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POLITICAL FINANCE AND THE PUBLIC RIGHT

Introduction

There is growing public dissatisfaction with political parties and their leaders in the prolonged transition period since the 2008 Constituent Assembly (CA) elections in Nepal. The inability of successive governments to deliver basic services to citizens¹ as well as slow progress on core components of the peace process, including the integration of the armies and the writing of the constitution,² has led to widespread disillusionment among citizens. Public criticism of the singular interest of political party leaders for political power, the growing levels of corruption, the criminalization of politics, pervasive impunity and ever decreasing accountability is widespread. According to the 2011 Transparency International Report on public opinion on corruption in South Asia, political parties in Nepal were seen as the most corrupt institutions.³ The recent public scandal of the non-submission of annual financial audited reports to the Election Commission (EC) by political parties,⁴ has further damaged public confidence in the political process.

¹ The hardships of the usual winter period of limited electricity and water supply has been compounded by shortages in petrol, diesel, cooking (LPG) gas and kerosene.

² For more details on the CA process, see the following Martin Chautari (MC) policy briefs: MC Policy Brief No. 1, "The Constituent Assembly Process" May 2009; MC Policy Brief No. 2, "Update on the Constituent Assembly" October 2009; MC Policy Brief No. 3, "Constitutional Complexities and Transitional Planning" April 2010; MC Policy Brief No. 4, "Attendance and Participation in the Constituent Assembly" September 2010; and MC Policy Brief No. 5, "Deadlines, Democracy and a Popular, Democratic Constitution," June 2011. All the briefs are available at www.martinchautari.org.np.

³ Over 50 percent respondents rated political parties as "extremely corrupt," the highest rating. The other institutions included parliament/legislature; police and public officials/civil servants. See Transparency International. 2011. *Daily Lives and Corruption: Public Opinion in South Asia*. Berlin: Transparency International.

⁴ See for example, Sharma, Bhadra. 2012. 42 Political Parties to Face EC Action. *The Kathmandu Post*, 29 January, p. 1 & 4.



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Given Nepal's long history of autocratic rule, the loss of faith and trust in political parties and possible concomitant decline in public support for multiparty politics is dangerous especially in this politically crucial transition period. However, as in other countries, political parties in Nepal have a fundamental problem in dealing with accountability and transparency. This is particularly so in terms of the issue of money in politics – that is, the funds used for electioneering and influencing political processes.⁵

Nepal has had a short history of multi-party democracy in Nepal since 1990, interrupted from 2002-06 by the former king's takeover of power. Successive governments in the 1990s established patronage networks such that just as the new democratic institutions were being put into place, they began to be actively weakened by emerging political party dynamics.⁶ The first decade of multi-party democracy was marked by high levels of corruption and weakened formal control institutions. The transitional phase since the April 2006 movement has been an “extraordinary” period in which political parties have largely taken over political space, to the exclusion of civil society and ordinary citizens, legitimized by the prioritization of “the peace process” above all other issues. Such is the political environment that when a senior political leader and spokesman for a large party was asked about the non-submission of audited financial reports to the EC, he responded, “We admit our weakness but the report was delayed as we were preoccupied with other major agendas.”⁷

The reluctance of political parties and actors to disclose campaign and political party finance can be seen as a global challenge. However, the issue is particularly important for Nepal for numerous reasons. This includes the relatively short history of

political parties and the fact that very little is known about these highly mistrusted institutions.⁸ Further, building upon the historical weakening of democratic institutions and mechanisms, the currently permissive transitional environment has facilitated the expansion and strengthening of political party patronage networks, corruption and criminal/political nexus.⁹ Thus, while planning for the future democratic federal Nepal is essential, there is a real need to focus on defending existing democratic institutions and processes.

As with other transition/post-conflict countries, Nepal shows characteristics of state capture. To be differentiated from petty corruption, state capture “is manifested as meta-corruption, or grand corruption, in which illicit¹⁰ political finance is used to systematically control public institutions.”¹¹ According to a World Bank definition, state capture entails

The illicit provision of private gains to public officials via informal, nontransparent, and highly preferential channels of access... In all its forms, state capture tends to subvert, or even replace, legitimate and transparent channels of political influence and interest intermediation,

⁸ Kupferschmidt, David. 2009. *Illicit Political Finance and State Capture*. Stockholm: International IDEA, p. 9.

⁹ International Crisis Group. 2010. *Nepal's Rite of Passage*. September 29. Asia Report No.194, p. 24.

¹⁰ According to Kupferschmidt, “[w]hile corruption might be used as a synonym for illicit political finance, the word is most often used to mean bribery of government officials. Illicit political finance encompasses a broader range of actors and phenomena, and does not have the same political connotations as corruption. It refers to a system in which licitly and illicitly-generated funds are directed at perverting the functions of government, and it emphasizes the givers as much as the recipients... Something illegal is illicit; the two terms have much in common and overlap greatly, although illicit is the broader category, adding the nuance of grey areas of legality, and suggesting clandestine activities. Illegal means ‘against the law, unlawful’. Illicit means almost the same thing, but it also includes the improper – that is, grey areas of what is lawful or not – and further suggests ‘the furtive or clandestine nature of acts so characterized.’” Kupferschmidt, David. 2009. *Illicit Political Finance and State Capture*. Stockholm: International IDEA, p. 5-6.

¹¹ Kupferschmidt, David. 2009. *Illicit Political Finance and State Capture*. Stockholm: International IDEA, p. 7.

⁵ USAID. 2003. *Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies*. Washington DC: USAID, Office of Democracy and Governance, p. 1.

⁶ Hachhethu, Krishna. 2008. *Nepali Politics: People-Parties Interface*. In *Resistance and the State: Nepalese Experiences*. David Gellner, ed. New Delhi: Social Science Press, p. 155.

⁷ Ansari, Gani. 2012. Parties to Submit Audited Financial Reports on Time. *Republica*, 12 January, p. 1.



reducing the access of competing groups and interests to state officials.¹²

There are many issues that point to state capture in Nepal. This includes the manner in which government funds, especially development budgets at the local level for road construction and overall commissions and contracts, have become central sources of income for political party leaders and workers. The politicization of the administration, including key ministries and state controlled corporations, as the most effective means to access these resources,¹³ are also central to these dynamics.

