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# **OPINION ON THE PROPOSED CHANGES TO THE LEGAL FRAMEWORK GOVERNING CAMPAIGN AND POLITICAL FINANCE**

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## **CROATIA**

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This Opinion has benefited from contributions made by Ms Eliane Torres, Senior Campaign Finance Expert.

Based on the unofficial English translation of the Act on the Financing of Political Activities, Election Campaigns and Referendums, provided by the State Electoral Commission of the Republic of Croatia and English translation of the proposed amendments commissioned by the OSCE Office for Democratic Institutions and Human Rights.

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## EXECUTIVE SUMMARY AND KEY RECOMMENDATIONS

In 2025, the State Electoral Commission (SEC) of the Republic of Croatia requested the OSCE Office for Democratic Institutions and Human Rights (ODIHR) to review a set of draft amendments to the legislative provisions concerning the financing of electoral campaigns and regular annual activities. These provisions are primarily contained in the Act on the Financing of Political Activities, Election Campaigns and Referendums, which regulates the funding of political parties, independent Members of Parliament and councillors, and candidates across parliamentary, presidential, local, and European Parliament elections, as well as referendums.

This Opinion does not constitute a full and comprehensive analysis of the entire legal framework for campaign finance in Croatia, but rather focus on the specific proposals by the SEC, which aim to address practical challenges encountered during recent electoral cycles.

The SEC's proposals are broadly aligned with the objective of ensuring effective oversight, as well as the relevant international standards and OSCE human dimension commitments. However, further consideration is required to ensure that administrative efficiency does not overlook the fundamental principles of transparency. While the current SEC proposals address specific administrative obstacles, they do not address several prior ODIHR recommendations, including those concerning the regulation of third-party campaigning and loans. Moreover, the proposed amendments do not sufficiently regulate financing of political advertising on social networks, and is not line with international standards, including the permitting of donations from companies executing public contracts.

More specifically, ODIHR makes the following recommendations to further strengthen the Law in accordance with international standards, OSCE commitments and good practices:

- A. The deadline for the publication of the final oversight report from the SEC should be extended to between 120 and 180 days to allow for meaningful auditing, while adopting digital tools to ensure the timely processing of data.
- B. To ensure the long-term stability of the political finance framework, it is recommended to introduce an automatic annual indexation mechanism for donation limits, tied to objective economic indicators.
- C. The same annual indexation mechanism applied to donations should be extended to total campaign expenditure limits to ensure that the regulatory framework remains aligned and realistic regarding campaign costs.
- D. Maintaining the obligation to submit pre-election reports is strongly recommended to ensure voters possess the necessary information to make informed choice before casting their ballots.
- E. The law could be amended to require semi-annual reports only from entities exceeding a financial threshold.

- F. To guarantee a robust system of checks and balances, it is recommended to clarify campaign finance oversight mandate of the State Electoral Commission and the State Audit Office and avoid any duplication or overlap of functions.
- G. A centralised and digital registry of all entities could be established by the Parliament as well as the local and regional self-government units to facilitate data updates and be accessible to the State Electoral Commission.
- H. The Act on the Financing of Political Activities, Election Campaigns and Referendums should be amended to introduce a graduated sanctioning regime.
- I. Consideration should be given to introducing detailed rules regulating loans.
- J. Third-party campaigning should be explicitly regulated to prevent circumvention.
- K. The legal framework should strictly prohibit or regulate donations from legal entities executing public contracts or providing goods and services to the public administration.
- L. To enhance transparency and deterrence, all financial sanctions imposed on non-compliant contestants should be published in a timely and systematic manner.

***These and additional recommendations are included throughout the text of this Opinion, highlighted in bold.***

***As part of its mandate to assist OSCE participating States in implementing their OSCE human dimension commitments, ODIHR reviews, upon request, draft and existing laws to assess their compliance with international human rights standards and OSCE commitments and provides concrete recommendations for improvement.***

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## I. INTRODUCTION

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1. On 11 March 2025, the State Electoral Commission (SEC) of the Republic of Croatia requested the OSCE's Office for Democratic Institutions and Human Rights (ODIHR) to assess a set of proposed amendments it had identified for consideration to Parliament regarding the reform of the legal framework governing campaign and political finance. On 1 September 2025, ODIHR responded to this request, confirming the Office's readiness to prepare a legal opinion on the submitted proposed amendments to assess their compliance with international human rights standards and OSCE human dimension commitments. Subsequently, ODIHR conducted a consultative visit to Zagreb on 26 September to hold consultations with the SEC on the proposed topics of the review.
2. It should be emphasized that ODIHR's previous reports on its observations of elections in Croatia have consistently recommended eliminating numerous existing gaps, inconsistencies, and ambiguities in the legal framework for campaign finance, and bringing it in line with OSCE commitments, international obligations, and good practice.<sup>1</sup> The Opinion aims to highlight positive measures that address prior ODIHR recommendations, such as the ones in the ODIHR 2024 Election Assessment Mission Final Report, while also identifying areas where further improvements are pending.
3. The Opinion was prepared in response to the above request. ODIHR conducted this assessment within its mandate to assist the OSCE participating States in the implementation of their OSCE human dimension commitments.<sup>2</sup> ODIHR stands ready to provide more in-depth assessment of the electoral-legislative framework impacting the future elections.

## II. SCOPE OF THE OPINION

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4. The scope of this Opinion covers the SEC's proposals for amendments to legislative provisions concerning the financing of electoral campaigns and the regular annual activities of political parties, as well as the extent of implementation of prior recommendations from the 2020 and 2024 ODIHR election observation reports. This Opinion does not constitute a full and comprehensive review of the entire legal and institutional framework regulating elections in Croatia.
5. The Opinion raises key issues and highlights areas of concern. In the interest of conciseness, it focuses more on those provisions that require amendments or improvements rather than on positive aspects of the proposed amendments. The ensuing legal analysis is based on international and regional human rights and rule of law standards, norms and recommendations, as well as relevant OSCE human dimension commitments and international good practices, including the Joint Guidelines on Political Party Regulation issued by ODIHR and the Council of Europe's European Commission for Democracy through Law (hereinafter "Venice Commission").<sup>3</sup>

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<sup>1</sup> See [ODIHR reports on elections in Croatia](#).

<sup>2</sup> See Paragraph 7.6 of the [1990 OSCE Copenhagen Document](#), whereby the OSCE participating States committed to "respect the right of individuals and groups to establish, in full freedom, their own political parties or other political organisations and provide such political parties and organisations with the necessary legal guarantees to enable them to compete with each other on a basis of equal treatment before the law and by the authorities." See also 1998 [Oslo Ministerial Declaration](#), MC.DOC/1/98, stating: "Expression should be given to support for the enhancement of OSCE electoral assistance work and the strengthening of internal procedures to devise remedies against infringements of electoral rules, with the participating States invited to provide the ODIHR in a timely fashion with draft electoral laws and draft amendments to these laws for review so that possible comments can be taken into account in the legislative process"; and [1999 Istanbul Document](#) which states: "... appreciate the role of the ODIHR in assisting countries to develop electoral legislation in keeping with OSCE principles and commitments".

<sup>3</sup> See the ODIHR-Venice Commission, [Guidelines on Political Party Regulation](#) (2nd ed., 2020).

Reference is also made to the relevant findings and recommendations from previous ODIHR election observation reports and legal opinions.

6. The Opinion also highlights, as appropriate, comparative practices from other OSCE participating States in this field. ODIHR does not advocate for any specific country model but rather focuses on providing clear information about applicable international standards while illustrating how they are implemented in practice in certain national laws. Any country example should be approached with caution since it cannot necessarily be replicated in another country and has always to be considered in light of the broader national institutional and legal framework, as well as country context and political culture.
7. Moreover, in accordance with the Convention on the Elimination of All Forms of Discrimination against Women<sup>4</sup> (hereinafter “CEDAW”) and the 2004 OSCE Action Plan for the Promotion of Gender Equality<sup>5</sup> and commitments to mainstream gender into OSCE activities, programmes and projects, the Opinion integrates, as appropriate, a gender and diversity perspective.
8. In view of the above, ODIHR would like to stress that this Opinion does not prevent ODIHR from formulating additional written or oral recommendations or comments on respective subject matters in Croatia in the future.

