes polled.

Under the “public model”, parties are given state aid, in the hope that this would lessen their appetite for big private donations. But it has not, and parties can always find ways around laws, especially when they are poorly enforced, so as to collect from corporations on the sly.

Other countries, such as Britain, have adopted a " private model", where parties need make no disclosure about where they get their money, and are free to collect from business, trade unions and, until recently, even foreigners. In the US, meanwhile, where disclosure rules are the most stringent in the world, the use of political-action committees and "soft money" means there is almost no limit on who can give, or on how much, i.e. private/corporate donation.

The "private model " allows corporations to fund political parties, but imposes transparency requirements to track their relationships. This model assumes that banning corporate donation means creating illegality. " Soft money" as such is not illegal in Europe-just limited and subject to disclosure.

#### 4. Conclusion from Europe and Asia

Europe states continue to experiment with laws on party financing, but they have demonstrated one thing: legislation may only reshape the rules of the game of influence buying. Reforms that make a democracy that is more responsive to all people, no matter how big their wallets, will require deeper cultural shifts.

Our examination of the different systems established by the various European states regulate political party and campaign shows that, although the chosen techniques often differ considerably, the underlying concerns are the same everywhere, although the purposes of legislation have varied from country to country depending on the particular problems which have acted as the spur to reform.

- 1.) Declaring all political contributions. A common purpose is to make it compulsory for donations to be transparent so those politicians are deterred from entering into shady deals in exchange for contributions.
- 2) Promoting fairness. The purpose of restricting the amount that politicians are allowed to spend is not only to control the demand for donations, it is also to reduce the political significance of disparities of resources between rich and poor political organizations.
- 3) Controlling the rapid rise in the cost of campaigning. The most effective device seems to be to provide free media coverage to all parties as a substitute for political advertising.
- 4) Promoting various political parties. Proponents of financial subsidies to parties stress that democracy requires strong and competitive parties. If parties are to be able to present themselves to the electors, and if they are able to research into alternative policies, they require the finance to employ adequately sized staffs. The best way to ensure that parties have sufficient resources to carry out their democratic functions is to give them subsidies from the public purse.
- 5) Encouraging grass roots participation. According to this view, the essential characteristic of democratic parties is that they are voluntary organisations that rely on the support and efforts of members. They should depend neither on the state nor on large, private contributors. Their finances should be based on a large number of small subscriptions.

Leaders of democratic parties need to attract followers who will give their support for idealistic reasons. It is therefore important for democratic parties to receive financial donations, but in addition to receive help in the task of electioneering from ordinary members. It follows from the view that a main aim of regulations of political funding should be to encourage wide individual participation through small-scale payments and subscriptions. This objective is of particular importance in a new democracy in which party organizations are weak and need to recruit members.

It is sometimes argued that it is unrealistic to expect political parties in areas of the world where incomes are very low to collect significant funds in membership subscriptions. In these conditions, the only available sources of money are grants from public funds or from foreign donors. But there are strong grounds for objection to this view. There is a special danger in such countries that the organic growth of parties may be stifled by 'gold poisoning' in the form of such grants. If party leaders are able to benefit from financial aid, they will frequently lose their local roots. Well meaning, over-generous, short-term financial subventions, has damaged parties in a considerable number of new democracies.

6.) Internal party reform and external party legislation in Europe go hand in hand. The "roots" of Democratic Party structures are to be found in many European countries in the constitution. Either the constitution or special party laws demand internal democracy, in a sense is, at least superficially, the norm. Interestingly, it

is also a condition for the applicant states of the enlargement of the European Community.

What lessons are there in all this? The NDI\_CALD survey concludes, "stringent external legislation, although an attractive approach to combating political corruption, has disadvantages." The main disadvantage refers to be that of enforcement, the difficulty of enforcing agencies to keep tabs on party activities, expenditures, and income. The European experience certainly bears out that conclusion. The many complexities involved in controlling political financing means that any moves to introduce new laws need to be considered with care. Regulations are valueless unless a well-planned, professional and neutral system of implementation is created.

