Serbia: A Guide to Political Fundraising
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This fundraising guidebook was inspired by the Campaign Skills Handbook by Shannon O’Connell. The guide was produced through cooperative research, writing and design of co-authors Tanja Bjelanović, Consultant; Wim Borremans, Director NDI Serbia CEPPS Program; and Zorana Maravić, NDI Serbia Program Assistant. NDI would like to especially thank Michelle McGrorty and Johannes Hammels, as well as the members of the NDI’s Political Parties team who made valuable contributions. NDI extends appreciation to all those who participated in the development and preparation of the guide.
Serbia: A Guide to Political Fundraising
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Foreword

Within the NED funded Southeastern Europe Regional program, NDI Serbia is implementing the Political Party Integrity program and addressing one of the major barriers parties have reported facing in implementing integrity reforms—lack of funds. By supporting parties to improve their transparency and accountability in party financing, both to align with EU values, but also to demonstrate to citizens their ability to change, parties have the chance to increase their base of support.

In Serbia there is no culture of giving money to the political parties by ordinary citizens via small donations. Even the membership fee is hard to collect as parties and movements are being seen as non-transparent wealthy institutions, job providers, etc. When a political party is no longer represented in a local, provincial or national assembly, it has no financial income from the state. In practice this means that most of the parties will go bankrupt or will limit their activities to the minimum. In order to rebuild trust with citizens, political parties need to bolster their integrity mechanisms and responsiveness to citizens’ needs.

The National Democratic Institute has developed this Fundraising Guidebook for parties and movements to ensure privacy, safety, and transparency when raising funds, both for the parties themselves and for potential donors. To address negative perceptions, NDI supported its partner parties and movements in demonstrating their commitment to transparency and accountability to the public. This guidebook was developed in cooperation with political parties and movements as part of the Integrity program through a series of trainings, consultancy sessions and field experiments. This guidebook is designed to provide an overview of Serbia’s legal system to ensure that domestic fundraising complies with the law and that parties maintain requisite compliance structures. Parties will be able to use this guidebook as a resource to share with local branches, strengthening transparency and accountability in party financing at both the national and local levels.
Introduction
Finding the financial, material, and human resources for your political party or electoral campaign can be a challenge. Most parties and candidates struggle to pull together all of the assets they require, especially in an election year when there are strong demands for resources. Fundraising in-between elections can also be challenging as party resources can be particularly limited in this period.

Raising money from private donors to support political parties can be an exciting and rewarding exercise. For candidates, fundraising is a skill that makes them valuable to party leaders and enables them to run a strong campaign, impress opinion leaders, and connect with more voters. For political parties, fundraising is an important skill, not only for organizing strong election campaigns, but also for investing in their development and growth in the years in between elections.

Fundraising cannot work without financial transparency. Receiving donations is about building trust; political parties can only build trust with citizens by showing they have nothing to hide. Donors have the right to know how their money is being used to promote the ideas and values they support. Parties that are open and honest about their work will discover that citizens will not only trust them more, but will continue to give their support and resources. In that sense, financial transparency does not just help a political party or movement, it helps democracy.

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1 Campaign Skills Handbook Module 10 Mobilizing Resources Support, Donations, Volunteers, National Democratic Institute
While political parties can (and should) choose to be transparent by themselves, countries should develop transparency laws to strengthen their democracy. Being transparent is providing sufficient information on the operations and accomplishments of the party or movement in a way that can be easily understood. These critical pieces of information help political parties and movements inspire trust and confidence.

Citizens in Serbia do not put a lot of trust in political parties. NDI research\(^2\) shows that only 17 percent of citizens have a favorable opinion of political parties, and that 55 percent have an unfavorable opinion. Too often, these numbers are interpreted as proof that citizens will not donate to parties. That does not need to be true. Parties should see this as an invitation to build better relations with the citizens of Serbia. Engaging them in building and maintaining a party structure by donating money or other resources is an important element in bridging the gap. Transparency – not only in fundraising – helps establish and confirm a party’s trustworthiness.

The good news about fundraising in Serbia is that there is a positive trend of philanthropic giving in general, including to non-profit organizations which also struggle with public image and trust.\(^3\) The overall philanthropic culture is improving and new fundraising approaches are being introduced, which can be an opportunity for political parties as well.\(^4\)

The guide has six parts:

- **PART ONE** introduces the concept of fundraising, as well as ten universal fundraising principles.
- **PART TWO** reviews the laws in Serbia on party financing to provide a basic understanding of what a party can and can not do. This section is based on legislation as of July 2020. This guide should not be seen as a definitive reference of what may or may not be allowed in Serbia. When in doubt, please consult a lawyer.

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2. NDI Public Opinion Research, March 2020
3. Fondacija Katalist
PART THREE explains main fundraising tools and explores different fundraising techniques.

PART FOUR guides the reader through a step-by-step fundraising process. The techniques and processes which are presented have proven to be valuable all over the world, even in countries with little to no tradition of giving money to parties.

PART FIVE examines how a fundraising team should operate.

PART SIX takes a dive in internal financial management and transparency

Through this guide, NDI hopes to help political parties and movements raise money and support transparently, and do so in full compliance with the law. The Institute hopes that this guide will allow political parties and movements to grow their financial independence and strengthen their organization. Good luck.
1 Exploring Fundraising
What is Fundraising?

Fundraising is the act of gathering funds in order to support socially impactful activities. Charities, NGOs, and political parties, for example, use this method as a way to sustain their operations.

Concretely, fundraising can be done through a wide variety of activities. Nevertheless, it’s mostly known as the method of gathering money from individuals, foundations, government agencies and so on. It’s a very common technique for non-profit charities that seek funds to support their activities. At the same time, companies who need resources for R&D and other social initiatives use the same strategy. And of course, many political parties, all over the world seek to raise funds from the general public to support their work.

One of the most profitable methods of organizing fundraising is through an event. Events can be really effective because they allow organizations to gain visibility, raise awareness and generate engagement. Also, it’s a way to gain publicity and grow loyalty in order for donors to keep supporting the cause in the future.

In the age of digitalization and social media, fundraising driven by communities is getting more and more relevant. Inspired by posts about their activities in social media, people become supporters of

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5 Sources: UK Fundraising, Causevox
Exploring Fundraising

Fund seeking organizations. Oftentimes, supporters are willing to contribute to the charity cause. Thus, they become fundraisers and act by themselves to help raise funds for non profit organizations (peer-to-peer fundraising). Heavily relying on trust and loyalty, organizations have to be transparent and responsive to retain a good relationship with their supporter base.