### III. LEGAL ANALYSIS AND RECOMMENDATIONS

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#### 1. RELEVANT INTERNATIONAL STANDARDS RELATING TO FINANCING POLITICAL PARTIES AND ELECTION CAMPAIGNS

9. This Opinion analyses the proposed amendments submitted for review with regard to their compatibility with international standards, OSCE human dimension commitments and international good practice on the financing of political parties and election campaigns.
10. Political parties are essential in the democratic process and foundational to a pluralist society. They should be regulated in a manner that supports the rights to freedom of association and expression, as well as genuine and democratic elections. These rights are fundamental to the proper functioning of a democratic society.<sup>6</sup> To fulfil their core functions, political parties need appropriate funding both during and between election periods. At the same time, the regulation of political party funding and its transparency are essential to guarantee political parties’ independence from undue influence of private donors, state and public bodies, as well as to ensure that parties have the opportunity to compete in accordance with the principle of equal opportunity.<sup>7</sup>
11. Fundamental rights afforded to political parties and their members are found principally in Articles 19 and 22 of the International Covenant on Civil and Political Rights (hereinafter “ICCPR”), which protect the rights to freedom of expression and opinion and the right to freedom of association, respectively. Article 25 ensures the right to participate in public affairs.<sup>8</sup> International commitments on financing political parties and election campaigns are also found in Article 7 paragraph 3 of the United Nations Convention against Corruption (hereinafter

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<sup>4</sup> See [UN Convention on the Elimination of All Forms of Discrimination against Women](#) (hereinafter “CEDAW”), adopted by General Assembly resolution 34/180 on 18 December 1979. Croatia acceded to this Convention on 8 October 1991.

<sup>5</sup> See [OSCE Action Plan for the Promotion of Gender Equality, adopted by Decision No. 14/04, MC.DEC/14/04](#) (2004), para. 32.

<sup>6</sup> ODIHR and Venice Commission, [Joint Guidelines on Political Party Regulation](#) (2nd edition, 2020), para. 17

<sup>7</sup> *Ibid.* para. 204.

<sup>8</sup> See [International Covenant on Civil and Political Rights](#) adopted by the UN General Assembly by resolution 2200A (XXI) of 16 December 1966. Croatia ratified the Covenant on 12 October 1992.

“UNCAC”).<sup>9</sup> Furthermore, the CEDAW is relevant to gender equality in political and public life, in particular its Articles 4 (on temporary special measures to enhance gender equality) and 7 (on eliminating discrimination against women in political and public life). The CEDAW General Recommendations No. 23: Political and Public Life<sup>10</sup> and No. 40 on the Equal and Inclusive Representation of Women in Decision-making Systems are also of relevance.<sup>11</sup> In addition, Article 29 of the UN Convention on the Rights of Persons with Disabilities (hereinafter “CRPD”) also focuses on the participation of persons with disabilities in political and public life.<sup>12</sup>

12. At the regional level, Article 11 of the European Convention on Human Rights (hereinafter “ECHR”) sets standards regarding the right to freedom of association, protecting political parties and their members as special types of associations.<sup>13</sup> Furthermore, the right to freedom of opinion and expression under Article 10 of the ECHR and the right to free elections guaranteed by Article 3 of the First Protocol to the ECHR are also relevant when reviewing legislation on political parties. The case law of the European Court of Human Rights (hereinafter “ECtHR”) provides additional guidance for Council of Europe (hereinafter “CoE”) Member States on ensuring that laws and policies comply with rights and freedoms guaranteed by the ECHR.
13. According to paragraph 7.6 of the 1990 OSCE Copenhagen Document, OSCE participating States committed to “*respect the right of individuals and groups to establish, in full freedom, their own political parties or other political organisations and provide such political parties and organisations with the necessary legal guarantees to enable them to compete with each other on a basis of equal treatment before the law and by the authorities.*”<sup>14</sup> Other OSCE commitments relevant to political party regulation under the Copenhagen Document include the protection of the freedom of association (paragraph 9.3), the freedom of opinion and expression (paragraph 9.1) and obligations on the separation of the State and the party (paragraph 5.4). Additionally, Ministerial Council Decision 7/09 on women’s participation in political and public life is of interest.<sup>15</sup>
14. In addition, standards in this area can be found in the recommendations of the UN, the Council of Europe and the OSCE. These include General Comment 25 of the UN Human Rights Committee on the right to participate in public affairs, and the right of equal access to public service, as well as the Report of the UN Human Rights Council on best practices, experiences, challenges and ways to overcome them in the area of freedom of association.<sup>16</sup> Relevant Council of Europe documents include the CoE Committee of Ministers’ Recommendation Rec(2003)4 on Common Rules Against Corruption in the Funding of Political Parties and Electoral Campaigns, Parliamentary Assembly of the CoE (PACE) Recommendation 1516 (2001) on Financing of

<sup>9</sup> See [UN Convention against Corruption](#), adopted by the General Assembly on 31 October 2003, by resolution 58/4. The Convention entered into effect on 14 December 2005, and Croatia ratified it on 24 April 2005. Article 7(3) of the UNCAC requires that “*each State Party shall also consider taking appropriate legislative and administrative measures, consistent with the objectives of this Convention and in accordance with the fundamental principles of its domestic law, to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties*”.

<sup>10</sup> See the CEDAW Committee, [General Recommendation No. 23: Political and Public Life](#).

<sup>11</sup> See e.g., CEDAW Committee, [General recommendation No. 40 \(2024\) on the equal and inclusive representation of women in decision-making systems](#), 25 October 2024, para. 39 (d), which recommends introducing “*codes of conduct, with an intersectional perspective, in parliament, government, regional and local councils and political parties, public service and private sector companies to eliminate all forms of gender-based violence against women and hate speech, with independent complaint mechanisms and confidential counselling and provide corresponding training to all officials and staff*”.

<sup>12</sup> See the [UN Convention on the Rights of Persons with Disabilities](#), adopted on 13 December 2006 during the sixty-first session of the General Assembly by resolution A/RES/61/106. Serbia ratified the Convention on 31 July 2009.

<sup>13</sup> See the [Council of Europe’s Convention for the Protection of Human Rights and Fundamental Freedoms](#) entered into force on 3 September 1953.

<sup>14</sup> See the [1990 OSCE Copenhagen Document](#).

<sup>15</sup> See the [OSCE Ministerial Council Decision 7/09](#), 2 December 2009, Women’s participation in political and public life.

<sup>16</sup> See the United Nations Human Rights Council, [Report of the Special Rapporteur](#) on the rights to freedom of peaceful assembly and of association (A/HRC/30/26), 2015.

political parties,<sup>17</sup> and PACE Resolution 1308 (2002) on Restrictions on political parties in the Council of Europe member states.<sup>18</sup>

15. In addition, it should be noted that international standards on financing political parties and election campaigns continue to be shaped by the Conference of the States Parties (CoSP) to UNCAC. In particular, the 2025 Resolution 11/7 of the CoSP underscores the importance of enhancing transparency in the financing of political parties and election campaigns, while addressing emerging risks associated with increasingly complex and indirect financing arrangements, as a core component of anti-corruption frameworks and prevention of economic crimes.<sup>19</sup>
16. Of particular importance are the ODIHR and Venice Commission Joint Guidelines on Political Party Regulation (2<sup>nd</sup> edition), adopted in December 2020 (hereafter: the Joint Guidelines).<sup>20</sup> These Guidelines offer comprehensive advice and expertise to legislators tasked with drafting or amending laws on political parties, with a view to facilitating their establishment, development and functioning in compliance with international human rights standards and OSCE Human Dimension commitments. Further relevant Venice Commission texts include the Guidelines and Report on the Financing of Political Parties, the Code of Good Practice in the field of Political Parties, the Guidelines and Explanatory Report on Legislation on Political Parties, the Code of Good Practice in Electoral Matters,<sup>21</sup> and the Comparative Report on thresholds and other features of electoral systems.<sup>22</sup> ODIHR Opinions on draft and existing legislation on political parties and political finance may also serve as useful reference documents.
17. According to the Joint Guidelines, the regulation of political party funding is essential to guarantee parties' independence from undue influence created by donors and to ensure the opportunity for all parties to compete in accordance with the principle of equal opportunity and to provide for transparency in political finance.<sup>23</sup> The Guidelines further stress that legislation regulating political parties should attempt to achieve a balance between encouraging moderate contributions and limiting unduly large contributions.
18. Lastly, throughout this Opinion, reference is made to the final reports and recommendations from ODIHR election assessment activities in Croatia.