The NDI\_CALD study also points out that "laws can also create perverse incentives. In Korea and Thailand, for example parties explained that many donors prefer to remain anonymous, so the public disclosure laws force parties either to reject the needed financial support or to break the law, In fact, many report that legislation, such as cumbersome reporting requirements, has simply driven practices underground. Even in Germany, where it was former chancellor Kohl who introduced strict new anticorruption laws in the 1980s in the wake of earlier scandals, apparently model legislation did not stop the Christian Democratic Party from amassing millions of illegal dollars in secret Swiss bank accounts.

"The law has made us all criminals, report one MP", quoted in the NDI-CALD study. According to the study, Taiwan has learned that limits on campaign spending and donations reduces transparency and is therefore considering lifting the penalties for breaking these limits... by lifting the penalties of legislation, the government hopes that it will, for the first time obtain an accurate assessment of actual expenditures and contributions. In other words, legislation can often defeat its own intention of promoting greater transparency in political finance.

Japan has an interesting history with regards to this point. In Japan, as in Europe, reform has been driven by the series of scandals in the early 1990s involving payments. As a politicians of the ruling Liberal Democrats (LDP) for their huge election expenses. As a result, the political Funds Control, Law was changed with the intention to make the flow of political donations more transparent. The main idea was to shift responsibility for the raising of political funds from individual politician parties. This measure corresponds with the introduction of government subsidies for political parties, which was another important part of the 1994 political reform package. After a transition period of five years starting from 1 January 1995, donations by corporations, labor unions, or other organizations to individual Diet members were ruled illegal.

Since January 1<sup>st</sup> 2000, Diet members can only receive limited funds from individual donors (up to 1.5 million-yen p.a.), but can receive unlimited support

from local party chapters and party headquarters. Many LDP Diet members transformed their personal support groups into local party chapters, some politicians even founding several new local party chapters with one constituency so as to provide interested corporate donors with facilities to continue making contributions.

The European experience seems to suggest that spending limits may be more effective than attempts to limit donations.

As the scandal - driven reform process in Europe demonstrate the public and the mass media play an important role as watchdogs when it comes to political donations and party financing. The much-publicized scandals mobilized the public to demand reform. Freedom of the press and the diversity of established politically interested newspapers, magazines and radio and TV were the prerequisites.

One of the training seminars, conducted by our Foundation in Germany is on " strategies against corruption". It sums up that in order to combat corruption, a free, independent media and free press was essential. Access to information and a critical use of it, is a precondition for public media, which monitor the accountability of rulers and stand for the fight against corruption. Beside laws on the free access to information and effective laws defining defamation and slander in order to protect the press and public, it is also necessary, to end political censorship and achieve higher professional standards for journalists. There must be an end to government discrimination and interference in the case of criticism of the government or the governing professional standards and the independence and accountability of its employees.

For reforms to be on the public agenda, the media has to be free and active. This is a necessary " Pre-reform agenda.

#### 7.) Interrelations between internal party reforms and external party regulations.

What are the major lessons learned in Europe? Empirical evidence and personal testimony from party executives shows clearly that external pressures on the parties exerted from more stringent legislation or even the advocated presentation of reform bills without implementation, critical media and public opinion, are mostly originating, provoking or triggering internal party reforms. Party scandals, negative public image and poor election results in turn have encouraged reformers in the parties to challenge their leadership, build constituencies for change and push for bolder adjustments of traditional mechanisms and procedures. These reform processes have certainly not been smooth transitions because of vested interests and ensuing power struggles. But rewards were highly significant and more than obvious. Increasing membership, recruitment of highly qualified candidates, rising opinion polls, positive media coverage, excellent election results and changes of government, largely compensated reform parties. A

concrete example is the Dutch VVD, which has tripled its voters and is now ruling the Netherlands on a clear reform agenda. Anti-reform parties, sticking to traditional un-transparent practices and unwilling to tackle problems of corruption, were severely penalized by the electorate and in some cases, even vanished from the scene, like the Christian Democrats in Italy.

