
CHALLENGES FOR ELECTION CAMPAIGN FINANCE IN GEORGIA



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CHALLENGES FOR ELECTION CAMPAIGN FINANCE IN GEORGIA

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Abbreviations

AEC - Aleko Elisashvili – Citizens

APG - Alliance of Patriots of Georgia

EG - European Georgia – Movement for Freedom

GD - Georgian Dream – Democratic Georgia

GEL - Georgian Lari

GLP - Georgian Labour Party

GMF - Girchi – More Freedom

ISFED - International Society for Fair Elections and Democracy

OSCE - Organization for Security and Co-operation in Europe

SA - Giorgi Vashadze - Strategy Aghmashenebeli

SAO - State Audit Office of Georgia

SMD - Single-member districts

UNM - United National Movement

Key Findings

The study analyzed financial challenges for Georgian political parties and election campaigns. The research consists of the quantitative and qualitative components. The quantitative research findings mainly comprise the survey of the registered candidates in single-member districts (SMD) in the 2020 parliamentary elections and the mayor candidates presented in the 2021 municipal elections. The central part of the findings of the qualitative component is based on the analysis of the general trends revealed as a result of the in-depth interviews carried out with the representatives of 10 political parties. In addition, the results of reviewing the declarations of the State Audit Office (SAO) regarding revenues and expenditures during the election period and the statutes of the political parties are presented.

Election campaign funds of the political parties and their candidates

- Most studied political parties have envisioned the obligation for the members to pay membership fees under their statutes. Nevertheless, it is not implemented in practice. According to the parties, the main reason is the reluctance to impose financial obligations on their members, given their poor social background.
- The political parties negatively assess the new regulation regarding the financing of the parties from the state budget only based on the parliamentary elections. Among them is the For Georgia party, which cannot benefit from the state funding despite receiving 7.8% of the national proportional vote and ranking third in the 2021 elections.
- As the representatives of the Lelo for Georgia (Lelo) and Georgian Labour Party (GLP) say, the loss of funding from the state budget had a significant negative impact on the activities of their parties.
- According to the opposition political parties, a sharp imbalance in donations is an

important challenge for equal opportunities for political associations during the election campaign.

- There is a high dependence of the most supported Georgian political parties on large donors.
- The representatives of the opposition political parties point to an uneven geographical distribution of donations.
- For most political parties, support from business enterprises is the most convenient way of fundraising. At the same time, the opposition parties rarely manage to raise funds from large business enterprises. Some political parties consider it less likely for the interests of the business enterprises to match with their program goals.
- Some political parties receive donations from Georgian emigrants as well. The lack of pressure mechanisms outside the country was considered a reason for more frequent contributions from emigrants.
- Representatives of some political parties stated during the interviews with the International Society for Fair Elections and Democracy (ISFED) that apart from the Georgian citizens living abroad, their party receives funds from foreigners who are the representatives of the Georgian diaspora, which is a donation prohibited under the law.
- Every fourth of the respondents questioned among the candidates nominated by the political parties in the last two regular elections have donated money to a nominating political party. Sometimes, the donations made to the campaign fund serve the direct electoral needs of a candidate. In such a case, the candidate fully recovers the transferred funds from the party by receiving various services or materials needed for the campaign.
- In the last two elections, the main funds for the election campaigns of the party candidates were the materials and purchased services provided by the nominating political parties. Most respondents received posters, leaflets, and flyers, whereas approximately half received branded materials (clothing, accessories, flag, etc.) and banners. Only 6% of the respondents have not received any campaign materials from the nominating political party.