There is a need to understand how money in politics in Nepal functions, especially as it relates to the undermining of representation, democratic institutions and processes. A large task, essential first steps include looking at how hidden and uncontrolled funding for campaigns and parties are detrimental to the health of democracy and the quest for good governance.¹⁴ With political parties and their activities now mentioned in the constitution in full unrestricted terms, there is an opportunity to establish the principle of public accountability. Key here is an understanding that

disclosure of campaign and political party finance is the cornerstone upon which all attempts to control money in politics rest. Transparency is a foundational principle for democracy, and key to the legitimacy of every nation's elected officials as well as its electoral and political processes.¹⁵

With the core belief in the importance of political parties to multi-party democracy, this Martin

¹² Quoted in Kupferschmidt, David. 2009. *Illicit Political Finance and State Capture*. Stockholm: International IDEA, p. 32.

¹³ For detailed reporting, see Rawal, Ram Bahadur, Peshal Acharya and Jankaraj Sapkota. 2012. Kaidako Dhanda. *Nepal*. 12 February, pp. 22-31.

¹⁴ USAID. 2003. *Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies*. Washington DC: USAID, Office of Democracy and Governance, p. 47.

¹⁵ USAID. 2003. *Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies*. Washington DC: USAID, Office of Democracy and Governance, p. 1.

Chautari (MC) briefing paper seeks to analyze the main components of political party finance and related issues of assets disclosures and privacy requirements in Nepal. These are contoured to highlight the manner in which these issues affect the right of citizen's to understand, empower themselves and in turn advocate for a transparent and responsive government.

The paper begins with an overview of existing legislation and gaps in their implementation. This is then followed by an analysis of the institutional and legal weaknesses of disclosure regulations and the consequences for public monitoring and scrutiny. Lastly, issues of asset disclosure, privacy regulations and the right of privacy of public officials and the interests served by public disclosure is discussed.

Governance and Gaps

Legal and Institutional Framework

There are at least four risks associated with money in politics: uneven playing field (the risk that large sums of money in politics give undue advantage over others and constrains competition); unequal access to office (the risk that certain sectors of a population lacking money are prevented from running for office or getting meaningful representation); co-opted politicians (the risk that those who donate funds will control the politicians they finance), and tainted politics (the risk that dirty or illicit money will corrupt the system and undermine the rule of law).¹⁶

Of the six main approaches to controlling money in politics – contribution limits, contribution bans, spending limits, campaign time limits, public disclosure and public financing¹⁷ – Nepal relies on contribution bans, specific spending limits (for elections only), campaign time limits and a limited form of public disclosure. Nepal's legal framework

¹⁶ USAID. 2003. *Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies*. Washington DC: USAID, Office of Democracy and Governance, p. 2.

¹⁷ USAID. 2003. *Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies*. Washington DC: USAID, Office of Democracy and Governance, p. 2.



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for political finance include: the Nepal Interim Constitution (IC) 2007; Political Parties Act 2002; Election Commission Act 2007; Election (Crime and Punishment) Act 2007; Constituent Assembly Member Election Act 2007 and the Constituent Assembly Member Election Regulation 2007. In terms of institutions, the IC has mandated the EC to register and monitor the activities of political parties, as well as ensuring free and fair elections. Political parties must conform to the 2007 Political Party Registration Rules in order to be registered with the EC. These rules call for an adherence with the democratic provisions outlined in the IC; provisions in the party statute for the election of office bearers at all levels at least every five years; the inclusion of women, Dalit and deprived and oppressed people¹⁸ in executive committees and provisions in the party statute for the discipline of members.

The preamble to the Political Parties Act 2002 includes statements on the need for the internal democratization of political parties and the development of parties as responsible institutions by making funds of the parties transparent.¹⁹ Political parties are required to submit their annual income and expenditure statements to the EC within six months after the end of the fiscal year. These statements must include election expenses. Overall, the annual statements must be audited by a certified auditor and made public. The political parties are obligated to disclose their sources of income publicly, with names of donors and the amounts given. Contributions of more than Rs 25,000 must have the name, address and profession of the donor. Parties are forbidden to accept grants and donations from international organizations, institutions and foreign governments and foreign persons, associations or institutions. Sanctions for

violations of these regulations is Rs 100 charged by the EC. The EC is also authorized to de-register a political party if it fails to submit the audited reports three years in a row.

In terms of financing issues related directly to election and individual candidates, all candidates contesting legislative elections are required to submit a report on the expenditure of their election within 35 days after the announcement of the results. The EC fixes a limit on election expenses, exceeding which is liable to punishment. The Election (Crime and Punishment) Act states that individuals from political parties are barred from giving or receiving gifts during the election period. A penalty of Rs 10,000 to Rs 50,000 or imprisonment of two years or both can be charged.²⁰

Gaps in Implementation

The contravention of rules of electoral financing and the election code of conduct in Nepal has been widely reported since the 1990s. These include the violation of prohibitions on the use of government offices and facilities; promotion of government employees during the election period and the exceeding of ceilings on electoral spending.²¹ According to political scientist Lok Raj Baral,

[m]oney, muscle and manipulation or three Ms²² loom large in determining the outcome of elections ... and an election expense prescribed by the commission becomes a mere formality, as parties and candidates know that without huge financial investments in their constituencies their chances of winning seats would be remote.²³

¹⁸ It is likely that these terms relate to Janajati and other excluded groups in general.

¹⁹ The 2008 Strategy Action Plan Against Corruption further includes a point on making financial activities of political parties transparent which includes reforming laws related to sources of income and expenditure for parties and their party wings transparent through an auditing system and legal provisions for electoral expenditure. Government of Nepal (GON). 2008. Strategy and Action Plan Against Corruption. Kathmandu: GON.

²⁰ Bhattarai, Binod Kumar. 2010. *Report on Transparency in Political Finance in Nepal*. Study funded by Transparency International, Berlin 2009-2010, p. 14.

²¹ See for example Kumar, Dhruva. 2010. *Electoral Violence and Volatility in Nepal*. Kathmandu: Vajra Publications, pp. 105-132.

²² According to a veteran journalist who has written on corruption, there are 4M's in Nepal's politics: money, muscle, mafia and manipulation. See Thapa, Hari Bahadur. 2002. *Anatomy of Corruption*. Kathmandu: Sangita Thapa, p. 47.

²³ Baral, Lok Raj. 2005. Democracy and Elections. In *Election and Governance in Nepal*. Lok Raj Baral, ed. Delhi: Manohar, p. 47.