The numerous advantages of enchanting internal democracy, accountability and transparency are becoming more and more visible in Europe party systems. The forerunners among the reform parties have acknowledged that political parties are forced to implement profound internal structural reforms with the aim to modernized, professionalize and adjust to changing environments and new challenges. This necessity is seen as a question of long term survival and ultimately political success. The critics of traditional parties sustain that business corporations organizations of civil society and even state bureaucracies experienced major process of structural adjustment and modernization in the past decades, whereas many political parties are still maintaining their old fashioned style of leadership, financing and organization. This behavior is seen as incompatible with the needs of modern democratic government, parliamentary opposition and advanced political competition demanding pluralistic societies. It is argued that political parties are forced to establish modern, professional and highly performing structures and to eliminate old practices of corruption, lack of transparency and authoritarianism if they are to aspire the political leadership of modern nations.

The financial stability of political parties as well as the necessary reduction of democratically dubious or completely unacceptable types of fund raising and spending will certainly be among the key issues of Asia's democratic development in the years and decades ahead. Some of the new developments mentioned above, trends which signal a growing demand for more transparency and legitimacy for financial transactions in the political sphere will probably make it more difficult to continue the traditional forms of financial abuse. As demonstrated, this is not solely an Asian but universal problem of political parties worldwide. Asia, of course, has the right to make her own mistakes and conduct experiments, and in fact, is quite surprising how close the democratic institutions and aspirations in this region actually are to international standards. It is therefore highly recommendable to exchange experiences and learn from each other, within the region and outside.

**By: Arjun Narasingha K.C.  
Central Committee member & Spokesperson  
Nepali Congress Party (in gov't.), NEPAL**

Mr. Chairman,  
Ladies and gentlemen,

First of all I want to express my sincere thank to the Council of Asian Liberals and Democrats (CALD) and the National Democratic Institute for International Affairs (NDI) on behalf of my party Nepali Congress and myself for providing this opportunity to speak about the Ethical Standards, Evaluation and Discipline initiated by my party to combat corruption in its organizational setup.

This is indeed a matter of great common concern for all of us to have comparative research, study, sharing of experience and ideas to explore the challenges poses for political parties and party strategies to reduce corruption. I am sure this forum will provide us the opportunity to learn each other to share our experiences, practices and modalities which will help us to build strategies and mechanism to promote transparency, democracy and accountability within respective political parties.

Mr. Chairman,

*Corruption is generally termed as the socioeconomic phenomena that involve some kind of bribery between two or more than two parties that ultimately lead to the decomposition of the morality of participant – that could be a person or an institution. It, at bottom, not only destroys the image and morality of individuals but also erodes the strength of democratic institutions, saps the development potential and exerts corrosive effects on international trade system.<sup>3</sup> Especially, corruption is a very pervasive problem in developing nations of Asia where economies are in transition and democratic institutions are relatively fragile. It has indeed posed a threat to the new democracies and stability of societies in the region.*

The concept of corruption, as we all know, encompasses a wider range in political economy and measures to eradicate or mitigate it are several. However, as is mentioned in your TOR for panel presentations, Mr. Chairman, I prefer to dwell upon the issues of *Ethical Standards, Evaluation and Discipline*. Before I embark on the main issues of ethical standards and discipline of my party, in the mean time, it would be worthwhile to throw, in short, a light on the historical commitment of the Nepali Congress to see just and relatively a corruption free Nepalese society. This is reflected in the constitutional bodies of the Kingdom and also in the statute of the Nepali Congress Party.

