

# Effective Reporting and Disclosure of Political Finance: Guidelines, Best Practices, Challenges and Lessons for Malaysia

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## Executive Summary

- Transparency in political financing is a critical component of democratic accountability and a key measure against corruption, as highlighted by the United Nations Convention Against Corruption (UNCAC).
- While Malaysia has existing reporting requirements for election candidates and political parties, these reports are not publicly accessible and the regulator lacks the mandate to ensure compliance, limiting oversight and accountability. As Malaysia considers introducing political donation legislation, transparency – which includes meticulous bookkeeping, accurate reporting, and public disclosure – should be one of key elements of this legislation.
- This paper presents international norms, global practices of transparency including best examples from different countries, and key elements to consider in political finance transparency. The insights from this paper hopefully would provide policymakers and stakeholders ideas on how to design feasible and effective transparency mechanisms for political finance in Malaysia, including to address concerns over the victimisation of donors and recipients as a result of transparency measures.
- A well-regulated political finance system must address key questions about who should report, what should be disclosed, when reporting should take place, how reports should be submitted, and where financial data should be published. In some countries, reporting obligations extend beyond political parties and candidates to include third-party contributors, donors, and service providers. Best practices indicate that financial reports should be submitted digitally, following standardized templates, and made available through public databases. The UK, Latvia, and Canada have developed transparency models that balance disclosure requirements with privacy protections, offering useful lessons for Malaysia.
- While transparency mechanisms should be comprehensive, this paper recognises that a phased approach to implementing transparency measures can help manage the transition while engaging political actors and civil society in shaping an effective regulatory framework. By adopting international best practices, Malaysia can strengthen financial transparency, reduce corruption risks, and enhance public trust in the political system.

## 1. Introduction

The United Nations Convention Against Corruption (UNCAC), a global anti-corruption commitment that Malaysia is party to<sup>1</sup>, sees transparency in political financing as a cornerstone of the fight against corruption. Section 7 of the Convention says,

*“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”.*

The International IDEA database indicates that 80% of countries have some reporting requirements for political money. But they do not have similar practices. They differ in frequency of reporting, the entities required to report, what must be reported and the level of public disclosure. Malaysia currently requires election candidates to report their spending to the Election Commission and political parties to submit their annual financial statements to the Registrar of Societies. However, none of these reports are required to be made available to the public.

Malaysia intends to improve its political financing system by introducing a political donation legislation.<sup>2</sup> The idea has received generally positive support, although concerns have been raised on several key elements of the legislation, such as public funding, donation limits, reporting requirements, and public disclosure.<sup>3</sup> One concern is that disclosing donor identities could lead to the victimisation and discrediting of donors, or result in donors and political parties/candidates exploiting loopholes—such as breaking up large donations into smaller ones to avoid disclosure and reporting obligations. In the worst case, this could cause donors to lose interest in supporting political parties or candidates altogether. Additionally, there are concerns about the reporting requirements lacking sufficient measures to ensure the integrity and independence of the political financing regulator. These concerns are legitimate, given the low trust in regulatory bodies and the historical use of incumbency advantages by ruling parties to create an unfair political playing field.

**This paper aims to provide insights into the global practices of political financing transparency and highlight lessons learned for Malaysia.** The paper is divided into five sections. The first one summarises the international norms, standards and good practices in the field of electoral campaign and party funding transparency, with particular attention

<sup>1</sup> Malaysia signed UNCAC on 9 December 2003 and ratified it on 24 September 2008

<sup>2</sup> As of April 2025, Anwar Ibrahim’s government has put the commitment to regulate political donation in its National Anti-Corruption Strategy (NACS)

<sup>3</sup> In 2022, IDEAS under the All-Party Parliamentary Group (APPG) on Political Financing drafted a political financing bill to facilitate a more meaningful conversation about the scope of Malaysia’s political financing law. IDEAS held numerous engagements with civil society organisations, politicians and public forums targeting political party grassroots in several constituencies. The concerns highlighted here were raised in these various engagements.

to those principles consecrated in the OSCE community.<sup>4</sup> The second part of this policy paper examines the benefits of good financial transparency, showing how high levels of donation disclosure are significantly associated with low levels of political corruption and high levels of government accountability and party institutionalisation. Employing data from International IDEA (2024) and the Global Data Barometer (2021), section three maps financial transparency world practices, showing the huge gaps between Malaysian legislation in this regard and other more advanced countries, especially in Europe. Making use of the well-known 4W1H guidelines, the fourth section presents the most common challenges legislators face when regulating donation transparency. Examples of best practices regarding the latter can also be found in this section. The paper ends with a summary of the main findings, formulating some general recommendations on how to improve Malaysia's legislation on this topic.

## 2. Financial Transparency: International Norms, Standards and Good Practices

When looking at **international standards in the field of electoral campaign and party funding transparency**, **two main documents first come to mind**: namely, the 2015 OSCE/ODIHR *Handbook for the Observation of Campaign Finance* and the 2020 *Venice Commission and OSCE/ODIHR Guidelines of Political Party Regulation*. The two documents provide guidance to ODIHR election observation missions and legislative reform teams on how to approach campaign and party finance in OSCE member countries, therefore they not only offer a minimum baseline on how political party finance should be regulated, but also reflect the latest legal developments and best practices.

Building on the abovementioned two works and taking into consideration that "effective disclosure is required for other regulations to be implemented properly" (Venice Commission and OSCE/ODIHR, 2020: n. 264), the next section highlights the main disclosure requirements any party finance legislation should have. It distinguishes between the **three aspects any good quality financial transparency/disclosure framework should have: namely, meticulous bookkeeping, accurate reporting, and precise publication** (Stonehouse and Čigāne, 2022).

### Bookkeeping

In order to ensure the reliability of the data later reported, it is essential that **government legislations should require parties/candidates to keep records of all direct (e.g. monetary) and indirect (e.g. in-kind) contributions received, either from individual or legal entities, both during the electoral campaign and outside it**. When doing so, it is important that all contributions are itemised into standardised categories, ideally according to relevant regulations (e.g. secondary legislation, oversight authority resolutions) which should provide clear criteria and definitions on how to do so. In any case, the nature (e.g.

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<sup>4</sup> OSCE Community includes all European Union (EU) countries, Canada and USA. The community comprises the most advanced democracies in the world, and home to the highest financial transparency standards.

monetary, in-kind) and the value<sup>5</sup> of all contributions should be identified, including the day the contribution was made as well as the names and addresses of all contributors. In this context, and in order to avoid circumvention of any donation caps, parties/candidates' financial records should explicitly identify any loans they have received, with information regarding the total amount awarded, the lender entity (e.g. bank, credit union, loan association), the interest rate to be paid and, last but not least, the repayment period. Overall, any meticulous bookkeeping should differentiate between income and expenditure.

## **Reporting**

Reporting is at the core of party funding transparency. Customarily, **government legislation should make clear what type of reporting is required, who should be making the reporting as well as when (i.e. timeframe) and how (i.e. method) the reporting should take place.** In this context, it is good practice for oversight authorities to elaborate a standard template and provide guidance for reporting, ideally meeting with parties/candidates in advance to explain to them the details of the reporting requirements. Clear reporting requirements not only allow for meaningful comparison between parties/candidates but also enable timely analysis which, in turn, facilitates financial oversight. In general, reporting requirements should not be overly burdensome so that all parties, even the smaller ones, can fulfil them.

In principle, it is possible to **distinguish two different types of reporting: namely, in relation to the electoral campaigns and outside of elections.** Regarding the **election period**, it is good practice to require:

- Initial reports before the campaign begins, to ensure that accounts are properly opened (if applicable). Such reports should include the party or candidate's bank account information and the name and function of the persons accountable for the party or candidate's campaign finances;
- Reports providing oversight bodies and the public with preliminary information on campaign incomes [...] of parties and candidates several days before election day; and
- Final reports after the election and certification of results, to provide a complete and comprehensive account of all campaign financing (Venice Commission and OSCE/ODIHR, 2020: n. 261).

Given the specificities of electoral campaigning, **the reports, by political parties and/or candidates, should also disclose any contributions made by candidates to their own campaign as well as by third parties** participating in the campaign, including any donations

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<sup>5</sup> In-kind contributions (i.e. goods, services) need to be accounted for at the market value.

received by the latter. Likewise, and in order to avoid any potential circumventions, reports should include any goods/services received at discount prices.

