Chapter 7. Ensuring transparency and integrity in Argentina's public decision-making processes and political financing

This chapter looks at the resilience of Argentina's public decision-making processes with respect to the risk of capture of public policies by special interests. In this sense, Argentina could promote integrity and transparency in lobbying activities by extending the scope of its framework to other branches of government, improve the negative perception of lobbying through stakeholder participation and ensure that all actors involved are held to account. In turn, to enable elected representatives' accountability the high degree of informality in political financing needs to be reduced, along with an increase in the effectiveness of monitoring and enforcement. In addition, efforts need to be made to expand political finance regulations to the provincial level in order to make the financing system more coherent. The achievement of all these goals also requires strengthening and implementing Argentina's new Access to Public Information Law and the existing mechanisms to promote stakeholder engagement in the legislative and the executive branches.

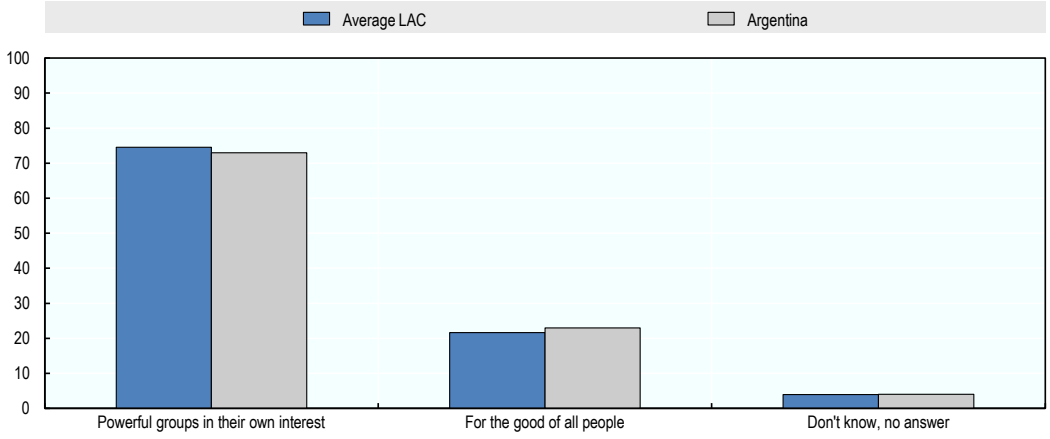
7.1. Introduction

Public policies are the main product citizens receive, observe, and evaluate from their governments. They largely determine the quality of citizens' daily lives. While policy makers should pursue the public interest, in practice a variety of private interests aim at influencing public policies in their favour. For example, pharmaceutical or private health insurance companies may try to influence health policies to make them more favourable for their interest instead of for general citizens' welfare. While this is part of the dynamics of politics in a democracy, the means of influence may be dubious. Such undue influence on the rules of the game has been coined policy capture. Policy capture is when public policy decisions are consistently or repeatedly directed away from the public interest towards the interests of a specific interest group or person (OECD, 2017[1]). Capture is thus the opposite of inclusive and fair policy-making and undermines core democratic values. In essence, capturing a decision-making process equates excluding others from it.

According to the 2017 Latinobarómetro survey, 73 % of citizens in Argentina think that their country is governed by powerful groups in their own interest, while only 23 % believe Argentina is governed for the good of all people (Figure 7.1). Even though this is slightly but not significantly better than the average of all Latin American countries covered by the survey, it is clearly an indicator that citizens perceive that policies are captured by narrow interests.

Figure 7.1. Argentines perceive that a few powerful groups dominate their country

In general terms, would you say that your country is governed by a few powerful groups for their own benefit, or that it is ruled for the good of the whole population?

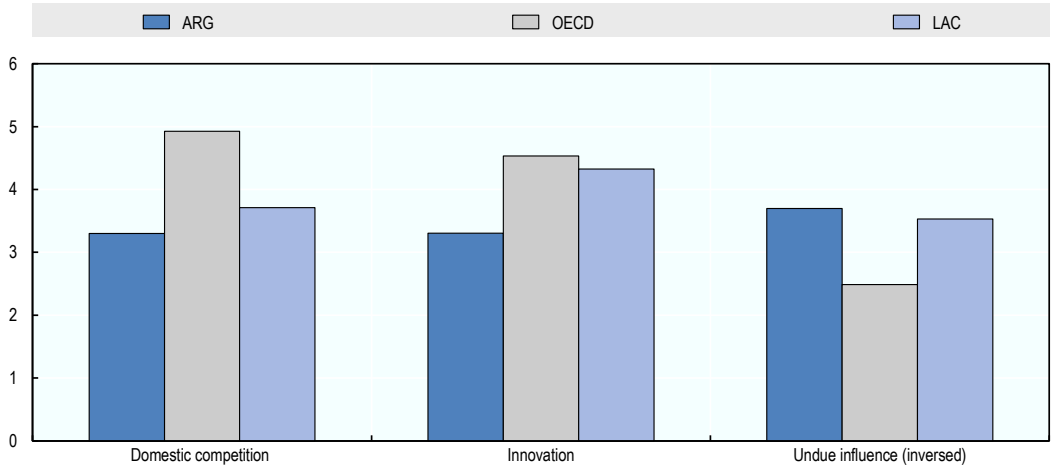


Note: The original question is: "En términos generales ¿diría usted que (país) está gobernado por unos cuantos grupos poderosos en su propio beneficio, o que está gobernado para el bien de todo el pueblo?" Overall, this survey has been conducted in 18 countries in the region (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela).
Source: Latinobarómetro (2017).

The consequences of policy capture are devastating. Policy capture fuels a vicious cycle of inequality and undermines possible reforms, and it also weakens the economic growth potential of an economy itself. Indeed, where a weak integrity system is facilitating the capture of policies, obtaining "legal" protection against competitive pressure through

undue influence may be the most efficient way of obtaining rents for companies (OECD, 2016[2]). In other words, policy capture implies a misallocation of private resources: rent-seeking activities, such as financing political campaigns and parties or investing into lobbying activities, are favoured at the cost of investments into product, process or business model innovations, affecting both allocative and productive efficiency and thus growth potential. Data from the World Economic Forum's Global Competitiveness Report 2017-2018 indeed shows that Argentina seems to be on average more vulnerable to undue influence than other Latin American and OECD countries and exhibits lower levels of perceived domestic competition and innovation.

Figure 7.2. Undue influence comes along with lower levels of perceived domestic competition and innovation



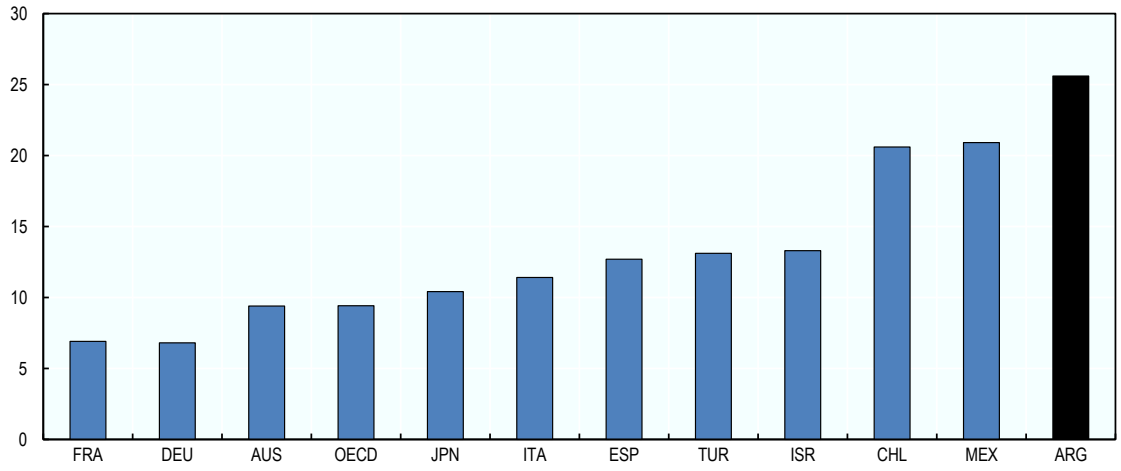
Note: A value of 0 is "low" and a value of 6, "high". The scores for the "undue influence" indicator have been inverted to reflect that higher scores mean higher levels undue influence. The World Economic Forum calculates the indicator based on the responses to two questions, relating to judicial independence ("In your country, to what extent is the judiciary independent from influences of members of government, citizens, or firms?") and favouritism ("In your country, to what extent do government officials show favouritism to well-connected firms and individuals when deciding upon policies and contracts?").
Source: World Economic Forum (2017).

To overcome the concentration of economic resources in the hands of ever-fewer people (Figure 7.3), and to enable an environment conducive to inclusive growth that promotes innovation and competition and reduces inequalities, Argentina should therefore aim at improving its policy-making processes by making them more accessible, inclusive and subject to public accountability. In addition to strengthening public integrity as emphasised throughout the previous chapters, Argentina could thus reinforce its policies in both the executive and the legislative branches, along three lines:

- Policies fostering integrity and transparency in lobbying activities
- Policies supporting integrity in political finance and elections
- Policies promoting transparency and stakeholder engagement

Figure 7.3. Income inequality in Argentina is high

S90/S10 disposable income decile share*



Note: 2014 or latest year available, 2016Q2 for Argentina.
Source: (OECD, 2017[3]).

7.2. Fostering integrity and transparency in lobbying

7.2.1. Argentina could strengthen the existing framework on lobbying by extending its subjective scope beyond the executive branch, and ensuring the transparency of any kind of lobbying activity that may take place in practice.

Lobbying is a fact of public life in all countries. It has the potential to promote democratic participation and can provide decision makers with valuable insights and information. Lobbying may also facilitate stakeholder access to public policy development and implementation. Yet lobbying is often perceived as an opaque activity of dubious integrity, which may result in undue influence, unfair competition and policy capture to the detriment of fair, impartial and effective policy-making. This is the case in Argentina where people associate lobbies with pressure groups (*grupos de presión*) and interest groups (*asociaciones de interés*), and where lobbying activity is often associated with secrecy as well as trafficking of influence (Johnson, 2008[4]).

Argentina introduced regulation on the "management of interests" (*gestión de intereses*) in the executive branch with Decree 1172 of 2003, which also addresses issues of public hearings (*audiencias publicas*) and participatory decision-making (*elaboración participativa de normas*). In particular, the regulation mandates a number of high level officials from the executive branch – including the President, Vice-president, Chief of Cabinet of Ministers, Ministers, Secretaries and Undersecretaries – to register any hearing with natural or legal persons whose objective is to influence the exercise of official functions or decision-making.

The OECD experience shows that the definition provided by countries usually includes all activities (not only hearings) carried out in order to influence public decisions and policies, or as communication or contact with public officials. This is the case, for example, of Austria, Poland and Slovenia, which define lobbying according to the broad nature of the activities carried out in order to influence public decisions and decision

makers (Box 7.1). Furthermore, countries such as the United States include members of the legislative branch among officials covered by the scope of the law, in particular:

- A Member of Congress;
- An elected Officer of either the House or the Senate;
- An employee, or any other individual functioning in the capacity of an employee, who works for a Member, committee, leadership staff of either the Senate or House, a joint committee of Congress, a working group or caucus organized to provide services to Members, and any other Legislative Branch employee serving in a position described under Section 109(13) of the Ethics in Government Act of 1978 (Section 3 of Lobbying Disclosure Act).

Box 7.1. Defining lobbying in national legislation: The cases of Austria, Poland and Slovenia

In Austria, the Lobbying and Interest Representation Transparency Act of 2013 defines lobbying activities as every organised and structured contact whose purpose is to influence a decision maker on behalf of a third person. In Poland, the Act on Legislative and Regulatory Lobbying of 7 July 2005 regulates lobbying in the law-making process. Article 2 defines lobbying as any legal action designed to influence the legislative or regulatory actions of a public authority. The Act also defines professional lobbying as any paid activity carried out on behalf of a third party with a view to ensuring that their interests are reflected in proposed or pending legislation or regulation. In Slovenia's Integrity and Prevention of Corruption Act, Article 4 (11) defines lobbying as the activities carried out by lobbyists who, on behalf of interest groups, exercise non-public influence on decisions made by state and local community bodies and holders of public authority with regard to matters other than those subject to judicial and administrative proceedings, to proceedings carried out in accordance with public procurement regulations, and to proceedings in which the rights and obligations of individuals are decided upon. Lobbying means any non-public contact made between a lobbyist and a lobbied party for the purpose of influencing the content or the procedure for adopting the aforementioned decisions

Source: (OECD, 2014[5]).