In the Nepalese context, Nepali Congress Party, born in 1950, is the only oldest democratic political institution with pride history of successfully launching of two revolutions: in 1950 and in 1990. Both were aimed at establishing democracy in society. Since its inception, this political party has been working for the multiparty democracy and constitutional monarchy in Nepal.

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<sup>3</sup> Alan Larson, US Under Secretary's briefing on 14<sup>th</sup> of February 2000, at state department.

In 1950, the NC party overthrew the despotic 104 years family rule of Ranas and established the democratic order with constitutional King in Nepal. In 1960, the democratic order and its entire liberal political processes received a setback following royal coup d'etat. NC launched underground struggle, as the political parties were outlawed, against the royal takeover almost for Thirty years, in which hundreds of its activists were killed, several thousands followers were incarcerated and displaced. Many of the rebellions were, during struggle, forced to live in exile in India and some of them had to suffer economically as their entire properties were confiscated by the establishment. Finally in 1990- when the wind of change was blowing throughout the world, the multiparty polity was restored due to a popular upsurge spearheaded by the Nepali Congress Party with the cooperation of United Left Front. The subsequent interim united government- empowered with executive and legislative rights, was headed by Congress Party's acting president and the government had influential role in the institution of a constitution drafting committee and later in the promulgation of the Kingdom's 1990 constitution.

Mr. Chairman, I talked about the role of the NC in the making of the constitution and its struggle for democracy in the Himalayan Kingdom of Nepal. I did so, because I want you all to know that the NC's senior party leaders already had a hunch that the powerful and indispensable political institutions, operating under multiparty dispensation, would be maligned if they are not constitutionally instructed. As a result, some provisions were enshrined in 1990 constitution and created independent watchdog bodies like Commission for Investigation of Abuse of Authority (CIAA). This body is responsible for investigating corrupt conduct of a person holding public office, including the Prime Minister of the country. Similarly, office of the Auditor General is responsible to audit the accounts of the government and other constitutional bodies. The Third institution, Public Service Commission, is given responsibility to conduct examinations to recruit suitable and competent civil servants. Likewise, an independent Election Commission is setup with a view to supervising, directing, controlling, and conducting for free and fair elections at all levels in the country. All these constitutional organs have been functioning independently and carrying their responsibilities lawfully.

*Coming to the Ethical Standards, Evaluation and Discipline* in the Nepali Congress Party, Mr. Chairman, as you and this August gathering know that the nascent democracies of the world- owing to several factors, are taking a longer time to create and build institutions to combat corruption. And Nepal is also not exception to the phenomenon. A few examples, I think, are necessary to cite here to back or support my statement.

Mr. Chairman, the constitution of the Kingdom was promulgated in 1990 and general elections were accordingly held in 1991. The Election Commission was unable to formulate codes of conduct until 1996. The 1991 and 1994 elections were conducted on the basis of skeletal election laws of 1991. An anti-defection legislation was passed only in 1997 when political parties seriously faced a deviant behaviour of their Lower House legislators, crossing of the floor on important votes, for monetary incentives, specifically during coalition government period, from 1994-1997. It is the 12<sup>th</sup> year of the multiparty system in operation and now the Law Regulating Political Parties (2001) and anti-corruption bill is in the pipeline!