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<sup>17</sup> See [PACE Recommendation 1516 \(2001\)](#) on Financing of political parties.

<sup>18</sup> See [PACE Resolution 1308 \(2002\)](#) on Restrictions on political parties in the Council of Europe member states, adopted on 18 November 2002.

<sup>19</sup> See UNCAC Conference of the States Parties (CoSP), [Resolution 11/7 on Preventing and Combating Corruption through Enhancing Transparency in the Funding of Political Parties, Candidatures for Elected Public Office, and Electoral Campaigns](#), adopted during the 11th session of the CoSP held in Doha, Qatar, from 15 to 19 December 2025, which highlights in particular the need to strengthen oversight mechanisms, including through improved inter-institutional co-operation, and to prevent undue influence as well as the circumvention of legal restrictions, while also reflecting a growing international recognition that political finance frameworks must adapt to evolving risks, including those arising from new technologies and increasingly sophisticated financial flows.

<sup>20</sup> See the 2020 ODIHR and Venice Commission Joint Guidelines on Political Party Regulation (Guidelines on Political Party Regulation).

<sup>21</sup> See the 2002 Code of Good Practice in Electoral Matters (Code of Good Practice) of the Council of Europe (CoE) European Commission for Democracy Through Law (Venice Commission).

<sup>22</sup> See [Venice Commission, CDL-AD\(2008\)037](#), Comparative Report on thresholds and other features of electoral systems which bar parties from access to Parliament.

<sup>23</sup> See paragraph 159 of the [Joint Guidelines on Political Party Regulation](#).

## 2. ASSESSMENT OF THE SEC PROPOSALS TO THE LEGAL FRAMEWORK GOVERNING CAMPAIGN AND POLITICAL FINANCE

### 2.1. Deadline for Publishing Report on Oversight of Financing of Electoral Campaign

19. The SEC proposes extending the 60-day deadline for publishing its final oversight report on campaign financing. Currently, participants must submit financial reports 30 days after the election, leaving the SEC approximately 30 days to process the data, verify documentation, and publish its findings. The SEC opines that this timeframe is insufficient for high-quality control, particularly in local elections involving thousands of entities and suggests an extension to ensure thorough supervision.
20. International good practice emphasises that oversight bodies must have adequate time and resources to conduct meaningful audits rather than formalistic checks.<sup>24</sup> At the same time, to ensure transparency, timeliness of the publication of the oversight conclusions is essential, and oversight results should be published before the next electoral cycle and ideally shortly after the election to ensure accountability.<sup>25</sup> Delaying publication significantly beyond the election period may reduce public interest and the deterrent effect of sanctions.
21. The oversight bodies of some of the OSCE participating States are granted longer timeframes to finalise their control of the presidential election. For example, in France and Poland, campaign finance oversight bodies are allotted six months to review financial reports after their submission, and five months in Lithuania.
22. A similar pattern is evident regarding parliamentary elections. In Latvia, the Corruption Prevention and Combating Bureau (KNAB) verifies the campaign declarations and publishes its findings within six months of the submission deadline. In Bulgaria, the National Audit Office performs a compliance audit of the campaign financing and publishes its report also within six months of the deadline for submitting the financial reports. In France, the six-month deadline also applies to parliamentary elections.
23. For local elections, timelines for final oversight reports are frequently adjusted to accommodate the high volume of local entities and reports. In Finland, the National Audit Office (NAOV) publishes its report approximately eight months after the election day. In Slovenia, the Court of Audit issues its final audit reports within approximately 10 months of the election date, allowing for a risk-based sampling approach.<sup>26</sup> The NEC of Poland applies the same six-month deadline to local election committees for accepting or rejecting financial reports. ***To ensure substantial and meaningful oversight of campaign finance reports but maintain its timeliness, it is recommended to extend the deadline for the publication of the final oversight report by the State Electoral Commission to at least 120 days but no more than 180 days following the election.***

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<sup>24</sup> Paragraph 271 of the [Joint Guidelines on Political Party Regulation](#) states that “any deadlines that the respective authority is obliged to adhere to need to be drafted in such a way as to provide this body with enough time to substantively monitor and analyse reports submitted by political parties.”

<sup>25</sup> See the 2003 UN Convention against Corruption (UNCAC) highlights the need for transparency, stating in Article 7.3 that “each State Party shall also consider taking appropriate legislative and administrative measures...to enhance transparency in the funding of candidatures for elected public office”.

<sup>26</sup> Risk-based sampling approach is a methodology aligned with International Standards of Supreme Audit Institutions (ISSAI), where auditors prioritise the verification of transactions identified as having a higher risk of irregularity, rather than conducting a comprehensive review of all financial records.

## 2.2. Limitations on the Amount of Donations

24. The SEC proposes reviewing the limitations on the amount of donations prescribed in Articles 19, 29, and 70 of the Act on the Financing of Political Activities, Election Campaigns and Referendums (hereinafter the “Act on Financing”), which regulate funding for regular annual political activities, election campaign expenditures, and referendum-related activities. Given the rising costs of services and products on the market and general inflation, the SEC defends that the current caps may prevent entities subject to oversight from collecting sufficient funds to effectively plan election campaigns and regular political programmes. Consequently, it proposes to adjust these prescribed amounts.<sup>27</sup>
25. International good practice acknowledges that while donation limits are essential to prevent undue influence and corruption, they shall be realistic and sufficiently high to enable political parties and candidates to conduct meaningful campaigns.<sup>28</sup> Legislation should not impede the development of political parties by setting limits that are too low, as this may inadvertently encourage the use of illicit funds or circumvention (including from third parties) to meet actual financial needs. Furthermore, ensuring that financial limits keep pace with inflation is recognized as a valid measure to maintain the stability of the political finance framework.<sup>29</sup> In this context, it is worth reflecting on the contemporary realities of electoral competition, including the high costs associated with media-driven and digital campaigning, as well as the size of the population. Consequently, considerations regarding donation limits are relevant in striking a balance between grassroots-funded politics and the prevention of undue donor influence, on the one hand, and ensuring that democratic actors have sufficient operational resources, on the other.<sup>30</sup> The EU member States vary widely on election donation caps, reflecting national priorities and indexing methods.
26. For the presidential election, France caps donations at EUR 4,600 per person per candidate for the entire campaign; Portugal links limits to the Social Support Index, a government indicator updated annually based on economic conditions; and Ireland caps donations from any single person or body at EUR 2,539 per year. For parliamentary elections, Belgium applies an adjusted cap based on the Consumer Price Index (currently approximately EUR 2,000, recalculated annually to avoid frequent legislative intervention), while Poland sets its ceiling at 15 times the minimum wage. The frameworks for local elections vary further: Denmark imposes no upper limits on donation amounts, Slovenia indexes its cap to 10 times the national average monthly gross salary, and Finland applies a tiered system capping municipal donations at EUR 3,000 (half the limit permitted for parliamentary elections).
27. Regarding annual donations to political parties, EU countries have adopted different approaches.<sup>31</sup> ***It is recommended to review the donation limits, with an adjustment grounded in objective economic indicators rather than arbitrary increases. To ensure long-term stability and reduce***

<sup>27</sup> Individuals can donate up to HRK 30,000 (approx. EUR 3,981) within a single calendar year, to one or more contestants. Donations from legal entities are capped at HRK 200,000 (approx. EUR 26,544) per political party, at HRK 100,000 (approx. EUR 13,272) for Members of Parliament and HRK 30,000 (approx. EUR 3,981) for local councillors.

<sup>28</sup> Paragraph 213 of the [Joint Guidelines on Political Party Regulation](#) states that “Legislation mandating donation limits should be carefully balanced between, on the one hand, ensuring that there is no distortion in the political process in favour of wealthy interests and, on the other hand, encouraging political participation, including by allowing individuals to contribute to the parties of their choice.”