**Outside of the election period**, political parties should be required to report to the appropriate oversight authority (e.g. Electoral Commission, Audit Office, Anti-corruption Agency) on their finances at least once a year. Regular reporting can guarantee parties' financial transparency and oversight. In this context and following what has been said in the previous section, any reporting format should include the itemisation of all contributions in a user-friendly (i.e. digitalised) manner in order to facilitate the electronic processing and analysis of any relevant information afterwards. All in all, "reports need to contain enough details to be useful<sup>6</sup> and understandable for the general public and can be facilitated through digitalisation of the process" (Venice Commission and OSCE/ODIHR, 2020: n. 263).

## **Publication**

Louis Brandeis, US Supreme Court judge, stated more than a century ago "sunlight is said to be the best of disinfectants" (1914: 92); no proper disclosure can exist without publication. Thus, it is essential that **financial reports, for both electoral and regular activities, are publicly available "in a coherent, comprehensive and timely manner over an extended period of time"** (Venice Commission and OSCE/ODIHR, 2020: n. 259), making them easily and freely accessible. While it is customary that financial reports are published by the competent oversight authority, publication has become a good practice additional transparency measure, to see individual parties/candidates taking on such responsibility directly in their respective websites.

More and more, the publication of financial reports is done electronically (i.e. via the Internet) in a user-friendly (e.g. standardised, searchable and reusable) format (e.g. central government database), facilitating not only its accessibility, but also its posterior scrutiny by journalists, civil society and the public in general. In this context, it is also very important that any analyses of any competent oversight bodies, with their main findings and conclusions, are also available for public review.

However, and given that in many countries of the world full disclosure might result in personal harassment and political prosecution, **the publication of financial reports should always strike a balance between what is considered to be a minimum (necessary) level of disclosure and respect for the privacy concern of individuals (i.e. contributors)**. In this context, some oversight authorities have opted for excluding any personal information (e.g. address, occupation), limiting to publishing only the donor's name, donation date and quantity. In many instances only when surpassing a certain minimum (not too high) threshold.

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<sup>6</sup> For example, the status of any outstanding loan until repaid in its entirety.

### 3. The Pay Offs of Good Financial Transparency

According to the 2nd edition of the Venice Commission and OSCE/ODIHR *Guidelines of Political Party Regulation*,

*[t]ransparency in party and campaign finance [...] is important to protect the rights of voters, prevent corruption and keep the wider public informed. Voters must have relevant information as to the financial support given to political parties, as this influences decision-making and is a means of holding parties accountable (2020: n. 247).*

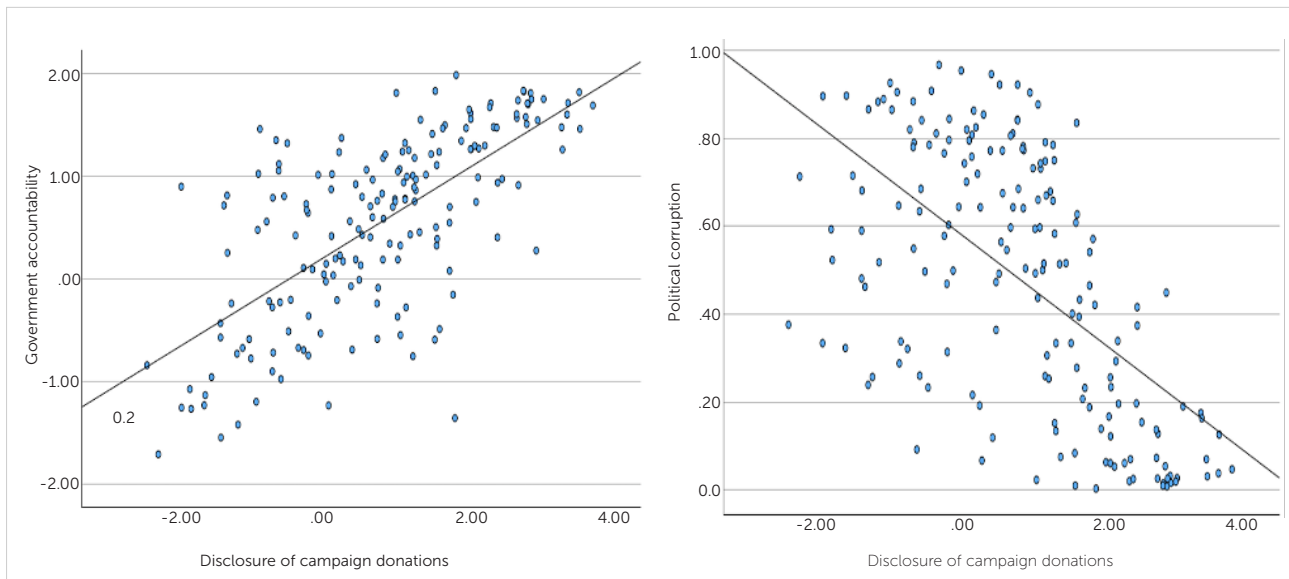
**Transparency is expected to result in better accountability and lower corruption.**

Figure 1 looks at the relationship between financial transparency, measured according to the level of campaign donation disclosure, and both government accountability and political corruption in the world (N = 179 countries).<sup>7</sup> The graph on the left shows that the lower the number of disclosure requirements the lower the level of accountability<sup>8</sup>, while the graph on the right shows a negative correlation (-.59) between the former (i.e. disclosure of campaign donations) and the level of political corruption in a country that is statistically significant (at .01 level). Thus, in countries where disclosure requirements are comprehensive and regularly enforced (e.g. Estonia, France, Lithuania), government accountability tends to be high and political corruption low. Conversely, in countries where those requirements are conspicuous by their absence (e.g. Eritrea, Turkmenistan), government accountability is low and political corruption rampant. The two clusters in the right graph (which show a sufficient level of disclosure is needed before a sharp drop in corruption) could indicate that reforms need to be sufficiently ambitious and comprehensive to deliver corruption gains.

<sup>7</sup> The “disclosure of campaign donations” variable ranges from “0: No. There are no disclosure requirements” to “4: Yes. There are comprehensive requirements, and they are observed and enforced almost all the time”. The “accountability” variable ranges from “-2: Low” to “2: High”. Finally, the political corruption variable ranges from “0: Low” to “1: High”. All three variables come from the V-Dem dataset (Coppedge et al., 2024).

<sup>8</sup> The two variables are positively correlated (.68) at the .01 level.

**Figure 1: Disclosure of campaign donations and government accountability/political corruption**

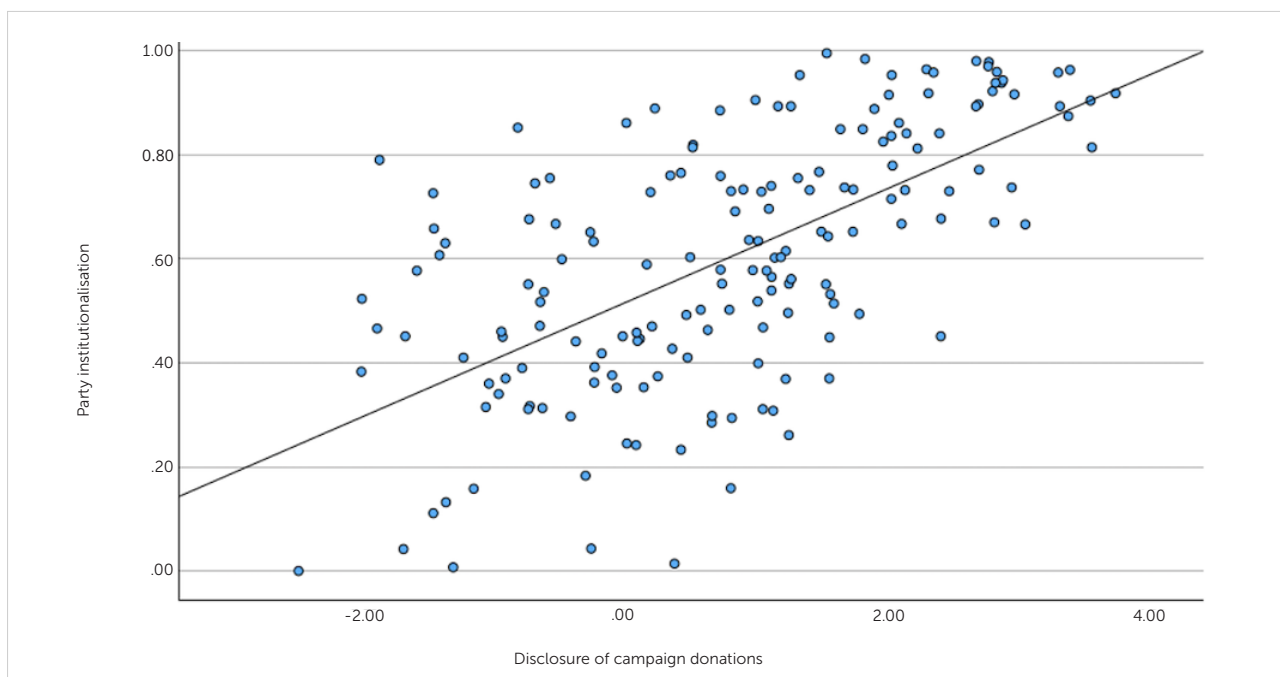


**Note:** X-axis = Disclosure of campaign donations; Y-axis = Government accountability (left)/Political corruption (right). The “disclosure of campaign donations” variable ranges from “0: No. There are no disclosure requirements” to “4: Yes. There are comprehensive requirements, and they are observed and enforced almost all the time”. The “accountability” variable ranges from “-2: Low” to “2: High”. Finally, the political corruption variable ranges from “0: Low” to “1: High”.