These principles apply not just to NGOs or charities, but also to political parties. When parties have clear messages about their vision for the future, what they want to do to improve people’s life, and how they will bring change to the country, they too can convince supporters to donate money or other resources to help further the party’s cause. Even in countries without a tradition of political fundraising, like Serbia.

Thanks to political fundraising, parties can function better, reach more people, and support more candidates. Fundraising is also a good exercise for political parties to run an actual electoral campaign, as many of the aspects are similar, like:

- Setting a fundraising goal
- Planning tactics and strategy to reach donors
- Establishing a timeline for execution
- Building a network of donors (or prospects) to reach out to
- Budgeting expenses to get started with fundraising campaigns
- And of course the actual execution of voter contact via various channels.

The funds raised are used to promote candidates, initiatives, and the political party. More money makes campaigning easier, and thus fundraising provides a better shot at winning the office. A good fundraising run is also a testament to the party’s credibility. The more funds a party can raise, the more it can show that people trust this party. And trust is essential in winning elections. Finally, political fundraising efforts enable volunteers and supporters of the party to come together and to be more involved in the campaign.\(^6\)

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\(^6\) [https://callhub.io/political-fundraising/#0-what-is-political-fundraising](https://callhub.io/political-fundraising/#0-what-is-political-fundraising), CallHub.
Political Fundraising – Myth or Truth?

There are several common misunderstandings about how political fundraising works. It is important to dispel these misunderstandings – or “myths of political fundraising” – before exploring how fundraising is actually facilitated.  

<table>
<thead>
<tr>
<th>Myth</th>
<th>Truth</th>
</tr>
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</table>
| *Only people with a lot of money donate to political parties.* | • It is not just the wealthy who are willing to be political donors.  
• In many countries, the people who earn the least amount of money give the largest percentage of their income away.  
• It is possible to raise large sums of money in small amounts. |

“If I ask someone for money they will expect something in return” | • Sometimes, there is concern that someone will expect something in return if asked to contribute to a political party or campaign. So there’s fear that fundraising would lead to corruption.  
• The truth is that, when asking someone to contribute to a party, they are being asked to support a party’s or campaign’s vision for the country and the future. The donor does not receive a personal return (which would be corruption), but receives a return on his investment through the policies and the good governance that the party or the candidate develop.” |

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7 Campaign Skills Handbook Module 10 Mobilizing Resources Support, Donations, Volunteers, National Democratic Institute.
<table>
<thead>
<tr>
<th>Myth</th>
<th>Truth</th>
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| *Fundraising is only about money.* | • Money is important, but it is not everything.  
• If a supporter is not able to give money, they might be able to provide office space, office supplies, computers, printing, air conditioning, internet access, transportation, bathroom supplies, food and refreshments, etc., or to host an event for the party or candidates. |

<table>
<thead>
<tr>
<th>Myth</th>
<th>Truth</th>
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| *It doesn’t matter what the law says; no one will ever find out.* | • Voters are skeptical about the relationship between money and politics and, frankly, they should be.  
• Everything done as a political fundraiser must be legal and ethical.  
• Know the law: who, what, when, and how much, can be given has to be publicly declared. If the law does not exist or is unclear, the fundraisers should set their own standards, make them fair and honest, and stick by them.  
• One must always ask oneself: how would I feel if this appeared in the newspaper (or if my parents found out)?
<table>
<thead>
<tr>
<th>Myth</th>
<th>Truth</th>
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<tbody>
<tr>
<td><em>Fundraising is begging or shameful.</em></td>
<td>• Political fundraising is not begging and should not be considered shameful or embarrassing.</td>
</tr>
<tr>
<td></td>
<td>• Political fundraising is creating a connection between the ideas and dreams of political parties and citizens, who want to see that vision become a reality.</td>
</tr>
<tr>
<td></td>
<td>• Raising money for politics is about getting people involved in political events that affect all of society. Asking people to invest in their own ideas and values for Serbia should be perceived as an honorable request rather than an embarrassing or awkward one.</td>
</tr>
<tr>
<td>“We don’t need to go out and find donors; they will find us!”</td>
<td>• Money rarely finds its way to a campaign all by itself.</td>
</tr>
<tr>
<td></td>
<td>• This type of specialized marketing requires research and outreach to identify and communicate directly with prospective donors.</td>
</tr>
<tr>
<td></td>
<td>• The only way to raise money is to ask for it!</td>
</tr>
</tbody>
</table>
A story from Jordan: Cultivating In-Kind Contributions

In her first run for a seat in parliament in 2009, a candidate in Jordan chose to self-finance her campaign because she felt uncomfortable asking her network of supporters for financial contributions. She succeeded in winning the seat. However, when she prepared to run for the second time in 2013, after her participation in NDI’s Campaign School, she realized that fundraising was an opportunity to build her network further and that the ‘ask’ wasn’t just about money.

As part of her fundraising campaign, she set targets for in-kind contributions from business owners in her district of Jerash, in the north of Jordan. After reaching out to existing contacts and supporters in Jerash, her campaign received many useful donations, such as hotel space to hold rallies and printing services that she used to prepare candidate banners for distribution throughout the city. This approach to building resources for her campaign helped her win the election, but it also helped her build relationships with the business and farming communities in her constituency. Those relationships are critical to both good governance and future campaign support. She made it clear that her donors should not expect to receive a direct favor in return, but that she would promote allocating resources to promoting her region for internal tourism. That way, she would be able to help everyone in the region, not just her donors.

Five Golden Gifts

Fundraising is not (only) about money. One can receive many different things from one’s supporters. Money is an important part of fundraising, but mobilizing resources can be about so much more than that. There are other resources that a party/movement might need such as advocating, expanding the party/movement’s network, organizing an event, fundraising on the party/movement’s behalf, becoming a regular donor, or giving a product or providing time as a volunteer.
Fundraising expert Jolan van Herwaarden (College of Change, the Netherlands) introduced the concept of the Five Golden Gifts:

Each of these five golden gifts is extremely valuable, since they can directly enable the organization to achieve its goals. In-kind contributions, such as the five golden gifts, help build a network of supporters who will help a party or movement grow stronger.

In this guide, NDI focuses its attention on raising money, but one should keep in mind that many of the general rules and approaches are applicable to other resources too.

**Inspiring People Through Fundraising**

There is a famous phrase: “It’s not just about the numbers”, that applies very well to fundraising. Fundraising is more than just getting good numbers, it is also about the mission of a party or movement. It is, therefore, crucial to involve people in fundraising efforts, bring enthusiasm, and instigate creativity in fundraising. Like in election campaigns, even with the best strategy, a lack of committed and strongly motivated people would prevent success.