<sup>29</sup> Paragraph 213 of the [Joint Guidelines on Political Party Regulation](#) states that “It is best if donation limits are designed to account for inflation, based on, for example, some form of indexation, such as a minimum salary value, rather than absolute amounts.”

<sup>30</sup> Paragraph 182 of the [Joint Guidelines on Political Party Regulation](#) states that “contribution limits should be carefully balanced between ensuring that parties have sufficient resources... and preventing the undue influence of donors.”

<sup>31</sup> In Cyprus, private donations to parties are limited to EUR 50,000 annually, but contributions to candidates are not capped. In France, donations to political parties are capped at EUR 7,500 per year. In the Netherlands, there are no limits to the contributions that parties can accept from individuals.

*the need for frequent legislative amendments, it is recommended that an automatic annual indexation mechanism be introduced, tied to the average gross salary for donation limits.*<sup>32</sup>

### **2.3. Limitations on Total Amount of Costs of Electoral Campaign and Costs of Referendum-Related Activities**

28. The SEC suggests reviewing the limitations on total election campaign costs prescribed in Articles 38 and 76 of the Act on Financing. Currently, the law sets fixed caps, HRK 8,000,000 for the presidential election and HRK 1,500,000 per constituency for parliamentary elections. A range for local elections, depending on the size of the administrative unit, exists from HRK 40,000 (EUR 5,309) for municipalities with up to 3,000 inhabitants to HRK 800,000 (EUR 106,178) for the Mayor of Zagreb. The SEC notes that due to inflation, many participants in the 2025 local elections allegedly exceeded these limits, necessitating a review to reflect market realities.
29. International good practice acknowledges that while expenditure limits are essential to prevent the distortion of the democratic process and secure equity among candidates, they shall be realistic and sufficiently high to enable political parties and candidates to conduct meaningful campaigns.<sup>33</sup> Legislation should not impede the competitive ability of political parties by setting spending caps that are too low, as this may inadvertently encourage the use of illicit funds or circumvention (including through third parties) to meet actual campaign needs.
30. Furthermore, ensuring that expenditure limits keep pace with inflation is recognised as a valid measure to maintain the stability of the political finance framework.<sup>34</sup> In this context, it is worth reflecting on the contemporary realities of electoral competition, including the high costs associated with media-driven and digital campaigning, as well as the size of the electorate. Therefore, considerations regarding spending limits are relevant in balancing the need to prevent disproportionate expenditure that undermines the free choice of voters, while ensuring that democratic actors have sufficient operational resources to effectively reach the electorate.<sup>35</sup> It is also worth considering that in some EU member States, the regulatory framework ensures that donation and expenditure limits remain aligned by subjecting both to the same automatic indexation mechanisms rather than fixed static amounts. Aligning the adjustment mechanisms for both donation and expenditure limits prevents imbalances where a candidate might be legally allowed to spend more than they can realistically raise from permissible sources, or conversely, raise significantly more than they are permitted to spend.
31. Spending limits differ across EU states. For presidential election, France uses an expenditure ceiling periodically adjusted for inflation; Poland calculates its limit based on the number of registered voters multiplied by a specific coefficient, to ensure the cap scales with electorate size; and Romania ties limits to the national minimum gross salary, providing automatic indexation. For parliamentary elections, expenditure limits are often linked to constituency size. The United Kingdom combines a fixed sum with a variable amount per registered voter, to equalize districts; Belgium indexes party and candidate ceilings annually; and the Czech Republic applies a flat cap of CZK 90 million for the entire party campaign. For local elections, limits are frequently tiered based on population. Slovenia sets its cap at EUR 0.40 per eligible voter in the local community,

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<sup>32</sup> Paragraph 213 of the [Joint Guidelines on Political Party Regulation](#).

<sup>33</sup> Paragraph 248 of the [Joint Guidelines on Political Party Regulation](#) states that “It is reasonable for a state to determine ... a maximum spending limit for participants in elections, in order to achieve the legitimate aim of securing equity among candidates and political parties... This requires that spending limits be carefully constructed so that they are not overly burdensome.”

<sup>34</sup> Paragraph 249 of the [Joint Guidelines on Political Party Regulation](#) states that “Limits should be realistic, to ensure that all parties are able to run an effective campaign, recognizing the high expense of today’s electoral campaigns. It is best if limits are designed to account for inflation... based on a form of indexation rather than absolute amounts.”

<sup>35</sup> Paragraph 246 of the [Joint Guidelines on Political Party Regulation](#) notes that “reasonable limitations on campaign expenditure may be justified where this is necessary to ensure that the free choice of voters is not undermined or the democratic process distorted by the disproportionate expenditure on behalf of any candidate or party.”

and Poland similarly calculates limits by the number of voters in the council area, ensuring proportionality to the scale of the local campaign. *Reviewing expenditure limits is advisable, provided that any adjustments are grounded in objective economic indicators rather than arbitrary increases. It is also recommended that the same annual automatic indexation mechanism be introduced as the one for donations to ensure limits remain realistic while preventing excessive spending.*

#### 2.4. Oversight and Deadline for Submitting Reports on Donations, Costs and Media Advertising of Election Campaigns

32. The SEC proposes reviewing the necessity of the reports on donations and costs required seven days prior to election day under Articles 39 and 40 of the Act on Financing. The SEC suggests that as these reports are submitted before the campaign ends and contain only partial information, they may not be mandatory if a complete report is filed 30 days after the elections. Alternatively, the SEC proposes moving the deadline to eight days prior to the election to avoid submission on a non-working day.
33. International good practice recognise that pre-election disclosure is essential to enable voters to make informed decisions based on financial transparency.<sup>36</sup> Legislation should not impede the transparency by delaying disclosure until after the vote, as this may inadvertently deny voters relevant information regarding potential interests behind candidates. Furthermore, the timely availability of financial information is recognised as a positive measure.<sup>37</sup> Accordingly, ODIHR has consistently recommended the introduction of interim reporting in countries where such requirements are not in place.<sup>38</sup> It is also worth reflecting on the contemporary realities of electoral competition, where late injections of funds, often close to election day, can have significant impacts. Reporting deadlines should therefore strike a balance between the administrative capacity of contestants and the SEC, on the one hand, and the need to provide sufficient transparency, on the other. Pre-election transparency practices across the EU vary considerably in timing and mechanism. For presidential elections, Lithuania requires donation reports to the Central Electoral Commission within 10 days of receipt, with an electronic system enabling near real-time public access; France requires no pre-election report but mandates appointment of a financial agent before any expenditure, establishing an early control chain; and Romania requires campaign contributions to be declared to the Permanent Electoral Authority, which publishes them to enable scrutiny before the vote.
34. For parliamentary elections, Latvia requires detailed income and expenditure declarations both 30 and 3 days before election day. The Czech Republic mandates "transparent" bank accounts with all transactions publicly visible in real time. In Estonia, parties report donations and expenditures quarterly, while election coalitions and independent candidates must disclose election-specific funds separately.
35. For local elections, approaches differ notably in timing and oversight. Several OSCE participating States, including France, Germany, and Austria, rely on post-election reporting combined with strict spending caps typically based on municipal population sizes, rather than requiring pre-election disclosure. By contrast, Czechia and Slovakia enforce real-time transparency through mandatory publicly visible bank accounts, while countries such as Sweden and Denmark depend primarily on voluntary compliance and annual party disclosures.

<sup>36</sup> Paragraph 256 of the [Joint Guidelines on Political Party Regulation](#) notes that "Transparency is a key element of political finance... pre-election reports are a good practice."

<sup>37</sup> Paragraph 260 of the [Joint Guidelines on Political Party Regulation](#) states that "Reports on campaign financing should be turned in... prior to the election... to ensure that voters know who is financing the party or candidate before they cast their vote."

<sup>38</sup> See for reference the Final Reports from France 2022, European Union 2024, Poland 2025 and Germany 2025, to name the most recent ones in the EU. All ODIHR reports can be accessed [here](#).