Source: V-Dem (Coppedge et al., 2024).

**A strong system of disclosure is also expected to increase the level of political party institutionalisation.**<sup>9</sup> Figure 2 below shows that there is a positive correlation (.63) between disclosure and institutionalisation that is significant at the .01 level. This accords with a notion that financial transparency (1) “enables citizens to get informed about the origin of party and campaign funding, helping them accordingly to make knowledgeable choices in their voting decisions[... (2)] is also expected to discourage unlawful financial practices and behaviour by operating as a self-censoring and self-disciplining mechanism [... and (3)] might contribute to the detection and investigation of financial malpractice (Lipcean and Casal Bértoa, 2024: 269). Figure 2 shows that European countries like Estonia, France, Lithuania, but also Latvia, Portugal or Belgium, where the level of financial disclosure is high, tend to present a high level of party institutionalisation. This is clearly in contrast to Middle East countries (e.g. Oman, Qatar, Saudi Arabia, Kuwait) where both disclosure requirements and party institutionalisation are completely absent.

<sup>9</sup> The “party institutionalization” index examines various attributes of political parties in a country (e.g. organizational depth, social linkages, ideological coherence of their platforms, legislative cohesion). The higher the scores, the more institutionalized the parties in the political system are considered to be (Coppedge et al., 2024).

**Figure 2. Disclosure of campaign donations and party institutionalisation**

**Note:** X-axis = Disclosure of campaign donations; Y-axis = Party institutionalisation. The “disclosure of campaign donations” variable ranges from “0: No. There are no disclosure requirements” to “4: Yes. There are comprehensive requirements, and they are observed and enforced almost all the time”. The “party institutionalisation” examines various attributes of political parties in a country (e.g. organisational depth, social linkages, ideological coherence of their platforms, legislative cohesion). The higher the scores, the more institutionalised the parties in the political system are considered to be.

Source: V-Dem (Coppedge et al., 2024).

Such a positive relationship between the level of disclosure of campaign donations and party institutionalisation was also found in a recent study published in the journal of *Policy Studies*, but using data at the party rather than the systemic level (see Casal Bértoa et al., 2024).

## 4. Financial transparency in data: mapping of world practices

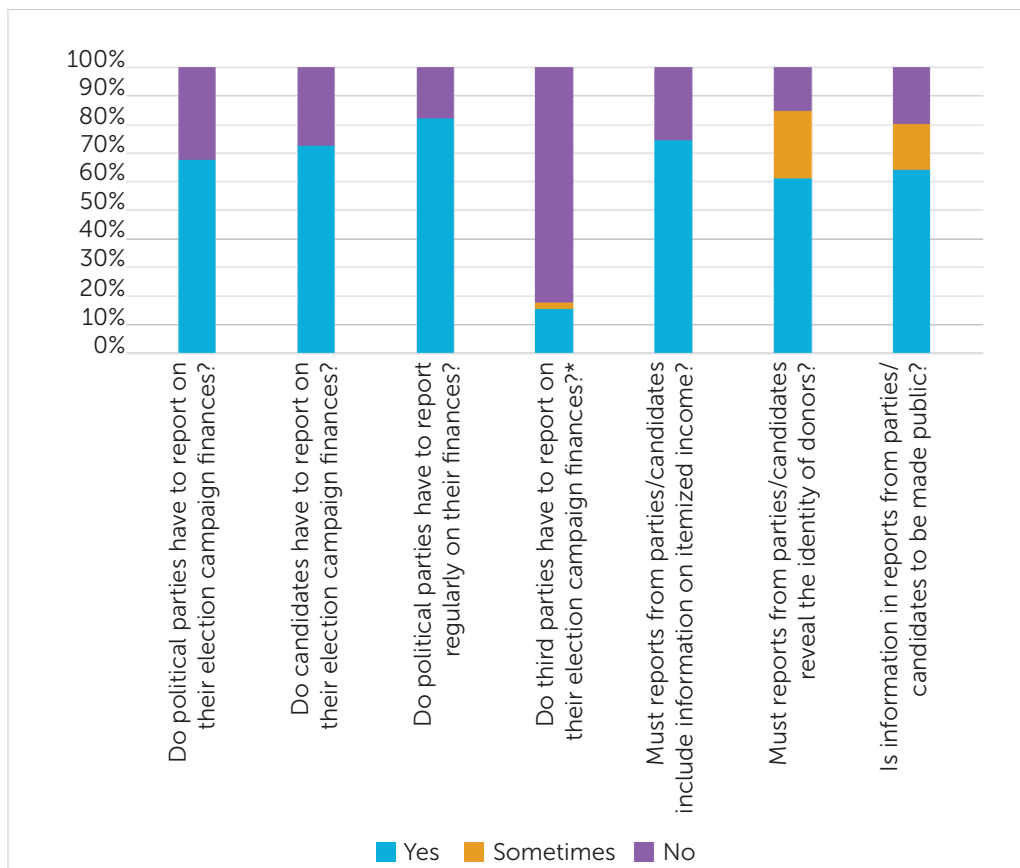
This section looks at the way financial transparency has been regulated around the world, how transparency obligations, especially regarding donations, have been implemented in practice, and what the rules and practices in Malaysia are.

### 4.1 Reporting Practices

**The majority of countries in the world require political parties to report their annual finances.** Using International IDEA’s (2024) political finance dataset, Figure 3 displays the percentage of countries (N = 181) that require political parties, election candidates and third parties to report on the finances, either annually or after an electoral campaign, and

the requirement of the reporting contents. 82.2 percent countries require their political parties to report their annual finances. However, when it comes to reporting of campaign finances, more countries require election candidates to report than political parties (72.5 percent vs. 67.8 percent). This is due to the fact that in some countries, mostly those using a majoritarian electoral system, it is candidates – not parties – that have an obligation to report on their election campaign finance. Interestingly, less than 20 percent of countries require “third parties”, understood as “an entity not presenting candidates in elections, but engaging financially in election campaigns, for example by purchasing advertising or printing posters or other information materials” (Ohman, 2020: 5), to report their involvement in financing election campaigns.<sup>10</sup>

**Figure 3. Financial transparency in the world: regulations**



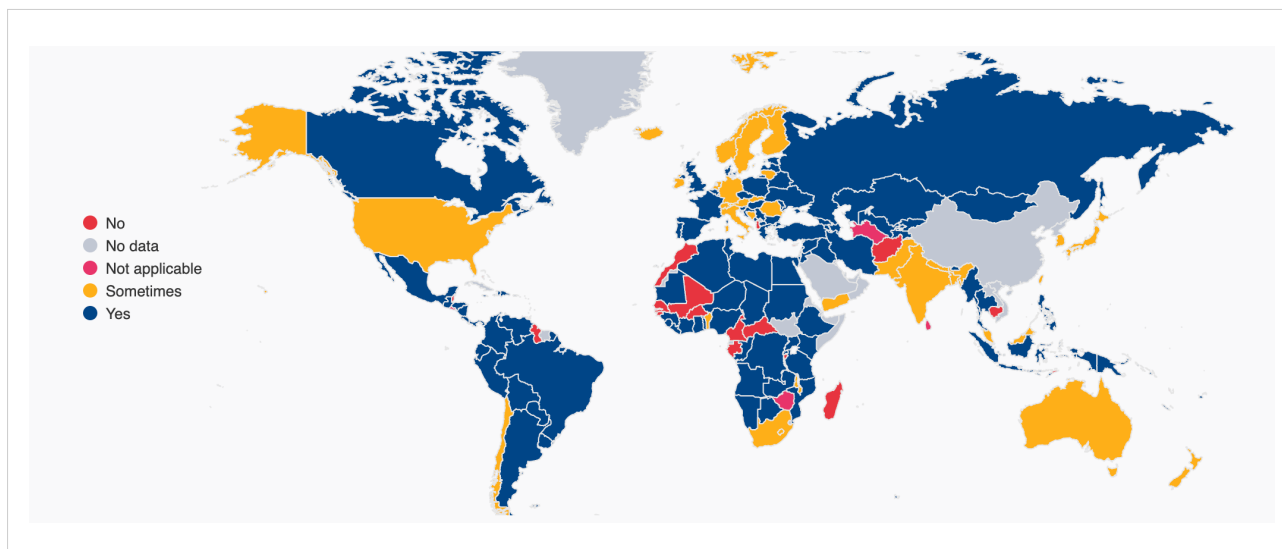
\* Excluding countries where third parties are banned from campaigning altogether.