An effective fundraising campaign is inspiring: by donating money, you’re helping the world become a better place. This means that a political party needs to have a well developed message that explains what it plans to do once elected. A truly effective message will always be linked to citizen’s concerns. Sharing your vision for Serbia, explaining what you will do to improve the economic situation of citizens in Serbia, and demonstrating how you will achieve this, are necessary elements for a compelling message. In this way, a fundraising campaign helps a political party communicate more effectively with citizens.
The 10 Principles of Fundraising

- **Make the ask**: People will not just come and give money, an ask must be made.

- **Personal approach**: People are different. Learn about donors and adjust the approach.

- **Understanding the donor**: Listen and observe more than talking and presenting. Research donors.

- **Work with people**: Include emotions, care, entertainment, and excitement.

- **Credibility is important**: Trust is essential in the process of asking for any form of contribution.

- **Tell donor how to give**: Having a donor agree to contribute without providing logistical information on how to do so is ineffective.

- **Thank the donor**: There are many forms of appropriate gratitude that can be expressed.

- **Long-term engagement**: Receiving a gift is not the end of the story. A donor can give again, invite others to give, or become a volunteer. Find the ways to keep people engaged.

- **Accountability**: With financial contribution comes responsibility and accountability to the donor.

- **Reporting**: Keep donors informed on the campaign and its progression.

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8 [https://old.tragfondacija.org/media/Filantropija/Prirucnik_zaprimehtmlstan-darda.pdf](https://old.tragfondacija.org/media/Filantropija/Prirucnik_zaprimehtmlstandarde.pdf), Trag Foundation
2
Serbia’s Legal Framework
Before presenting key methods and approaches to fundraising, it is crucial to be familiar with the laws governing this area.

The legal framework on financing political parties in Serbia is determined by the Law on the Financing of Political Activities. Since its adoption in 2011, the law has undergone multiple changes, the most recent in December 2019.9

The law recognizes various mechanisms for financing political entities. It has four parts in order to clarify money flows and be in line with the positive law of the Republic of Serbia:

- Sources and forms of financing political entities
- Financing political entities’ operations
- Financing election campaign costs
- Keeping records and reporting (Duty to Keep Books and Records)

In this guide, each section will be examined in detail. The guide will explain important aspects of the law. This guide does not claim to be a complete and exhaustive explanation of the law.

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9 Official Gazette of the Republic of Serbia, nr. 43/2011, 123/2014 and 88/2019
Sources and Forms of Financing Political Entities

Sources
Political entities are financed by public and private sources. They use these funds to finance daily operations and election campaign expenses. Political entities may borrow money from banks and other financial organizations in the Republic of Serbia, in accordance with the law.

The public financial sources consist of pecuniary funds and services granted by the Republic of Serbia, the autonomous province of Vojvodina, local governments, their organs, as well as organizations founded by them.

Private financial sources can be membership dues, donations, an inheritance, a legacy income from property, and borrowing from banks and other financial organizations in the Republic of Serbia.

Membership Dues
Members of a political party can be asked to pay membership dues. Each party can determine in its statutes or bylaws the amount for the fee, as well as when it needs to be paid. The payment needs to be affected from a personal bank account of the member, unless the membership fee is less than 1,000 RSD annually, in which case it can also be paid in cash or by postal/bank order. When membership dues are paid in cash, the authorized officer of a political party is required to issue a receipt to the member upon receipt. The receipt is signed by the member paying the membership dues and the authorized person of the political party.

The authorized officer of a political party is required to deposit membership dues received in cash into the account of the political party within seven days of the day of issuing the receipt.

Donation
A donation is a pecuniary amount, other than membership dues, that a natural person or legal entity voluntarily gives to a political entity, a gift, as well as services provided without compensation or under conditions deviating from market conditions.
Credits, loans, and other services provided by a bank or other financial organizations in the Republic of Serbia deviating from market conditions, or a write-off of debt, are also considered donations.

**Maximum Value of Donation**

The maximum amount an individual may give to political entities per year cannot exceed 20 average monthly salaries. (58.892 RSD net earnings in May 2020). For legal entities, the maximum annual donation for political entities can not exceed 200 average monthly salaries. (58.892 RSD net earnings in May 2020).\(^{10}\)

All donations over one average monthly salary will be published.

**Acquisition and Income from Property of Political Party**

The assets of a political party are comprised of real property and current assets. Such assets support political activity and other permitted activities of a political party, in accordance with the law.

A political party acquires property through purchase, inheritance, and legacy. A political party that obtains fixed assets property with funds from public sources may use such property solely for its political activities.

**Prohibition on Financing**

No foreign entity can finance political entities, be it states, individuals, or legal entities, except international political associations. Anonymous donors, public institutions, public enterprises, companies and entrepreneurs engaged in services of general interest, institutions and companies with state capital share, or other organizations discharging administrative authority are prohibited by law to donate to political parties. This is also true for trade unions, associations and other non-profit organizations, churches and religious communities, the gaming industry, importers, exporters and manufacturers of excise goods, legal entities and entrepreneurs with due, and unsettled, public revenue obligations, unless set forth otherwise by the law.

\(^{10}\) Source: Statistical Office of the Republic of Serbia
Donations from international political associations may not be in the form of money.

Financing of a political entity by an individual or legal entity engaged in activities of general interest pursuant to contract with organs of the Republic of Serbia, autonomous province, and local government and public services founded by them is prohibited throughout the validity of such contract and for a period of two years subsequent to termination of contractual relations.

Political entities cannot acquire shares or stock and cannot be financed by an endowment or foundation.

**Ban on Acquisition of Income from Commercial Activity**
A political entity may not realize income from promotional and/or commercial activity.

**Account for Financing Operation**
A political party may have several accounts but with the same tax identification number, as well as a foreign currency account, through which it transacts all funds earmarked for financing operation. Coalitions or citizen groups define accounts used for transaction of all funds earmarked for financing operation by the agreement establishing such political entities.

**Financing the Election Campaign**
Election campaign costs are the costs of all activities deemed to be the election campaign. These activities need to be paid for from a separate account that may not be used for other purposes. While the state budget allocates some money for political parties who want to participate in the elections, in this guide we focus solely on money raised from private funds.

**Financing Election Campaign from Private Sources**
A political entity may raise funds from private sources for election campaign costs. In an election year, individuals and legal entities may
give donations up to the maximum annual amount for campaign expenses in addition to donations for operational costs.