36. *It is strongly recommended to maintain a requirement to submit pre-election financial reports in line with international standards and good practice, in order to enable voters to make an informed choice. The reporting deadline may be adjusted to eight days prior to election day for administrative practicality, as proposed by the SEC. Furthermore, Croatia could consider adopting the 'transparent account' model or introducing real-time online reporting of donations and expenditures. Such measures would reduce the administrative burden of compiling static reports while increasing transparency through a unified digital reporting system that enables automated submission and expedited publication of financial data in a machine-readable format.*

## **2.5. Supervision and Deadline for Submission of Semi-Annual Report on Donations**

37. The SEC proposes reconsidering the obligation for all entities to submit semi-annual donation reports, even if none were received, under Article 21 of the Financing Act. The SEC notes that entities often mistakenly assume that no reporting is required if no donations are received, which can lead to non-compliance, particularly among the approximately 1,300 independent council members. The SEC suggests limiting this obligation only to those entities that actually received donations during the reporting period.
38. International good practice acknowledges that while regular reporting is essential to monitor financial flows, reporting obligations shall be realistic and not unduly burdensome for smaller entities or those with no financial activity.<sup>39</sup> Furthermore, focusing administrative resources on substantial financial activity is recognised as a valid measure to maintain the efficiency of the oversight framework. In this context, it is worth considering the contemporary realities of local politics, where many independent councillors operate with minimal or no funding.
39. Reporting is typically event-driven or annual: For presidential elections, Germany mandates annual reports but immediate disclosure for donations over EUR 50,000; Austria requires quarterly online donation reports; Slovenia follows annual reporting for regular activities, with no semi-annual requirement unless tied to an election event. Practice differs for parliamentary elections: Latvia requires donation declarations within 15 days of receipt, while the Netherlands uses annual disclosures however, donations exceeding a set threshold must be reported within three days if received near elections. Reporting related to local elections is usually simplified: Denmark and Sweden rely on annual reports, and Portugal aggregates local accounts into central party audits unless the contestants are independent groups.
40. *The law could be amended to require semi-annual reports only from entities that have received donations or incurred expenditures above specified threshold. Entities with no donation could be exempted until the annual report, thereby reducing the burden on both the entities and the oversight body.*

## **2.6. Oversight and Deadline for Submission of Annual Financial Reports**

41. The SEC proposes extending the deadline for annual financial reports if it falls on a weekend and reforming oversight to avoid perceived duplication. Currently, Article 52 requires entities to submit annual reports to both the SEC and the State Audit Office (SAO). The SAO conducts audits on political parties with revenues exceeding a specific threshold (approx. EUR 13,272). The SEC suggests restricting its competence to only those entities *not* audited by the SAO, thereby focusing its resources primarily on campaign finance oversight.

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<sup>39</sup> Paragraph 263 of the [Joint Guidelines on Political Party Regulation](#) states that "Reporting requirements should be feasible... and not create an unreasonable administrative burden."

42. While the objective of administrative efficiency is legitimate, the assumption that submitting reports to two separate bodies necessarily constitutes duplication requires a more nuanced assessment of the distinct methodologies and oversight functions exercised by each institution. International standards recognise that, to maintain the stability and comprehensiveness of the political finance framework, monitoring can be undertaken by different bodies, provided their mandates are clearly delineated and complementary.<sup>40</sup> In this context, oversight may be considered unnecessarily duplicative where multiple institutions perform substantially the same review functions over the same materials. By contrast, where the oversight methodologies and institutional purposes differ, concurrent jurisdiction may serve as a complementary system of checks and balances rather than constituting duplication.
43. In Croatia, the SEC examines reports with an emphasis on overall compliance, whereas the SAO conducts a detailed secondary review focused on substantive auditing standards of the entire financial report. Basing the oversight responsibilities solely on a financial threshold (revenues below EUR 13,272) carries the risk of creating a two-tiered system that differentiates between parties with greater financial capacity and those with more limited resources. Legislation should avoid frameworks where financial resources dictate the nature and level of state interaction and scrutiny. Requiring all parties to submit reports to the SEC ensures a common baseline of transparency and prevents the emergence of unequal standards of treatment. Removing the SEC entirely from the oversight of major political parties, risks creating a fragmented system where the electoral management body lacks direct access to the financial records of the most significant political actors. This separation could undermine the SEC's ability to ensure consistency between annual and campaign finance reporting, which is essential for effective and comprehensive oversight. Moreover, effective oversight requires that the body responsible for campaign finance has the mandate to ensure transparency and accountability across the entire spectrum of the political parties' activities.
44. From the comparative perspective, in the majority of EU member states, the Electoral Management Bodies are not the sole bodies responsible for overseeing the financing of both electoral campaigns and regular political party activities. While they often receive campaign finance reports, responsibility for the substantive auditing of regular political party finances (annual accounts) is often assigned to a Court of Audit, a Parliamentary body, or a specialised political finance regulator.<sup>41</sup>
45. ***To ensure effective oversight of campaign finances and to address any institutional overlap between the oversight bodies, consideration could be given to clarifying in legislation the distinct and complementary mandates of each body and to enhance coordination mechanisms between them. Extending the deadline to the next working day when it falls on a weekend may be adjusted for administrative practicality and legal certainty, as proposed by the SEC.***

<sup>40</sup> Paragraph 276 of the [Joint Guidelines on Political Party Regulation](#) states that "In cases where there are several monitoring bodies, the relevant legislation should clearly outline their various differing competences and mandates and ensure that they complement one another."

<sup>41</sup> In France, the National Commission for Control of Electoral Accounts and Political Finance (CNCCFP) is the sole authority for campaign accounts, though general party funding is checked by auditors. In Lithuania, the CEC oversees both campaign and annual finance, supported by an external audit requirement for larger parties. In Estonia, the Political Party Funding Supervision Committee is the primary oversight body for all party financing, independent of the National Audit Office. In Germany, political finance oversight is assigned to the President of the Bundestag, who exercises a relatively limited mandate through an administrative unit responsible for scrutinising reports for formal and content correctness. In the Czech Republic, the Office for the Oversight of Financing of Political Parties is the specialised single body. In Poland, the National Electoral Commission accepts reports accompanied by an expert auditor's opinion. Spain, Slovenia, Bulgaria and Hungary centralise the financial audit via their Court of Audit.

## 2.7. Registry of Entities Subject to Regular Oversight

46. To mitigate persistent challenges regarding compliance with Article 22 of the Act on Financing, specifically the recurring delays by local self-government units in meeting the eight-day notification deadline for registry data changes, the SEC proposes a legislative amendment to enhance data integrity and oversight efficiency.<sup>42</sup> The proposal advocates for a statutory mandate requiring the Parliament, as well as local and regional representative bodies, to establish and officially maintain registries of their respective independent councillors and political parties. Through the institutionalisation of maintaining these records from the representative bodies, the SEC would be provided with the timely and accurate data necessary to fulfil its financial oversight mandate effectively.
47. International good practice acknowledges that while decentralised administration is common, a centralised and accurate registry is essential to ensure effective oversight and enforcement of financial regulations.<sup>43</sup> Legislation should not hinder the oversight body's ability to identify regulated entities by relying on fragmented and unreliable data sources, as this may inadvertently allow actors to circumvent supervision. Furthermore, ensuring that the oversight body has direct access to up-to-date information is recognised as a valid measure to maintain the integrity of the political finance framework.<sup>44</sup> Consequently, considerations regarding a centralised registry are relevant to strike a balance between local autonomy, on one hand, and the need to provide effective national oversight for democratic actors, on the other.<sup>45</sup> ***The establishment of a digital and centralised registry of all entities, including independent councillors, accessible to the SEC is advisable.***

## 2.8. Administrative Offences and Sanctions

48. The SEC proposes amending the provisions on administrative offences in the Act on Financing to provide competent bodies with discretionary powers. The SEC argues that current offences are sometimes unclear or cover minor violations that do not justify heavy penalties or court proceedings, while other significant violations lack prescribed sanctions. The SEC seeks an independent assessment to determine the initiation of misdemeanour proceedings.
49. International good practice acknowledges that while strict enforcement is necessary to deter violations, sanctions shall be proportionate, effective, and dissuasive.<sup>46</sup> Legislation should not impede the fair administration of justice by mandating overly severe penalties or judicial procedures for minor administrative errors, as this may inadvertently undermine the legitimacy of the enforcement regime. Furthermore, ensuring that the oversight body has a range of sanctions available (graduated sanctions) is recognised as a valid measure to maintain the stability and

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<sup>42</sup> Article 22 provides that records of political parties and independent councillors at the local and regional level are maintained by county state administration offices until a unified register is established, with self-government units required to report changes within eight days, under regulations subject to SEC consent.