Against this backdrop, Mr. Chairman, I would like to say that the 10<sup>th</sup> National Convention of the Nepali Congress Party held in January 2001, is a landmark in the political history of parties in Nepal. The party not only vowed to start a *good governance* in the country but also made a solemn promise to combat the financial corruption occur in society. The convention also wanted to make the commission/bribery or kickback phenomenon transparent. For this, the convention passed a resolution in which it demanded to make the name of the commission agent transparent to the public.<sup>4</sup> These promises, mainly directed towards the general populace, were passed by the national convention, which is the highest body of Nepali Congress, participated by 1496 delegates coming from allover the Kingdom. Party also amended its statute to include an eleven-point code of conduct with enforcement mechanisms. According to the code of conduct, to be abide by the Central Committee Members, Members of Parliament, District Presidents of the Party, all members should declare their assets and also the source of their income, to be updated annually, to the Central Disciplinary Action Committee of the Party. A five member Disciplinary Action Committee, headed by a Central Committee Member, is constituted. The committee investigates all forms of alleged violations of the codes of conduct. The body regularly reports its findings to the full house of the central committee. However, the ultimate decision lies in the central body of the party. Another important point in this regard, according to the Article 21(9) of the statute, is the right of the Party President to constitute an Enquiry Committee to look after matters relating to alleged corruption/anomie behaviour by partymen<sup>5</sup>, as and when it is needed. Depending upon the seriousness of the corruption charge, in both the cases, individuals found guilty are subject to either suspension from the party for 6 months or are debarred from party membership for a maximum of 3 years. Besides, in view of growing public opinion against bureaucratic and political elites for the latter's alleged involvement in corrupt practices for financial gains, the Central Committee of the Nepali Congress Party has instructed His Majesty's Government of Nepal, participated by its own leaders, to investigate into the properties of all upper echelon political and administrative leaders- who were and are in gainful positions, since the restoration of multiparty democracy in 1990.<sup>6</sup> This decision of the NC was taken as a very bold step of the party to work against t he corruption in the Nepalese society.

With this note, on the ethical standards of Nepali Congress Party to curb corruption within and outside, Mr. Chairman, I would like to say here that the democracy is very young in Nepal and political parties are inexperience to work transparently. Nonetheless, they are by and by learning to work institutionally. The learning pace may have been slow but it is gradual and steady in nature. I am very much confident that, in the days to come, things would definitely be improved, the corruption phenomenon would be discouraged to a greater extent and the fragile democracy would be consolidated!

Mr. Chairman, finally, once again I thank you so much for providing me an opportunity to speak and also to participate in this distinguished international gathering!

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<sup>4</sup> 10<sup>th</sup> National Convention of Nepali Congress Party, Pokhara, Kashki District, January 2001.

<sup>5</sup> The Statute of the Nepali Congress, 1960 (amended and refined in 1994, 1996 and 2001).

<sup>6</sup> The Press Release of the Nepali Congress Central Office, August 24, 2001, Katmandu, Nepal.

I thank you all!

## Introduction

of H.E YOS SON, Representative of the Cambodian; People's Party at the Workshop organized by NDI and CALD on Strategy of Political Parties to Combat against Corruption (Bangkok, 13-16 January 2002)

### **Excellencies,**

Ladies and gentlemen,

It is a great honor for me to participate in the Workshop on Strategy of Political Parties to combat against Corruption as a speaker. I would like to express my admiration and appreciation to NDI and CALD for organizing this important workshop.

I would also like to take this opportunity to share with Excellencies, Ladies and gentlemen our concept on “Strategy of Political Parties against corruption”.

The corruption is not new and not exists in one part of the world but is a global phenomenon which its impact varies from one country to another.

The increasing of the corruption has seriously affected the quality of the governance and the sustainable development. Each country has its own political and social historic context, thus the specific strategies were differently put forward accordingly.

According to the particular characteristic of the current situation in Cambodia, the combating against corruption through the governance promotions is an updated topic. The royal government and the main development partners consider that good governance is a crucial key for the national economic reform and the poverty alleviation. Good governance the way to carry out and exercise the rights in the civil service management and the allocation of social and economical resources. The government plays an important role in managing national economy and society, IL is a main economic agent supplier of necessary public goods to society such as infrastructure, major physical object health service and education decision maker of the social and macro economy policies, which directly affected the health and competitiveness of the national economy in the long run,- a decision maker on the resource reallocation through the monetary, tax and budget policies,- a market management according to the arrangement of law frameworks and norms for the transaction of private sector and economic operation.