- According to the assessment of most respondents, the timeframe in which the nominating party provides the materials needed for the election campaign mostly or entirely corresponds to the optimal timeline they had envisioned. However, approximately half of the respondents considered that the campaign materials provided were insufficient for running the election campaign comprehensively.
- Political parties name three main reasons for the weak fundraising for the election funds. Some parties consider that one of the reasons is the economic hardship of their electorate; Some explain the lack of donations due to pressure from the government or fear of it, whereas some identify the absence of a party-financing culture by the regular members as one of such reasons.
- The candidates rarely initiate fundraising campaigns for the electoral campaign independently from the party. At the same time, most candidates that have carried out fundraising campaigns consider such efforts fully or mostly unsuccessful. They name the insufficient attempt of the parties, social problems of the citizens, lack of resources, the reluctance of the business enterprises to support the opposition, and/or the hurdles imposed by the State Security Service as the reasons for such failure.
- Representatives of the opposition parties generally note that the election campaign funds are insufficient for a comprehensive administration of the election campaign.
- Similar to the representatives of the political parties, most respondent candidates consider the existing funds either entirely insufficient or insufficient for basic needs. In addition, the candidates from the ruling party deem the election funds for the comprehensive administration of their campaign more sufficient than the candidates of the opposition parties.

Election campaign expenses of the political parties

- Political parties mention the increased costs of campaign services given the inflation. A representative of one of the parties considers that the actions of many new, solvent parties in the market are another reason for the increase in advertising costs.
- Political parties link the amount of expenditures to the type and importance of the elections, the amount of funds, and, according to the survey, the chances of success of the political parties.
- Unlike the ruling party, the election expenditures of the majority of the opposition parties are more modest for the municipal elections.
- Some parties sometimes can pre-determine the presumed approximate amount of the received revenues and plan the budget of the election campaign fund accordingly. However, when the received revenues are significantly lower than planned or are unstable, the political parties face many obstacles in the election campaign process.
- Frequently, the amount collected in the election campaign fund is insufficient to cover all the needs. Therefore, parties have to allocate the funds according to their priorities. One of the ways to optimize expenditures is through prioritizing the territories for campaigning. Without sufficient financial resources, some parties also refuse to direct the funds for expensive services and use the campaign fund resources for activities that have more optimal prices.
- Most of the representatives of the studied political parties consider political advertising on high-ranking national broadcasters as a vital tool for defining the electorate. In addition, purchasing the optimal amount of paid advertising time on the major national broadcasters is often unimaginable for the parties with small resources.
- Some parties, including the United National Movement (UNM), European Georgia (EG), Lelo for Georgia, and Strategy Aghmashenebeli (SA), consider that some companies in the market of outdoor advertising put the ruling party in a privileged position. For this reason, they are unable to place the billboards in the

desired spaces. By contrast, a representative of the party For Georgia states that their party has not faced any obstacles while renting the billboards.

- 29% of the respondent candidates have used personal funds (independent of the political party) to advertise on Facebook during the elections.
- More than half of the studied political parties have the experience of hiring a party coordinator/agitator during the election campaign. The Georgian Dream – Democratic Georgia (GD) and the UNM use this method most frequently.
- Most small political parties had no paid party coordinators in the 2021 municipal elections. According to the representatives of Aleko Elisashvili – Citizens (AEC) and Strategy Aghmashenebeli (SA), the reason for this is insufficient funds. Similar to previous elections, the representatives of Girchi and Girchi – More Freedom (GMF) parties do not plan to hire coordinators to fulfil the campaign tasks, even if they have respective financial resources.
- Among those political parties that have experience in hiring personnel for the election campaign, two political parties negatively assess the campaigns carried out with the involvement of the party coordinators and do not plan to incur expenses on that in the future. Among others, the Lelo for Georgia evaluates the role of party coordinators in gaining more votes in the 2020 parliamentary elections as ineffective.

Revenues and expenditures for election campaigns of the independent candidates

- Half of the independent candidates characterize the election fundraising campaigns as primarily unsuccessful, and another half as neutral.
- A vast majority of the independent candidates (86%) consider that their funds were either mostly or entirely insufficient for comprehensively conducting an election campaign. As a result, they were unable to purchase advertising.