<sup>43</sup> In France, the CNCCFP maintains a list of political parties, financial agents and accounts. In Poland, the register of political parties is maintained by the Regional Court in Warsaw, providing a definitive source of information on the legal existence of parties. In Romania, the Register of Political Parties is public and centralised at the Tribunal of Bucharest. Estonia maintains a digital political party registry that is fully integrated with the commercial register. In the Czech Republic, the Ministry of the Interior maintains the register of parties and movements. In Latvia, the Register of Enterprises maintains the registry of political parties, which is accessible to the oversight body (KNAB). Finland maintains a party register at the Ministry of Justice, though local associations are often registered separately. In Portugal, the Constitutional Court maintains the central register of parties and coalitions.

<sup>44</sup> Paragraph 279 of the [Joint Guidelines on Political Party Regulation](#) implies that effective sanctions and oversight require clear identification of the "party or candidate" responsible.

<sup>45</sup> Paragraph 256 of the [Joint Guidelines on Political Party Regulation](#) supports the "publication of all relevant information," which presumes the existence of accurate records of relevant entities.

<sup>46</sup> Paragraph 272 of the [Joint Guidelines on Political Party Regulation](#).

comprehensiveness of the political finance framework.<sup>47</sup> Consequently, considerations regarding discretionary powers are relevant to balance strict legal enforcement with the need for proportionate sanctions.<sup>48</sup>

50. France allows the CNCCFP to adjust sanctions as it may approve accounts, reject them, or reduce the reimbursement, and refers only serious criminal matters to the prosecutor. In Poland, the National Electoral Commission can reject a report, which leads to the loss of public funding, a severe but administrative sanction. In Romania, the Permanent Electoral Authority can apply fines directly for contraventions without needing court intervention for every minor breach. In Estonia, the Political Party Funding Supervision Committee can issue precepts (orders to comply) and penalty payments (fines) for non-compliance. In the United Kingdom, the Electoral Commission has the power to impose fixed monetary penalties and variable monetary penalties for a wide range of offences without the need for a court hearing.
51. ***It is recommended to amend the legislation to introduce a graduated sanctioning regime to empower relevant authorities to issue warnings or direct administrative fines for minor or technical violations, and ensure that every statutory requirement is backed by an effective, proportionate, and dissuasive sanction.***

### 3. OUTSTANDING ODIHR RECOMMENDATIONS

52. Prior ODIHR recommendations aim to strengthen the clarity, coherence, and comprehensiveness of the legal framework governing campaign and political finance, and to further align it with international standards and good practice, thereby providing a sound basis for the conduct of democratic elections, and a number of them remain outstanding.
53. The following section reviews outstanding recommendations from ODIHR's previous election observation reports (2020 and 2024). The analysis takes into account amendments made to the Act since its adoption in 2019, including the most recent amendments adopted in 2020. Accordingly, this Opinion should be read in conjunction with the 2020 and 2024 ODIHR final reports.

#### 3.1. Loans

54. Election campaigns may be financed through various sources, including loans. However, the current legal framework lacks comprehensive regulation and detailed provisions governing the terms of loans, despite a prior recommendation from ODIHR. Contestants are permitted to obtain loans from individuals and financial institutions without any limitations on the amount or duration. Moreover, the absence of disclosure requirements for loan details reduces transparency and hinders voters' ability to make an informed choice. Maximum transparency regarding loans and credits should also be required to ensure the independence of the political parties involved in the said transactions. According to the ODIHR-Venice Commission Joint Guidelines on Political Party Regulation, in some states, political parties are required to provide information concerning outstanding loans, the corresponding awarding entity, the amount granted, the interest rate, and the period of repayment.<sup>49</sup> In such countries, specific measures were also taken to ensure that the reimbursement of loans complies with the terms with which they have been granted.<sup>50</sup> On this

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<sup>47</sup> Paragraph 224 of the [Joint Guidelines on Political Party Regulation](#) states that "Sanctions should be effective, proportionate and dissuasive."

<sup>48</sup> Paragraph 227 of the [Joint Guidelines on Political Party Regulation](#) notes that "A range of sanctions should be available... technical violations... should generally be addressed through administrative fines."

<sup>49</sup> *Ibid.* para. 260.

<sup>50</sup> *Ibid.*

basis, ODIHR recommends that *consideration should be given to introducing detailed rules regulating loans, including provisions on their disclosure and reporting.*

55. This regulatory gap creates a significant loophole in campaign finance transparency, as it allows for potential circumvention of donation limits and reporting obligations. International standards require that loans should be subject to transparency rules similar to those applied to donations, particularly to prevent creditors from writing off loans, which would effectively convert them into unregulated in-kind contributions or unreported donations.<sup>51</sup>
56. Several EU member states have established comprehensive regulatory frameworks for loans, offering valuable models which may serve as useful reference points for future legislative reforms in Croatia. In Poland, the electoral code provides that political parties and electoral contestants (constituted as election committees) may only incur loans for election purposes from banks residing in the country, thereby ensuring commercial terms and prohibiting loans from private individuals or non-banking entities, which minimises the risk of circumvention. Similarly, France enforces a rigorous regime where loans must be declared in campaign accounts, and scrutinises the terms of repayment to ensure they do not constitute disguised donations. Additionally, it has recently strictly prohibited loans from non-EU lenders to prevent foreign interference. Finally, Lithuania requires that all loans taken by political campaign participants originate exclusively from banks registered in the EU, with strict reporting obligations. These include disclosure of the lender's identity, the loan amount, interest rates, and repayment schedules in the campaign finance reports submitted to the CEC, ensuring full transparency and preventing the use of loans to bypass contribution limits. These examples demonstrate that restricting lenders to regulated financial institutions and mandating detailed disclosure are positive and crucial components of a robust campaign finance system.
57. To align with international good practice, **the Act on Financing should be amended to introduce strict regulations ensuring that all loans are obtained on commercial terms and exclusively from regulated financial institutions.** This restriction is essential to prevent dependence on private creditors and to minimise the risk of disguised donations. Furthermore, to ensure full transparency, **the legislation must mandate the comprehensive disclosure of loan details in financial reports, including the lender's identity, the total amount, the interest rate, and the repayment schedule.** Additionally, **the law should explicitly state that any loan not repaid within a statutory timeframe, or written off by the lender, shall be automatically reclassified as a donation and thus be subject to the applicable contribution limits and prohibitions.**

### 3.2. Third Parties

58. The ODIHR 2024 Election Assessment Mission (EAM) final report highlights that the current legislation does not regulate third-party campaigning. While third parties or non-party campaigners (i.e., organizations or individuals not directly contesting the elections and that are not legally tied to any candidate or political party but campaign for or against candidates or political parties or specific issues)<sup>52</sup> may participate in the campaign, the absence of regulation means their income and expenditures are not subject to the same limits or reporting requirements as political parties and candidates. This allows for unregulated spending that can impact the electoral outcome and undermines the principle of a level playing field. This legislative gap

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<sup>51</sup> Paragraph 260 of the [Joint Guidelines on Political Party Regulation](#) states that in a Political Party Finance Report “a party’s income, expenditure, assets and debts need to be accounted for in a comprehensive manner. Loans should be explicitly identified.”

<sup>52</sup> i.e., individuals and organizations that are not legally tied to any candidate or political party but campaign for or against candidates or political parties, or on specific issues; see paragraph 255 of the [Joint Guidelines on Political Party Regulation](#). See also [ODIHR Note on Third Party Regulations in the OSCE Region](#) (2020).

creates a substantial vulnerability in the campaign finance framework, as it permits political actors to bypass expenditure ceilings by outsourcing campaign activities to unregulated entities.