Although the decision-making process in Argentina is historically concentrated in the executive branch, Argentina could expand the scope of its regulation and align its definition of lobbying to any "oral or written communication with a public official to influence legislation, policy or administrative decisions [whereas] the term public officials include civil and public servants, employees and holders of public office in the executive and legislative branches, whether elected or appointed." (OECD, 2010[6])

Argentina is currently revising the existing regulation with the aim to provide a more comprehensive lobbying framework beyond the executive branch. Indeed, the current framework only applies to activities taking the form of hearings (*audiencias*) and is regulated by a Decree, which can only apply to the government and therefore covers only part of the potential lobbying activities. In particular, a draft law revising the regulation on the management of interests is currently under discussion in the Congress (No. 4-PE02017). It specifically includes among those that can be the target of lobbying activities members of the legislative branch and of the judicial branch. The draft law also

broadens the scope of the definition on "interest management" to all activities aiming to influence the public decision-making process.

However, Article 8 maintains the obligation to report such activity in a registry (*registro de audiencias*) only when a "management hearing" (*audiencia de gestión*) takes place, which is defined as a meeting in person or through videoconference (Article 2(d)). In order to set up a comprehensive scope of the regulation, the draft law could be revised to ensure the transparency of any kind of lobbying activity that may take place in practice and not restrict the definition to certain channels. For example, as highlighted by representatives from the private sector interviewed during the fact-finding mission, other relevant interactions through channels such as popular messaging applications currently would fall outside the scope of the regulation, thereby impairing its effectiveness.

7.2.2. The Roundtable for Institutional Coordination on Access to Public Information could also ensure co-ordination of the implementation of lobbying regulation and manage a single online platform

Under the current legal framework each public person or institution with the obligation to register the hearings has to set up its own Registry of Meetings containing the following information: meeting request; information on the requesting person; interests invoked; participants; place, date, time and purpose of the meeting; meeting minutes; and evidence of the meeting taking place. This information should be public and free access, daily updates and dissemination through the website should be ensured. In practice, all the information about the meetings provided for in the decree are contained in a single on-line platform (https://audiencias.mininterior.gob.ar/) called "Single Registry of Interests' Management Hearings" (*Registro Único de Audiencias de Gestión de Intereses*) which is managed by the Ministry of Interior. The online platform has recently been renewed and reorganised with the help of the Ministry of Modernisation, and it now allows searches according to specific criteria (public official, entity and participants) as well as downloading data.

A similar approach seems to be followed in draft law No. 4-PE02017, which gives the "implementation authority" (*autoridad de aplicación*) of each branch of the state (the same ones envisaged by the Access to Information Law) the responsibility to ensure that the required institutions register and update information on the internet regarding their interaction with lobbyists. However, the proposed reform does not envisage any co-ordination mechanism that could allow for technical collaboration, coherence in the implementation, and the creation of a single registry where citizens could consult all the lobbying-related information across branches of government.

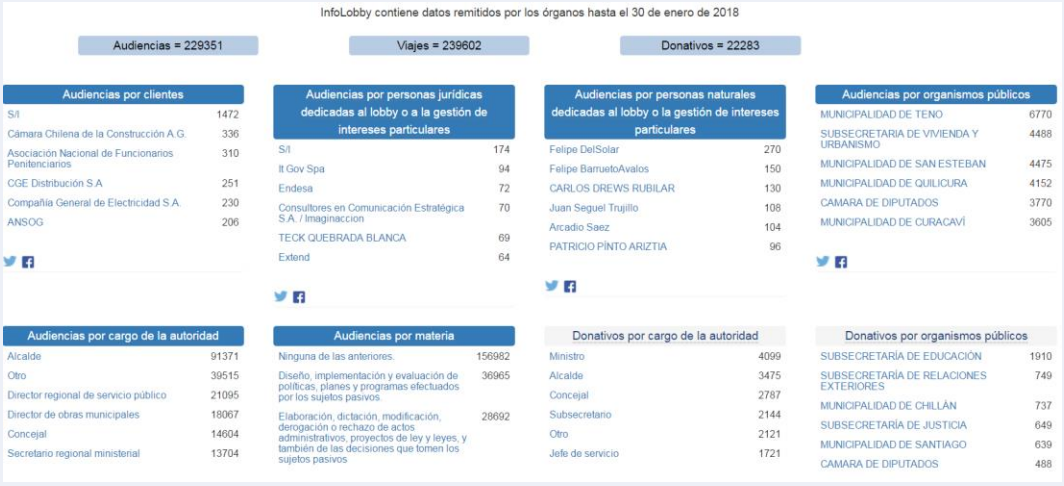
Following the stakeholder proposals during a public hearing on the reform of lobbying regulation (Ministerio del Interior, 2016[7]), Argentina could address the risk of fragmented implementation by extending the competence of the above-mentioned Roundtable for Institutional Coordination on Access to Public Information to lobbying-related issues. In relation to lobbying regulations, this co-ordination mechanism could ensure the uniform implementation of the lobbying obligations and provide technical assistance to those institutions lagging behind. Furthermore, it could create and manage a single on-line portal, which would facilitate the consultation of information across branches of government, help communication of all the existing information, and eventually incentivise public scrutiny of citizens and interested stakeholders.

In this context, Argentina could consider the example of Chile's Transparency Council, with whom the Ministry of Interior has already established cooperation to exchange

experiences and promote mutual learning. In particular, Argentina could learn from the experience of the Transparency Council's single platform (Info Lobby) which contains all the lobbying-related information of the country. Although the typology of information to be disclosed is broader in the Chilean legislation (it includes donations and travels), Argentina could also consider organising the information and allowing the search according to additional criteria (i.e. lobbyist, subject matter, and public official ranking). At the same time, the platform could provide links to file reports on lobbying-related integrity breaches, training material and reports on activities, including infographics with findings and trends (Box 7.2).

Box 7.2. Co-ordinating and uploading lobbying information in Chile

The on-line portal allowing citizens to obtain information about lobbying in Chile called Info Lobby is managed by Transparency Council (*Consejo para la Transparencia*), the coordination body overseeing the implementation of the Transparency Law and, in particular, promoting transparency, monitoring compliance, and guaranteeing the right to access to information. With regard to lobbying, it is also in charge of making all registers of every institution accessible in a user-friendly website. For this purpose, all subjects covered by the lobbying regulation have to send relevant information to the Council, which will then publish it in the on-line portal. These not only include lobbying-related information – which are then organised according to several criteria (paid/unpaid lobbyist, lobbyist client, institution, public officials ranking and subject matter) – but also information about public officials' travels and donations, which are also to be disclosed according to Lobbying Law No. 20.730.



Source: Lobbying Law No. 20.730 of 2014; http://www.infolobby.cl/.

7.2.3. In order to improve the perception of lobbying among citizens and address concerns, Argentina could further promote stakeholder participation in the discussion and implementation of the regulations.

One of the main challenges that emerged during the interviews conducted in Argentina is the limited – and often negative – understanding of the concept of lobbying and of the

benefits of making it a transparent process, including to ensure fair and equitable access to the decision-making process and to enable public scrutiny. This perception affects both the willingness in disclosing these activities by those who take part in meetings (i.e. public officials and lobbyists) but also the scrutiny of citizens, who see lobbying regulation suspiciously rather than a tool for transparent participation to the decision-making process.

The proposal to reform lobbying regulations elaborated by the Government and currently under discussion in the Congress has been the result of a public consultation process which culminated in a public event which took place in September 2016 (Ministerio del Interior, 2016[7]). Although consultation processes are an effective tool for bringing stakeholders on board and ensuring that proposed regulations effectively address concerns over lobbying (OECD, 2014[5]), Argentina could further work with stakeholders and citizens to communicate and involve them not only throughout the rest of the drafting process, but also in its implementation. Building on the proposals emerged during the event, and following the example of Ireland (Box 7.3), this could include education and awareness raising campaigns addressing the negative perception of lobbying through information material and social media, as well as the creation of a permanent advisory group to the co-ordination body or mechanism to be created (see section above). This advisory group could include public and private actors but also civil society. Although the debate over the law is as crucial as the law itself (Ministerio del Interior, 2016[7]) and effective implementation starts with an inclusive design of regulation shaping understanding, consensus, and ownership, this body could already be created informally to foster discussions and promote the parliamentary debate over a law which is needed to update the existing framework from 2003.

Box 7.3. Supporting a cultural shift towards the regulation of lobbying in Ireland

The Standards in Public Office Commission established an advisory group of stakeholders in both the public and private sectors to help ensure effective planning and implementation of the Act. This forum has served to inform communications, information products and the development of the online registry itself.

The Commission also developed a communications and outreach strategy to raise awareness and understanding of the regime. It developed and published guidelines and information resources on the website to make sure the system is understood. These materials include an information leaflet, general guidelines on the Act and guidelines specific to designated public officials and elected officials.

The Commission launched a more targeted outreach campaign through letter mail, and issued a letter and information leaflet to over 2 000 bodies identified as potentially carrying out lobbying activities.

The website was developed to contain helpful information on how to determine whether an activity constitutes lobbying for the purposes of the Act. (Three Step Test: www.lobbying.ie/hel p-resources/information-for-lobbyists/am-i-lobbying/) Instructional videos were added to the site as well (www.youtube.com/watch?v=cLZ7nwTI5rM).

Source: Lobbying.ie, www.lobbying.ie/.

7.2.4. Argentina could increase the responsibility of the private sector and promote complementary self-regulation

While public officials have the prime responsibility to demonstrate and ensure the transparency of the decision-making process, the existing and prospective approach of Argentina may result unbalanced as it lays on them all the responsibility of recording lobbying activities. Indeed, public officials and institutions may not have enough or accurate information regarding the clients or types of interests every lobbyist may represent. As a consequence, lobbyists and their clients also share an obligation to ensure that they avoid exercising illicit influence and comply with professional standards in their relations with public officials, with other lobbyists and their clients, and with the public. (OECD, 2010[6])

Argentina could increase the accountability and responsibility of the private sector and lobbyists for their activities in two ways. First, the draft law which is currently under revision could include explicit obligations for lobbyists clarifying their essential role in providing information which public entities will be then obliged to register and eventually publish on-line. This would not mean creating an additional register where lobbyists would be required to sign up but rather to share the responsibility of having accurate and updated information in the already existing registers. In this sense, Argentina could follow the example of Chile, whose lobbying law provides for a number of disclosure obligations for lobbyists as well as for sanctions in case they are not complied with, namely:

- To provide in a timely and truthful manner to the respective authorities and officials the information provided for by law, both to request hearings or meetings, and for publication purposes.
- Inform the requested public official or institutions the names of the natural/legal person they represent, if applicable.
- Inform the requested public official or institutions if they receive a compensation for their work.
- To provide, in the case of legal persons, the information regarding their structure, without it being obligatory in any case to provide confidential or strategic information. (Lobbying Law no. 20.730 of 2014)

Furthermore, Argentina could promote responsible lobbying and self-regulation by stressing that lobbying entities should ensure that:

1. staff assigned to conduct lobbying activities have a good understanding of transparent, responsible and thus professional interaction; and
2. accurate and consistent processes and procedures for transparent interaction with authorities and organisations are implemented in order to reassure the public that lobbying is done professionally and with high standards (OECD, 2017[8]).

In this context, following the consultation event held in 2016 and other meetings organised with the private sector in relation to the lobbying reform, the Ministry of Interior could continue promoting specific dialogue with private stakeholders and underline their responsibility and role in making lobbying a transparent and professional activity. As such, the practice of introducing a code of conduct for lobbying activities could be considered, as done by private entities such as the French bank BNP Paribas, which has adopted a "charter for responsible representation with respect to public authorities" (Box 7.4). Alternatively, Argentina could take advantage of the dialogue established with the Ministry of Interior of Canada on lobbying-related issues to discuss

the possibility of providing guidance for lobbyists on the regulation as done by the Office of the Commissioner of Lobbying of Canada in relation to issues such as conflict of interest, preferential access, political activities and gifts (Office of the Commissioner of Lobbying of Canada, n.d.[9]).

Box 7.4. BNP Paribas' charter for responsible representation with respect to public authorities

In December 2012, BNP Paribas published its charter for responsible representation with respect to public authorities. The charter applies to all employees in all countries, and to all activities carried out in all countries in which BNP Paribas operates. BNP Paribas was the first European bank to adopt an internal charter for its lobbying activities.

The charter contains a number of commitments to integrity, transparency, and social responsibility. Under the terms of the integrity commitment, the charter establishes that:

"The BNP Paribas Group shall:

- comply with the codes of conduct and charters of institutions and organisations with respect to which it carries out public representation activities;
- act with integrity and honesty with institutions and organisations with respect to which it carries out public representation activities;
- forbid itself to exert illegal influence and obtain information or influence decisions in a fraudulent manner;
- not encourage members of institutions and organisations with respect to which it carries out public representation activities to infringe the rules of conduct that apply to them, particularly regarding conflict of interest, confidentiality and compliance with their ethical obligations;
- ensure that the behaviour of employees concerned by the Charter is in accordance with its Code of Conduct and internal rules regarding the prevention of corruption, gifts and invitations;
- ensure that any external consultants who may be engaged comply with strict ethical rules that are in accordance with this Charter."