**Public Resources Should not be Abused**

In order to run a fair campaign, political entities are not allowed to use the public budget of the Republic of Serbia, the autonomous province, or the local self-governments. For the same reason, it is prohibited from using official premises, vehicles, websites, or inventory of the state for campaign purposes.

A political entity may use the premises and services of authorities and organizations under equal conditions to all political entities based on the publicly available decision of relevant authorities and organizations. This may only occur under the condition that such authorities and organizations can ensure the use of the premises and services during the election campaign to each and every political entity having expressed timely interest in them.

Funds raised from public and private sources for financing election campaign costs may be used only for party activities, including campaigning and member training.

**Keeping Records and Reporting**

**Duty to Keep Books and Records**

A political entity with representatives in representative bodies and registered political parties are required to keep records of all revenues and expenditures. Bookkeeping is done by origin, amount, and structure of revenues and expenditures. The records are subject to annual control by the relevant authorities. Such political entities are also required to keep separate records of donations, gifts and services extended without compensation, or under conditions deviating from market conditions and records of property.

The content and manner of keeping records is specified by the Director of the Anti-corruption Agency.
Annual Financial Report

A political entity with representatives in representative bodies and registered political parties are required to submit an annual financial statement to the Agency, as well as a report on donations and assets.

Political entities are required to publish the statement on their website within eight days of submission of the annual financial statement to the Agency. The annual financial statement shall be published on the website of the Agency.

The Director of the Agency shall specify the content of the annual financial statement.

Report on Election Campaign Costs

A political entity participating in the elections is required to submit to the Agency a report on its campaign expenses within 30 days of the date of publication of the final election results. The report on election campaign costs contains information on origin, amount, and structure of raised and spent funds from public and private sources.

Control by the State Audit Institution

The Agency may, after conducting control of financial reports of a political entity, forward a request to the State Audit Institution to audit these reports, in accordance with the law governing competencies of the State Audit Institution.
3
Fundraising Start
The Cause: Case for Support

There are many ways to approach fundraising, with various techniques, but one thing is a must before starting: having a unique Case for Support. This is the main fundraising tool.

Case for Support states the party/movement’s unique fundraising cause. It should answer the main question of “why”, meaning why the change is needed in society and why the party/movement is the one to bring that change. It can be made in different forms, could be very simple, and should consist of four main elements:

1. The need: the problem trying to be solved in the society
2. The solution: how will the problem be solved with the money
3. The uniqueness of the party/movement: why are the party/movement is the actor that will bring the solution
4. The call to action: how exactly people can support the party/movement

Case for Support should be compelling and urgent. It should convince people to give, and it should present the fact that the support is needed immediately.

Podemos is a Spanish political party born out of a populist left-wing movement in 2014. As a new party, Podemos connected with popular anti-government sentiments to solicit small donations from common
voters. The small organization raised money with humble strategies like merchandise sales and passing around donation bins during rallies. Though Podemos didn’t win the election, its impressive performance broke the historic two-party competition in Spain to the surprise of many.

The next two examples are from Serbia. Both examples are successful experiments conducted in Serbia with NDI partners within the Party Integrity program.

The Belgrade based activist movement called “Ne Davimo Beograd” Initiative established a functional database with comprehensive data on donors and supporters, expanded the list of supporters and potential donors by 20% and collected donations through a mail campaign.

The youth organization of the Serbian Progressive Party organized a landscaping and greening action between the buildings at the corner of Tiršova and Deligradska street. With this action, the youth wanted to raise awareness on environmental issues. Funding for the seeds was provided by individual contributions from members of the Serbian Progressive Party.

Further fundraising examples can be found via Giving Balkans.

**Spectrum of Opportunities: Fundraising Techniques**

Fundraising tools and techniques are the activities, methods, and means that political parties and candidates use to raise money. There is an endless number of fundraising tools. Some parties and candidates get very creative with their approach to raising money, however, the method a party/movement uses should be selected according to its efficiency and appeal to potential donors.

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11 Giving Balkans is a unique database with visualized reports on giving in the Western Balkans developed by Catalyst Foundation. See more at: [https://givingbalkans.org](https://givingbalkans.org)
There are many ways to classify fundraising techniques, including:

**Auctions**

At auctions, organizers get a number of nice items donated, such as pieces of art, clothing, dinner at a nice restaurant, hotel stays, etc., and invite potential donors to bid on these items at a reception or dinner.

**Membership Dues and Fees**

Collect fees from party members at regular intervals (e.g., monthly, quarterly, annually). Offer different levels of membership depending on income and ability to pay. If a party is going to charge membership fees, it must collect these on a regular basis.

**Grassroots Fundraising**

Grassroots fundraising is when a large to moderate sum of money is raised in small amounts. This can include selling campaign or party merchandise such as shirts, bags, posters, and buttons; selling food at a community event; or organizing a coffee or tea gathering. The internet is now being actively used in many countries (where the necessary infrastructure exists) as a highly successful medium for grassroots fundraising. This is also known as crowdfunding\(^\text{12}\).

**Coffees or House Parties**

Coffees or house parties are informal events in which party members or supporters host small gatherings of their friends, family, neighbors and/or colleagues either at their home or another comfortable venue. The host uses the event to introduce a candidate or party to their guests.

Awards event Awards events are typically more expensive gatherings in which the party sells tickets or tables of tickets to high-net-worth individuals or companies. The party uses the event to deliver an award or to acknowledge a member of the community whose work or values matches the party’s vision.

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\(^{12}\) See these sources: BRODOTO Making good visible; O nama; https://www.donacije.rs/ Campaign Skills Handbook Module 10 Mobilizing Resources Support, Donations, Volunteers
Community Festival

Some political parties host community festivals to mark a special occasion or anniversary and make money by renting out booths or tables to businesses and organizations, selling food and merchandise, recruiting new members, or, perhaps, including other forms of fundraising, such as a raffle.

Personal Solicitation

Personal solicitation is simply asking someone for money in a face-to-face meeting.

Calling Potential Donors

Phone calls are a good way to have a personal conversation with people from your potential donors who cannot be reached out in other ways. Political parties can only use the phone numbers of those people who willingly provided their contact information to party activists with a prior consent to use that information.

Email and the Internet

Email and the internet are being used as a successful form of grassroots fundraising in countries where the necessary infrastructure exists to support online donations. In the past ten years, online giving has emerged in Serbia. Some organizations have a donation button on their website, which is usually created in partnership with the banks and the IT agencies. This allows potential donors to donate with just a few clicks from the mouse. Serbia also has the practice of direct email campaigns in which an organization sends fundraising appeals to prospect donors based on the mailing list, usually friends, collaborators and members of the organization (so called family giving).