59. International standards emphasise that to ensure the integrity of the electoral process, the regulatory framework must encompass all actors actively engaged in campaign activities, including third parties or non-party campaigners.<sup>53</sup> Specifically, it is recommended that third parties be subject to registration, disclosure, and spending limitations to prevent the distortion of the electoral competition and the circumvention of rules applicable to candidates.<sup>54</sup> This must be accompanied by a clear oversight mandate given to an institution with the necessary independence, powers and resources to effectively monitor compliance and enforce regulations, including as appropriately issuing sanctions or initiating sanctioning procedures.<sup>55</sup> Any decision on how to regulate third-party involvement should be reviewed regularly, ideally after each general election.<sup>56</sup> On this basis, ODIHR recommends that ***third-party campaigning should be allowed and regulated. The limits on donations and expenditures, as well as the registration, disclosure and reporting requirements, should be extended to third parties undertaking campaign activities.***
60. At the same time, these limits and restrictions should only apply in cases where third parties and their actions are intended to benefit specific political parties, either in general or during campaigns, and should not prevent NGOs and other interest groups from debating issues of public interest during the campaigns, without undermining the level playing field for the electoral contestants. NGOs and other associations engaging in democracy promotion or general issue advocacy are not acting as third parties in the context of elections, and should not generally be treated in the same way as political parties and true electoral third parties.<sup>57</sup>
61. In this regard, several EU member states have established comprehensive regulatory frameworks for third-party campaigning. In Ireland, legislation defines third parties and mandates that any individual or group receiving donations exceeding a certain threshold for political purposes must register with the Standards in Public Office Commission, open a dedicated political donations account, and adhere to strict contribution limits. Similarly, the Czech Republic requires third parties to register with the Office for the Oversight of Financing of Political Parties, open a transparent bank account for campaign expenses, and adhere to specific spending caps to ensure a level playing field. Finally, Latvia permits ‘unaffiliated persons’ to conduct campaign activities but subjects them to rigorous oversight by the KNAB, imposing strict spending limits and requiring the submission of detailed financial declarations to ensure full transparency. These examples demonstrate that extending registration, reporting, and spending obligations to non-contestants is a positive and key component of a robust campaign finance system. Moreover, the *ODIHR Note on Third Party Regulations in the OSCE Region (2020)*,<sup>58</sup> which offers a comparative overview of how the issue is addressed in several OSCE participating States and provides concrete guidance and recommendations, may serve as a useful reference document for that purpose.

<sup>53</sup> Paragraph 256 of the [Joint Guidelines on Political Party Regulation](#) states: "It is important that some forms of regulation, with comparable obligations and restrictions as apply to parties and party candidates, be extended to third parties that are involved in the campaign, to ensure transparency and accountability".

<sup>54</sup> Paragraph 256 of the [Joint Guidelines on Political Party Regulation](#) also states that third-party activities “should not be unconditionally prohibited” and that “some forms of regulation, with comparable obligations and restrictions as apply to parties and party candidates, be extended to third parties that are involved in the campaign”. Paragraph 220 adds that “to avoid the creation of loopholes through which unlimited funding can be channelled and financial transactions can be veiled, laws should set proportionate and reasonable limits to the amount that third parties can spend on promoting candidates or parties, ideally by applying existing ceilings for donations to political parties to these actors, as well”.

<sup>55</sup> [ODIHR Note on Third Party Regulations in the OSCE Region](#) (2020), pp. 35-36.

<sup>56</sup> *Ibid.*

<sup>57</sup> Paragraph 221 of the [Joint Guidelines on Political Party Regulation](#).

<sup>58</sup> See [ODIHR Note on Third Party Regulations in the OSCE Region](#) (2020). See also the [ODIHR and the Venice Commission Joint Guidelines on Political Party Regulation](#), para. 218.

62. To prevent the circumvention of financial regulations, the legal framework should be expanded to explicitly define and regulate third-party campaigning. Consistent with international good practice, **amendments to the Act on Financing should require third parties that intend to campaign to register with the State Electoral Commission, open dedicated bank accounts for campaign transactions, and submit comprehensive reports disclosing all income sources and expenditures.**

### 3.3. Prohibited Source of Donations

63. The 2024 ODIHR EAM final report identifies a lack of regulation regarding donations from companies involved in public contracts. While the law sets limits for donations and expenditures and requires disclosures, it does not explicitly prohibit or strictly regulate contributions from entities that provide goods or services to the public administration. This omission presents a risk of conflict of interest and potential corruption, as it could allow entities benefiting from state contracts to fund the campaigns of ruling parties or candidates. Aligning this area with international good practice would strengthen safeguards against the misuse of public resources and influence. On this basis, *it is recommended to give consideration to limiting, prohibiting, or strictly regulating donations from entities providing goods or services to the public administration.*
64. This regulatory gap in regulation could potentially lead to undue influence and conflicts of interest, with companies expecting preferential treatment in exchange for their contributions. International standards explicitly recommend that states take measures to limit, prohibit, or strictly regulate donations from legal entities that provide goods or services to any public administration, ensuring a separation between public procurement and political financing.<sup>59</sup>
65. Several EU member states have established comprehensive restrictions in this area. In Spain, the law explicitly prohibits donations from private companies that, by means of a current contract, provide services or carry out works for the Public Administration, directly targeting the risk of ‘*quid pro quo*’. Similarly, the Bulgarian Election Code specifically lists companies performing public procurement contracts as prohibited donors, ensuring that entities currently benefiting from state funds are not allowed to finance electoral competitors. Finally, France provides the most extensive safeguard by rigorously prohibiting all contributions from legal entities (except political parties). This measure aims to eliminate any potential for corporate influence or kickbacks from public contractors. These examples demonstrate that specific prohibitions on government contractors, or broader bans on corporate donations, are effective mechanisms for preserving the integrity of public administration.
66. To ensure comprehensive transparency and prevent conflicts of interest, the current legal framework in Croatia should be amended to explicitly address this void. **To align with international good practice, the Act on Financing should be amended to strictly prohibit donations to political parties and candidates from any legal entity that provides goods or services to the public administration or is executing a public procurement contract. Furthermore, to ensure effective enforcement, the legislation should empower the State Electoral Commission to cross-reference donor lists with public procurement databases to identify and sanction violations.**

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<sup>59</sup> Article 5 b) of the Council of Europe Committee of Ministers [Recommendation Rec\(2003\)4 on common rules against corruption in the funding of political parties and electoral campaigns](#) provides that “States should take measures aimed at limiting, prohibiting or otherwise strictly regulating donations from legal entities which provide goods or services for any public administration”. Paragraph 8(a)v(a) of the Parliamentary Assembly of the Council of Europe Recommendation 2001 (1516) on the financing of political parties stipulates that “As private financing, in particular donations, creates opportunities for influence and corruption, the following rules should apply: a. a ban on donations from state enterprises, enterprises under state control, or firms which provide goods or services to the public administration sector.”

### 3.4. Sanctions Publications

67. The transparency of the enforcement mechanism remains an area for improvement. The State Attorney's Office publishes only aggregated data on the total number of misdemeanour cases in its annual report available on its website. Specific details about campaign finance violations, such as the involved party, type of violation, amount of fine, and frequency of violations, are not publicly disclosed except upon request. On this basis, ODIHR 2024 EAM final report recommends ***to enhance transparency, consideration should be given to publishing all financial sanctions imposed on contestants who did not comply with the campaign finance regulations.***
68. The 2024 ODIHR EAM final report notes that to deter non-compliance and inform the public, it is essential that the consequences of violating campaign finance regulations are made visible. Publishing all financial sanctions imposed on contestants would serve as a deterrent and enhance public confidence in the integrity of the campaign finance system. International good practice emphasises that when sanctions are imposed, the public should be informed of the facts giving rise to the legal violation and the particular sanction imposed.<sup>60</sup>
69. Based on the review of comparative practices, several EU countries have implemented robust transparency measures regarding sanctions. In the United Kingdom, the Electoral Commission regularly publishes details of concluded investigations on its website, including the names of the parties or campaigners, the specific offences committed, and the financial penalties imposed, thereby ensuring full public accountability. Similarly, in Latvia, the KNAB issues public reports on its verifications of party financing, detailing detected violations and the specific administrative sanctions or reimbursement orders applied to political entities. Lithuania also enforces a high degree of transparency, where decisions by the Central Electoral Commission regarding gross violations of campaign finance laws, which can result in the loss of state subsidies, are made public, allowing voters to scrutinise the financial conduct of political contestants. These examples demonstrate that the visible publication of enforcement actions is a critical component of a credible sanctioning regime.
70. The current legal framework in Croatia would be strengthened by ensuring that enforcement actions are not only taken but are also seen to be taken. To align with international standards and good practices, the Act on Financing should be amended to mandate the timely and systematic publication of all final decisions regarding financial sanctions imposed on electoral contestants. This information should be made easily accessible to the public, ideally through a centralised and searchable online register maintained by the State Electoral Commission or the State Attorney's Office, detailing the nature of the violation, the offender, and the penalty. To this end, a new provision could be introduced to the Act on Financing as follows: ***The competent authority should be required by law to maintain a publicly accessible, centralised, and searchable online register of all final decisions imposing financial sanctions for violations of campaign finance legislation. The register should contain sufficient information to enable public scrutiny of each case, including the identity of the sanctioned contestant or entity, the nature of the violation, and the type and amount of the penalty imposed. Publication should take place within a reasonable time following the date on which the decision becomes final, and entries should remain publicly accessible for a period sufficient to serve the purposes of transparency and accountability.***

<sup>60</sup> Paragraph 275 of the [Joint Guidelines on Political Party Regulation](#) states: “When sanctions are imposed, the public should be informed of the facts giving rise to the legal violation and the particular sanction imposed on the political party.”