In addition, BNP Paribas' employees and any external consultants who may be engaged must inform the institutions and organisations with which they are in contact who they are and whom they represent. The bank has also undertaken to publish its main public positions on banking and financial regulation on its website. BNP Paribas provides the employees concerned with regular training on best practices in public representation activities.

Source: (OECD, 2017[8]).

7.2.5. Argentina should introduce effective sanctions for breaches of lobbying rules and make this information public

As for integrity rules in general (see Chapter 6) sanctions are necessary features of lobbying rules, demonstrating accountability, serving as deterrents for breaches, and indirectly promoting compliance. Although they may be different in nature, most

legislation provides for disciplinary or administrative sanctions like fines, while a few countries' laws also have criminal sanctions, which can include imprisonment (Table 7.1).

Table 7.1. Sanctions for public officials who breach lobbying principles, rules, standards or procedures

	Disciplinary and administrative sanctions	Civil sanctions (e.g. fines)	Criminal sanctions
Austria	●	○	●
Canada	●	○	●
France	●	○	○
Germany	●	●	●
Hungary	●	○	○
Italy	○	○	●
Japan	●	○	○
Mexico	●	○	○
Poland		○	○
Slovenia	●	●	○
United States	●	●	●
Total OECD11			
● Yes	10	3	5
○ No	1	8	6

Source: (OECD, 2014[5]).

The existing legal framework on lobbying in Argentina defines the breach of corresponding obligations as a serious disciplinary breach (*falta grave*) and refers to additional civil and criminal responsibility the conduct may lead to. Institutional responsibilities are divided between the Ministry of Interior, which verifies and requires compliance with obligations, and the Anticorruption Office, which receives and formulates complaints as well as informing relevant authorities. In practice, the current system does not ensure sanctions for those subject to the regulation (Ministerio del Interior, 2016[7]), as also evidenced by the lack of public statistics, which – as in many many OECD countries – makes it difficult to assess the enforcement of rules (OECD, 2014[5]). The draft law under discussion does not move substantially away from the current system as far as it refers to the applicable disciplinary, administrative, civil and criminal sanctions for those public officials who do not comply with the obligations or obstruct their compliance. Furthermore, it gives the responsibility of monitoring compliance to the application authorities of each branch that, in case of breaches, should inform those authorities in charge of taking disciplinary and political decisions (draft Article 11). However, nothing is said on how to deal with those breaches that could have relevance from a criminal law perspective.

The lack of sanctions does not only undermine the effectiveness of the lobbying regulation system but also affects the perception of lobbying activities among citizens. Therefore Argentina could take several actions. First, give the future co-ordination mechanism for lobbying regulations the responsibility of collecting enforcement statistics from application authorities and publish them on the single platform to be created pursuant to the previous recommendation. Second, Argentina could consider clarifying the potential sanctions in the law and introducing different types such as fines or a "naming and shaming" mechanism affecting the reputation of those breaching the rules. This should apply for sanctions for public officials as well as for lobbyists in relation to

the obligations that could be introduced in line with the previous recommendation. For this purpose, Argentina could consider the example of Canada, whose legal framework spells out the exact consequences of breaching the lobbying framework (Box 7.5).

Box 7.5. Sanctions for breaches of the Canadian Lobbying Act or Lobbyists' Code of Conduct

Amendments to the legislation in 2008 created the position of Commissioner of Lobbying and gave the Commissioner greater investigatory powers than the previous Registrar of Lobbyists enjoyed. The Lobbying Act provides for the following sanctions in the event of such breaches of the act as failure to file a return or knowingly making any false or misleading statement in any return or other document submitted to the Commissioner:

- on summary conviction, a fine not exceeding CAD 50 000 or imprisonment for a term not exceeding six months, or both;
- on proceedings by way of indictment, a fine not exceeding CAD 200 000 or imprisonment for a term not exceeding two years, or both.

If a person is convicted of an offence under the Lobbying Act, the Commissioner may prohibit the person who committed the offence from lobbying or arranging meetings with public officials or any other person for a period of up to two years.

The Commissioner may also make public the nature of the offence, the name of the person who committed it, and the penalty applied – so called "naming and shaming".

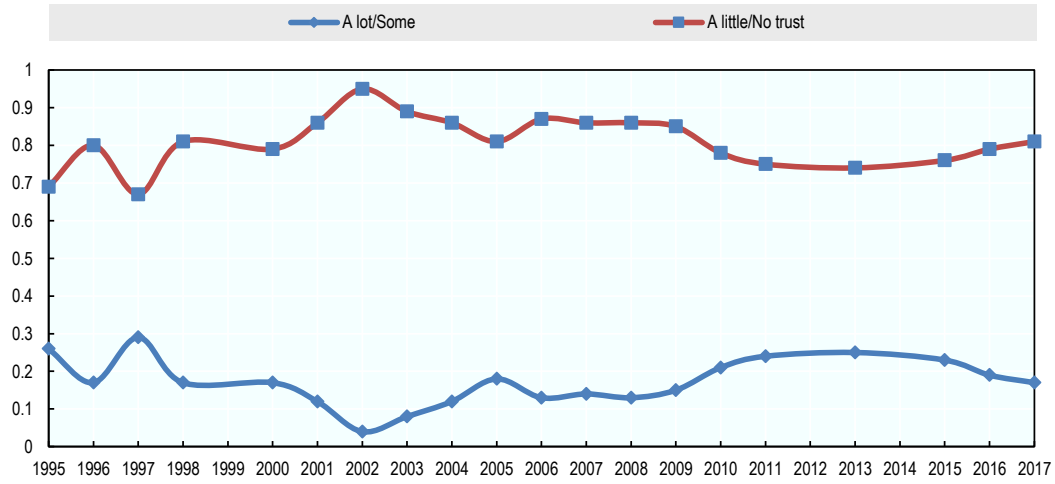
Source: Lobbying Act (RSC, 1985, c. 44 [4th Supp.]).

7.3. Enhancing integrity in election processes

Beyond lobbying elected or appointed public officials, a way to influence policy making is to exert control over the election of representatives who will vote for or against certain policies or who are able to pressure the public administration to take certain decisions. This is seen, for example, with respect to technical standards and regulations or public procurement. Specific interest groups can help politicians get elected into office and later ask for favours in return. This can be achieved, for instance, by providing financial contributions to candidates or political parties and their campaigns, by providing other kinds of non-monetary advantages, such as access to private media, or by helping politicians gain votes through vote-buying or by organising and mobilising voters.

These and similar practices endanger the legitimacy of democratic systems. In addition to the widespread perception of Argentines that those who govern them are doing so to favour of small, powerful groups and not the public interest (Figure 7.1), evidence indicates growing discontent with democracy. According to the 2017 Latinobarómetro, 81% of Argentine respondents have little or no trust in political parties (Figure 7.4). Also in 2017, for the first time since 2010, 60% of Argentines are either "not very satisfied" or not "satisfied at all" with democracy; those who declare themselves to be "very satisfied" with democracy declined from 14% in 2016 to just 7% in 2017.

Figure 7.4. Trust in political parties in Argentina (1995-2017)



Source: Based on data from Latinobarómetro (1995-2017), www.latinobarometro.org.

Argentina's political history and its first time of non-stop 35 years of democracy underscores the importance of integrity in political election processes and in particular of ensuring a level playing field in political competition through adequate regulations of elections and political finance.

7.3.1. Improving regulation of public funds and subsidies for campaign financing could strengthen the party system and level the field of competition by reducing incumbents' advantages

Most OECD member countries have provisions for direct public funding to political parties, for their ordinary activities as well as their election campaigns. Public funds can guarantee political parties the minimum resources needed to develop political and representative activities in democracies, pay ordinary expenses, maintain representative and participation bodies and organise electoral campaigns. The eligibility criteria for receiving these funds can be based on the share of votes in elections (as in France, Australia, Mexico or USA) or their representation in elected bodies (as in the UK, Austria or Japan). These criteria assure the allocation of public funds to legitimate political contenders and avoid incentivising the creation of parties and candidatures with the sole objective of receiving state resources. At the same time, just one OECD member country, Chile, has 'participation in elections' as the eligibility criteria for direct public funding. That is the case for Argentina, too. This criteria is more flexible, as all the political parties that compete in elections are entitled to receive public funds, whether they are representative or not. It can incentivise the creation of flash parties or the use of parties as an electoral business.

According to Law 26.215 on Political Party Financing, there are different types of direct public funding for political parties. On an annual basis, the Permanent Partisan Fund (*Fondo Partidario Permanente*) provides funds for party operating costs, with 20% equally distributed among all recognised parties, and 80% distributed in proportion to the votes received during the previous congressional (deputies) election. The Ministry of Interior is in charge of the distribution of the funds and has the discretion to assign up to 20% of the budget to extraordinary contributions, even before distributing the total

amount of the Fund. Further, following the official announcement of lists of candidates, Electoral Campaign Funds are provided to all parties with candidates running for elections; 50% of the contributions are equally distributed among all parties and 50% are distributed in proportion to votes in the previous election by electoral category (and new parties receive the same as the lowest amount allocated to established parties). Parties also receive funds to finance the cost of ballots, which are printed by the political parties (see section 7.3.6).

Like other political systems, Argentina guarantees resources to all political organisations that compete in elections. However, the 'participation criteria' to assign funds combined with a flexible law to recognise political parties currently seems to provide incentives for the creation of parties with the only objective of receiving resources, thereby multiplying the electoral offer and diluting public funds. A way to revalue public financing and guarantee a representative political arena would be to revise the requisites for political party recognition and continuity, stating for example that votes individual parties are required to get cannot be replaced by votes obtained through electoral alliances. Another option could be to explore establishing a 'votes or representativeness criteria' when assigning campaign financing, as most OECD member countries have. Moreover, public resources of the Permanent Partisan Fund contribute to political parties' institutional development and maintenance, but its discretional assignment by the Ministry of Interior through extraordinary contributions prevents timely accountability. Therefore, it could be worth considering the establishment of formal procedures and the definition of strict criteria to assign extraordinary contributions and how these should be spent.

Furthermore, the political party in power has better access to state resources and can abuse them for gaining unfair advantages. Governments communicate to citizens about the different policies and measures implemented, and such publicity can unbalance political competition if it done during campaigns. Therefore, the inauguration of public works, launching or promoting plans, projects or programmes with the purpose of getting votes should be strictly regulated.

In Argentina, governmental propaganda is banned only during part of campaigns. In addition, the Public Ethics Law states that "advertising of public institutions' programmes, works, services and campaigns should have an educational, informative or social oriented character, prohibiting names, symbols or images that can personally promote public authorities or employees". However, the Inter-American Commission on Human Rights has evidenced in their Principles on Official advertising and freedom of expression Regulations (2012) that the Argentine Supreme Court had pointed out that a more comprehensive and detailed legal framework should be established to reduce the discretion of public officials. It further highlights Canada as a case to be observed in the region (see Box 7.6). Therefore, in order to avoid bias and governmental advantages concerning public funds, it would be desirable for Argentina to ban government propaganda during all campaign periods, to strictly regulate official advertising and to introduce accountability mechanisms.

Box 7.6. Regulation on official advertising in Canada

The Policy on Communications and Federal Identity of the Government of Canada establishes that Government communications must be objective, factual, non-partisan, clear, and written in plain language. In order to guarantee this, the Directive on the Management of Communications on its requirement 6.23 made the head of communications responsible for the governmental advertising, applying the principles of the Canadian Code of Advertising Standards and complying with the oversight mechanism for non-partisan advertising.

This directive requires that governmental advertising is reviewed by an external oversight mechanism which supports the Government's commitment to ensure that its communications are non-partisan.

The reviews are conducted by the Advertising Standards Canada (ASC), a not-for-profit organisation and independent body composed of Canadian advertising industry professionals that administers the Canadian Code of Advertising Standards and has extensive experience reviewing advertising against legislative and regulatory requirements.

The ASC reviews creative materials for government advertising campaigns against established criteria for non-partisan communications, which is defined as follows:

- Objective, factual, and explanatory;
- Free from political party slogans, images, identifiers; bias; designation; or affiliation;
- The primary colour associated with the governing party is not used in a dominant way, unless an item is commonly depicted in that colour; and
- Advertising is devoid of any name, voice or image of a minister, Member of Parliament or senator.

The whole process is clearly defined and transparent to citizens, it includes reviews, publishing results, and meetings with different governmental bodies as the Public Service and Procurement Canada (PSPC) and the Treasury Board of Canada Secretariat (TBS).

Source: Policy on Communications and Federal Identity of the Government of Canada (2016).

