

Pursuant to Article IV 4., e) of the Constitution of Bosnia and Herzegovina, the Parliamentary Assembly of Bosnia and Herzegovina, at the session of the House of Representatives held on July 27, 2000 and at the session of the House of People held on July 31, 2000, adopted the

## **LAW ON POLITICAL PARTY FINANCING**

### **Article 1 Objective of the Law**

This Law shall lay down the manner and conditions under which political parties and their members acting on their behalf obtain working funds.

### **Article 2 Definition of Political Parties**

1. For the purpose of this Law, political parties shall be considered organizations into which citizens are freely and voluntarily organized and which are registered according to law with the relevant court in either Entity in order to carry out political activities and pursue political goals.
2. A political party must submit an application for verification to the Election Commission of Bosnia and Herzegovina under the same name that is registered with the relevant court in order to participate in the elections.

### **Article 3 Sources of Funding**

1. A political party may obtain funds from the following:
  - a) Membership fee;
  - b) Contributions from legal entities and natural persons;
  - c) Incomes generated by property owned by the political party;
  - d) The budget of Bosnia and Herzegovina for financing parliamentary groups in accordance with Article 10 of this Law, as well as from the budgets of the Entities and from all their lower units pursuant to the Entities' laws;
  - e) Profit from the income of enterprises owned by the political party.
2. An enterprise referred to in paragraph 1.e) of this Article may only carry out culture-related or publishing activities.
3. The membership fee referred to in paragraph 1. a) of this Article shall only be a regular amount paid by a member according to the provisions of the Statute of the political party. Contributions shall be payments exceeding the amount of the membership fee.
4. The annual income of the party referred to in paragraph 1. c) and e) of this Article may not exceed 20% of the amount of the total annual incomes of the party. A party shall donate such incomes in excess of 20% to one or more charitable organizations within 30 days of submitting its financial report in line with Article 11.

## **Article 4 Contributions**

1. Legal entities and natural persons may give contributions to political parties or to the members acting on their behalf. For the purpose of this Law, a contribution made to the political party or members acting on its behalf shall also mean gifts given to the party or the members, who act on its behalf, free services or provision of services to a political party or the members, who act on its behalf, under conditions by which that party is put in a favoring position with regard to other parties.
2. Legal entities or natural persons that provide a service or sell a product to a political party must issue an invoice to the party, without regard to who is paying for the service or product, and/or without regard to whether the service has been provided free of charge or the product given free of charge.

## **Article 5 Limitation to Donations**

1. The total amount of a single contribution referred to in paragraph 1, Article 4 shall not exceed eight (8) average worker's salaries according to official data by the Statistics Agency of Bosnia and Herzegovina in one calendar year and may not be made more than once a year.
2. Budgetary allocations for political youth organization shall not be subject to the limitation of donations regulated by this Article.
3. Budgetary allocations for political youth organizations shall be reported on forms by which a political party discloses its financial situation apart from other incomes of the party.

## **Article 6 Reporting contributions**

If the total amount of the contribution of one person referred to in paragraph 1, Article 4 exceeds one hundred Convertible Marks (100 KM), that contribution must be recorded in the financial report according to Article 11.

## **Article 7 Contributions Made by Members of a Political Party**

In case that a contribution is given to the political party by its member or a group of members, that contribution shall be recorded in the same manner as provided by Article 6.

## **Article 8 Prohibited Contributions**

1. State, entity and cantonal bodies, municipal and local community bodies, public institutions, public enterprises, humanitarian organizations, enterprises which are by the

virtue of their activities exclusively non-profit, religious communities, as well as economic associations in which public capital has been invested in the amount of at least 25%, may not finance political parties.

2. Private enterprises performing public services through a contract with the government may not financially support political parties.

### **Article 9 Prohibited Activities**

1. It shall be forbidden to exercise any political pressure on legal entities and natural persons when making contributions to political parties.

2. It shall be forbidden to promise any privileges and personal gain to the donors of political parties.

### **Article 10 Appropriations from the State Budget**

1. The financing of parliamentary groups represented in the Parliamentary Assembly of Bosnia and Herzegovina shall be distributed in the manner that 30% of the funds is equally distributed to all parliamentary groups, while 70% of the total amount is distributed equivalent to the number of seats each parliamentary group holds at the time of allocation.