Source: IDEA (2024)

<sup>10</sup> It is important to note that around 13 percent of countries (e.g. Croatia, Estonia, Lithuania, Luxembourg, Mexico, Moldova, Poland, Portugal, Slovakia, Spain, Taiwan) ban third parties from participating in electoral campaigns altogether.

**The requirements of reporting content in these countries are diverse.** Three quarters of the world regulations require parties and/or candidates to include information on itemised income, and roughly 60 percent of the countries' reports must reveal the identity of donors. Figure 4 displays in more detail the number of countries where the latter is required.

**Figure 4. Obligation to report the donor's identity**



Source: IDEA (2024)

**Some countries apply a threshold on the requirement of reporting the identity of the donor.** The table below (Table 1) shows that the threshold ranges from as little as RM 240 in Lithuania to as high as roughly RM 76,000 in Switzerland, although the most common threshold is RM 2,400 (Austria, Germany, Italy, Malta). Some countries prefer to use some form of indexation, rather than an absolute amount. For example, Chile uses *10 units* which is approx. equal to RM 1,776, Sweden uses a *0.5 price base* which approx. equal to RM 12,000, Romania uses *10 times minimum wages* which is around RM35,000. (see *Guidelines 2020*: n. 213),

**Table 1. Identity reporting threshold for donors (in €): selected (democratic) countries**

Country	Threshold	
	One donation	Yearly donations
Antigua and Barbuda	RM 42,576 (approx.)	
Australia	RM 28,800(approx.)	
Austria	RM 2,400 (approx.)	
Finland	RM 7,200 (approx.)	
Germany	RM 2,400 (approx.)	RM 48,000 (approx.)
Iceland	RM 6,672 (approx.)	
India	RM 1,080 (approx.)	
Ireland	RM 2,880 (approx.)	RM 7,200 (approx.)
Italy	RM 2,400 (approx.)	
Japan	RM 1,464 (approx.)	
South Korea	RM 9,576 (approx.)	
Lithuania	RM 240* (approx.)	
Malta	RM 2400 (approx.)	
Netherlands	RM 4,800 (approx.)	
New Zealand	RM 3,888 (approx.)**	
Norway	RM 14,256 (approx.)	
Palau	RM 460.8 (approx.)	
San Marino	RM 14,400 (approx.)	
Slovakia	RM 3,600 (approx.)	
South Africa	RM 24,480 (approx.)	
Switzerland	RM 76,440 (approx.)	
Taiwan	RM 4,224 (approx.)	
USA	RM 912 (approx.)	

\* RM 1,728 (approx.) in membership fees.

\*\* RM 144 (approx.) if overseas donor.

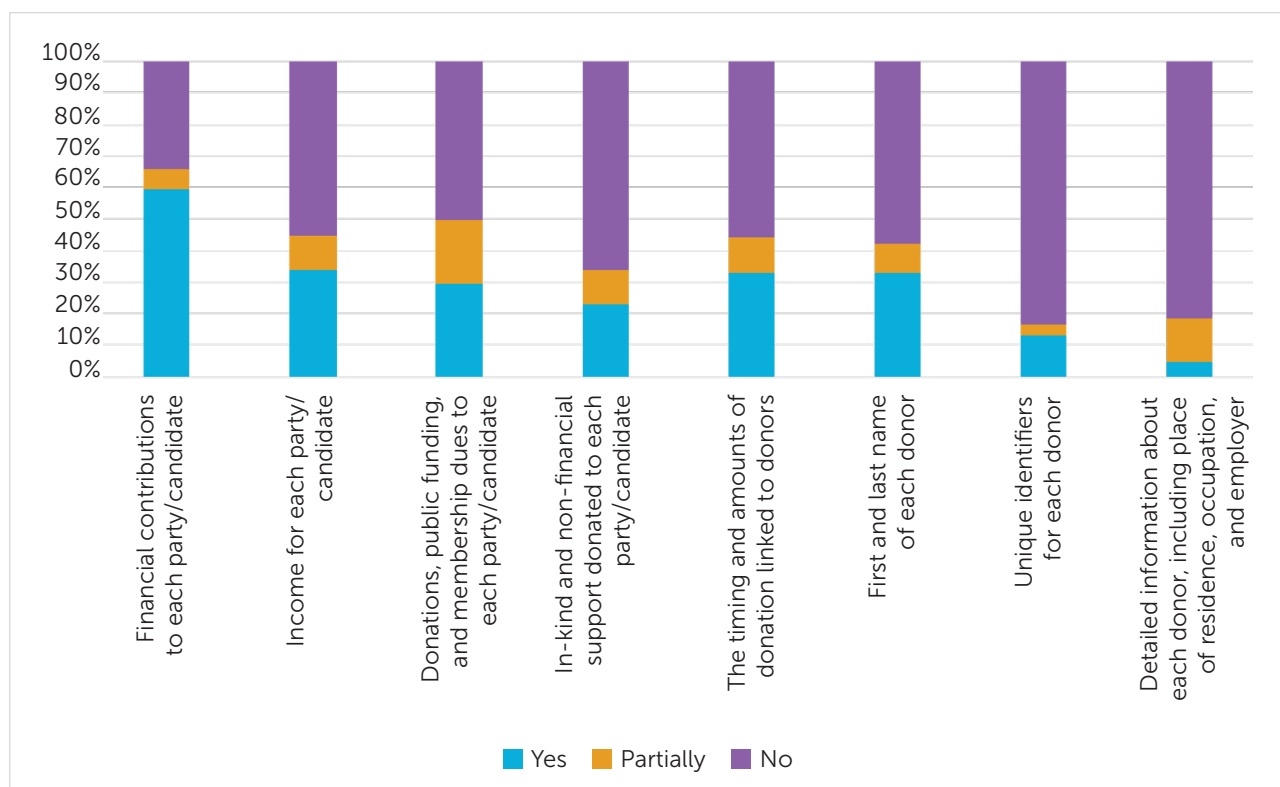
Source: IDEA (2024). The original rate is converted into EURO, and from EURO converted to MYR. €1 = RM 4.8, exchange rate is calculated using the rate from Bank Negara Malaysia. ([www.bnm.gov.my/exchange-rates](http://www.bnm.gov.my/exchange-rates)) on 14 March 2025

## 4.2 Public Disclosure

IDEA's data suggest that **more than three-quarters of countries make parties and/or candidates' financial reports public** (72.5 percent countries require regular disclosure, while 17.8 percent only sometimes; see Figure 3). The Global Data Barometer (GDB) collected in 2021 provides insights into which information is being made public, how detailed the information is and in what format. The dataset shows the extent to which **political finance data in the 109 countries surveyed – if openly available – is detailed enough, especially in relation to political donations.**

The **GDB's data suggests that countries publish different types of data in regard to political parties' and candidates' finances**, including financial contributions to each party/candidate (60 percent), income for each party/candidate (34 percent) donations, public funding and membership dues (30 percent), and in-kind and non-financial contribution (23%) (see Figure 5). Regarding information on donations, many countries openly publish the timing and amount of donations (44 percent) and the first and last name of each donor (42 percent); but only 13 percent publish unique identifiers of the donors and only 5 percent publish detailed information about the donors including their place of residence, occupation and employer.