7.3.2. The scope for informal campaign financing should be reduced by closing existing loopholes in the law, especially by prohibiting contributions in cash and allowing donations by legal entities

Levelling the playing field of political competition specifically calls for regulating money in politics. Parties need money to compete and finance election campaigns, also to communicate their proposals to citizens. Private funding allows for support from society-at-large for a political party or candidate. It is widely recognised as a fundamental right of citizens. Yet if private funding is not adequately regulated, it can be easily exploited by special private interests. Indeed, anecdotal evidence and research suggest that companies that contribute more money receive a larger number of public contracts (Witko, 2011[10]). Also, democracy is at risk of turning into a plutocracy if elected public officials are representing the interests of their funders and not of those who elected them. Therefore,

countries increasingly regulate private funding to ensure a level playing field among parties and candidates (OECD, 2016[11]).

The main challenge with respect to private funding is to address the high level of informality that endangers accountability. In the worst case, informality facilitates funds from illicit origins flowing into political parties and campaigns that may lead to organised crime corrupting democratic institutions (Casas-Zamora, 2013[12]); there is evidence of such links in Argentina (Ferreira Rubio, 2013[13]).

There are no easy solutions to limit the problem of illicit or undeclared funding, however. More than merely prohibiting informal contributions, inducements have to be provided in a way that private donations are channelled as much as possible through formal means. This can be achieved by adequately framing the rules of the game for private funding, by establishing clear limits on private donations, prohibiting donations in cash, and allowing contributions by legal entities up to a certain amount.

Table 7.2 provides an overview of OECD member and accession countries with respect to existing limits on the amount a private donor can contribute to a political party over a time period that is not specifically related to elections. A total of 21 out of 39 countries, including Argentina, do consider a limit. The permitted value varies considerably, though. In general, if the limit is too low, it may provide incentives to channel funds informally to the political parties, and if it is too high, it may have no impact on levelling the playing field.

Table 7.2. Limits on the amount a donor can contribute to a political party

Country	Is there a limit on the amount a donor can contribute to a political party over a time period (not election specific)?	If yes, what is the limit?
Australia	No	Not applicable
Austria	No	Not applicable
Belgium	Yes, for natural persons	A party may receive maximum EUR 500 from an individual each year. A donor may contribute a maximum of EUR 2 000 per year.
Canada	Yes, for natural persons	CAD 1 500 in total in any calendar year
Chile	Yes	300 indexed units/per year (non-members); 500 indexed units/per year (members).
Czech Republic	No	Not applicable
Denmark	No	Not applicable
Estonia	No	Not applicable
Finland	Yes, for both natural and legal persons	Limit is EUR 30 000 per calendar year
France	Yes, for natural persons	Limit is EUR 7 500 per year.
Germany	No	Not applicable
Greece	Yes, for natural persons	Annual limit is EUR 20 000 from the same donor.
Hungary	No	Not applicable
Iceland	Yes, for both natural and legal persons	Annual limit is ISK 400 000
Ireland	Yes, for both natural and legal persons	Annual limit is EUR 2 500
Israel	Yes, for natural persons	Maximum 1 000 new shekels per year from an individual and his/her household.
Italy	Yes, for both natural and legal persons	EUR 100 000

Japan	Yes, for both natural and legal persons	Annual limit is 20 million yen (individuals); between 7.5 million yen to 100 million yen (corporations, labour unions and other organisations)
Korea, Republic of	Yes, for natural persons	Not applicable
Latvia	Yes, for natural persons	Annual limit is 50 minimum monthly salaries.
Luxembourg	No	Not applicable
Mexico	No	Not applicable
Netherlands	No	Not applicable
New Zealand	No	Not applicable
Norway	No	Not applicable
Poland	Yes, for natural persons	Annual limit is 15 times the minimum wage
Portugal	Yes, for natural persons	Annual limit is 25 monthly minimum wages
Slovakia	No	Not applicable
Slovenia	Yes, for natural persons	10 times the previous year's average monthly wage
Spain	Yes, for natural persons	Annual limit is EUR 50 000 per individual
Switzerland	No	Not applicable
Sweden	No	Not applicable
Turkey	Yes, for both natural and legal persons	Limit is announced every year.
United Kingdom	No	Not applicable
United States	Yes, for natural persons	There are different limits depending on the type of the contributor.
Colombia	No	Not applicable
Costa Rica	Yes, for natural persons	45 times minimum wage
Lithuania	Yes, for natural persons	During a calendar year the total amount of donations by one natural person for independent political campaign participants may not exceed 10 per cent of the amount of the annual income declared by the natural person for the previous calendar year
Argentina	Yes, for both natural and legal persons	2% from legal persons and 1% from natural persons, out of the annual limit on campaign spending.

Source: IDEA.

In Argentina, Article 16 of Law 26.215 defines the limit for contributions with reference to the maximum allowed spending amount. As such, private donations cannot exceed 1% out of the annual limit on campaign spending from legal persons, and 2% from natural persons. Yet contributions from legal persons are only allowed outside of elections periods. The spending limit, in turn, is calculated according to Article 45 of the same law by multiplying the Electoral Unit (*unidad de modulo electoral*) by the number of legally entitled voters. The electoral unit is a useful parameter to keep the limits updated and linked to inflation rates.

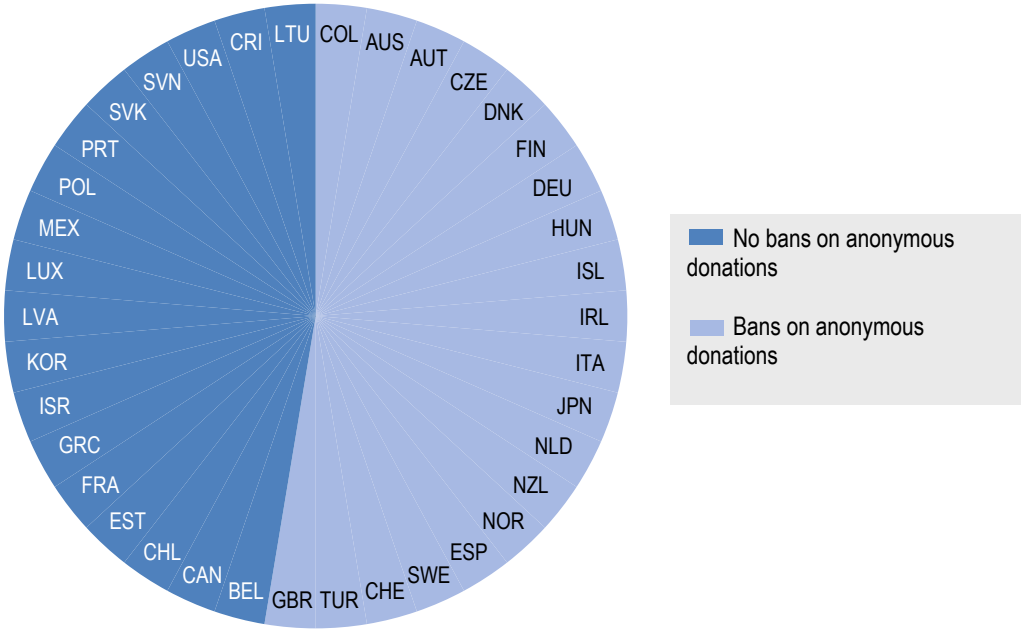
According to the Law, the electoral unit should be defined by the Congress and incorporated into the National Budget Law. This, however, has often not been the case. The political logic was that without a value there would not be a limit. Hence, over the last years, the CNE decided to fix the value of the electoral unit itself (Ferreira Rubio, 2012[14]). In 2017, the situation was regularised by Law 27.341, which approved the national budget, and defined and included the value of the electoral unit for ARS 9.43 Argentine pesos (Art. 62). To keep financing transparent and the situation regularised, representatives should respect the law and regularly establish the value of the electoral unit. This is the only way to guarantee that parties respect clear limits, and avoid discretionary decisions by the CNE (i.e. for 2013 and 2015 elections the CNE at its discretion unilaterally fixed limits around 20% higher than those for 2017).

Also, like most OECD member and accession countries, Argentina bans anonymous private contributions (Figure 7.5). The idea behind requiring the identity of private donors

to be unveiled is to foster social accountability through transparency: if citizens know about the links between private interests and politicians, they are able to detect situations in which politicians are in a conflict-of-interest situation and are acting in the interests of their electoral campaign contributors.

Figure 7.5. Argentina, like most OECD member and accession countries, bans anonymous donations

Is there a ban on anonymous donations to political parties?



Note: Responses from 36 OECD member countries and the following OECD accession countries: Colombia and Costa Rica.
Source: Adapted from IDEA (n.d.), Political Finance Database, www.idea.int/political-finance/ (accessed on 22 January 2018).

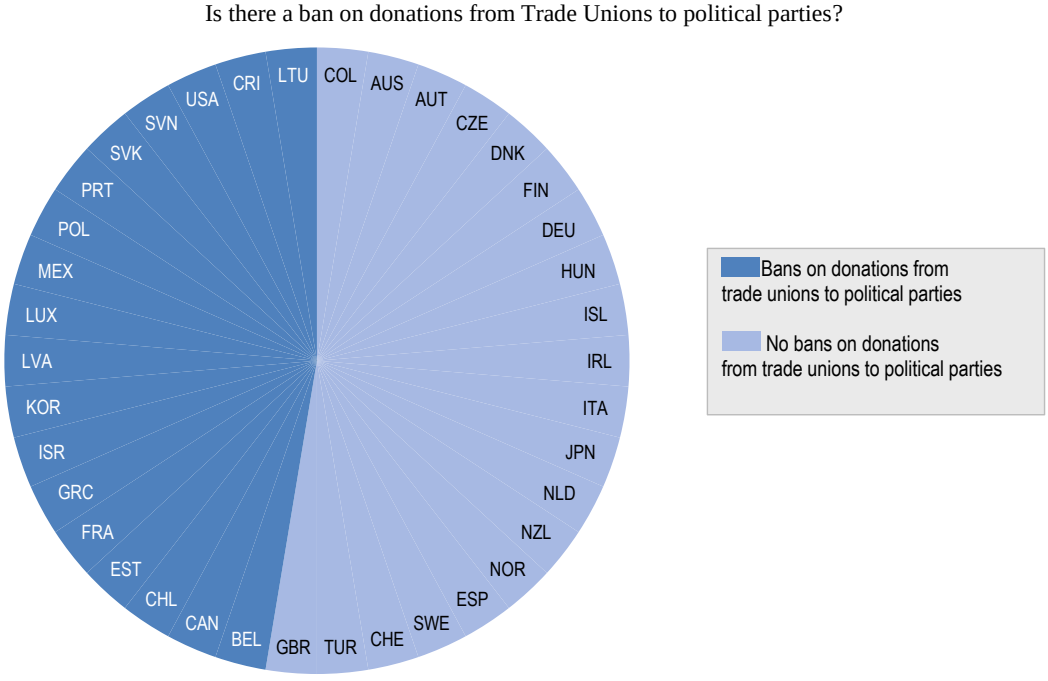
However, in Argentina, even though anonymous donations are banned, it is often not possible to know where the money comes from, since 90 % of all donations are made in cash (Page and Mignone, 2017[15]). A first step to change this situation was taken by issuing Decree 776/2015, which in order to implement Article 44bis of Law 26.215, allows parties to receive funds electronically by credit cards and compels banks, credit and debit card issuers to inform political parties about the origins of the funds. Further to this, Argentina could consider prohibiting contributions in cash altogether and establishing a system based only on the use of bank accounts, that is using credit and debit cards as well as electronic transfers. This would allow to track the money and to check the contributions according to the law. Moreover, to facilitate control of contributions it could also be considered to return to the situation previous to Law 26.571 (2009), where political parties were required to use two separate bank accounts, one for donations received outside elections periods, and one bank account for donations during election periods.

Finally, if adequate safeguards are in place to monitor and enforce the political finance regulations, Argentina could consider allowing again contributions by legal persons that were banned through the reform introduced in 2009. Indeed, currently companies are

prohibited from donating during election times. In between, they are allowed to contribute; for 2017, this amounted to ARS 3 150 746 (Argentine Pesos). This prohibition incentivises informal ways of circumventing financing rules. Added to the fact that most contributions are currently made in cash, it is quite easy for companies to contribute informally through the use of intermediaries. Considering this, it might be better to provide rules allowing for contributions from private companies during campaigns, in order to be able to regulate their limits and formally control them. This could imply also to require that all money contributed to political parties should be registered and trackable.