2. The detailed method for the allocation of funds shall be regulated by the Standing Orders of the Parliamentary Assembly of Bosnia and Herzegovina.

### **Article 11 Obligation to Render a Financial Report**

1. Political parties keep a record on their incomes and expenditures. A political party shall be obliged to file with the Election commission of Bosnia and Herzegovina a financial report for each calendar year (accounting year).

2. A political party shall submit a special financial report for the period of the election campaign in the manner set by the Election Law of Bosnia and Herzegovina.

3. Political parties shall submit the financial report in a form approved by the Election Commission of Bosnia and Herzegovina by March 31 of the following year. The Election Commission of Bosnia and Herzegovina shall enact rules for the implementation of the provisions establishing content, form, manner and other details of reporting.

4. All persons obliged to submit a report must also submit additional reports as reasonably requested by the Election Commission of Bosnia and Herzegovina.

5. The Election Commission of Bosnia and Herzegovina shall be entirely authorized to implement and execute the provisions of this Article in a manner provided by the Election Law of Bosnia and Herzegovina.

**Article 12**  
**Appointment of an Authorized Person in a Political Party**

1. Every political party shall appoint an authorized person responsible for the submission of the reports and record-keeping who shall be authorized to contact the Election Commission of Bosnia and Herzegovina.
2. Applicants shall inform the Election Commission of Bosnia and Herzegovina about appointing the authorized person referred to in paragraph 1 of this Article within three (3) days following his/her appointment, and in case of any change in the status of that person, they shall be obliged to issue a notice about that change within three (3) days.
3. The authorized person shall sign all reports and shall be responsible for record-keeping regarding the reports, and the authorized person must submit reports for consideration upon the request of the Election Commission of Bosnia and Herzegovina. The political parties shall keep their financial reports at least six (6) years following the submission.
4. The Election Commission of Bosnia and Herzegovina shall make all reports readily available to the public and shall take appropriate measures in order to ensure access to the information contained in the reports for all citizens.

**Article 13**  
**Mandate of the Election Commission of Bosnia and Herzegovina**

1. The Election Commission of Bosnia and Herzegovina shall be authorized to investigate all cases where the provisions of this Law were not acted upon, and it may order certain persons to provide their written answers in order to ensure documented and other evidence, and to obtain witnesses' statements regarding the investigation eventually initiated by the Election Commission of Bosnia and Herzegovina. The Election Commission of Bosnia and Herzegovina may independently or upon a filed complaint initiate an investigation or undertake appropriate measures.
2. The Election Commission of Bosnia and Herzegovina shall be responsible for the implementation of the provisions of this Law, and it shall be authorized to decide as to whether a political party or other person is in breach of this Law, as well as to pronounce sanctions to any political party for non-compliance with the mentioned provisions or to undertake necessary administrative measures within its jurisdiction under this Law.
3. The Election Commission of Bosnia and Herzegovina shall strive for a political party found in breach of these provisions to voluntarily act according to these provisions before it pronounces a sanction or undertakes administrative measures.

**Article 14**  
**Financial Control of Political Parties**

1. The Election Commission of Bosnia and Herzegovina shall establish an Audit Department responsible for conducting the examination and control of the financial reports submitted by political parties.
2. The audit of political parties' financial reports shall include the reports from the party's national and Entity headquarters (including Brčko District) and from at least two regional offices chosen by the Audit Department.