Important to understand is that increasing costs in elections are linked to decreasing rates of volunteerism among political party cadres. An analyst ascribes this to the decline of ideology, value and morality in politics.²⁴ One member of parliament who had won each of the three post-1990 general elections listed such increases, from Rs 50,000 in the 1991 elections (with tireless volunteers even forgoing meals to campaign) to Rs 200,000 for the 1994 elections where demands for vehicle fares and money for snacks were made, to Rs 900,000 in the 1999 elections²⁵ when meat and alcohol were demanded by campaign workers.²⁶

Mobilizing party workers do not account for all of the costs involved in electioneering. A survey of 500 respondents' view on areas of expenses of candidates in the 1999 polls listed the following: mobilization of party workers in elections (64.4%); publicity (55.2%); distribution of money and goods to the voters (53.2%); purchasing brokers (31%); distribution of development material (21%); arms purchase and use of force (19.6%); for buying of police and administrative authorities (13.4%) etc.²⁷ Some of these are clearly illicit if not illegal ventures.

However, according to the 2010 Transparency International report on transparency and political finance, while sanctions for violations during the election process exist, none are enforced in practice as yet.²⁸

²⁴ Hachhethu, Krishna. 2005. Political Parties and Elections. In *Election and Governance in Nepal*. Lok Raj Baral, ed. Delhi: Manohar, pp. 189-190.

²⁵ Official election spending limits for these elections were as follows: Rs 75,000 in 1991, Rs 100,000 in 1994 and a maximum of Rs 275,000 (for the highest category of administrative districts stipulated by the EC) in 1999. Mishra, Birendra P. 1997. Campaign Finance and Disclosure. *The Kathmandu Post*, 1 April, p. 4.

²⁶ Thapa, Hari Bahadur. 2002. *Anatomy of Corruption*. Kathmandu: Sangita Thapa, p. 45.

²⁷ Dahal, Ram Kumar. 2005. Election Management. In *Election and Governance in Nepal*. Lok Raj Baral, ed. Delhi: Manohar, pp. 96-97.

²⁸ Bhattacharai, Binod Kumar. 2010. *Report on Transparency in Political Finance in Nepal*. Study funded by Transparency International, Berlin 2009-2010, p. 23.

Other transgressions have also been evident. The lack of attention by individual candidates to the legal requirements of submitting election costs within 35 days after the announcement of elections results has recently received much attention. As of late December 2011 – that is almost four years since the CA election – one fourth of the CA candidates (1322) had yet to submit their election expenses to the EC.²⁹ In terms of political parties and the submission of election costs, only 28 out of the 54 parties,³⁰ which took part in the CA elections submitted their election costs for the PR candidates within the stipulated time.³¹

Studies of past elections have noted that apart from the non-filing of election expenses by candidates, the central issue has been the actual costs of electioneering compared to the reports submitted to the EC.³² In the 2010 Transparency International Report, nine out of 14 candidates of various political parties elected in the CA stated that most of the reports submitted to the EC are just a formality and do not reflect the actual spending of either the parties or the candidates; two out of the 14 admitted submitting inaccurate reports.³³

Furthermore, in terms of the requirement of the submission of the annual audited reports within six months of a fiscal year, the large parties including the Unified Communist Party of Nepal–Maoist (UCPN–M),

²⁹ While most of these are candidates from small parties, or independents, there were also 15-20 candidates each of the large parties: Unified Communist Party of Nepal–Maoist (UCPN–M), Nepali Congress (NC), Communist Party of Nepal–Unified Marxist–Leninist (CPN–UML) and the Madhesi Peoples' Rights Forum (MPRF). See Baniya, Balaram. 2011. Dalharule Chunabi Kharcha Vivanan Bujhaenan. *Kantipur*, 29 December, p. 3.

³⁰ This number includes most of the large parties.

³¹ Subedi, Sharadraj. 2008. Chunabma Sabaibhanda Badhi Kharcha Garne Emale. *Gorkhapatra*, 18 October, p. 4.

³² See, Institute for Integrated Development Studies (IIDS). 2000. *The Fourth Parliamentary Election: A Study of the Evolving Democratic Practice in Nepal*. Kathmandu: IIDS; and Dhungel, Dwarika. 2005. *A Study of Political Parties of Nepal: In the Context or [sic] Regulatory Framework and Internal Functioning*. Kathmandu: IIDS, p. 46.

³³ Bhattacharai, Binod Kumar. 2010. *Report on Transparency in Political Finance in Nepal*. Study funded by Transparency International, Berlin 2009-2010, p. 20.



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Nepali Congress (NC) and the Communist Party of Nepal–Unified Marxist-Leninist (CPN-UML) had not submitted any reports since the holding of the CA elections. It was only after the EC held a media conference on 10 January, 2012, that the political parties began to submit reports to reach the newly specified deadline.³⁴ 25 parties met the deadline, 30 failed to submit their reports while 11 submitted incomplete reports that did not meet legal requirements.³⁵

Submitted reports reveal total income and expenditure of major and other parties. Much media attention has been given to the fact that the UCPM-M has revealed itself to be the richest party.³⁶ Further, all parties have reported main income sources as membership fees, levies from CA members and political post holders and donations.³⁷ What the reports have not revealed are the donor names and sources of funds over Rs 25,000 as stipulated by law, and income and costs have been given lump sums.³⁸

Disclosure Challenges

Institutional Weakness

The existing laws on political finance in Nepal show an interest in monitoring party funding and enforcing financial controls. The reporting and disclosure requirements are key in that public disclosure is the most basic method by which to control money in

politics. The latter requires that candidates and parties report in detail on receipts and expenditures, and that campaign and party funding reports are available for timely public scrutiny. “Without disclosure, most of the other strategies to control money in politics simply won’t work or are not enforceable.”³⁹

This is important for citizens even though the type of disclosure stipulated in Nepal is largely partial – a “hidden disclosure” – in that all the information is not released to the public. The one form of direct disclosure is the requirement that registered political parties publicize their annual report. However, none of the eight major parties studied in the Transparency International report had publicly disclosed information on their annual finances during and after the year 2007-08. Further, while some form of financial reports are presented in the general conventions, these only have to take place once in five years,⁴⁰ and general citizens do not have access to these reports.⁴¹

However, the requirement of submitting these fiscal reports to the EC allows for forms of oversight and monitoring by a government institution. It also offers public scrutiny in that the Political Parties Act 2002 requires that the EC evaluate party submissions and publish a comprehensive report. The main aim of the monitoring of financial reports is to improve the accountability of those who file, and the reliability of the reports.