In turn, it could be considered to not only allow donations by private companies but also by other legal persons, such as labour unions. In general, bans on trade unions contributions are used to balance bans on corporate contributions. This could assure a balance between different interests and promote a level playing field, multiplying access to actors who want to contribute to financing politics, and promoting pluralism. Indeed, a majority of OECD countries allows such donations from labour unions following the rationale of levelling the playing field between influence by employers and employees (Figure 7.6). From 17 countries in Latin America, excluding Argentina, only six countries ban contributions from labour unions (Brazil, Chile, Paraguay, Uruguay, Costa Rica, and Mexico). Again, the maximum amount should be chosen carefully to avoid donations being given informally to elude too-low thresholds.

Figure 7.6. A majority of OECD member and accession countries allow donations from trade unions to political parties



Note: Responses from 36 OECD member countries and the following OECD accession countries: Colombia, and Costa Rica.
Source: Adapted from IDEA (n.d.), Political Finance Database, www.idea.int/political-finance/ (accessed on 22 January 2018).

7.3.3. Transparency and audit capacities need to be strengthened in order to enable or facilitate better enforcement

Even with strong regulations on paper, weak monitoring and enforcement can open the door for interest groups or individuals to seek informal ways to exert influence. Also, if sanctions are too low, political parties may just factor them in as a cost and continue with the practices that are breaching the law, as the benefits from doing so outweigh the costs. Indeed, a weakness of Argentina's system is that the enforcement of the law is not effective, and it seems that the current sanctions are not able to deter political parties from not complying (Ferreira Rubio, 2012, p. 119[14]; Page and Mignone, 2017[15]). Enforcing regulations has two components; on the one hand, breaches must be effectively detected, on the other hand, detected breaches must be effectively sanctioned.

To enable effective enforcement of political finance regulations, transparency is essential. Transparency is a key component in ensuring that citizens and the media can serve as watchdogs to effectively scrutinise political actors. That is why most parties have to report on their finances in relation to election campaigns and have to make reports public (in Latin America only Venezuela, Paraguay, Panama, Bolivia and the Dominican Republic do not provide for public reporting). In Chile, for example, Article 48 of Law 19.884 states that all the information regarding campaign financing must be published online by the Electoral Service. Moreover, the Electoral Service has to update all the information on parties' accounts while reviewing them, and state if they are accepted, rejected or observed.

An option to promote transparency is the immediate online publication of campaign financial reports, thus allowing media and interested citizens or researchers to monitor campaigns for activity significantly out of line with these reports. As such, the CNE could consider creating a register for campaign contributors and parties' accounts accessible online, where all contributions and expenses are uploaded in real time, as is the case for the USA, Estonia and Canada, among other OECD member countries (Table 7.3).

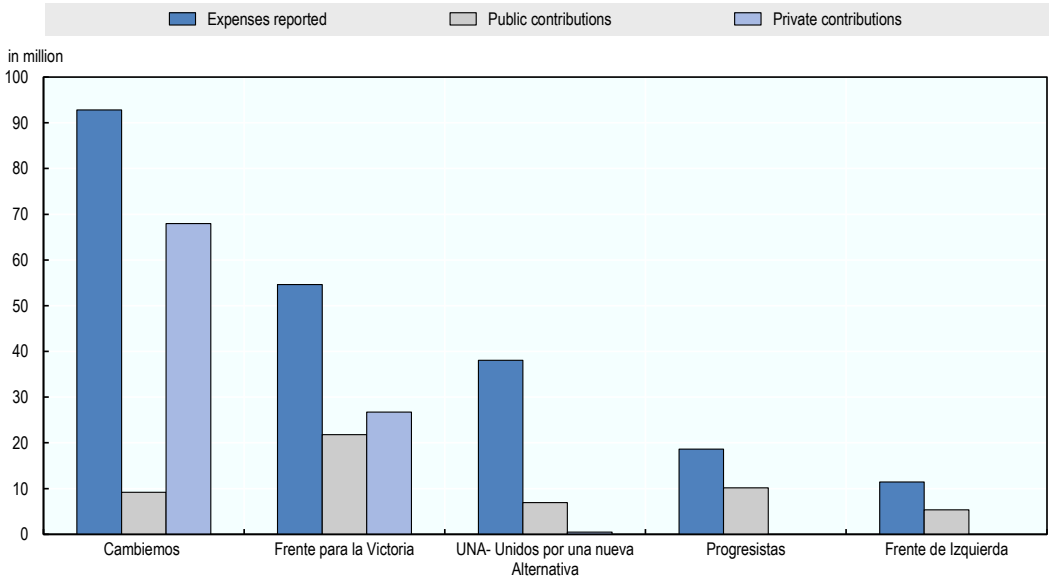
Table 7.3. Online reports and information contained on political finance

Country	Online report	Information contained	Searchable
Canada	Yes	Information on contributions and contributors Expenses related to elections, leadership and nomination contests, loans and unpaid claims	Yes
Estonia	Yes	Party income from membership dues, state funding, donations or other income Expenditures, including advertising,events, publications Campaign donors and amounts Campaign expenses such as wages, advertising, transportation, events and administrative expenses	Yes
Mexico	Yes	Origin, amount, destination and use of the income received through any kind of funding	No
United Kingdom	Yes	All income including donations, public funding, loans, or other sources All expenditures on wages, offices, campaign expenses, fundraising costs, or other miscellaneous expenses	Yes
United States	Yes	All income and donations, including contributor information for donations more than USD 50, loans, non-monetary and other miscellaneous income All expenditures, including information on the recipient and a receipt or invoice	Yes

Source: (OECD, 2016[11]).

However, transparency alone may not be sufficient if political parties underreport political contributions and spending on a regular basis. In Argentina, there seems to be evidence for such underreporting, especially if we consider that currently most donations are in cash (Figure 7.7). Also, observing for example the last legislative elections in 2017, in Buenos Aires province, the governing coalition declared in its 'previous report' (a report parties are obliged to present before elections) incomes for ARS 33 280 233 (Argentine Pesos) and predicted to spend ARS 26 650 000 (Argentine Pesos) during campaign. In fact, in the final election report it later declared expenses for only ARS 8 049 930 (Argentine Pesos). These numbers could imply that the prohibition of legal persons contributions and cash contributions, as the two mentioned legal loopholes, can incentivise underreporting, avoid transparency and promote the hiding of origins and resources.

Figure 7.7. Underreport observed by incomes and expenses declared by electoral alliances, presidential elections 2015



Source: CIPPEC, 2017.

A proper auditing of political financing accounts by independent auditors is a growing practice in OECD countries (e.g. Norway) to promote the accountability of parties for the funds they use for their activities or to participate in elections (OECD, 2016[11]). Verification and audit of financial records are effective measures to spot irregularities of financial flow in politics (Box 3.1). These verifications should be conducted by auditors and specialised experts. In the United Kingdom, a political party with a gross income or total expenditure in a financial year that exceed GBP 250 000 must have its statement of accounts audited. An audit is also required of any return of party election expenditure if the expenditure exceeds GBP 250 000 during a campaign period. In addition, the UK Electoral Commission undertakes its own compliance checks of the information it receives, e.g. checking the permissibility of donations, and cross-referencing statements made in different reports to identify any inconsistencies.

In Argentina, although article 4 of Law 19.108 establishes the organisation of a Body of Auditors Accountants (*Cuerpo de Auditores Contadores*), its capacities are insufficient.

Indeed, there are more than 600 recognized parties and even though they usually compete in elections in alliances, the number of reports to be reviewed after each election reportedly largely exceeds the capacities of the Body. . The current body of auditors of the CNE in charge of reviewing all these reports is composed of seven auditors and sixteen assistants. That means that the amount of reports widely exceeds the current auditing capacity. For the 2017 general elections, political parties presented 438 reports, which had to be audited in a maximum of 180 days, as legally established. That is, each of the seven auditors had to prepare around 62 campaign audit reports (about 3 per week) and take a decision and notify parties within 30 days. Therefore, Argentina could consider increasing the electoral audit staff to avoid capacity constraints and improve the operative activity of the financing control system.

In addition, the use of data analytics could facilitate the effective verification and investigations of political finance data. Datasets that are available online enable more scrutiny by the media and the public as seen in Estonia (Box 7.7), even more if this information is presented timely. In other cases, electoral management bodies have taken innovative measures beyond ensuring audits for monitoring campaign activities for wrongdoing (Box 7.8).

Box 7.7. Estonia's integration of technology in electoral management

The Estonian Party Funding Supervision Committee (EPFSC) oversees the public funding system, financial reporting, investigation, audit and compliance. It is also in charge of sanctioning campaign finance violations. The EPFSC is able to accomplish its work with a staff of nine committee members, a legal advisor and an office manager. This is due in part to its high level of integration of technology. The EPFSC requires all financial reports to be completed in an online electronic spreadsheet, allowing the staff to easily organise, access and review financial documents in a consistent form. In addition, the financial information can be published quickly in an online database and is easily accessed and searched by the public and media, improving transparency and oversight.

Source: (OECD, 2016[11]).

Box 7.8. India's compliance teams

In India, a variety of methods support political party compliance with the Election Commission of India's regulations on candidate and political party expenditures. As elections begin, several different specialised teams are formed:

- Flying Squads: Dedicated Flying Squads under each Assembly Constituency/Segment track illegal cash transactions or any distribution of liquor or any other items suspected of being used for bribing voters.
- Static Surveillance Team (SST): These teams set up checkpoints and watch for movement of large quantities of cash, illegal liquor, suspicious items or arms being carried in their area. The checkpoints are video-recorded to prevent harassment or bribery.
- Video Surveillance Teams: These teams capture all the expenditure-related events and evidence for any future reference as proof. Expenditure-related events and evidence are reviewed by the Video Viewing Teams and Accounting Teams to prepare Shadow Observation Registers for each candidate.

While these teams are often used to monitor for vote-buying activity, they can also be useful in detecting large-expenditure events for later comparison with financial declarations of income and expenses.

Source: (OECD, 2016[11]).

Finally, to enable better control of contributions and to mitigate the risk of money from illegal activities entering into political finance, Argentina could strengthen the co-ordination and the sharing of information between Electoral Chamber and other relevant public agencies through Memoranda of Understanding (MOUs). The CNE already exchanges information with the Financial Information Unit (Unidad de Información Financiera, or UIF), the Federal Administration of Public Revenues (Administración Federal de Ingresos Públicos or AFIP), the Office of Economic Crime and Money Laundering (Procuraduría de Criminalidad Económica y Lavado de Activos, or PROCELAC) and the National Administration of Social Security (Administración Nacional de la Seguridad Social or ANSES). In addition, the CNE should also be able to exchange information and data with the Office of General Inspection of Justice (Inspección General de Justicia or IGJ) and any other entity that the CNE considers relevant, and update or detail the existing ones, i.e incorporating exchanges related to conflict of interest with the Anti-corruption Office (OA) .

7.3.4. Credible and effective sanctions are key to ensure accountability in the political financing system

Sanctions are the "teeth" of regulations on financing political parties and election campaigns. They serve as deterrents for breaches and indirectly promote compliance. In OECD countries, sanctions range from financial to criminal and political. Parties may have to pay fines (74% of member countries), have their illegal donations or funds confiscated (44%), or lose public subsidies (47%) in cases of violation. More severe sanctions include criminal charges such as imprisonment (71% of member countries),

loss of elected office (18%), forfeiting the right to run for election, or even deregistration (21%) or suspension (3%) from a political party.

Effective sanctions clearly have deterrent effects and promote higher compliance. In the United Kingdom, the Electoral Commission struggled to encourage political parties to submit required quarterly and yearly financial reports in a timely manner. However, in 2009, the Electoral Commission was given the power to levy civil sanctions in the form of monetary penalties, for violations of the Political Parties Elections and Referendums Act, including failure to submit financial reports by the statutory deadlines. Since 2010, compliance rates have increased to 93% (OECD, 2016[11]).

In Argentina, sanctions related to financing political parties are mostly stipulated in Articles 62-67, Law 26.215 and include mainly economic penalties: the loss of the right to receive public funding and subsides as well as funds for electoral campaigns between one and four years, and fines for the amount of illegal contributions, among others. Furthermore, during the campaign, economic and political authorities (the party president, the treasurer, and the economic representative) can lose their political rights to elect and be elected for national seats for between six months and ten years. However, monetary sanctions only apply to pre-candidates in national primaries under Law 26.571. Candidates who are not responsible under this law are therefore not directly accountable.

To address the issue of candidates' impunity, regardless parties' monopoly of representation under Law 23.298, Argentina should consider making sanctions applicable to them, as well as other actors. Currently, sanctions mainly apply to political parties; they are the ones fined or denied access to state funds. Formal authorities can also be sanctioned, but politicians are not covered in the electoral law. Candidates can remain unpunished in the face of any irregularity in political financing during the campaign. Co-responsibility of sanctions means they apply not only to parties, but also candidates, who may be fined and be political responsible in case of irregularities concerning campaign financing. In Japan, for example, a candidate can in certain cases be prosecuted for illegal fundraising by members of his or her staff or in Colombia (Article 26, Law 1475) violation of limits on campaign expenses allows sanctioning candidates even with the loss of their seats. A co-responsibility system would enforce the law, avoiding loopholes and reaching every person involved in the electoral campaign. Affecting political careers and personal accounts would lead to candidates being held to account by citizens and the electoral justice system.