### 3.5. Measures to Promote Enhanced Participation of Women in Political Life

71. The 2024 ODIHR EAM final report noted the low level of women’s representation in Parliament and other decision-making positions and recommended that political parties adopt measures to help promote balanced participation and representation of women and men in the legislature. It is recommended that as part of the reform of the legal framework on campaign and political finance, the establishment of additional mechanisms and incentives to encourage political parties to promote women’s participation in political life, increase their visibility during electoral campaigns and advance their role in politics be considered. While noting that only a limited number of countries have enacted legislation linking gender equality with public party funding,<sup>61</sup> public funding may be a useful policy tool to encourage political parties to adopt more inclusive practices.<sup>62</sup> Measures linking gender equality and/or diversity targets with political finance may take different forms, including financial incentives,<sup>63</sup> sanctions or reduced portions of public funding,<sup>64</sup> and the earmarking of public funds specifically for gender equality purposes.<sup>65</sup> It is noted that CEDAW General Recommendation No. 40 specifically calls upon states to support the creation and strengthening of women’s sections in political parties, including through earmarked funds.<sup>66</sup> The General Recommendation further mandates “gender parity”, meaning 50:50, in decision-making bodies of political parties along with appropriate enforcement or sanction mechanisms or incentives to ensure implementation in practice.<sup>67</sup> **The legal drafters could consider introducing performance-based incentives for political parties, such as linking a portion of public funding to measurable progress in women’s representation in party leadership structures, the setting-up or strengthening of party women’s section, the adoption and implementation of internal gender equality action plans by political parties,**

<sup>61</sup> According to the International IDEA political finance database, just 17 per cent of countries worldwide link the provision of direct public funding to political parties to gender equality among candidates, see International IDEA Political Finance Database, [Question 36](#).

<sup>62</sup> See, for example, ODIHR [Final Opinion on the Law of Montenegro on Financing of Political Entities and Election Campaigns](#), paras. 47-48; ODIHR-Venice Commission, [Joint Opinion on the Draft Law of Mongolia on Political Parties](#), CDL-AD(2022)013, para. 26.

<sup>63</sup> For instance, in Mongolia, Article 26.3.1 of the Law on Political Parties envisages at least 20 per cent of state financing for supporting political participation and training of social interest groups including women, elders, youth, and persons with disabilities; the Law further provides a financial incentive for parties that nominate women candidates beyond the gender quota mandated by the Parliamentary Elections Law and for any elected MPs with disabilities - a one-time bonus “in the subsequent year of the respective regular election” (Article 27.7). In Croatia, political parties receive an additional 10 per cent of the amount envisaged for each member of parliament for each woman elected (Article 9 of the [Act on the Financing of Political Activities, Election Promotion and Referendums](#)). See also e.g., International IDEA, Ohman, Magnus, [Gender-targeted Public Funding for Political Parties](#), 2018, p. 24.

<sup>64</sup> For instance, in France, Article 9-1 of the Law No. 88-227 of 11 March 1988 on the financial transparency of political life provides that “Where, for a political party or grouping, the difference between the number of candidates of each sex who declared that they were affiliated with that party or grouping, at the time of the last general renewal of the National Assembly, in accordance with the fifth paragraph of Article 9, exceeds 2% of the total number of such candidates, the amount of the first fraction allocated to it pursuant to Articles 8 and 9 shall be reduced by a percentage equal to 150% of that difference in relation to the total number of such applicants, but this reduction may not exceed the total amount of the first part of the aid”. In Ireland, Section 42 of the Electoral (Amendment) (Political Funding) Act 2012 provides that political parties must meet specified gender thresholds among their candidates (initially 30%, increasing to 40%), failing which they lose a portion of their public funding.

<sup>65</sup> For instance, in Finland, Sweden or Slovenia; see International IDEA, Ohman, Magnus, [Gender-targeted Public Funding for Political Parties](#), 2018, p. 24. If some public funding is earmarked to pursue activities and initiatives aimed at promoting gender equality and/or the participation of persons with disabilities and/or young people in political life, it is important that primary legislation provides for adequate reporting, oversight and enforcement mechanism; indeed, where reporting obligations are insufficiently detailed and enforcement is weak, earmarked funding risks being underutilized, misreported, or diverted to purposes unrelated to the promotion of women’s political participation; see, for example, ODIHR [Final Opinion on the Law of Montenegro on Financing of Political Entities and Election Campaigns](#), para. 50; ODIHR-Venice Commission [2022 Joint Opinion](#), para. 26.

<sup>66</sup> See the CEDAW Committee, [General recommendation No. 40 \(2024\)](#) on the equal and inclusive representation of women in decision-making systems, para. 51 (e).

<sup>67</sup> See the CEDAW Committee, [General recommendation No. 40 \(2024\)](#) on the equal and inclusive representation of women in decision-making systems, para. 51 (d).

**and/or provide for the ear-marking of allocated public funding to pursue activities and initiatives to promote women’s political participation.**<sup>68</sup>

### 3.6. Final Comments

72. ODIHR reiterates the importance of adopting legislative amendments well in advance of the next elections. It also emphasizes that such amendments should be developed through a transparent, inclusive process, based on broad political consensus and meaningful consultation with multiple stakeholders, including civil society organizations and opposition parties at all stages of the lawmaking process.<sup>69</sup> In this respect, it is important that sufficient time should be provided to ensure that the consultation process is meaningful, allowing adequate time to stakeholders to prepare and submit recommendations on draft amendments, throughout the legislative process.<sup>70</sup> As an important element of good lawmaking, a consistent monitoring and evaluation system on the implementation of legislation should also be put in place that would efficiently evaluate the operation and effectiveness of the draft amendments, once adopted.<sup>71</sup>

[END OF TEXT]

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<sup>68</sup> To be effective, the applicable legislation should clearly define the eligible categories of expenditure and the objectives of the funding in order to ensure both legal certainty and effective targeting of the measure; these could include, for instance, capacity-building and training for women or young candidates, support for women’s political caucuses or youth groups or networks within parties, awareness-raising and outreach activities aimed at increasing women’s and youth participation, and measures addressing barriers such as violence against women in politics, while explicitly excluding the use of such funds for unrelated administrative or operational expenses; see, ODIHR [Final Opinion on the Law of Montenegro on Financing of Political Entities and Election Campaigns](#), paras. 48-51.

<sup>69</sup> See [ODIHR Guidelines on Democratic Lawmaking for Better Laws](#) (January 2024), in particular Principles 5, 6, 7 and 12, which underlined the importance of evidence-based, open, transparent, participatory and inclusive lawmaking process, offering meaningful opportunities to all interested stakeholders to provide input at all its stages. See also Venice Commission, [Updated Rule of Law Checklist](#), CDL-AD(2025)002, 16 December 2025, Part II.A.6.

<sup>70</sup> See [ODIHR Guidelines on Democratic Lawmaking for Better Laws](#) (January 2024), paras. 169-170.

<sup>71</sup> See [ODIHR Guidelines on Democratic Lawmaking for Better Laws](#) (January 2024), para. 23. See e.g., OECD, *International Practices on Ex Post Evaluation* (2010).