The Royal Government is clearly aware of these issues faced, and has put forward step by step the measures of reform and enforcement of the public administration and the jurisdictional systems in order to improve the effectiveness of the public services, ensure the transparency, the responsibility to fight against the corruption. The Royal Government is prepared to establish institutional structure and mechanism necessary for managing and conducting the reform of the armed forces, public administration and jurisdictional systems. The detailed working

programme and plan of action have also gradually been arranged and rectified. At present, the first stage of the reform programme has actively been implemented.

Coinciding with the preparation to execute the programme of the demobilization of the armed forces, the Royal Government has started the first stage of the programme of the public administration reform including the preparation of the government official census, the analysis on the roles of the ministries and institutions of the Royal Government, the arrangement of the career ecclesiastical rank in the public functions and the arrangement of the new salary system.

At the same time, the Royal Government is concerned with the problems relevant to the increase of the government officials and the problems related to the corruption. In order to prevent the further swelling numbers of the government officials, the Royal Government has set a tight measure to the selection of additional officials in new frameworks, which is to do through the transparent examination. In the administrative sector, the Royal Government is being under the process of changing the managerial systems from the centralization to the decentralization form and has been implementing the programme of technical decentralization in order to divide the power from the central to the local level. The forthcoming communal election will provide two values for the Cambodian people: Firstly, the strengthening of the democracy in the local level, in which the people will exercise their rights to select the candidates whom they like, and secondly, the strengthening of the effectiveness of the public services in the locality. The two factors will help strengthening the democracy, the respect of human rights and the effectiveness of the management and development in all sectors.

In the aim to establish mechanism and institution for combating the corruption and to ensure the transparency and the responsibility in the public financial management, the Royal Government has arranged the drafts of law such as the law on audition and on the responsibility of the holder of the public money to submit the executive institution for consideration and adoption. In October 1999, the Royal Government set up a unit for combating the corruption, whose composition consists of a number of members from the expert institutions to research and put forward the measure and plan of action for reinforcing works against the corruption. However, these works were met with many obstacles and difficulties, the Royal Government has achieved a remarkable progress. The eradication of anarchy in the forest area, the development of the fiscal income, the elimination of ghost numbers in the army rank, the confiscation of land properties, which were illegally held and sold, are the measures directly hit the corruption.

The strengthening of good governance is to be done side by side with the arrangement and reinforcement of the judicial framework, the reform of the jurisdictional and justice systems as well as the programme of the public administrative reform. The Royal Government has step by step started these works, and has gradually achieved fruitful and encouraging results. The approach

to these faced problems needs full exercise of the democracy with the participation of the mass, the building of the law system, the strict norms and rules of moral conducts, the training of human resources to have adequate expert experiences and vocational moral. The Royal Government is also concerned with the provision of suitable salary to the public administrative and jurisdictional officials.

The change of the individual behaviour and of the way of thinking of the whole national society is another problem, which has been paid attention by the government. All of these are the heavy duties that they could not achieve in a short time. The approach to these faced problems is to be done step by step. The government has paid attention to another aspect of the good governance, which is the healthiness of the private sector in the country. The government's view is that the private sector is an impetus of the development and an engine of the economic growth. The government gave its vision in this role, and built a general environment, which help facilitating and boosting up the private sector's activity. If the private sector was weak, the corruption would pull the public sector to collapse. Thus the Royal Government has made special focus on the arrangement of the judicial framework for the cooperation of the private sector, which ensures the competitiveness full of justice and transparency and responsibility.

Excellencies, Ladies and Gentlemen!

All above are a number of strategies and activities that the Cambodian People's Party and the Royal Government of Cambodia have been carrying out to combat the corruption through the strengthening of good governance towards restoring and developing the country and eradicating the people's poverty.

I am convinced that the seminar will gain further good experiences from the political parties participated in this significant occasion.

On behalf of the Cambodian's People's Party, I would like to wish the seminar a fruitful result and thank for the kind audiences of your Excellencies, Ladies and Gentlemen.

THANK YOU