In Nepal, there are numerous problems that surround disclosure. Foremost is the lack of enforcement and thus the role of the EC. While media and other forms of written reports have made violations public, as noted above, official inquiries, investigations and the use of sanctions are rare. In the face of regular defiance of political parties of electoral laws and the submission of reports since the CA elections, it has

³⁴ Bhandari, Kiran. 2012. Pramukh Dal Hisabkitabma. *Nagarik*, 12 January, p. 1.

³⁵ Khanal, Durga. 2012. Rajnitik Dal Kati Dhani? *Kantipur*, 11 February, p. 6.

³⁶ The financial reports for the fiscal year 2007/08 submitted to the EC for the major political parties disclosed the following (Rs in lakhs): the UCPN-M has an income of 803.70 and expenditure of around 759.90; the NC has income of 106.40 and expenditure of 107.30 and the UML has an income of 751.80 and expenditure of 581.60. See Sharma, Bhadra. 2012. EC to Parties: File Facts or Lose Listing. *The Kathmandu Post*, 18 February, p. 1.

³⁷ Khanal, Durga. 2012. Rajnitik Dal Kati Dhani? *Kantipur*, 11 February, p. 6.

³⁸ One top leader of a large party stated giving a full report was not necessary as there were many who gave under Rs 25,000. Khanal, Durga. 2012. Rajnitik Dal Kati Dhani? *Kantipur*, 11 February, p. 6.

³⁹ USAID. 2003. *Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies*. Washington DC: USAID, Office of Democracy and Governance, p. 2.

⁴⁰ Some parties have not adhered to this stipulation either.

⁴¹ Bhattarai, Binod Kumar. 2010. *Report on Transparency in Political Finance in Nepal*. Study funded by Transparency International, Berlin 2009-2010, p. 21.



only been recently that the EC has announced that it will cancel the registration of parties yet to present proper reports on income and expenditure.⁴²

Reviews of the EC as it relates to electoral malpractice, financial transparency and accountability of political parties have noted weak and ineffective monitoring and auditing mechanisms, a lack of willpower to impose penalties which are themselves ineffectual and problems of independence.⁴³ A 2011 mid-term evaluation of the Five Year Strategic Plan (2009-2013) of the EC revealed the continuing absence of a regular, systematic monitoring system and a low level of priority for its establishment.⁴⁴ Furthermore, within the legal and political registration department of the EC,⁴⁵ it is clear that the monitoring of political parties and their finances also register low in priority. As noted by a staff member of that department, the main tasks of the EC are the holding of elections, collecting voter registration, registering political parties, and seeing filed cases related to the latter.⁴⁶ Indeed most of the department's time and energy was stated as being taken up by registration issues of political party fractions.⁴⁷ Further, what attention has been given to expenditure reports has been to those submitted by individual candidates and not by political parties.⁴⁸

While committees have been formed by the EC to study the reports,⁴⁹ it is apparent that this is an ad-hoc

measure instituted due to intense media coverage. Apart from a lack of human resources and other large work burdens, an interview with an EC official in December 2011 revealed an absence of: mechanisms for verifying submitted reports; plans for their review and the asking of clarifications should problems be seen. In short, he stated that “you can say that the commission has not been able to give attention towards it” as it had no system of keeping records beyond election cost reports.⁵⁰ Indeed, it was apparent that party monitoring was not thought of as coming under the EC's real mandate; another member of the EC stated that there was no authorized agency to scrutinize the political parties beyond their election activities.⁵¹

Part of the problem appears to be linked to the manner in which the Political Parties Act 2002 came into being. First drafted by the prime minister's office in 1992 just at the beginning of multi-party democracy, the then “Political Parties Management and Transactions Bill” was only tabled to parliament after six years. It then received the required Royal Assent a decade later on 13 September 2002 – three weeks before the royal coup on 4 October 2002.⁵² Given the tumultuous state of political affairs since then, there has been no real opportunity to follow up on issues of implementation including necessary labor, auditing skills and other requirements. As it exists, the Political Parties Act 2002 appears to just add the requirement of the submission of annual reports to the EC's already existing mandate to register the parties.⁵³ The Act also makes clear the relative unimportance given to the submission of these audited financial reports: failure to submit results in a fine of Rs 100, whereas the breach of the election code of conduct holds a fine of up to Rs 100,000.

⁴² Sharma, Bhadra. 2012. EC to Parties: File Facts or Lose Listing. *The Kathmandu Post*, 18 February, p. 1 & 4.

⁴³ Bhattarai, Binod Kumar. 2010. *Report on Transparency in Political Finance in Nepal*. Study funded by Transparency International, Berlin 2009-2010, p. 24; and Global Integrity Report. 2010. Global Integrity Scorecard: Nepal 2009. <http://report.globalintegrity.org/reportPDFS/2009/Nepal.pdf>, accessed 10 January, 2012.

⁴⁴ Prasad, Hari. 2011. Report on Mid-Term Evaluation of Five Year Strategic Plan (2009-2013) of Election Commission, Nepal (ECN). Kathmandu: ECN and UNDP. November, p. 29.

⁴⁵ There are three departments in the EC, the other two being administration and voter registration.

⁴⁶ MC interview with EC official; 26 December, 2011.

⁴⁷ MC interview with EC official; 26 December, 2011.

⁴⁸ MC interview with EC official; 10 January, 2012.

⁴⁹ Two committees had been formed to study the report, a steering committee and a functional committee. Sharma, Bhadra. 2012. EC Asked to Act Tough on Defaulting Parties. *The Kathmandu Post*, 16 February, p. 1.

⁵⁰ MC interview with EC official; 26 December, 2011.

⁵¹ MC interview with EC official; 10 January, 2012.

⁵² Kumar, Dhruva. 2010. *Electoral Violence and Volatility in Nepal*. Kathmandu: Vajra Publications, p. 121.

⁵³ In the 1990 constitution, for purposes of election, political parties needed to register with the EC and follow basic rules including adherence to constitution, election for office bearers every 5 years etc. The IC 2007 adds name, address and “the details and the sources of funds of the political party” at the time of registration.