Table 7.4. Examples of different kinds of sanctions that reach representatives/candidates in selected OECD countries

Country	Violation	Sanctions
Italy	Illegal political funding	6 months to 4 years prison Fines of 3 times the value of the donation
Norway	Serious or repeated violations of the Political Parties Act	Imprisonment up to 2 years
Portugal	Raising or allocation of prohibited funds	Imprisonment 1-3 years, and confiscation of proceeds
	Exceeding spending limits of accepting prohibited funds	Imprisonment 1-3 years, and confiscation of proceeds
Spain	Use of public funds for personal enrichment	Imprisonment from 3 to 8 years

Source: Adapted from (OECD, 2016[11]).

The analysis of sanctions imposed on political parties show that there is no party at the national level which has not been sanctioned, either because they have presented their

annual or campaigns reports after the deadlines established by law or because their accounts have negative balances. The situation at the provincial level is worse. For example, in Santiago del Estero, the *Partido Justicialista* had all its reports unapproved during the 20 years it ruled the province (1983-2005) and after that it did not present its reports during five years. Sanctions do not seem to discourage parties breaching political finance regulations. The evidence even suggests that parties do not care about sanctions and that they are de facto useless. In 2014, none of the 32 recognized national parties met the requirements of the law and although the situation has been improving, parties started a discussion about revising the law's overly restrictive deadlines and were proposing a 'general amnesty'.

In addition to the actual violation of regulations, there are still several legal loopholes: for example, parties often compete at the national level in electoral alliances, but the economically responsible persons of electoral alliances are not included as politically exposed persons (the ones legally recognised by the Financial Information Unit. Parties can sidestep economic sanctions regarding campaign financing by forming alliances that they can dissolve before the approval of campaign reports and easily make new alliances for each new election. General Elections Law in Chile (*Ley General de Elecciones* No. 18.700) is more restrictive, when electoral alliances are made, they must be in force in all districts and votes for candidates only favour parties to which they are formally engaged. In Mexico, in order to discourage mere electoral alliances, parties only keep their register if votes for the alliance equal the addition of at least the compulsory 2% required to each party of the alliance. Argentina should consider establishing stricter regulations for electoral alliances, especially prohibiting their dissolution before all campaign financing reports have been approved. Stricter sanctions could also consist of freezing accounts of parties or alliances that do not present the 'previous report' during campaigns, or not allowing parties to receive the 'extraordinary funds' if they have been sanctioned.

Finally, creating the previously proposed online register of contributors and forbidding cash contributions will help parties to put their accounts in order and will facilitate presentations of reports. In Argentina, parties' accounts and campaign expenses are audited after the end of the fiscal year and after elections. This means that citizens are only able to access previous reports and estimations of expenses some days before elections (if parties presented reports according to the law) but cannot supervise or access parties accounts during elections. In order to make the accounts of political parties accountable to citizens and guarantee them access to complete information on parties when there are elections, electoral regulations could promote stronger penalties for parties that do not send their previous financial reports of campaigns in the established deadline (i.e. freezing their accounts).

7.3.5. Closing the gap between the national and subnational level is essential for the integrity of the political financing system

In Argentina, the Province is the electoral unit for electing both legislators at the provincial and at the national level. In addition, the provincial election can be hold simultaneously to the national election. As electoral regulations as well as rules on political finance are attribution of provinces, the decision whether to have such simultaneous elections is taken at the provincial level (see also chapter 1). However, together with the existence, or non-existence, of different political finance regulations across provinces, this possibility of simultaneous elections is causing severe integrity risks in Argentina.

First, when national and provincial elections are simultaneous, different electoral systems are operating at the same time and with them different political finance regulations. Therefore, citizens as well as parties can be 'confused' regarding the rules that are applied and the authorities that enforce them. This confusion opens room for playing the system and avoiding accountability. Especially when there are no political finance regulations at provincial level at all, this situation allows parties to sidestep national regulations. For instance, candidates and parties competing at the national level can bypass national regulations by arguing that expenses or contributions concern the provincial level election. As such, if subnational regulations do not contemplate financing reports or audits, candidates can de facto spend and receive contributions without any limit in the Province and declare only the legally allowed amount to national authorities.

Such a legal vacuum concerning regulations of financing political parties at the provincial level is already wide-spread:

- Only five out of 24 subnational units have limits to campaign financing (Ciudad de Buenos Aires, Mendoza, Río Negro, Cordoba and Santiago del Estero).
- Only in three provinces the law establishes the audit of campaign finance reports (San Luis, Santiago del Estero and Ciudad de Buenos Aires) and parties are not obliged to publish campaign reports).

Second, this constellation favours policy capture. Since provinces are the main units of distribution of national public funds, and the lists of candidates for national and subnational elections are decided upon at provincial level, elected representatives respond to governors, even those elected for the national level. Indeed, Governors, out of reach of national finance regulations, design policies at the subnational level but also negotiate the support of the provincial representatives of their parties at the National Chamber in order to influence national legislation. As a consequence, Governors are the true 'political bosses': they decide on lists of candidates at all levels and political careers of representatives (Jones and Hwan, 2005[16]) and therefore, they are the ones that different interest groups seek to influence and support in campaigns in order to gain advantages later on when laws and policies are drafted. This support, in turn, is facilitated by the weak or inexistent regulation for political finance at the provincial level.

To address these challenges, a comprehensive and coherent legal framework is required to promote a transparent and accountable political financing system. Due to the federal structure of the country, the only way to advance is to make agreements between the national level and the provinces and to encourage reforms at the provincial level. Such a coherent system could better guarantee accountability regardless of the level of the electoral competition.

For instance, according to electoral regulations, provinces that have adhered to the regime of simultaneous elections under Law 15.262 would have to adopt the national political finance regulations. In addition, provinces which have not adhered to simultaneous elections could be allowed to adhere to national campaign financing rules when having subnational elections, as was the case when establishing adherence to open, simultaneous and compulsory primaries. In this latter case, provinces were able to establish open, simultaneous and compulsory primaries in concurrence with the national ones. In order to do this, they needed to agree on national legislation by provincial law, which was achieved in the provinces of Buenos Aires, Entre Ríos, San Juan and San Luis. The adoption of simultaneous elections in a similar way by other provinces would homogenise the regulations on political finance across the country and reflect the fact that it is a single election process, albeit for positions at different levels of government. Such

homogeneity would also clarify the rules for all actors involved, including political parties, the judiciary and citizens, and mitigate risks of abusing the gaps present in the current system.

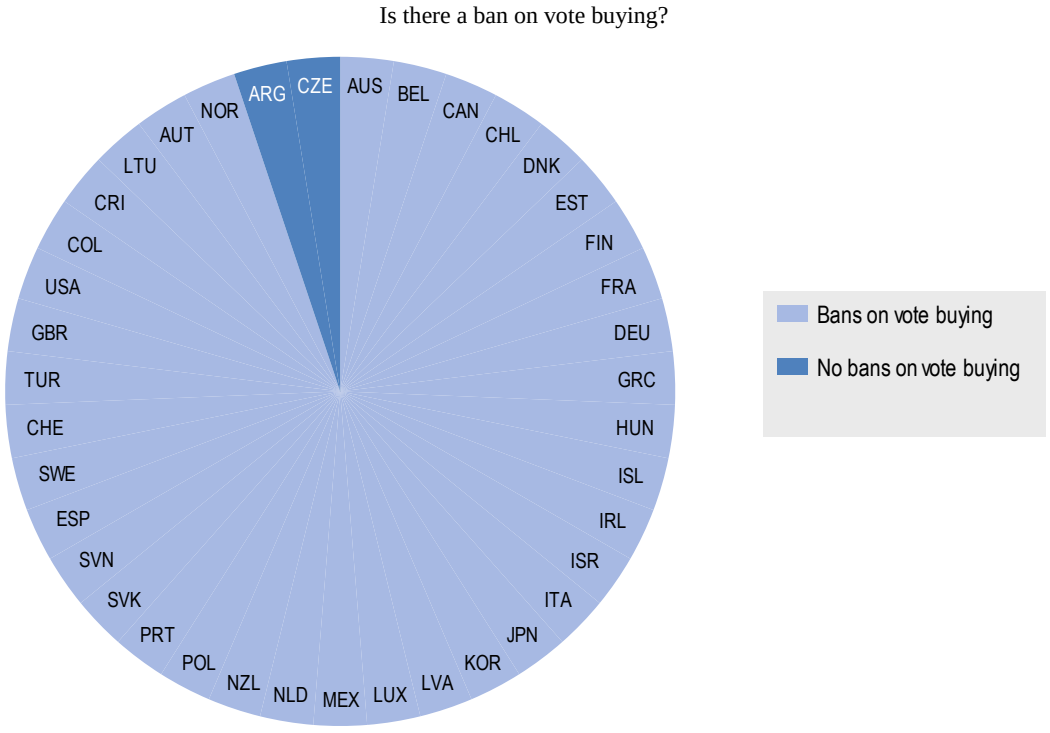
7.3.6. Legislators in Argentina should take a clear stance against patronage and vote-buying by implementing the Australian ballot system, prohibiting vote buying and introducing sanctions

Clientelism can be defined as the "proffering of material goods in return for electoral support, where the criterion of distribution that the patron uses is simply: did you (will you) support me? It is worth noting that 'proffering of material goods' in reality sometimes takes the form of threats rather than inducements" (Stokes, 2009[17]). In turn, patronage and vote buying can be understood as subclasses of clientelism. On the one hand, vote buying is strictly defined as the proffering to voters of cash or (more commonly) minor consumption goods by political parties, in office or in opposition, in exchange for the recipient's vote (Brusco, Nazareno and Stokes, 2004[18]). Vote buying, in its literal sense, is a simple economic exchange, but usually illegal. Patronage, on the other hand, is the "proffering of public resources (most typically, public employment) by office holders in return for electoral support, where the criterion of distribution is again the clientelist one: did you—will you—vote for me?" (Stokes, 2009[17]). Both patronage and vote buying hinder consolidation of democracy, weaken secrecy of voting and may de facto exclude some citizens from access to public service and employment.

In Argentina, clientelistic practices are widespread (Szwarcberg, 2013[19]; Stokes and Stokes, 2016[20]), in fact they are linked to the creation and survival of the main political parties. The practice most widely recognized and denounced by the media (though not formally presented by parties or citizens) is vote buying in electoral periods. According to a panel election study, during the 2015 elections, for example, more than 30% of voters perceived that their neighbours were targeted with such offers (Lupu et al., 2015[21]).

Therefore, Argentina could take a first step and clearly stipulate vote buying as an illicit practice prohibited by law. Indeed, among OECD and Latin American countries, Argentina is one of the few that still has not prohibited vote-buying (Figure 7.8). While prohibiting a practice is of course not enough, it is nevertheless a fundamental step towards fighting against such practices.

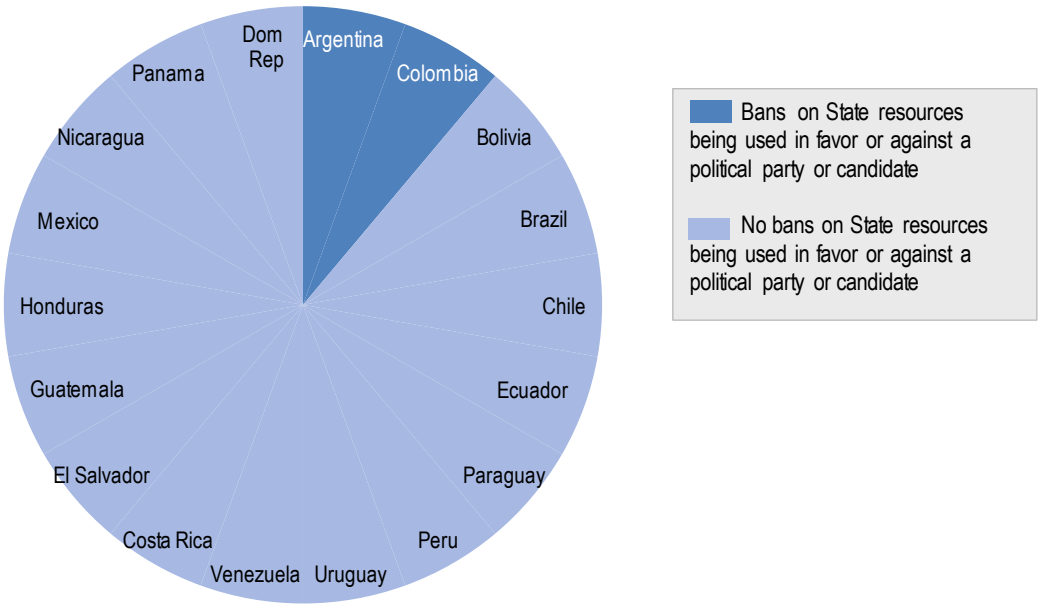
Figure 7.8. Amongst OECD member and accession countries, Argentina is one out of two countries that are not explicitly prohibiting vote buying



Note: Responses from 36 OECD member countries, Colombia, Costa Rica and Argentina. There is no data for Austria and Norway.
Source: Adapted from IDEA (n.d.), Political Finance Database, www.idea.int/political-finance/ (accessed on 22 January 2018).