Figure 5. Political finance information in the world: open data contents



Source: GDB (2021)

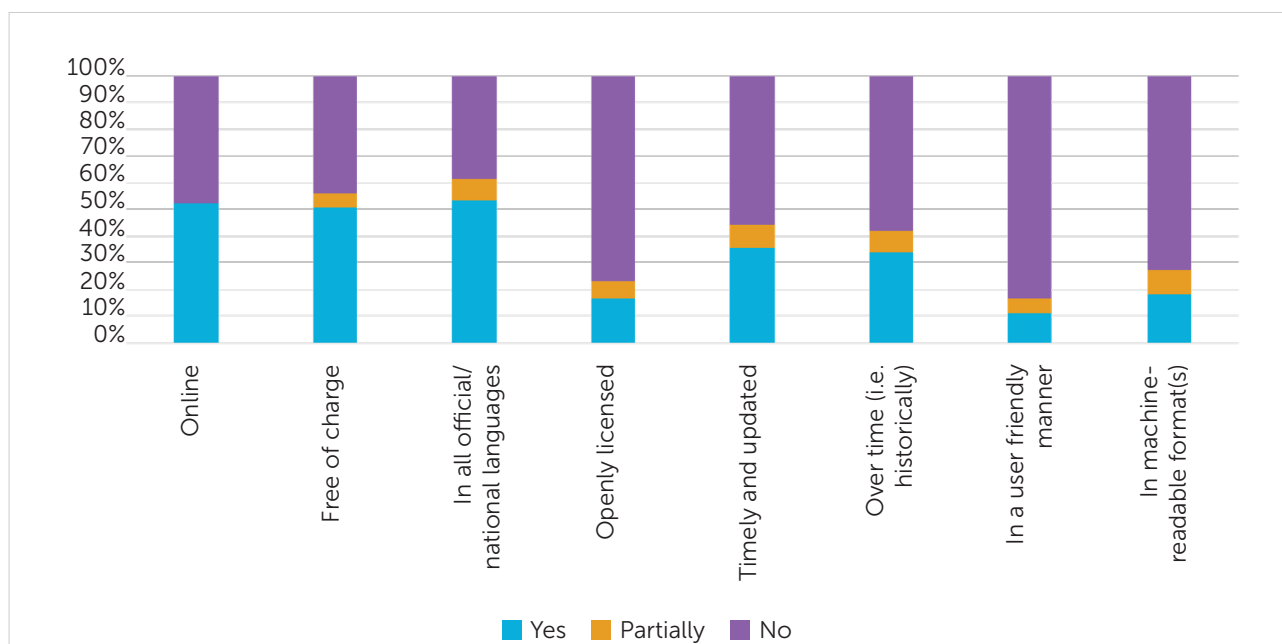
The United States and Croatia are examples of countries that provide information about donors, although in Croatia detailed information about the donors is only partially available (i.e. name, ID number and, for legal persons, also the address). In countries like Argentina, Estonia, Georgia and Latvia (see below) all information is openly available, except for detailed information about the donors. Other countries with rather transparent political finance donation regimes are Chile, Egypt, Moldova, Slovakia and the United Kingdom (see below). In Asia, the most transparent country seems to be India. Here, information on financial contributions/income to each party/candidate, the donor's unique identifiers, and the timing/amounts of each (in-kind) donation are completely open. Only certain aspects of the donor's identity (e.g. occupation/employer) are partially limited.

**Table 2: the extent of disclosure in selected countries**

Data that are disclosed to the public	US	UK	India	Latvia
Details of donations, public funding, and memberships for due for each party or candidate	Yes	Yes	Yes	Yes
Details of income for each party or candidate	Yes	Yes	Yes	Yes
Details of assets and liabilities of each party/candidate	Yes	Yes	Yes	Yes
Details of spending of each party/candidate	Yes	Yes	Yes	Yes
Details of in-kind and non-financial support donated to each party or candidate	Yes	Yes	Yes	Yes
Details of the timings and amounts of donations linked to donors	Yes	Yes	Partially	Yes
First and last names of each donor	Yes	Yes	Yes	Yes
Detailed information about each donor, including place of residence, occupation & employer	Yes	No	Partially	No
Unique identifiers for each donor	Yes	Yes	Yes	Yes

Source: GDB (2021)

In regards to **the format of political finance open data**, Figure 6 shows that most of the surveyed countries tend to have such information online (52 percent), free of charge (51 percent), and in all official languages (53 percent). In some countries such as Australia, Canada, Costa Rica, Ireland, Israel, Italy, South Korea, Spain, Taiwan, United Kingdom, United States, the information is fully open-licensed. In others such as in Brazil, Bulgaria, France, Germany, Mexico, and Sweden the information is only partially open-licensed. Most countries (around a third) do not keep timely and/or historical records, making it difficult for users to be up to date or to track change over time. Only limited number countries provide accessible and open official tools to help users to explore the data (11 percent) and provide the data in a machine-readable format (18 percent). Such limited openness is in contrary to the best international standards that require data to be accessible in a user-friendly manner (see section on *Guidelines* above).

**Figure 6. Political finance information: open data format**

Source: GDB (2021)

In terms of the format, the best examples are found in the European Nordic countries (e.g. Finland, Sweden), the Baltics (e.g. Estonia, Latvia), South American bigger democracies (e.g. Argentina, Chile, Brazil) and the most advanced Anglo-Saxon democracies (e.g. New Zealand, United Kingdom, United States).

### 4.3 Reporting and Disclosure in Malaysia

Malaysia requires political parties and candidates to submit financial reports to regulators. Political parties – treated as “societies” – are required to submit accounts (financial statements) to the Registrar of Societies, during the 60 days after either their annual meeting or, in case the latter does not take place, after the end of the calendar year (section 14 of the 1966 Societies Act).<sup>11</sup> The Registrar could also ask parties to submit audited accounts if necessary. Election candidates, meanwhile, are asked to present a return and declaration of their electoral expenses to the Election Commission within 31 days of the day electoral results are published (section 23 of the 1954 Election Offences Act or EOA). Such a return should include itemised information on the amount of funds received/used during the electoral campaign. In fact, the report should include:

<sup>11</sup> In addition to accounts, societies, including political parties, are also required to forward other information, but pertinent to this paper is information on “any money, property, pecuniary benefit or advantage” from foreign individuals and institutions (Section 14.1d)

all money, securities and other valuable consideration received by or promised to the candidate or his election agent from or by any other candidate or person for the purpose of expenses incurred or to be incurred on account or in respect of the management of the election, *naming every person* from whom the sum may have been received or by whom such sum may have been promised, showing as to each sum whether it was received as contribution, loan, deposit or otherwise (section 23.1e of the 1954 EOA, italics are ours),

Compared to the above discussed international standards and practices, **these requirements of reporting and disclosure lack several important aspects.** **First**, these reports or, even part of them, are not publicly available. For political parties accounts, only members of political parties can submit a request to obtain them from the Registrar.<sup>12</sup> In the case of election candidates reports, members of the public can only obtain the reports after paying a fee (RM2 per page, RM10 per file)<sup>13</sup> and these reports are destroyed six months after the elections which means after the period of six months, there is no record of spending and donations made to election candidates. **Secondly**, while the election expenses report required candidates to submit reports of donations, there are no such explicit requirements for the reporting of party finances. The Act does not set limits or any rules on donations, let alone regulate their spending. As a result, the information on how political parties fund their activities remains “opaque” (Gomez & Tog, 2021). **Lastly**, the regulators in charge of receiving reports lack the mandate and resources to examine and inspect the reports, hence having no ability to determine whether certain donations were received from permissible sources or not. Without such a mandate, there is little incentive for these entities to analyse, tabulate, let alone publish the reports from candidates or political parties.

<sup>12</sup>. Section 10.2

<sup>13</sup>. IDEA (2024)

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## 5. Regulating transparency and disclosure: challenges, opportunities and best practices

**There are many dimensions that legislators should look at in regulating transparency of political financing that can be mapped using the journalist checklist's of 4Ws1H (Who, What, When, When and How). Legislators will be faced with the following questions when trying to regulate the transparency of political donations:**

- Who is the person/entity that is obliged to report?
- What type and size of donation is to be reported?
- When does the report need to be made?
- How or in what form is the reporting to be done?
- Where does the report go? To whom?<sup>14</sup>

Table 3 shows the different choices that one could consider when answering the questions. Given the variety of answers, they could pose challenges for legislators when trying to design an effective regulation. However, they could also be seen as a spectrum of choices that can be chosen depending on the needs and the context of the country.

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<sup>14</sup>. Journalist usually asks the "Why" question too, which has already been dealt with in section two above.