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The other long-standing issue relates to the independence of the EC. As with other government institutions in Nepal, practices of political patronage, and not merit, account for appointments, transfers and promotions.⁵⁴ EC officials noted the very same dynamics in pointing to the inability of the EC to take “hard steps” against the political parties; one pointed to the numerous examples of people having been transferred when they attempted to do something.⁵⁵ Other reasons for not taking earlier action against political parties included: the lack of prosecution authority and “the country’s situation;”⁵⁶ the impossibility of undertaking auditing of political party finances in the transition period;⁵⁷ that the assistance of political parties was needed⁵⁸ and the more delicate response of “please understand yourself.”⁵⁹ Importantly, the dearth of political will within the EC was further situated in the lack of incentives for political parties to make the EC strong. According to an EC official, “The parties are not interested in making institutions of the state strong.”⁶⁰

Costs of Non-Disclosure

The inability of the EC to be effective has several ramifications. At the most basic level, little or no enforcement of laws will result in a lack of compliance which is almost the same as having no laws. Further, reporting and disclosure is the cornerstone in assuring transparency of political funds and providing the basis for public monitoring. The lack of submission of reports to the EC deprives citizens of one form of public monitoring and scrutiny currently allowed by law in so far as the EC is required to publish a

comprehensive report of the income and expenditure reports. Furthermore, being able to evaluate the real expenditure of candidates and parties during elections would allow a measure of how fair elections – as irregular but important expressions of popular will – actually are. Unofficial reports of election expenditure indicate that large sums of money exceeding official limits are being spent. This results in undue advantage to some and limits competition.

This is especially important for the participation of excluded groups. For example, the under-representation of women in national level politics has been linked to key stages in the electoral process when money in politics becomes crucial. Women are less likely to be nominated by a party as they are likely to have less power, networks and access to financial resources than men in order to campaign successfully for nomination in the first place. In terms of elections, in proportional representation (PR) based systems, women rely on party tickets and funding, so raising their own funds is not necessary. The latter becomes necessary for first-past-the-post (FPTP) in which the struggle is invariably against incumbents, the vast majority of whom are male with the above stated advantages.⁶¹

The central role of money in elections, politics, corruption and incumbents in Nepal is obvious in journalist Thapa’s description of MPs secretly admitting to being compelled to undertake money-making scams while in office in order to recover the investments made during election campaigns and to finance their next election.⁶² The advantages in being incumbents in terms of access to financial resources is also clear. According to a political party leader, industry, business and salary earning donors become generous to those in power.⁶³

⁵⁴ See Shakya, Rabindra K. 2009. Why Civil Service Reforms Fail? : A Case of Nepal. *Administration and Management Review* 21(2): 40-63; and Rawal, Ram Bahadur, Peshal Acharya and Jankaraj Sapkota. 2012. Kaidako Dhanda. *Nepal*. 12 February, pp. 22-31.

⁵⁵ MC interview with EC official; 10 January, 2012.

⁵⁶ MC interview with EC official; 10 January, 2012.

⁵⁷ MC interview with EC official; 10 January, 2012.

⁵⁸ Aside from the election period, it was stated that there is no real interaction between the EC and political parties. MC interview with EC official; 10 January, 2012.

⁵⁹ MC interview with EC official; 26 December, 2011.

⁶⁰ MC interview with EC official; 10 January, 2012.

⁶¹ Austin, Reginald and Maja Tjernström, eds. 2003. *Funding of Political Parties and Election Campaigns: Handbook Series*. Stockholm: International IDEA, pp. 157-167.

⁶² Thapa, Hari Bahadur. 2002. *Anatomy of Corruption*. Kathmandu: Sangita Thapa, p. 45.

⁶³ Bhandari, Kiran. 2012. Pramukh Dal Hisabkitabma. *Nagarik*. 12 January, p. 2.



Holding political parties and candidates to the limits on campaign finances would promote the ability of individuals (especially those from marginalized groups who would be unable to raise the same levels of funding) to participate on an equitable basis. Presently, given the history of structured exclusion in Nepal more generally and the fact that political parties do not practice meaningful inclusion in terms of gender, caste and ethnicity,⁶⁴ the failure to enforce disclosure results in real barriers to equitable participation in public life.

Additionally, the reporting of aggregate numbers in submitted financial reports of the political parties, i.e., without proper itemization of contributions of expenditures, means that the reports cannot be properly audited due to insufficient disclosure. Central here is the reluctance of political parties to disclose as required by law the names of those that have contributed over Rs 25,000. This means parties and campaigns can be funded by anyone and they will not be held to public scrutiny.

This is key in Nepal given that the Political Parties Act 2002 has no provisions as it relates to total party expenditure – in other words there are no statutory limits to how much a party can spend⁶⁵ and the links between political party finances and donations from the business sector are well known. For example, political scientist Khanal notes that

[p]arty expense are usually met with the money offered by the business groups who want favors in such deals as import facilities, commission through increase in the price of certain commodities, awarding of major development contracts, etc.⁶⁶

There are also factors other than “favors” at play in these relationships. For example, “[s]ome business houses had

⁶⁴ DFID and World Bank. 2006. *Unequal Citizens: Gender, Caste and Ethnic Exclusion in Nepal*. Executive Summary. Kathmandu: DFID and World Bank, p. 31.

⁶⁵ Global Integrity Report. 2010. Global Integrity Scorecard: Nepal 2009, p. 55. <http://report.globalintegrity.org/reportPDFS/2009/Nepal.pdf>, accessed 10 January, 2012.

⁶⁶ Khanal, Krishna P. 2005. Election and Governance. In *Election and Governance in Nepal*. Lok Raj Baral, ed. Delhi: Manohar, p. 146.

publicly disclosed that they had funded both the political parties as well as the Maoist insurgents to keep their business afloat.”⁶⁷ Present pressures on businesses to “donate” to parties is well known.⁶⁸ According to the Transparency International Report, the

[f]unds to political parties are generally collected directly from leading businessmen, industrialists and commission agents. Such donations are often made out of vested interest, in anticipation of favors in return, and are often collected in the form of extortion.⁶⁹

A further obstacle to disclosure and transparency is the practice of political parties sending bills directly to companies to settle bills.⁷⁰ For example, a former advisor to a former prime minister (PM) has stated that journalists would be entertained at cocktail parties in hotels in order to write favorably for the PM, with the bills to be picked up by corporations directly.⁷¹ Such practices result in expenses never being registered in official records. Respondents from a mixture of political parties, civil society, intellectuals etc., in a survey for a 2005 report stated that

... everybody accepted the fact that the party did receive donations from business and commercial houses and others. Respondents also indicated openly and frankly that the donors do not want their names to be disclosed for obvious reasons.⁷²

While it may not be in the best interests of donors to have their names and donations amounts disclosed, it is essential to prevent abuse. This includes

⁶⁷ Kumar, Dhruva. 2010. *Electoral Violence and Volatility in Nepal*. Kathmandu: Vajra Publications, p. 36.