3. If there are no objections after the party receives the final written report, the auditor shall officially confirm the findings of the audit. After a duly conducted audit and on the basis of the political party's books and documents and information and evidence filed by the executive boards, this confirmation shall prove that the state of the financial transactions is in accordance with the provisions of this Law. If any complaints have been filed, the auditor must deny to officially confirm the audit, or he/she must modify it according to the complaints. The confirmation issued by the auditor must contain the names of the regional offices covered by the audit.
4. The auditor's certificate must accompany the financial report to be submitted and published in "the Official Gazette of Bosnia and Herzegovina".
5. The Election Commission of Bosnia and Herzegovina shall establish the Department for Auditing Financial Operations taking into account the professional qualifications of the auditors. The Election Commission of Bosnia and Herzegovina shall be responsible for the hiring and the dismissal of employees in the Audit Department.
6. In the purpose of the previous paragraph, a person appointed as auditor may not be a member of the executive board, a member of the main party committee, or an appointed accountant, or work for the party being the subject of the audit and/or for any of the regional offices of that party, or a person who performed the aforementioned functions in the period of three (3) years preceding the mentioned appointment.
7. The Audit Department shall be granted access to the party's premises if it finds it necessary to conduct a detailed financial investigation in order to ensure the validity of the accounting report. If the access to the party's premises is denied, it shall be deemed that the party in question failed to submit a financial report and the Election Commission shall withhold the party's right to stand for the next elections.

## **Article 15**

### **Role of the Election Commission**

1. Any irregularity established by the Audit Department shall be submitted to the Election Commission of Bosnia and Herzegovina. If a political party fails to act in compliance with the provisions of this Law, the Election Commission shall be authorized to impose a financial penalty in accordance with the Election Law of Bosnia and Herzegovina.
2. Should a political party receive funds in an amount exceeding the highest established annual income set out in Article 3 d) or in an amount exceeding the highest amount of a donation set out in Article 5 or in a manner prohibited by Article 8, the Election Commission of Bosnia and Herzegovina shall penalize the political party in an amount not exceeding the amount of three times the illegally acquired sum. Such fines shall be permitted and imposed under this Article even if the total amount of the penalty exceeds ten thousand Convertible Marks (10.000 KM).

## **Article 16**

## **Role of the Appeal Council**

The Appeal Council shall be responsible for reviewing appeals to the decisions of the Election Commission of Bosnia and Herzegovina. The Appeal Council shall be authorized to impose financial penalties in accordance with the Election Law of Bosnia and Herzegovina.

### **Article 17 Obligation to Report to the Parliament**

The Election Commission of Bosnia and Herzegovina shall be obliged to annually submit a report on audited financial transaction to the Parliamentary Assembly of Bosnia and Herzegovina. The report shall be disseminated as parliamentary printed material.

### **Article 18 Distribution of Financial Penalties**

1. All funds obtained from the penalties imposed by the Election Commission or by the Appeal Council, as well as illegally acquired contributions shall be distributed in the following manner:
  - a) 70 % of the amount for the budgetary financing of parliamentary groups as set out in Article 10;
  - b) 30 % of the amount for the financing of the Election Commission of Bosnia and Herzegovina, the Audit Department and the Appeal Council.

### **Article 19 Transitional Provisions**

As long as there is a Service for Financial Transactions (ZPP), political parties shall include in their reports on transactions referred to in Article 10 the list of all annual financial transactions made through the Service for Financial Transactions.

### **Article 20**

Political parties shall be obliged to submit information on their property categorized by amount, type and origin to the Audit Department within three (3) months following the entry into force of this Law.

### **Article 21**

1. Until the formation of a permanent Election Commission pursuant to Article 3 of the General Framework Agreement for Peace in Bosnia and Herzegovina, the Provisional Election Commission may completely or partly assume the jurisdiction and duties assigned to the Election Commission of Bosnia and Herzegovina by this Law.
2. Appeals to the decisions of the Provisional Election Commission may be submitted to the Election Sub-Commission for Appeals pursuant to Article 16 of this Law and to the

Rules of Procedure on the work of the Election Sub-Commission for Appeals. The jurisdiction assigned to the Election Sub-Commission in this paragraph shall continue until an appropriate state institution assumes such jurisdiction.

**Article 22**  
**Entry into Force**

This law shall enter into force eight (8) day following its publication in the “Official Gazette of Bosnia and Herzegovina” and in the official gazettes of the entities.

Parliamentary Assembly BiH number 49/00  
July 31, 2000  
Sarajevo

Chairman  
of the House of People  
of the Parliamentary Assembly of BiH

Drago Ljubičić

Chairman  
of the House of Representatives  
of the Parliamentary Assembly of BiH

M.Sc. Pero Skopljak