**Table 3. Dimensions to consider regulating transparency and disclosure in donation**

Donation transparency	Options	Examples
Who should report?	Political contestant	Electoral Committee/party/candidate
	Third party	Non-contestant advertiser purchaser
	Donor	Individual/company
	Supplier	Media outlet/printing company/etc.
What should be reported?	Donation type	Monetary/in-kind
	Donation quantity	All/above a certain threshold
	Donor's information	Name/address/occupation/employer/etc.
	Supporting documentation	Always included/delivered upon request
When should the reporting take place?	Electoral campaign	At the beginning/throughout/after
	Outside the electoral campaign	Immediately after/quarterly/yearly
How should it be reported?	Type of submission	Hardcopy/online
	Electronic submission	Upload/e-filing
	Type of electronic document	PDF/machine-readable (CSV/XLS/etc.)
To whom should the donation be reported?	Oversight authority (OA)	EMB/Anti-corruption Agency/ Court of Auditors/parliament/etc.
	Directly to the public	OA's and/or party's website/newspaper

Source: Adapted from Stonestreet and Čigāne (2022)

## Who should report

**There are at least four potential actors that should be required to report political donations: contestant, third party, donors and suppliers.** As it follows from the Table 3, the first challenge is to determine **who** has the obligation to report a donation. In the majority of countries, it is for the political contestants (political parties, candidates and their agents) to do so. In most cases, who should report depends on the electoral system in a given country (e.g. candidate-based single member districts, party list proportional representation, etc.). In some countries, mostly those using a majoritarian electoral system (e.g. Australia, Canada, India, UK, USA) but not only (e.g. Czechia, Latvia), third parties also have such an obligation (Figure 3). Donation reporting from corporates is encouraged and in fact it is part of good Corporate Governance practices (G20/OECD Principles of Corporate Governance, 2023). However, requiring other potential actors (e.g. donors, suppliers), especially individuals and small companies, to report their donations has traditionally been avoided, not just for being considered cumbersome, but also in order to avoid discouraging them from contributing to the political process.

## What should be reported

**When examining the “what” question, various issues come into play. First of all, what type of donations should be reported.** Most countries establish the obligation to report both types of donations: namely, monetary and in-kind, although as Figure 5 above shows, the obligation to report (even to self-evaluate) in-kind donations is a bit less common.<sup>15</sup>

As described in the previous section (Figure 4 and Table 1), some countries use reporting thresholds:

to reduce the need to report small transactions or to alleviate recordkeeping obligations electoral contestants are subject to [...] For example, in the 27 EU member states, the average reporting threshold for donations is at EUR 385. In 16 EU Member States all donations must be reported, including the identity of donors. Some countries allow for small anonymous donations below a minimum threshold. In the remaining 11 Member States the identities of donors must be reported only for donations above a threshold. Usually, countries require that internal records are kept for donations below the reporting amount. The thresholds vary widely, from EUR 125 in Belgium to EUR 2,700 in Denmark (Stonestreet and Čigāne, 2022: 19)

*The second issue is* **the type of information regarding donors that should be included in the report and/or published.** Some countries (e.g. Estonia, Latvia, Georgia) use personal identifiers to allow the oversight authority to check donors against the state revenue service database without revealing to the public the personal identity of a donor, beyond its name and surname (see Figure 7, left sides). In other countries (e.g. Norway, United Kingdom), political parties are obliged to report the required details of the source (including, for example, address), but such detailed information is not published, at least when the donor is an individual (see Figure 7, right side). This is not the case when the donation is made by a legal person. Then the full address tends to be made public.

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<sup>15</sup> This might be also due to the fact that not all countries neither regulate, nor even establish a ceiling for (around 60% of the world countries) for “in-kind donations” (IDEA, 2024).

**Figure 7: Transparency in political donations in the United Kingdom for natural persons (left) and legal persons (right)**

Source: [shorturl.at](http://shorturl.at)

It should be noted that following international Guidelines and best practices, **electoral actors should not be required to repeat the same information in different forms.** Therefore, reporting should be as streamlined as possible, and this single form for reporting should indicate which donations information that will be fully or partially or published (see Table 4 for sample of reporting form).

**Table 4. Sample of the form for reporting**

<b>Donor's name:</b>		
<b>ID*:</b>		
<b>Address**:</b>		
<b>Occupation***:</b>		
<b>Value:</b>	<i>Monetary</i>	<i>In-kind</i>
<b>Receptor's name:</b>		
<b>Reception date:</b>		

\* When available.

\*\* Published (in full) only for legal entities.

\*\*\* Not published.

A *final issue* regarding “what should be reported” relates to **the submission of supporting documentation** (e.g. receipts, cheques, bank transfers, documentation allowing for the valuation of in-kind donations, etc.) which in most countries (e.g. Canada, Poland) is automatically submitted together with the information regarding the donation, with additional information being provided only upon request. This is very important in order to facilitate the controlling tasks (i.e. review, verification) of the oversight body.

### When should donations be reported?

**The frequency of reporting and its accordance with election milestones are two issues related to when donations should be reported.** There is no doubt that donations ideally should be recorded and reported as soon as donations are received by the permitted recipients for accurate recording as well as for the sake of public information. At the end of the day, voters are interested in knowing the type of donors funding the different parties, so they can make voting choices accordingly. However, the timing of reporting should consider the capacity of those obliged to report (the recipients), and the oversight/regulating entity. In Latvia, for example, political parties have 15 days from the moment of reception to report a donation, which is promptly published on the Corruption Prevention and Combating Bureau’s (KNAB) website in a specific searchable database. In the United Kingdom donations are reported quarterly.

In terms of coherence with election campaign milestones, regulations could require political contestants to report pre, during and post-election. Reporting during the electoral campaign is mandatory in many post-communist countries. In some countries like Finland, it takes a voluntary character. Reporting for the period up to three weeks before election day is common practice in the Netherlands. Needless to say, the maximum limit a political contestant should have to report any donations is either reasonably after the end of the electoral campaign or at the end of the financial reporting year.

### How should donations be reported?

**In terms of how donations should be reported, there are two possibilities: either submitting the information in hardcopy (e.g. via email or post) or doing it online.** In the latter case, there are basically two ways: either by uploading a document containing the information (usually in excel or PDF) or by e-filing an electronic form in a digital platform restricted to registered entities (see Figure 8). The latter system not only facilitates both the review and publication process by the oversight authority, but also helps political actors, journalists, academics and citizens with their analysis.

Figure 8. KNAB's donation reporting online template

Source: Personal communication with KNAB staff.

Most countries updating their reporting systems have opted for an online e-filling submission,<sup>16</sup> ensuring that only eligible persons are able to submit any financial information to the oversight body.<sup>17</sup> Depending on the specific legislation of the country,

there can be a national system for electronic reports (Iceland, Lithuania) or a national system for electronic IDs (Estonia) to support checking the eligibility of the persons submitting financial reports and to ensure the security aspects of the electronic system. It can also happen that the oversight body provides log-in details and passwords to electoral contestants (BiH, Canada, France, UK). For instance, in Latvia, the Electronic Data Entry system [...] enables political parties to input their financial information directly in the database of the oversight body (KNAB) and includes automatic feasibility checks [...] the system has allowed an improved communication between political parties and the oversight body (Stonestreet and Čigāne, 2022: 21).

A combination of systems (i.e. e-filling + electronic uploading) is also admissible.

<sup>16</sup> This is what just happened in Armenia where the new digital platform, hosted by the Corruption Prevention Commission, started on the first day of 2025, substituting a system that since 2021 was characterised by the submission of excels forms and manual publication.

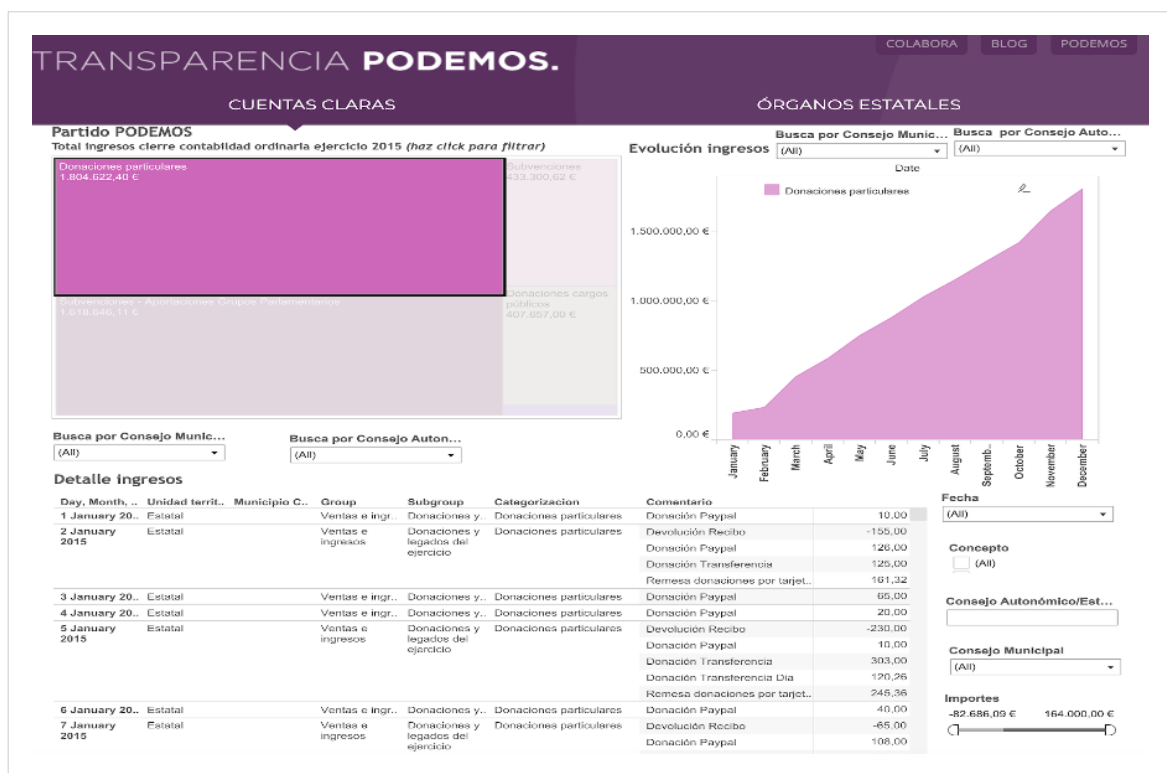
<sup>17</sup> This is essential to ensure the integrity of the online reporting system and avoid potential abuses.