⁶⁸ Rawal, Ram Bahadur, Peshal Acharya and Jankaraj Sapkota. 2012. Kaidako Dhanda. *Nepal*. 12 February, pp. 22-31.

⁶⁹ Bhattarai, Binod Kumar. 2010. *Report on Transparency in Political Finance in Nepal*. Study funded by Transparency International, Berlin 2009-2010, p. 25.

⁷⁰ Bhattarai, Binod Kumar. 2010. *Report on Transparency in Political Finance in Nepal*. Study funded by Transparency International, Berlin 2009-2010, p. 18.

⁷¹ Dhakal, Babu Ram. 2005. *Empire of Corruption*. Kathmandu: Babu Ram Dhakal.

⁷² Dhungel, Dwarika. 2005. *A Study of Political Parties of Nepal: In the Context or [sic] Regulatory Framework and Internal Functioning*. Kathmandu: IIDS, p. 35.



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understanding: if illegal funds are common sources for political financing; if elected officials are using their positions to benefit criminal interests; if public officials are using public revenue for personal or political party gains; if officials engage in corruption to earn back spent election or appointment costs and if wealthy individuals or interest groups are buying influence in political parties.⁷³ These are all issues pertinent to Nepal. For example, that the recent attempts by the government to curtail the 2007 Right to Information Act⁷⁴ included keeping secret those black listed for not paying back bank loans or Value Added Tax (VAT) etc., reveals an interest in protecting business and thus potential donors at the expense of the right of citizens to information.

A critical obstacle to disclosure stems from the fact that there are no legal provisions to prevent cash donations and political parties are not obligated to execute all their financial transactions through official bank accounts.⁷⁵ As Kupferschmidt asks, “How does one regulate a suitcase full of cash?”⁷⁶

In all, this means that the EC’s current attempt to audit will be of limited benefit because only a fraction of the financial flows and transfers of funds to political parties is ever disclosed. This raises questions of the reliability of reporting and control mechanisms. “It is almost impossible to obtain accurate information on political financing by examining official reports since a significant percentage of funding is not likely to be reported by parties.”⁷⁷

In terms of individual candidates, the ability of state oversight institutions and citizens to oversee

transparency is made all the more difficult due to the fact that while political parties are required to disclose donations over Rs 25,000, this does not apply to individual candidates. There are no legal provisions obliging legislative candidates from disclosing the amount of donations they receive before or after elections.⁷⁸ Thus there is no way in which the finances of a candidate can be monitored in election – or non-election – periods and therefore there is no way of knowing if particular individuals’ or companies are financially supporting a candidate.

This is all the more problematic in Nepal given the historical nature of political parties in Nepal. As has been well recognized, political parties in Nepal operate in a centralized manner,⁷⁹ with overall sources of political power remaining personalized rather than institutionalized. It is unsurprising then that financial donors in Nepal are said to prefer dealing with individuals rather than with the organization.⁸⁰ Thus in Nepal, as in many emerging democracies, strictly speaking, the issue is less of party finance than candidate finance. And yet this is precisely the area in which, as noted above, there are even less regulations. As candidates and not parties become the focus of financing, the opportunities for illicit influence and capture may increase.⁸¹

This is linked to the internal structuring of parties and their internal lack of financial transparency. Baral notes that “[e]ven the principal office bearers of the party are ignorant of the sources of funding of elections as a top leader individually handles most expenses.”⁸² This issue was central in the UCPN-M debates in late 2010 with top leaders Mohan Vaidya

⁷³ USAID. 2003. *Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies*. Washington DC: USAID, Office of Democracy and Governance, p. 40-41.

⁷⁴ See Baniya, Balaram. 2012. Suchanama Ankush. *Kantipur*, 27 January, p. 1 & 13; and *Nagarik*. 2012. Suchanako Hakma Sarkarle Kasyo. *Nagarik*, 26 January, p. 2.

⁷⁵ Bhattarai, Binod Kumar. 2010. *Report on Transparency in Political Finance in Nepal*. Study funded by Transparency International, Berlin 2009-2010, p. 22.

⁷⁶ Kupferschmidt, David. 2009. *Illicit Political Finance and State Capture*. Stockholm: International IDEA, p. 39.

⁷⁷ Bhattarai, Binod Kumar. 2010. *Report on Transparency in Political Finance in Nepal*. Study funded by Transparency International, Berlin 2009-2010, p. 20.

⁷⁸ Global Integrity Report. 2010. Global Integrity Scorecard: Nepal 2009, p. 57. <http://report.globalintegrity.org/reportPDFS/2009/Nepal.pdf>, accessed 10 January, 2012.

⁷⁹ Hachhethu, Krishna. 2002. *Party Building in Nepal*. Kathmandu: Mandala Book Point.

⁸⁰ Dhungel, Dwarika. 2005. *A Study of Political Parties of Nepal: In the Context or [sic] Regulatory Framework and Internal Functioning*. Kathmandu: IIDS, p. 35.

⁸¹ Kupferschmidt, David. 2009. *Illicit Political Finance and State Capture*. Stockholm: International IDEA, p. 11.

⁸² Baral, Lok Raj. 2005. Democracy and Elections. In *Election and Governance in Nepal*. Lok Raj Baral, ed. Delhi: Manohar, p. 47.



and Baburam Bhattarai accusing Chair Prachanda of corruption and lacking transparency in financial matters within the party.⁸³ The preamble to the Political Parties Act 2002, as noted above, had made explicit the connections between the internal democratization of political parties, financial transparency and institutional development. According to the Transparency International Report only a few parties have been maintaining some form of books and registry of assets.⁸⁴ While a function of the internal dynamics discussed above and deliberately inaccurate political party disclosure, these forms of political party accounting in Nepal may also point to the weak capacity and resources of parties to maintain necessary accounts.

Oversight and disclosure thus helps strengthen and develop political parties on the basis of the principles of democracy and rule of law in their party statutes, enabling them to apply these values in their internal management. This in turn builds institutionally strong political parties to become responsible actors in support of sustainable and effective democracy.⁸⁵

Assets Disclosures and Privacy

Of central interest in the issue of political finance and disclosure, is the fact that should irregularities in campaign and/or party finances be uncovered, there are no regular mechanisms that allows for their independent auditing.⁸⁶ This becomes very important given the weaknesses of the EC and is tied to larger issues around asset disclosures, privacy laws and the rights of citizens. Independent auditing and asset

disclosures are central to controlling money in politics, specifically political corruption. And it is the latter that appears be central in Nepal – i.e., more than the dangers of money buying influence with politicians, the problem seems to be of politicians and officials using their position to extract government resources and extort money from those requiring protection or seeking favors.