Along the same lines, Argentina should clearly define and prohibit other clientelistic practices, specify sanctions for those who provide benefits to citizens with the aim to influence their votes and regulate the provision of material goods during campaigns. There should be sanctions for public officials that are using public resources to promote or undermine the campaign of a given candidate, are forcing other public employees to participate in campaign activities supporting a candidate, or are tying the provision of a public service to the political support of a candidate. Moreover, the provision of material goods should be avoided the month before and after elections, in order to avoid the current massive delivery of social programmes benefits with the purpose of manipulating voters. Another way to avoid the use of public resources with electoral political objectives can be to detail regulations regarding the prohibition of official advertising and acts during campaigns, as some other countries in the region do (Figure 7.9). Also, sanctions may not be limited to public officials. In Korea, for instance, voters are also subject to sanctions if they accept to sell their votes. The fine is equal to 50 times the value of money or any materials provided by a candidate, his/her family or a third party on behalf of a candidate. Those reporting any electoral crimes are also rewarded up to USD 500 000 by the National Election Commission of Korea (OECD, 2016[11]).

Figure 7.9. Bans on state resources being used in favor or against a political party or candidate in Latin America



Source: International IDEA www.idea.int/data-tools/question-view/559.

Finally, the current Argentinian electoral system is conducive to being abused by parties to control voters. Indeed, political parties are printing and distributing their ballots for the elections, thereby providing party officials with a tool to condition any benefits or punishments targeted at voters when they receive the ballot. Moreover, this leaves the lists of candidate options made available to voters at the ballot box dependent on party control. Interviews with public officials and civil society, as well as media reports indicate that the stealing of ballots is a common practice, and political parties are the only actors who can safeguard their party's ballots. If parties do not have delegates, they will not be able to guarantee that their ballots will be everywhere. Parties without big structures and members cannot guarantee their candidates will be presented to all voters as an option.

Therefore, Argentina should consider implementing the Australian ballot system, widely used around the world, by introducing uniform ballots printed and distributed by the government. This system would discourage clientelist practices by reinforcing the secrecy of voting and guarantee all citizens the same candidate options. The recent experiences of Cordoba and Santa Fe, two provinces that experimented with the Australian ballot system, seem quite promising.

7.4. Promoting transparency and stakeholder engagement

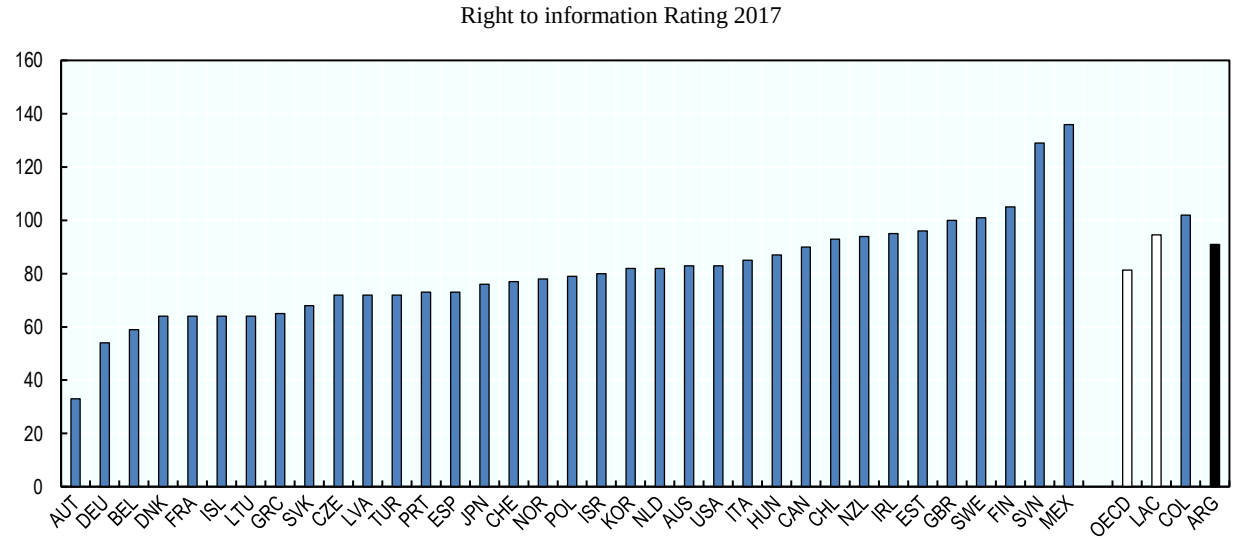
7.4.1. All public entities across powers and levels of government need to ensure an effective implementation and enforcement of the Access to Information Law

A necessary, although not sufficient condition, to make policy-making more inclusive and to mitigate risks of policy capture and corruption is to ensure effective transparency and access to information (OECD, 2017[1]; OECD, 2017[22]). Both active and passive transparency can provide relevant information to interested stakeholders, for instance

information regarding available budget, resources spent or policy objectives. With such information, interested individuals and organised groups can participate more effectively in decision-making processes and hold the government to account. Of course, transparency alone is not sufficient to ensure effective participation or social accountability. Stakeholders also need channels to express their interests in policy-making processes effectively, and they need to believe that the government is genuinely interested in their views and will consider them. Only then, transparency can promote trust in public institution. Without such credible channels of participation and a visible reaction by the government, transparency can even lead to cynicism and resignation (OECD, 2001[23]; Bauhr and Grimes, 2014[24]; OECD, 2017[25]).

In 2016, Argentina made a significant step towards promoting transparency and access to information by adopting the Law on the Right of Access to Public Information, Law 27.275 (Ley de Derecho de Acceso a la Información Pública). The law requires the creation of Access to Information Agencies (*Agencias de Acceso a la Información Pública*) in the executive, the legislature, and the judiciary (Poder Judicial de la Nación) as well as in the Attorney General's office (Ministerio Público Fiscal de la Nación), the Defender General's Office (Ministerio Público de la Defensa), and the Council of Magistrates (Consejo de la Magistratura). They shall ensure compliance with the legal framework, the effective exercise of the right of access to public information and promote active transparency measures. The law builds in particular on Decree 1172 from 2003, strengthening its framework and expanding its application beyond the executive. In addition, Article 29 requires the creation of a Federal Council for Transparency. The Council is a permanent interjurisdictional body aimed at promoting technical co-operation and agreeing on transparency and access to public information policies across levels of government. According to the Right to Information (RTI) Rating elaborated by Access Info Europe (AIE) and the Centre for Law and Democracy (CLD), the legal quality of Argentina's Access to Information Law is slightly above the OECD average, but below the average score of Latin American countries included in the RTI (Figure 7.10).

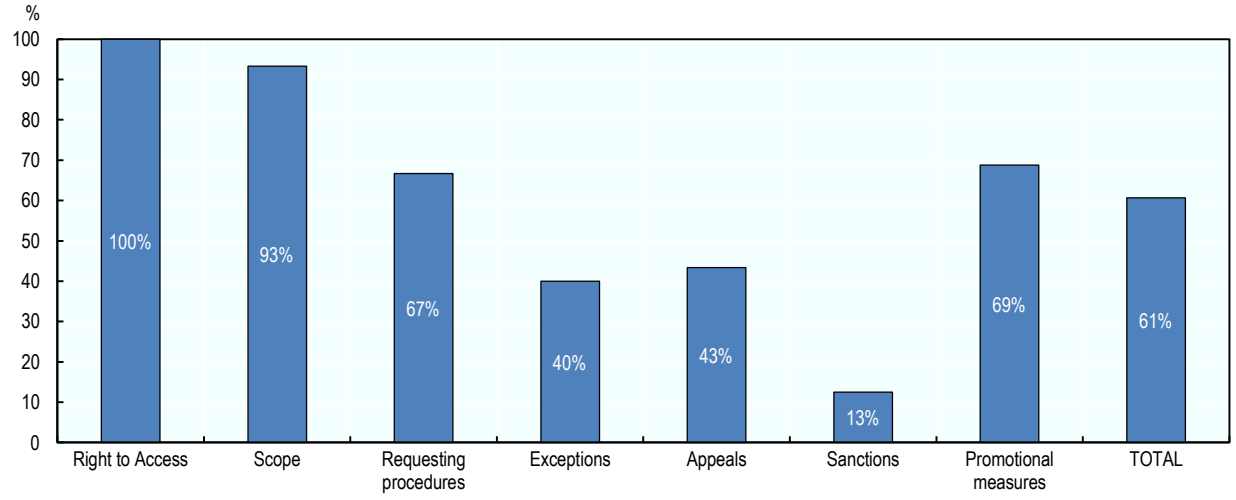
Figure 7.10. In terms of its legal framework, Argentina's Access to Public Information Law (Law 27.275) is slightly above OECD average



Note: The maximum achievable composite score is 150 and reflects a strong RTI legal framework. The global rating of RTI laws is composed of 61 indicators measuring seven dimensions: Right of access; Scope; Requesting procedures; Exceptions and refusals; Appeals; Sanctions and protection; and Promotional measures. The LAC countries are: Argentina, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay. No data available for Luxembourg and Costa Rica.
Source: Access Info Europe (AIE) and the Centre for Law and Democracy (CLD), Right to Information Rating.

A closer look at RTI scores shows room for improvement, especially in the dimensions related to appeals, and sanctions (Figure 7.11). In relation to appeals, the legal framework does not specify whether the decisions taken by the Access to Information Agency are legally binding. Therefore, its legal effect and how to follow up in case of incompliance are not clear. To ensure effective appeal mechanisms, Argentina could amend the Access to Public Information Law, specifying the consequences of appealing a decision of the Agency. In this context, it could consider the case of Mexico, whose Transparency and Access to Public Information Law (*Ley Federal de Transparencia y Acceso a La Información Pública*) specifies that the resolutions of the Federal Access to Information Institute (*Instituto Federal de Acceso a la Información y Protección de Datos*) should establish the time limits and terms for their compliance as well as the procedures to ensure their execution, which may not exceed ten days if it mandates the submission of information (Article 157).

Figure 7.11. Argentina's Access to Information legal framework exhibits weaknesses in the dimensions of exceptions, appeals, and sanctions



Note: The percentages are calculated based on the maximum possible scores by dimension and the actual RTI score obtained by Argentina.
Source: Access Info Europe (AIE) and the Centre for Law and Democracy (CLD), Right to Information Rating.

With respect to sanctions, the score is particularly low. For example, the Law does not provide for imposing sanctions or confer the power to require remedial actions of public authorities who systematically fail to disclose information or who underperform in fulfilling their duties related to the Law. The only explicit consequence of a decision taken by the Access to Information Agency is the decision's publication on the agency's website. However, as of March 2018, the corresponding section of the website does not contain the name of any non-compliant entity (https://www.argentina.gob.ar/que-organismos-no-cumplen-con-la-ley-de-acceso-la-informacion-publica). In addition, the Law currently does not grant legal immunity to the staff of the Access to Public Information Agencies for acts undertaken in good faith in the exercise or performance of any power, duty or function under the Access to Public Information Law. Similar immunity is also not provided for others who release information in good faith pursuant to Law. Finally, as mentioned in Chapter 3, there are currently no legal protections in Argentina against imposing sanctions against those who, in good faith, release information that discloses wrongdoing.

Beyond this potential for improvement of the legal framework itself, Argentina needs above all to ensure an effective implementation of the new law. In particular, the Access to Public Information Agencies and the Federal Council for Transparency need to be established and provided with the resources required to fulfil the respective mandate and responsibilities. Furthermore, Argentina should formalise the coordination mechanism among Access to Information Agencies in each branch of government created by the Roundtable for Institutional Coordination on Access to Public Information located . As of May 2018, the roundtable organised three coordination meetings with the Access to Information Agency of the executive power and representatives from other state powers in charge of implementing the regulation on access to information. However, as of May 2018, some of the access to information authorities of state powers have not been created yet and which is currently being carried out informally in order to ensure the uniform implementation of the transparency and access to information framework.