## Where and to whom donations should be reported

Finally, the question of where (and to whom) donations should be reported and disclosed presents two potential answers: either only to the corresponding oversight authority or also externally (i.e. directly to the public). In terms of corresponding authorities, countries differ from one another on which agencies are given this mandate. In the United Kingdom it is the Electoral Management Body/EMB, in Latvia it is the Anti-Corruption Agency like, the Court of Auditors in Spain, parliament in Germany, or an ad hoc entity like in Portugal.

**Reporting to the public (public disclosure) can take different forms.** It could be in a traditional form (now rather obsolete), which is publishing financial reports in national newspapers. Publication of donations – including information about donors – in the oversight authority’s internet site tends to be the most often. Recently, some parties (e.g. Podemos in Spain: for donations over €5k) have also voluntarily adopted the practice of publishing information about donors in their digital platforms (see Figure 9).

Figure 9. Podemos’ “transparency portal”



Source: [transparencia.podemos](http://transparencia.podemos)

## Guidance for Reporting

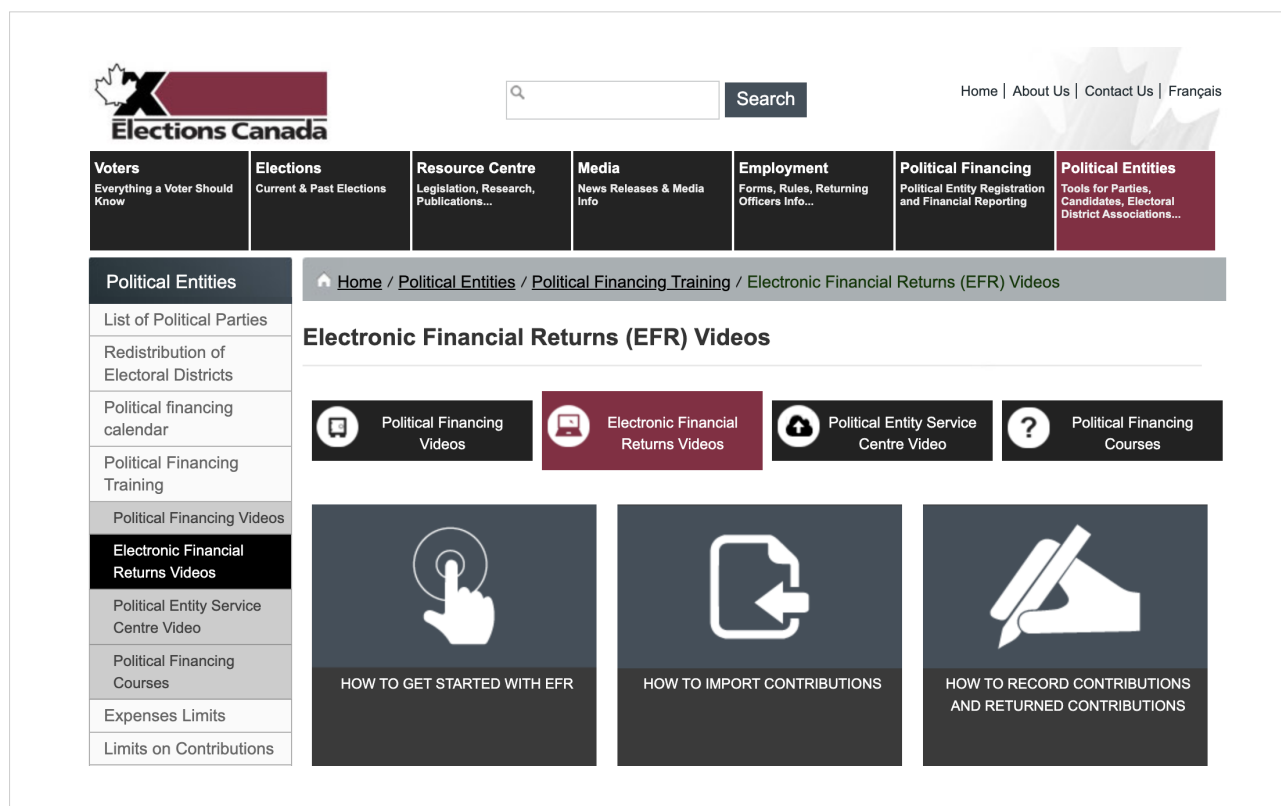
Related to the 4Ws list mentioned above is the question of which guidance should be given by the regulating authority to those obliged to report on donations, as they might need help on how to fill in the forms, how to operate the system, how to calculate the value of in-kind donations, how to report donations from illegal or unidentifiable sources, and so on.

**Reporting guidelines can take many forms.** Countries can choose to use written manuals like in Albania or Moldova, or apps like in Latvia, or use videos and infographics like in Canada (see Figure 10), or “frequently asked questions” (FAQs) like in the United Kingdom. As a matter of fact, one of the most complete and user-friendly websites in this sense is the British Electoral Commission (BEC)’s (<https://www.electoralcommission.org.uk/political-party-donations-and-loans-great-britain>). On the BEC’s website, interested users can find information regarding donations covered, how to work out its value, what to do when receiving a donation (also from impermissible/unidentifiable sources), what should be recorded upon acceptance of the donation, which donations should be reported and how. The site also includes a glossary of the main technical and legal terms included in the guidelines.

Figure 10A. Financial financing training in Canada

The screenshot shows the Elections Canada website interface. At the top, there is a search bar and navigation links for Home, About Us, Contact Us, and Français. Below the search bar is a horizontal menu with categories: Voters, Elections, Resource Centre, Media, Employment, Political Financing, and Political Entities. The main content area is titled 'Contributions, Loans and Transfers' and features a sub-section for 'Political financing videos'. This section contains a grid of six video thumbnails with the following titles: 'POLITICAL CONTRIBUTIONS AND ELIGIBLE CONTRIBUTORS', 'CONTRIBUTION TYPES', 'VOLUNTEER LABOUR', 'List of Political Parties', 'Redistribution of Electoral Districts', and 'Political financing calendar'. A sidebar on the left lists various resources under the 'Political Entities' heading, including 'Political Financing Videos', 'Electronic Financial Returns Videos', 'Political Entity Service Centre Video', 'Political Financing Courses', 'Expenses Limits', 'Limits on Contributions', 'Annual Lists of Electors - Information', 'Tools for Political Parties', and 'Tools for Candidates'.

Figure 10B. Electronic financial returns videos



Source: [elections.ca](http://elections.ca)

## Applying the 4W1H

We can use the 4W1H checklist to understand a political financing system in one country. We use the United Kingdom as an example (see Table 5 for the summary).

Table 5. The transparency of political donations in the UK: a summary of the 4Ws1H

Donation transparency	UK
Who should report?	Political party (treasurer)
What should be reported?	Donation in different forms above >£500
When should the reporting take place?	Quarterly
How should it be reported?	Mainly online, also email/post
To whom should the donation be reported?	Electoral Commission

Source: [electoralcommission.org.uk](http://electoralcommission.org.uk)

All political parties in the UK, via their registered treasurers, are obliged to report any donations above £500 received and accepted from UK-registered voters (even if overseas) and UK-based entities (e.g. company, party, trade union, certain types of trusts/public funds but not charities). This includes donations in the form of gifts of money/property, event/publication sponsorship, subscription/affiliation payments, and free/specially discounted office use. While those below the threshold do not need to be reported, parties should be vigilant to avoid receiving several donations from the same source in similar circumstances below the threshold.