According to the Corruption Control Act 2002, all government officials are required to disclose their income and assets.⁸⁷ More specifically, the Act stipulates that within sixty days from the date of completion of each fiscal year, each person in a public office is required to submit an updated statement of property in his/her name and in the name of the family along with evidence. Requests for extension (30 days maximum) are included, and those not meeting deadlines are liable to a five thousand rupee fine and investigation on suspicion of illegal property. These statements are to remain confidential unless a statement of property is required for purposes of investigation by a concerned authority.

The monitoring authority is the National Vigilance Center (NVC), a statutory body established under the PM's office. The statement of property is sent by all civil servants to their own departments, e.g., ministers send theirs to the ministerial secretariat, most general civil servants send theirs to the Department of Civil Personnel Records, and the army and police to their own respective department of personnel records.⁸⁸ The names of those who have not submitted statements are forwarded to the NVC, and after consultation and suggestions from the respective department authority, those names are forwarded by the NVC

⁸³ Bhat, Bhojraj. 2010. Adhyaksha Arthik Aparadarshi. *Kantipur*, 11 November, p. 1 & 2. These issues continue to be raised today. See for example, *Nagarik*. 2011. Dahallai Vaidyaka 18 Arop. 12 June, p. 2.

⁸⁴ Bhattarai, Binod Kumar. 2010. *Report on Transparency in Political Finance in Nepal*. Study funded by Transparency International, Berlin 2009-2010, p. 18.

⁸⁵ Austin, Reginald and Maja Tjernström, eds., 2003. *Funding of Political Parties and Election Campaigns: Handbook Series*. Stockholm: International IDEA, pp. 170-171.

⁸⁶ Global Integrity Report. 2010. Global Integrity Scorecard: Nepal 2009, p. 57. <http://report.globalintegrity.org/reportPDFS/2009/Nepal.pdf>, accessed 10 January, 2012.

⁸⁷ There are also regulations governing gifts and hospitality. However, as mechanisms for enforcement are weak or ineffective, the restriction has become merely symbolic. Global Integrity Report. 2010. Global Integrity Scorecard: Nepal 2009, p. 57. <http://report.globalintegrity.org/reportPDFS/2009/Nepal.pdf>, accessed 10 January, 2012.

⁸⁸ For a full list of departments to which the property reports are to be sent by different office holders see, Research and Media Center Against Corruption (ReMAC) Nepal. 2007. *Nepalma Sampatti Vivaranasambandhi Kanuni Vyavastha*. Kathmandu: ReMAC Nepal, pp. 27-29.



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to the Commission for the Investigation of Abuse of Authority (CIAA) for prosecution.⁸⁹

The requirement by law on financial disclosure indicates an interest in reducing corruption by monitoring the wealth of public employees, including elected officials. Periodic disclosures can show an increase in assets or large expenditures and knowing what assets an employee owns (firms, real estate, etc.) can determine whether an individual should be excluded in a decision-making process if personal interests are involved.⁹⁰ Nepal practices confidential disclosure, as the reports are sent to government entities – the NVC and if necessary the CIAA.⁹¹

The issue of the asset disclosures by elected officials needs to be situated in two issues. One is the practice of voluntary disclosure of assets by ministers publicly available in the media and official website. This is a limited exception. A result of the decision of a 1991 NC led cabinet, it requires ministers to make public their financial assets within 15 days of taking oath of office.⁹² However, this is not legally binding and citizens do not have any legal authority to demand such disclosures. The disclosure furthermore does not follow current legal guidelines – Prime Minister Baburam Bhattarai has publicly declared only his assets and not that of his family, including that of his wife Hisila Yami.

Secondly, while financial disclosures allow the monitoring of public employees' wealth, in Nepal such monitoring only occurs when a specific case is filed against a person or there is suspicion of illegal

accumulation of wealth. Otherwise, the financial disclosure forms are sealed and put in staff files to remain confidential at the respective departments. Apart from the two above stated instances, there is no mechanism by which to check if forms have been properly filled or if individuals have lied.⁹³ This amounts to a very weak monitoring system. This is especially so as the existing financial disclosure laws in Nepal, unlike most similar laws elsewhere,⁹⁴ do not make it a crime to file false declarations and disclosures. By criminalizing false declarations “the law creates a new, easily provable offense directly associated with corrupt conduct.”⁹⁵

Furthermore, the NVC only receives the names of those who have not submitted their asset disclosures; there is no integrated national database. Kept in paper filings by respective departments, the disclosure forms are prone to damage and have raised storage concerns.⁹⁶

At the heart of the issues⁹⁷ around the financial disclosure of assets by public officials and thus elected

⁸⁹ MC Interview with NVC official; 23 January, 2012.

⁹⁰ Messick, Richard. 2009. *Income and Assets Declarations: Issues to Consider in Developing a Disclosure Regime*. Bergen: U4 Anti Corruption Center, Chr. Michelsen Institute, p. 7.

⁹¹ Messick, Richard. 2009. *Income and Assets Declarations: Issues to Consider in Developing a Disclosure Regime*. Bergen: U4 Anti Corruption Center, Chr. Michelsen Institute, p. 7.

⁹² Research and Media Center Against Corruption (ReMAC) Nepal. 2007. *Nepalma Sampatti Vivaranasambandhi Kanuni Vyavastha*. Kathmandu: ReMAC Nepal, p. 65.

⁹³ The current financial disclosure regime suffers from other weaknesses. This includes the large administrative costs involved. At the most basic level, the 2007 ReMAC study on income and asset disclosure estimated that the requirement that all civil servants file property reports resulted in the need to review 300,000 reports (See ReMAC Nepal. 2007. *Nepalma Sampatti Vivaranasambandhi Kanuni Vyavastha*. Kathmandu: ReMAC Nepal, p. 34). Further, according to a MC interview with an official at the Department of Civil Personnel Records on 29 January, 2012, there are estimated to be at least 80,000 on the list at the Department of Civil Personnel Records. Beyond issues of political will to actually review, are the sheer challenges in the numbers alone, and the resources and skills required to competently administrate such a financial disclosure program. A comprehensive review of the current legislation is urgently needed. This includes discussions on what information should be disclosed and how to reduce the numbers required to disclose without compromising on objectives of disclosure – for example targeting certain types of jobs, or certain levels of authority.