Social Media

Social media channels are one of the most accessible techniques for fundraising, available to all levels of races. Depending on different characteristics of your donors, like demographics for example, you can choose the networks that are most suitable for your fundraising efforts and tailor the messages and other activities in accordance with that.
Resources vs. Return

Just because one can put on a massive concert with the greatest pop stars in the country and lots of flashy stage lights and a giant sound system does not mean one should. Fundraising is about exactly that – raising funds. If an event being planned is going to take a lot of work and probably not make a large amount of money, the party/movement should reconsider whether it will be worth the investment.

All good political fundraisers need to continually compare the resources that each fundraising effort requires (e.g., the time, people, money, etc.) to the return that it will generate (e.g., the actual money or net income coming to the party). The table below shows the level of investment vs. the level of return of different fundraising techniques¹³.

<table>
<thead>
<tr>
<th>High Resources / High Return</th>
<th>Low Resources / High Return</th>
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<tbody>
<tr>
<td>Auction</td>
<td>Personal solicitation</td>
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<tr>
<td>Awards dinner</td>
<td>Hosted event (all costs covered by hosts)</td>
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<tr>
<td>Higher-priced events</td>
<td>Email and internet</td>
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<tr>
<td></td>
<td>Membership: monthly direct fees or high dues</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Low Resources / Low Return</th>
<th>High Resources / Low Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffees or House Parties</td>
<td>Concert or dance</td>
</tr>
<tr>
<td>Letters</td>
<td>Membership with small dues</td>
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<tr>
<td></td>
<td>Merchandise – shirts, bags, buttons, books, etc.</td>
</tr>
</tbody>
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4
Fundraising in Five Steps
No matter which technique is chosen, there are some universal rules that should be respected in fundraising. In fundraising, there is always the same cycle, with five key steps that should always be respected:
**Identification: Who is There?**

Political fundraising is communicating to potential donors in a clear and precise way how they can participate in a campaign’s or party’s vision and how they can support what it is trying to achieve\(^{14}\).

When donors share the same vision and want to see the same achievements realized for the country or their community, it is easier for them to connect their own needs to the financial health of the campaign or party.

**Brainstorm**

Finding potential donors starts with identifying individuals and organizations with whom the party or its candidates have shared values, ideals, visions, or attitudes. It is surprisingly easy to do this, and it all starts with brainstorming – amassing information by thinking through some of the same questions and clues as to who donors might be.

Start by asking candidates and party officials:

- Who knows you? Who likes you?
- Who has previously supported our party in your area? (start with identifying previous donors)
- What issues have you championed? Who else thinks these issues are important?
- What are your professional achievements that interest or impact others?
- What are your personal achievements that interest or impact others?
- Who are your political allies?
- What organizations do you belong to?
- What community leaders support your work?
- What family ties will help fundraising?

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\(^{14}\) Campaign Skills Handbook Module 10 Mobilizing Resources Support, Donations, Volunteers, National Democratic Institute.
Add to these questions the brainstorming tool outlined in the diagram below. This diagram\textsuperscript{15} outlines the typical categories into which most donors fall:

\textsuperscript{15} Based on the Circles of Benefit developed by Dee Ertukel for EMILY’s List.
As the diagram illustrates, there are six major categories of donors:

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Candidates & Party Leaders** | - Candidates and party leaders should make a personal financial contribution to their campaign or party, respectively.  
- It is difficult to make the case that other people should give if they are not doing so themselves. |
| **Personal**     | - Candidates and party leaders should look at their personal connections, including family members, friends, and close professional colleagues, to identify potential donors.  
- Because of their personal relationship with the party leader or candidate, these people want to see the candidate/party succeed.  
  **Fundraising Message:** “What’s important to you is important to us.” |
| **Ideology & Ideas** | - Donors in this category are those who share the same causes or who advocate for the same ideas as the party or candidates.  
- People who share the same heritage, background, or community group may also fall into this category.  
  **Fundraising Message:** “We share the same values and vision.” |
| **Leadership**   | - Local community leaders, even those who are largely non-political, will often take a stand if they feel the party/movement/candidate will do a good job representing the needs of the community.  
- Think about local leaders in the civic, academic, religious, or business communities who may want to support good political leadership for the area as well.  
  **Fundraising Message:** “We want the same things for this community.” |
### Preconceived Notions

- Some donors may not like the party or the candidate very much. But, they dislike the party or the candidate that is being challenged even more and they want to ensure that the party/candidate is in a position of strength to defeat the opponent.

  **Fundraising Message:** “We are strong; we can challenge them.”

### Power

- There are many donors who like having a relationship with whoever is going to be in power, largely to protect their own interests, e.g. lobby groups or unions.
- These donors need to be vetted carefully to avoid conflict of interest or creating the impression of unduly influence.
- Connect their interests with the public commitments you are making as a campaign or party.
- People or organizations in this circle generally give late in an electoral campaign, because they want to see who is likely to win.

  **Fundraising Message:** “We are going to win and we understand the issues.”

As the blue arrows on the side of the diagram illustrate, moving from the core to the outside of the circle, it takes more time and more effort to cultivate a relationship with each type of donor.
Make Lists

While conducting brainstorming exercises to identify potential donors, begin to create lists by writing down the names and contact information of individuals or organizations that come up during discussions and address the following points:

- Current and past schedules, diaries or day planners
- Mobile phone contact lists
- Membership lists from professional organizations
- Employee or staff lists from work
- Email lists
- Names of family members

The party may also think of some people that it does not have contact with, but knows could be prospective donors for the cause. Feel free to put them on the list, and then find the people who are close to them and collect the information. One must know someone who knows them. Remember the six degrees of separation rule: everyone is connected to everyone with six or less connections between them.

In the first phase, put as many people on the list as possible and then filter it in the next stage. Commonly, about 10% of people from the list will donate money to the campaign. Do not get discouraged, others could be beneficial in different ways or would donate some time later. Hence, make as exhaustive a list as possible.

Vet Donors

Political fundraising sometimes has a bad reputation because of perceived corruption or back-hand dealing. Obviously, these illegal practices have nothing to do with fundraising, but with bribery or buying influence. For fundraising to work in Serbia, political parties not only need to be very transparent about who their donors are, they also need to vet in advance who they’re asking money from. A party’s credibility can be ruined by having one wrong donor.