Party treasurers have 30 days to check the permissibility of the donation and accept it. They should keep a record of such permissibility checks in order to ensure they have followed the rules. Impermissible donations should be returned and unidentified ones should be sent to the BEC.

Once accepted, party treasurers have to record details (e.g. name, address, status) for each source, the section of the party (central HQ or accounting unit) that accepted the donation, the amount or its nature and value if in-kind<sup>18</sup> as well as the dates of reception and acceptance (see template in Figure 11).

**Figure 11. Quarterly report form for individual donations made to a political party**

3 Accepted money donations			
Number of entries made in this section	<input type="text"/>	Donation number	<input type="text"/>
Received by	<input type="text"/>		
Name of donor	<input type="text"/>		
Address	<input type="text"/>		
Donor status	<input type="text"/>		
Amount (£.pp)	<input type="text"/>	Company reg. no. (if applicable)	<input type="text"/>
Date received	<input type="text"/>	Date accepted	<input type="text"/>
Bequest	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Sponsorship	Yes <input type="checkbox"/>	No <input type="checkbox"/>	

Source: [elections.ca](http://elections.ca)

<sup>18</sup> The EC also provides detailed guidelines on how to work out the value of a non-monetary donation: <https://www.electoralcommission.org.uk/political-party-donations-and-loans-great-britain/how-do-you-work-out-value-a-donation>

All donations, including the impermissible ones (even if returned or forfeited), need to be included in the party's quarterly report, so they can be published on their website (see Figure 12). The BEC's donations database also has various user-friendly search functions (see below), allowing the interested user to download the data either in PDF or CSV format.

**Figure 12. Donation transparency in the UK: search function and publication layout**

The screenshot displays a search interface for the BEC's donations database. It features several filter panels: 'Time period' with checkboxes for years 2021-2025 and quarters Q1-Q4; 'Date range' with 'From' and 'To' date inputs; 'Pre/Post poll' with checkboxes for including pre-poll and post-poll donations; 'Donor status' with checkboxes for Individual, Trade Union, Company, Unincorporated Association, and Public Fund; and 'Donation date' with radio buttons for reporting to the Electoral Commission, date received by donee, or date accepted by donee. There are also options for 'Regulated Period', 'Register' (Great Britain, Northern Ireland, None), and 'Is Irish source' (Yes/No). An 'Update results' button is located at the bottom right of the filter section.

Below the filters, there are sections for 'Summary' and 'Search results'. The search results section shows 325 items found, with a pagination bar (Previous, 1, 2, 3, 4, 5, Next) and sorting options (Most recent, Oldest, Max value, Min value). A table of results is displayed with the following columns: Click for more details, Entity Name, Register, Entity Type, Value, Accepted date, Rec'd by (AU), Donor name, Donor status, Donation type, Received date, and Reporting period.

Click for more details	Entity Name	Register	Entity Type	Value	Accepted date	Rec'd by (AU)	Donor name	Donor status	Donation type	Received date	Reporting period
C0588679	Liberal Democrats	Great Britain	Political Party	£2,790.00	30/09/2024	Westmorland, Furness and Eden	Patricia Bell	Individual	Cash	30/09/2024	Q3 2024
C0588662	Liberal Democrats	Great Britain	Political Party	£2,500.00	30/09/2024	Central Party	Stephen F Gosling	Individual	Cash	25/09/2024	Q3 2024
NC0590402	Labour Party	Great Britain	Political Party	£19,712.20	30/09/2024	Central Party	Labour Together Limited	Company	Non Cash	30/09/2024	Q3 2024
NC0588731	Liberal Democrats	Great Britain	Political Party	£1,000.00	30/09/2024	Birmingham Yardley	JOHN HEMMING TRADING LIMITED	Company	Non Cash	30/09/2024	Q3 2024

Source: [shorturl.at](http://shorturl.at)

The BEC needs to receive the reports within 30 days of the end of each reporting quarter (i.e. 30 January/April/July/October). Submission can take place either online, using the EC's PEF online system (see Figure 13), or by email/post using the appropriate form. Even if no donations are received, parties have the obligation to submit a quarterly (so-called "nil") report

Figure 13. PEF online system

The Electoral Commission

**Party registration applications ahead of the May 2025 Polls**

If you would like to:

- register a new political party;
- amend a name for an existing party;
- amend or add an emblem; or
- add a description

to be included on ballot papers for the elections taking place on 01 May 2025, please ensure that your completed application is with us by **5pm, Friday 31 January 2025**. We cannot guarantee that we will make a decision in time on applications submitted after this date for use on ballots papers at the elections. You can find more information about registering and maintaining your party on [our website](#).

**Party/Campaigner User log-in**

This site is restricted and confidential. By logging in you are agreeing to the site's usage terms and conditions set out [here](#).

Please note this application will time out after a period of inactivity of 20 minutes. You are advised to save regularly using the "Save" buttons provided.

Enter Login Name

Enter Password

[Forgotten password](#) [Forgotten user name](#) [Help](#)

**Register now**

The PEF Online system provides a secure environment for the registration of political parties and campaigners at elections and referendums and the submission of their statutory returns.

If you are already registered as a party user and/or campaigner and you would like to start submitting your returns online, please see our guidance on [getting started](#) and complete the [Nominate System Administrator](#) form.

To register a new political party, non-party campaigner or referendum campaigner please click the **Register now** button below.

Source: [pefonline.electoralcommission.org.uk](http://pefonline.electoralcommission.org.uk)

## 6. Conclusions and recommendations

Political Financing Transparency, as previous sections have shown, is positively correlated with accountability, reducing corruption and the institutionalisation of political parties. Malaysia's political finance regulations are deficient as it does not adequately encourage those who are required to report, particularly political parties, to keep meticulous bookkeeping to record donations. Additionally, while reporting of party finances and election expenses have to be submitted to the regulators, these reports are not required to be disclosed to the public and the regulators themselves are not given mandate to inspect and ensure the compliance of those obliged to report with the rules. The mapping of global practices shows that the level of financial transparency leaves a great deal to be desired.

As Malaysia considers enacting political financing legislation, **it is important to consider the following:**

- **The new political financing legislation should be used as an opportunity to close the limitations in reporting and disclosure in the current legislations.** If these legislations are streamlined, they should require both political parties and candidates: (i) to undertake meticulous bookkeeping, recording at least the nature, value and time of donation as well as the identity and address of donors; and (ii) to report – both annually and for electoral campaigns – on their income (e.g. donations, loans) in an accurate manner to the oversight authority and (iii) make these reports available to the public.
- Contrary to the perception of many, **public disclosure could be used to safeguard donors and recipients of political money from victimisation** because the public has access to information on donors and donations. This in turn would prevent authorities from unfairly targeting individuals or businesses for supporting opposition parties, as any punitive actions would be easily exposed. In fact, transparency would probably result in donors contribute almost equally across major countries which suggests that transparency could result in greater fairness. In this regard, information on donations (over a certain threshold and leaving aside too detailed information on donors, so to avoid their victimisation) should be published in a coherent, comprehensive and timely manner over an extended period of time, preferably in an electronic use-friendly platform. Ideally, such publication should take place not just at the website of the oversight authority, but also at the individual parties' own site. This outcome is possible if the oversight authority is independent, non-partisan, competent and accountable. The expected political financing law should aim for the establishment of such **a regulatory/oversight authority.**

■ **The upcoming political financing law could adopt a more manageable reporting and public disclosure regime** that would encourage a certain level of accountability but at the same time safeguard those involved in the process. In the current paper we have shown various examples of good practice found in as diverse countries as Canada, Georgia, Latvia, Norway, Spain and the United Kingdom that would help to increase the level of financial transparency in Malaysia without putting at risk the privacy rights of donors. While the system should require meticulous bookkeeping for all income received, a threshold system can be adopted for both reporting and disclosure of donations. This means only a certain amount of donations should be reported with details to the regulating authority and certain details of donors should be omitted in public disclosure.

■ **A staggered or sequenced approach to implement transparency is possible to be adopted to accommodate the development of the system or to reduce regulatory burden during the transition process.** Table 2 shows how wide the spectrum of political financing regulation could be, in terms of who should report, what should be reported, when should the reporting take place, how should it be reported, and to whom it should be reported. The table presents the ideal picture of political financing transparency, but also alternatives to choose from. The proposed political financing may not embrace the whole spectrum, but this could set the path for future reform.

■ **A continuous, sincere and two-way dialogue should be established between the regulatory body/oversight authority and parties/candidates.** This dialogue should be the opportunity for the regulators to give exact guidelines on reporting and an opportunity for the parties/candidates to provide feedback for continuous improvements to the legislation and regulations.

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