⁸⁹ MC Interview with NVC official; 23 January, 2012. According to a CIAA staff member, while letters have been sent to those who have not disclosed their property records for 2066-067 v.s., this has not been done for 2067-068 v.s. because not all the statements have come in yet. MC Interview with CIAA official; 27 December, 2011.

⁹⁰ Messick, Richard. 2009. *Income and Assets Declarations: Issues to Consider in Developing a Disclosure Regime*. Bergen: U4 Anti Corruption Center, Chr. Michelsen Institute, p. 7.

⁹¹ Public disclosures require the publication of the disclosure forms via the media or internet by the agency, or public access. Messick, Richard. 2009. *Income and Assets Declarations: Issues to Consider in Developing a Disclosure Regime*. Bergen: U4 Anti Corruption Center, Chr. Michelsen Institute, p. 9.

⁹² Thapa, Hari Bahadur. 2002. *Anatomy of Corruption*. Kathmandu: Sangita Thapa, p. 138.



political party leaders, is the issue of privacy rights. The stress on sealed files and the access to only relevant authorities stem from a concern to protect privacy rights guaranteed by the constitution. According to a lawyer, a person is first a citizen before a public post holder and the latter has the same rights as a citizen.⁹⁸ This logic appears to dominate Nepali legislation. This has several consequences for the monitoring of money in politics in Nepal. This includes the fact that citizens are restricted from accessing these disclosures. And very importantly, the law requiring all asset disclosures to be kept confidential means that there can be no independent auditing of disclosure forms under the existing law. To be more specific, there is no system for the independent audit of the national legislative, executive or judicial branch asset disclosures.⁹⁹

All over the world there are debates on whether the right to privacy of officials, outweighs the public interest in disclosure. Many countries have decided that the interests served by the public disclosure of an official's finances outweigh the official's rights to privacy. Various countries have further made compromises between public and non-public disclosure.¹⁰⁰ And meaningful disclosure has been equated with disclosure to the public.¹⁰¹ Public disclosure has been argued to further allow civil society and the media to enforce the oversight and monitoring programs with public disclosure as a sign of the government's commitment to conduct business transparently.¹⁰² There are Nepali government rules that adhere to such principles. The Local Self-Governance Act of 2055 v.s. (1999) requires all elected

representatives of the Village Development Committee (VDC), municipality and District Development Committee (DDC), to make public their and their family's movable and immovable property statements within 30 days of having taken the oath of office.¹⁰³

However, it is clear that debates must take place concerning the balance between the right to privacy of officials and the public interest in disclosure. Questions have been raised by relevant authorities on definitions of secrecy and disclosure requirements.¹⁰⁴ As the lawyer quoted above noted, "citizens have a right to be concerned with issues of public interest. Is property and other issues of public post holders a subject of public concern? We have not become clear on this issue."¹⁰⁵ Examples from other countries have shown that constitutionally protected privacy rights are not automatically infringed by financial disclosure laws of various degrees.

Conclusion

Apart from the need to strengthen existing state institutions charged with monitoring and enforcement of political party finance laws and asset disclosures, there is a clear need for debates on current legal regulations and definitions. From secrecy laws, to basic banking transaction requirements for political parties, to frameworks and categories of disclosure, and mechanisms for independent audits of asset disclosures, a large-scale re-thinking of the structures related to the governing of political party finance is required.

A 2010 review of the implementation of the Right to Information Act in Nepal noted that obstacles to the implementation of the act included "an entrenched

⁹⁸ MC interview; 10 January, 2012.

⁹⁹ Global Integrity Report. 2010. Global Integrity Scorecard: Nepal 2009. <http://report.globalintegrity.org/reportPDFS/2009/Nepal.pdf>, accessed 10 January, 2012.

¹⁰⁰ Messick, Richard. 2009. *Income and Assets Declarations: Issues to Consider in Developing a Disclosure Regime*. Bergen: U4 Anti Corruption Center, Chr. Michelsen Institute, pp. 8-10.

¹⁰¹ USAID. 2003. *Money in Politics Handbook: A Guide to Increasing Transparency in Emerging Democracies*. Washington DC: USAID, Office of Democracy and Governance, p. 24.

¹⁰² Messick, Richard. 2009. *Income and Assets Declarations: Issues to Consider in Developing a Disclosure Regime*. Bergen: U4 Anti Corruption Center, Chr. Michelsen Institute, p. 9.

¹⁰³ Government of Nepal. *Local Self-Governance Act, 2055 (1999)*. Kathmandu: Ministry of Local Development.

¹⁰⁴ See for example, Research and Media Center Against Corruption (ReMAC) Nepal. 2007. *Nepalma Sampatti Vivaranasambandhi Kanuni Vyavastha*. Kathmandu: ReMAC Nepal, pp. 61-62.

¹⁰⁵ MC interview; 10 January, 2012.



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culture of secrecy' that militates against openness."¹⁰⁶ This is especially applicable to political parties, partly a legacy of their underground days during the Panchayat period, and the inability of state institutions to hold them accountable.¹⁰⁷ It is clear that democratic state-building in Nepal cannot take place without the reform of political parties. A recent report on political parties stated "the weaknesses of political parties are core political problems, and need to be seen as core to the challenges of state-building in Nepal, particularly when they have contributed to ongoing instability."¹⁰⁸

Tellingly, a political party member had opposed the idea of publicly disclosing the income sources of political parties by saying that "it's all party affairs."¹⁰⁹ This is not an acceptable position in democratic Nepal. Disclosure is key to transparency and to the safeguarding and strengthening of democracy in Nepal by making the links between money and politics public and enabling understanding, as well as control, of political finance. It is time to prioritize the public right in the regulation of political finance.

¹⁰⁶ Mendel, Toby. 2010. *Status Report and Recommendations: Implementation of the Right to Information in Nepal*. A World Bank Report. November, p. 4.

¹⁰⁷ Wild, Lena with Jiwan Subedi. 2010. *Review of International Assistance to Political Party and Party System Development. Case Study Report: Nepal*. London: Overseas Development Institute, p. 4.

¹⁰⁸ Wild, Lena with Jiwan Subedi. 2010. *Review of International Assistance to Political Party and Party System Development. Case Study Report: Nepal*. London: Overseas Development Institute, p. 7.

¹⁰⁹ Bhattarai, Binod Kumar. 2010. *Report on Transparency in Political Finance in Nepal*. Study funded by Transparency International, Berlin 2009-2010, p. 21.