Different criteria determine who is a wrong donor. Obviously, all money that is acquired through illegal activities is wrong and should never
be accepted. But also money from the Serbian diaspora is problematic. Political parties cannot receive foreign money (apart from a few exceptions explained in chapter 2).\textsuperscript{16}

**Qualification: Who could give?**

**Score your Prospects**

Once a list has been obtained, decide where to start from. As mentioned, the list should be long as not everyone will respond positively. International experience shows that you should count on approximately 10\% support. That success rate is likely to be higher with friends and family than with people who you don’t have a connection with. Another reason why investing in direct communication with your potential voters will help grow the party. To be efficient, a rating system can be used to target those that are the most likely to give to the cause. In this way, the campaign will start with prospects that it has the best chance to get support from.

This system is called LIA, which stands for:

- **LINKAGES** The closer contact the person has with the organization/party, the more likely he/she is to give to the cause. This has to do with trust.

- **INTEREST** The more interest the person has in the case (topic of the campaign, the political program), the more likely he/she is to give. This has to do with motivation.

- **ABILITY** The more capable of giving the person is, the more likely he/she is to give, and the bigger gift he/she can give. This has to do with wealth.

**Identify the Right Amount to Ask**

Once a central list of potential donors is prioritized, the next question is what (or how much) to ask each person to contribute and what the best way to ask them is. Use given information to create the list of potential donors.

\textsuperscript{16} https://www.ndi.org/sites/default/files/Module%2010_Mobilizing%20Resources_EN.pdf, National Democratic Institute
Donors typically fall into three general categories, based on the general amount that can be asked for from them:

A. **Small Gifts**

These are donors that can be asked for a small amount of money or material resources. However, instead of calling them small, use terms like “special”, “community”, or other more positive term so as not to undermine their valuable support.

B. **Medium Gifts**

These are donors that can be asked for a moderate amount of money or material resources. Here as well, rather use affirmative terms to show appreciation.

C. **Major Gifts**

These are donors that can be asked for a large amount of money or material resources, not exceeding 20 average monthly salaries. Maximum value of donation at annual level that a legal entity may give to political entities for operation shall not exceed 200 average monthly salaries. Such gifts can be called leadership gifts, as these donors could become the leaders who bring in others of their range.

The amount of money that can be asked for from each category of donors will depend on the local economic situation, what earnings are like, and whether or not there is already a culture of political giving, which can take time to develop. Usually, and especially with high-net-worth individuals/major donors, there is a typical life cycle: accumulating money; growing and protecting money; and giving money away.

Consider each of these factors and assign a specific figure to each category of donors, or a specific amount that will be asked for from each individual on the list. For example, do not ask a major donor for a large gift if he/she is currently investing in a new business, when they are planning a wedding or during Slava time.
Go Wide

Don’t overlook the power of small donations. People who give even a very small amount to a campaign have invested in its success; they will vote and are likely to bring others with them. Small donations add up, and they also demonstrate grassroots support in a way that big donations do not. For example, Candidate A raised $5,000 from 2 donors, while Candidate B raised $3,500 from 200 donors. Candidate A may have more money, but Candidate B clearly has more support.

Choosing a wide network of small donors over a smaller network with deeper pockets, has two major benefits. Once people start giving money to a political party - no matter how small the donation - they become invested in that party. They will want the party to succeed. This pushes them to be more active supporters. And that can be just the push a party needs to pass the threshold or to grow bigger than its competitors.

Another important advantage of many small donors is that the negative perceptions that sometimes come with political fundraising are less strong. When a few donors give a lot of money, the suspicion of “buying influence” is always bigger than when a lot of people give a little bit of money. More smaller donors make more people trust the system, which is good for democracy.
Cultivation: Building Bridges

It is misleading to assume: Here is a potential donor, let’s go and ask him/her for a gift. Do not forget there are two more steps in-between. One is qualification: Does this prospect really qualify to give to the campaign? Second, once it is concluded that the person is likely to give, one must prepare oneself and the potential donor for the ask. This process is called “cultivation”.

Like any other relationship – with a partner, colleague, neighbor, friend – the relationship with the donor needs to be managed and worked on. Take some risks, but also build trust with the donor. Without trust, it is difficult to ask for a donation.

If there is a preexisting relationship with the donor, the job is easier and could take less time. It is still important to assess their current state and prepare the pitch accordingly. If you do not have close contact with the potential donor, the relationship should be strengthened before approaching them with an ask. Again, like in other situations, (for example, with a new partner or neighbor), someone needs to make the first move. So, consider what moves them and their money closer or further away from the campaign. This process in fundraising is, therefore, called moves management.\(^\text{17}\)

Obviously, communication is the skill needed to be successful in this process. And there is one particular part of communication which is crucial, and that is listening. It is important to want to learn about a potential donor so as to develop the correct approach to asking for contributions. The best approach is listening, but be prepared to answer questions about your party and its ideas (for example, in a face to face meeting or a video call, or by observing and researching distantly). Building a bridge between the campaign and the donor is essential!\(^\text{18}\)

\(^\text{17}\) David Dunlop, Cornell University, USA
\(^\text{18}\) Jolan Van Herwaarden, College of Change, The Netherlands
Solicitation: Making the Ask

Being able to ask for things is a negotiation skill. In politics, asking for support – whether it is financial, material or political – is an important skill to develop. Remember that engaging supporters can start with something very small, and then grow into larger commitments. Being able to ask a supporter to take a slight step up from voter to volunteer is just as important as being able to ask a major donor for large amounts of money.

When it comes to asking for things, the specific approach will depend on the nature of the relationship with the person being asked and the type of language and communication styles utilized. However, the process generally requires the following steps:

1 **Prepare**

Know in advance how much will be asked for and think through why this individual would be motivated to support the party or campaign. In order to explore where there might be personal connections with the candidate, gather as much information as possible on the person’s professional background and connections, family relationships, schooling, and interests. If asking for financial support, consider what ring of the fundraising diagram this person might be on. The steps should have already been taken during earlier phases, as described above.
Assign Roles

Someone in the party could take up the role of fundraising, as it takes a lot of time and energy. We’ll talk more about this in chapter 5. But it is not always the fundraiser who should make the ask, rather, they should manage it. If talking to a high-wealth individual, one could consider having a party leader at the meeting. In any case, bringing 2-3 people in the room may be beneficial. These individuals should be assigned to appropriate roles such as: asker, influencer, and the person who could get a “yes”. The same goes for the donor. If he/she is not the one that makes the decision, but the spouse or financial advisor, these individuals should also be present during the conversation.