7.4.2. Argentina could improve the effectiveness of tools for stakeholder engagement and participation, as well as their awareness among citizens

Inclusion means not only that all citizens should have equal opportunities and multiple channels to access information, but also that they should be consulted in policy making (OECD, 2015[26]; OECD, 2015[27]). Ensuring the inclusive and fair participation of different interests in public decision-making processes is at the core of democracy. Consultation and engagement can help policy makers gather the necessary inputs and evidence to deal with the multidimensional nature of policy objectives and identify trade-offs. As such, stakeholders include citizens, domestic and foreign companies, labour unions, civil society organisations (CSOs), and public sector organisations, and engaging them is an essential element of Open Government policies (Box 7.9). Stakeholder engagement also enables social control of the decision-making processes and strengthens the accountability of the government and individual public officials. Therefore, engaging stakeholders is a key tool against policy capture: an inclusive process involving different interests is more likely to be resistant to the risk of a single interest capturing the process.

Box 7.9. Types of Stakeholder Participation

Stakeholder participation, as defined by the OECD Recommendation of the Council on Open Government, refers to all the ways in which stakeholders can be involved in the policy cycle as well as in service design and delivery, including information, consultation and engagement.

Information: an initial level of participation characterised by a one-way relationship in which the government produces and delivers information to stakeholders. It covers both on-demand provision of information and "proactive" measures by the government to disseminate information.

Consultation: a more advanced level of participation that entails a two-way relationship in which stakeholders provide feedback to the government and vice-versa. It is based on the prior definition of the issue for which views are being sought and requires the provision of relevant information, in addition to feedback on the outcomes of the process.

Engagement: when stakeholders are given the opportunity and the necessary resources (e.g. information, data and digital tools) to collaborate during all phases of the policy-cycle and in the service design and delivery.

Source: OECD Recommendation of the Council on Open Government (OECD, 2017[25]).

Argentina has participation mechanisms in both the executive and the legislative branch. In Argentina's executive branch, Decree 1172 of 2003 introduced two central tools of stakeholder engagement: On the one hand, the Participatory Rule-making (Elaboración participativa de normas, Decree 1172, Annex V and VI), and on the other hand, Public Hearings (Audiencias públicas, Decree 1172, Annex I, II).

Under the Participatory Rule-making mechanism, interested stakeholders can comment on proposals for administrative rules and bills that the national executive branch sends to Congress. Citizens have access to files and can comment but their contributions are not binding in the final elaboration of the document. This mechanism has been used for example in the process of drafting the last reform of the Public Ethics Law (2017-2018). Public hearings, in turn, are a form of participation in the decision-making process in which the responsible authority facilitates an institutional space so that anyone who may be affected or has a particular interest can express their opinions. Many of the regulating entities of public services have used this tool to make decisions in their sectors of competence, as in some situations public hearings are legally compulsory. Regarding electricity production, transport and distribution activities, for example, Law 24.065 mandates that Public Hearings are to be held when the Electricity Regulating Entity (Ente Nacional Regulador de la Electricidad, or ENRE) resolves issues related to the execution of works to expand the transport and distribution facilities; with the merger between transport companies or distribution companies; with conducts allegedly contrary to the principles of free competition; with fixing or adjustments of rates and with complaints about actions of generators, carriers, distributors or users considered to be in violation of the sectoral regulations.

However, for both tools, the call for participation is initiated or authorized by the authority of the executive, which means that the decisions to open given processes in the end does not necessarily coincide with those in which stakeholders would like to have a say. Also, the existence of these mechanisms as well as open consultation processes could be better communicated to citizens. Further, the fact that the opinions expressed are not binding in any way (not even formally answered) and that participation requires a formal registration may discourage the participation of actors who have fewer resources. For instance, the Executive branch can consider to formally allow the reception of comments by e-mail, or through other electronic channels, in order to facilitate access to citizens from all over the country, and not only to those living in the capital. Besides, public comments can be formally replied or addressed. Along these lines, a mandatory publication of draft regulations on the official websites coupled with time to provide written comments could be considered to provide the opportunity for both social control and constructive feedback to interested stakeholders.

In the legislature, both the Chamber of Deputies and the Senate have participation channels. In the Chamber of Deputies, the citizen participation is formally stipulated in Article 114bis of its Internal Regulation, which establishes that the 'commissions' may hold public hearings, open forums and virtual video chat debates in order to know the opinion of citizens, of legal, public or private persons and community organizations. The committees themselves determine the accreditation, requirements and intervention modality of the participants to the hearing and the Chamber allocates an area for its realisation. The opinions of the participants and the conclusions reached as a result of these activities are not binding. Nonetheless, they must be formally received by the commission or commissions, and included as background information in the agenda corresponding to the file or files related to the matter for which it has been convened. Calls for hearings are made by each of the Chamber's committees and regulated at their discretion. As such, they fulfil the criteria of simple, oral, informal and procedurally brief, given the number of topics and issues on which it is legislated. However, the fact that there is no general regulation for the realization and development of the hearings can threaten an effective participation. A formal framework with more detailed criteria to be

met when carrying out public hearings could provide a better guarantee for all citizens who wish to participate in them.

In turn, the regulation of the Senate in Article 99 stipulates that Senate commissions can call public hearings when they consider projects or matters of public importance. In cases where it is deemed necessary, they can call on experts on the topics to be discussed, to facilitate understanding, development and evaluation of the issues at hand. Articles 112 to 123 establish the details and requirements of the procedure, which confers broad powers to the president of the hearing, to suspend or extend it and expel from the room those who he/she considers could alter its development. Moreover, the holding of public hearings is also foreseen in some specific laws, for example when appointing officials of the Judiciary and the Public Ministry, for which the specifications presented by the Executive must have the Senate's agreement. The Senate has also a tool called the "citizen vote", through which citizens can learn about various bills that are discussed in the Senate and vote whether they agree or disagree with it. This tool has been used in thirteen opportunities to date (March 2018), for example in the creation of a social tariff scheme and in the criminalization of the possession of child pornography. The publication of the projects and the voting are done digitally, on the Senate's website.

However, these procedures for citizen participation in legislative processes are not sufficiently known by citizens. There are many examples of their use as they are frequent practices in the legislature, but they do not invoke broad participation. They are formally regulated, but lack publicity. Argentina could therefore consider designing and implementing a campaign to communicate the existence of these tools to citizens and stakeholders, and to sustain efforts in communicating whenever a participation process is opened. For example, the Executive communicates open participative processes on official websites and in newspapers. More specifically, the campaign should aim at highlighting the responsiveness of the government and the actions taken based on the participation processes to build trust and raise their credibility. In addition, these mechanisms could be used more coherently, for example by establishing some general rules applicable for both Chambers instead of leaving calls and regulations at the discretion of committees. Public hearings could be made mandatory if more than two committees intervene in a draft law.

Proposals for action

Fostering integrity and transparency in lobbying

- Argentina could strengthen the existing framework on lobbying by extending its subjective scope beyond the executive branch.
- In order to provide a more comprehensive lobbying framework Argentina could ensure the transparency of any kind of lobbying activity that may take place in practice and not restrict the definition to certain channels.
- Argentina could address the risk of fragmented implementation across branches of the state by through the same co-ordination mechanism which is currently being developed for the uniform implementation of the transparency framework (Roundtable for Institutional Coordination on Access to Public Information).
- The co-ordination mechanism for lobbying could ensure the uniform implementation of the lobbying obligations and provide technical assistance to those institutions lagging behind. Furthermore, it could create and manage a single on-line portal, which would facilitate the consultation of information across branches of government, help communication of all the existing information, and eventually incentivise public scrutiny of citizens and interested stakeholders.
- Argentina could further work with stakeholders and citizens by communicating and involving them throughout the on-going reform process of the lobbying regulation, but also in the following implementation phase. This could include education and awareness raising campaigns addressing the negative perception of lobbying through information material and social media, as well as the creation of a permanent advisory group to the co-ordination mechanism composed of public and private actors but also civil society representatives.
- Argentina could increase the accountability and responsibility of the private sector and lobbyists by including a few explicit obligations for lobbyists in regulations clarifying their essential role in providing information which public entities will be then obliged to register and eventually publish on-line.
- Argentina could continue promoting specific dialogue with private stakeholders and underline their responsibility and role in making lobbying a transparent and professional activity. At the same, it could consider providing guidance for lobbyists on the regulations in relation to issues such as conflict of interest, preferential access, political activities and gifts.
- Argentina could give the future co-ordination mechanism for lobbying regulations the responsibility to collect enforcement statistics from application authorities and publish them on the single platform to be created pursuant to the previous recommendation.
- Argentina could consider clarifying the potential sanctions provided for by the legal framework and introducing different typologies such as fines or "name and shame" mechanism affecting the reputation of those breaching the rules.

Enhancing integrity in electoral processes

- As a way to revalue public financing and guarantee a representative political arena, Argentina could review the requisites for political party recognition, stating individual requisites that cannot be replaced by the formation of electoral alliances.

- It can be explored to establishing a 'votes or representativeness criteria' when assigning campaign financing, as most OECD member countries have.
- Argentina could consider the establishment of formal procedures and the definition of strict criteria to assign extraordinary contributions and how these should be spent and declared, in order to allow a stricter control on parties' expenses.
- It would be desirable for Argentina to ban government propaganda during all campaign periods and strictly regulate official advertising, detailing accountability mechanisms.
- To keep financing transparent the Congress should regularly establish the value of the electoral unit. This is the only way to guarantee that parties respect clear limits, and avoid discretionary decisions by the CNE.
- Argentina could consider prohibiting contributions in cash altogether and establishing a system based only on the use of bank accounts, that is using credit and debit cards as well as electronic transfers.
- Argentina should consider allowing contributions by legal persons for campaign financing. In turn, donations should not only be allowed to private companies but also to other legal persons, especially labour unions. This could assure a balance between different interests and promote a level playing field.
- The CNE could consider creating a register for campaign contributors and parties' accounts timely accessible online, where all contributions and expenses are uploaded in real time, as is the case for the USA, Estonia and Canada, among other OECD member countries
- Argentina could consider increasing the electoral audit staff to avoid capacity constraints and improve the operative activity of the financing control system.
- Argentina should strengthen the co-ordination and the sharing of information between Electoral Chamber and other relevant public agencies through Memoranda of Understanding (MOUs). More specifically, the CNE should be able to exchange more information and data with the Anticorruption Office, or the IGJ among any other entity that the CNE considers relevant.
- Argentina should consider making sanctions applicable to candidates in addition to parties and campaign authorities, developing a co-responsibility system of sanctions. Affecting political careers and personal accounts would lead to candidates being held to account by citizens and the electoral justice system.
- Argentina should consider establishing stricter regulations for electoral alliances, while prohibiting their dissolution before all campaign financing reports have been approved. These stricter sanctions could consist of freezing accounts of parties or alliances that do not present the 'previous report' during campaigns, or not allowing parties to receive the 'extraordinary funds' if they have been sanctioned.
- Electoral regulations could also state stronger penalties for parties that do not send their previous financial reports of campaigns in the established deadline (i.e. freezing their accounts).
- To promote a transparent and accountable political financing system Argentina could consider to make agreements with provinces and to encourage reforms at the provincial level.
- Argentina could promote when provincial elections are simultaneous with the national ones, it would have to be under national electoral rules and justice.

Provinces that have adhered to the regime of simultaneous elections would have to adopt the national political finance regulations.

- Provinces which have not adhered to simultaneous elections could be allowed to adhere to national campaign financing rules when having subnational elections.
- Argentina could take a first step and clearly stipulate vote buying as an illicit practice prohibited by law.
- Argentina should clearly specify sanctions for those who provide benefits to citizens with the aim to influence their votes and regulate the provision of material goods during campaigns. There should be sanctions for public officials that are using public resources to promote or undermine the campaign of a given candidate, are forcing other public employees to participate in campaign activities supporting a candidate, or are tying the provision of a public service to the political support of a candidate
- Argentina should also detail regulations regarding the prohibition of official advertising and acts during campaigns.
- Argentina should consider implementing the Australian ballot system, widely used around the world, by introducing uniform ballots printed and distributed by the government. This system would discourage clientelist practices by reinforcing the secrecy of voting and guarantee all citizens the same candidate options.

Promoting transparency and stakeholder engagement

- The Access to information Law could be further strengthened, especially in the dimensions related to appeals, and sanctions.
- All public entities across powers and levels of government need to ensure an effective implementation and enforcement of the Access to Information Law.
- Argentina could improve the effectiveness of tools for stakeholder engagement and participation, as well as their awareness among citizens.

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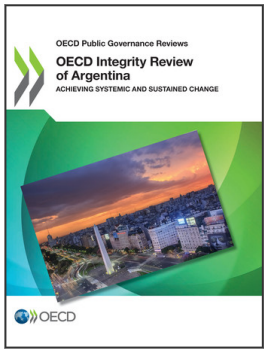

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