Have an Agenda

The meeting should be planned, not improvised. Respect should be given to the donor and the fundraiser who called the meeting should have control over its flow. Prepare an agenda with the exact objectives and topics of the meeting. The agenda can be very simple, but should be straightforward and should be shared with the donor so he/she can know what to expect.

Establish Rapport

Select language, gestures, and an appropriate setting to make a connection so that all parties are at ease during the meeting. Make it clear through body language and approach that this is a two-way communication and that the request for money or other forms of support will not be a demand, but a conversation.

Connect

Clearly connect what is important to the donor with what the party or candidate is aiming to achieve. Keep the message compelling but concise; do not talk for too long.
6 Be Specific

Ask for something specific. If asking for money, tell the potential donor exactly how much he/she is being asked to contribute. This should be treated as a negotiation and it is, therefore, not sufficient to ask for “something” or “anything.”

7 Stop Talking

Following the ask, stop talking, wait for the supporter or donor to consider the request, and listen for the response. Do not worry if there is a moment or two of silence; that is perfectly normal. Trying to fill the silence with words can undermine the ask.*

8 Listen and Respond

There are four potential answers from the donor or supporter and four potential replies.

<table>
<thead>
<tr>
<th>If the donor says:</th>
<th>An appropriate response is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Yes”</td>
<td>“Great! Thank you!”</td>
</tr>
<tr>
<td></td>
<td>Make sure that you have all necessary information to guide the donor through the technical process of donating money.</td>
</tr>
<tr>
<td>“Maybe”</td>
<td>“Thank you! Do you need more information?”</td>
</tr>
<tr>
<td></td>
<td>It is important that the party has a Q&amp;A on its most important policies and strategies to help the potential donor understand why you are asking for money.</td>
</tr>
</tbody>
</table>
If the donor says: | An appropriate response is:
---|---
“No” | “Thank you! Is there another amount you would be comfortable giving?”

Alternatively, you could ask questions like: “Is there another way of supporting the party that you would feel more comfortable with?” or “Is there another time you would feel more comfortable giving?” It is important that you ask only one question, though, to avoid confusion which will likely lead to not receiving anything.

“Yes, but less” | “Thank you! Would a contribution of (slightly lower figure) be more appropriate?”

Make sure not to lower the figure too much, but significantly enough not to insult the potential donor. Not proposing an amount will likely result in a lower donation.

9 Collect the Gift
If the supporter has made a financial commitment, make arrangements to collect it including how and when. If he/she needs to consider the proposal further, determine how the information they need will be communicated and make a date for a follow-up meeting. If the supporter has agreed to get more involved in the campaign, make arrangements for when and how this can be facilitated.

10 Show Appreciation
Regardless of the response, make sure to thank them for their time and consideration. Be sure to send a formal and appropriate “thank you” to all supporters, no matter what they have contributed.
Stewardship: The Circle Rounds

Following the establishment of a relationship with a new supporter, it is important to continue to make efforts to maintain and grow this relationship. The following steps are effective ways to foster and develop relationships with a supporter:

**Stay in Touch**

Maintain good relations with established donors, potential donors, and supporters who are making a real contribution to the campaign. Thank them again and inform them about the progress of your fundraising. Do not call only when asking for something, but also during special occasions, holidays, or to communicate significant political events or happenings within the party.

**Ask Again**

After expressing gratitude for previous contributions, it is appropriate to ask for additional contributions. Donors who have already invested are highly likely to contribute again. If a supporter has agreed to volunteer at campaign headquarters or to canvass, ask if they would be interested in getting more involved or hosting an event for the campaign.
5
Fundraising: Back to Basics
The Role of the Fundraiser

Fundraisers play a key role in helping identify where potential support can be found for a campaign or party, and how to communicate with supporters about how important and valuable their involvement is. This type of outreach helps the campaign or party in a grassroots manner.

Fundraisers, therefore, do more than find money and in-kind contributions (although this is an important part of their job as well). Fundraisers can help political parties, candidates, and their campaigns develop the capacity to ask for support. A fundraiser as such does not need to be just one individual. A fundraiser can also refer to a team that itself is supervised by party leadership and is transparent in its own activity.

Without the capacity to ask, a political party or campaign limits its potential for support. A fundraiser plays a number of important roles in a campaign. A fundraiser is:

- A Broker who connects the interests of donors with the needs of the campaign
- An Ambassador who serves as the public face of the campaign or party
- A Marketer who acts as a salesperson and promotes the benefits to supporting the party or campaign
- An Organizer who finds a way for all levels of supporters to invest in the campaign
- A Researcher who investigates where to find supporters and investors
A Planner who lays out a detailed plan of how much money the campaign or party can expect to raise, how it should go about raising that money (strategy), how much it’s going to cost to raise that money (budget), and when the campaign can expect to have it (timeline)

A Financial Manager who helps the campaign balance what it wants to do against what it can actually afford

A fundraiser can be a trusted volunteer or a paid member of staff. Either way, they are a critical part of the campaign team. While the fundraiser’s job is to research and cultivate potential supporters, set up events, and other vehicles for mobilizing donations, and follow up with donors, the candidate or party leader is almost always the best person to make the in-person ask for support²⁰.

**Fundraising During the Pandemic & Natural disasters**

As an example, we can take the COVID-19 Pandemic, which seriously disrupted political processes and party activities, and fundraising is no exception. However, fundraising methods can and should be adapted to unusual circumstances, as with every political party function. In some cases, techniques listed above can be transferred into the online world and some of them, like emails or social media channels could become a primary touchpoint you have with your donors during a situation like this.

The first step should be to adapt your messaging in a proper way, which means working coronavirus messaging into your fundraising asks. That includes talking about how the pandemic affects the fundraising campaign, but also have in mind the bigger picture, meaning that your communication, either via email or social media or any other channel you choose to use should take into consideration the problems and uncertainties people are facing right now, like unemployment, wor-

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ryring about health issues etc. That could mean that you can give your supporters the opportunity to opt-out of your fundraising emails for the next several weeks if they are suffering a financial or health hardship. So, it is vital to lean into the reality of the moment and recognize that the COVID-19 pandemic is too large of a moment to be ignored.²¹

There are several techniques that can be successful for fundraising campaign during the pandemic and natural disasters:

- Email - your email list is one of the most important resources at this moment, but it is crucial to craft the messages very carefully so they resonate with your community in the most efficient way possible
- Calling the potential donors - typically donors are too busy for phone calls, but they are now a much more captive audience, having in mind the stay-at-home orders
- Social media - people are more present on social media than before, so investing in this type of campaign can result in high return, especially in reaching out to the first-time givers, which are usually hard to find
- Virtual events - people are already very familiar with using different platforms for online communication and becoming more creative with using virtual events to create a feeling of community, so this can be a good way to gather people together and use it for fundraising purposes

²¹ How to Fundraise During the COVID-19 Pandemic and 4 Ways to Keep Your Fundraising Program Active During Pandemic, Source: campaignsandelections.com
6 Internal Financial Management & Transparency*

* NDI Party Integrity Framework
As detailed in the second section of this guide, the obligation to keep accurate records on all revenues and expenses is determined by law. This legal regulation also defines the content of the records, providing parties with a framework on organizing internal procedures. These key requirements for properly keeping track of financial contributions and disclosing these contributions to authorities are:

- Working on clear procedures for internal management of the finances - procedures ensure that the funds are being used in accordance with its intended purposes and that the expenses are being recorded in a transparent manner.
- Establishing and maintaining the accountable system for managing the funds - this is essential, not just in terms of respecting the law, but also for the purpose of advancing the integrity of the party.
- People responsible for financial management - clear division of duties in terms of human resources can help in fulfilling the obligations required by authorities in time (like annual financial report or report on election campaign cost), but also with improving the party integrity.

The cynical views many citizens have of political parties as corrupt entities arise from never-ending scandals related to politics and money. No issue causes more difficulties for political parties, both from an organizational and strategic point of view and as a public relations management challenge. Political parties require resources to compete in elections, to function as organizations in between elections, and to
invest in development, growth and learning. But how parties collect and use resources determines whether they positively contribute to good governance or operate under the influence of external — even hidden — agendas. In short, how (and from whom) parties raise and spend funds, and how transparent they are about financing, determines their level of integrity — or lack thereof.

The regulation of political finance is one way to guarantee essential levels of independence, transparency and equality within the system of governance. However, these systems take time and require political will and leadership to be effective. Thankfully, political parties do not need to wait for legislation. There are internal practices that parties can adopt, without delay, to foster honorable relationships with donors, funders and supporters that manifest the highest levels of integrity within and outside the organization. Depending on the state of a party’s finances and record keeping, reforming systems and introducing more ethical processes are long-term efforts that require discipline and oversight to maintain.

This section, therefore, focuses on sensitive but crucial aspects of political parties’ integrity — how they raise and spend money. It also examines if and how parties report on contributions and spending, and if campaign spending is ethical and transparent. Finally, and crucially, this section considers whether or not political parties employ internal financial management practices that promote integrity.
Internal Financial Management and Transparency

Standards and Restrictions on Funds and Donors

Not every person or entity that wants to contribute to a political party should contribute. Too often, financial donors to political parties expect material gains or rewards in return for their contribution, which jeopardizes the integrity of the party. Many political systems ban donations from organizations and individuals whose involvement in the financing of parties could be damaging to, or compromise, the democratic process. Many systems establish limits on the amounts of donations political parties can receive, which not only reduces the incentive for illicit gain, it encourages political parties to reach out to many more citizens to solicit smaller donations, thus building support from ordinary voters.

Internal Financial Management and Record Keeping

Many parties are reluctant to be publicly transparent about their finances because doing so would reveal weak internal financial management practices, as well as an overall inadequate organizational infrastructure. However, it is vital that parties prioritize accurate record keeping and accountable systems or processes for managing party funds to advance the integrity of the organization. Clear procedures for financial management contribute to internal party accountability by helping to ensure funds are used only for approved party business. Parties may use their statutes or bylaws to outline financial reporting responsibilities and to create internal oversight boards or committees responsible for auditing internal party finances. Written record keeping procedures that are upheld by dedicated staff and regularly reviewed enable party officials to see where and how funds are spent and help prepare the party for obligations to file accounts to relevant authorities.

Parties must have robust procedures for recording financial transactions that include internal systems of checks and balances to ensure oversight and control. An internal audit or finance committee that is independent of the leadership should have access to all records of fi-
financial transactions, including branch-level and candidate expenditures. Parties should regularly engage external, independent auditors to review the organization’s financial records.

There must be transparency concerning the sources of income, how the party spends its money and the decision-making process on expenditures. Parties should maintain a system to track and record all revenue and donations, including in-kind or material contributions. Procurement policies must ensure that funds spent on services meet the test of merit, competition and independence. Party documents should outline criteria for awarding contracts to vendors, and an internal party committee should be responsible for reviewing bids and executing procurement.

The absence of comprehensive and transparent procedures for managing funds compromises internal party democracy and integrity and, ultimately, the management of party funds becomes vulnerable to fraud.

**Disclosure of Sources of Income**

There are different approaches to ensuring transparency of political party finances and adherence to regulations on donations. Some systems require public reporting of donations and donors at regular intervals. In some cases, parties only need to reveal the identity of donors who give over a certain amount. Others do not obligate parties to disclose the identity of donors but compel parties to provide summary reports on their income and spending.

In some countries, opposition parties are reluctant to reveal the identity of donors who fear retribution from punitive ruling authorities; opposition parties argue their ability to raise money decreases with increased transparency. While this is, unfortunately, a reality for many opposition parties, there are those with a commitment to financial disclosure that serves as additional pressure on other parties to do the same.
Transparency

Political parties that voluntarily practice the highest possible levels of transparency in their fundraising and spending — regardless of legal requirements — are far more likely to build a relationship with voters based on trust. To guarantee maximum integrity, political parties should keep sound and proper financial records, which serve to generate confidence, enhance credibility and encourage contributions to finance party operations. Citizens are more likely to donate if they know parties are using their money responsibly and fairly.\(^\text{22}\)

The transparency of political party finances is also a valuable party building and recruitment tool. Understanding how — and on what — the party spends funds is a considerable incentive for party members to promote the party and participate in fundraising efforts.

Financial Disclosure and Transparency in India and Spain

In part because of the youth of its members, the Aam Aadmi Party (AAP) in India has made significant use of tech to improve outreach and transparency in management of party finances. A main feature of AAP’s efforts toward greater fiscal transparency is their aim to publicly declare all expenditures and rupees collected by donation on the party’s website — including information on the donation’s origin, month and amount — updated in real time. AAP’s #iFundHonestParty challenge allows supporters to make a donation via a mobile app, sends the donor a receipt via SMS or email and posts the contribution online.\(^\text{23}\)

In Spain in 2014, the Spanish Socialist Party (PSOE) signed an agreement with Transparency International Spain (TI-E) to release financial and other internal party documents, through TI-E promoting increased transparency of the party.\(^\text{24}\)

\(^{22}\) A Compilation of political party statutes, The National Democratic Institute


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