Financial support for the political empowerment of women in Georgian political parties

- Most studied political parties have created a structural unit of the political organization – women’s organization.
- Apart from the mandatory legal quota, some parties implement financially incentivizing gender quotas. However, some parties (including Girchi, GMF, and EG) do not acknowledge gender-based positive discrimination and do not carry out specific activities in this respect.
- Some political parties received additional funding from the state budget due to including women in the electoral lists according to law. However, the bonus funds were utilized for the general party needs instead of empowering the women’s organization.

Financial support for the representation of ethnic minorities

- Given the limited financial resources, running an election campaign in regions densely populated with ethnic minorities is not a priority for the majority of the opposition parties.
- The representatives of the opposition parties indicate that they find it challenging to work with ethnic minority groups due to the significant influence of the ruling party.

Introduction

According to the OSCE Copenhagen Document, signatory states, including Georgia, agree to ensure political campaigning in a fair and free environment.¹ The Venice Commission's Code of Good Practice in Electoral Matters also establishes that equal opportunity shall be guaranteed for parties and candidates alike.² To ensure this principle, the 2003 recommendation of the Committee of Ministers of the Council of Europe calls for the states to consider adopting measures to prevent excessive funding, including through establishing limits on expenditures.³ Several recent elections in Georgia demonstrate that the pre-election campaign expenditures of the political parties are increasing. In the 2020 parliamentary elections, campaign expenditures increased by 26% compared to the previous elections. In addition, the spending of the top-ranking political party amount to 40% of the total expenditures and exceed the expenditures of the electoral subject that ranked second 3.5 times, which illustrates an uneven distribution of election campaign finances.

The present study aimed to identify the financial challenges for the election campaigns of the political parties during the elections, as well as invisible barriers for regional politicians, women, representatives of ethnic minorities, and independent candidates. To achieve this aim, the study intended to differentiate the party revenues according to its sources; analyze donation schemes; identify the activities carried out by the electoral subjects to raise the campaign funds; compare election campaign expenditures according to the years, electoral subjects and categories of spending; analyze the attitudes toward supporting the women candidates in political parties; define how parties manage additional state funding obtained through internal party

1. OSCE. 1990. Document of the Copenhagen meeting of the conference on the human dimension of the CSCE. 7.7. Accessed April 4, 2023. <https://www.osce.org/files/f/documents/9/c/14304.pdf>

2. Venice Commission. 30.10.2002. Code of good practice in electoral matters: Guidelines and explanatory report. CDL-AD (2002). Strasbourg. P. 18

3. Council of Europe. Committee of Ministers. 08.04.2003. Recommendation Rec(2003)4 of the Committee of Ministers to member states on common rules against corruption in the funding of political parties and electoral campaigns. Accessed April 4, 2023. <https://rm.coe.int/16806cc1f1>

quotas; and analyze the policy toward supporting the candidates representing the ethnic minorities.

The objects of the study were the declarations of the electoral funds published by the SAO, monitoring reports, party statutes, representatives of the political parties, registered SMD candidates in the 2020 parliamentary elections, and party and independent mayor candidates participating in the 2021 municipal elections.

The report of the present study consists of five chapters. The first and second chapters review the revenues and expenditures of the election campaigns of the political parties and their nominated candidates. The third chapter examines the challenges and financial turnover of independent candidates. The last two chapters are dedicated to analyzing the economic policy of the political parties concerning incentivizing women and the representatives of ethnic minorities.

Research Methodology

The study is based on both quantitative and qualitative research methods. The quantitative research analyzed data from SAO, particularly declarations submitted by the political parties and independent candidates during the election period. In addition, a survey of the registered candidates in single-member districts in the 2020 parliamentary election and mayor candidates in the 2021 municipal elections was carried out using a self-administered electronic questionnaire. The qualitative study comprised in-depth interviews with the representatives of the central organizations of the political parties. To study the revenues, the statutes of the political parties were also analyzed.

For both components of the research, electoral subjects that collected at least 1% of the proportional votes of the voters nationwide in the 2020 parliamentary elections and/or 2021 municipal elections were selected at the first stage. All political parties participating individually in the elections that satisfied the above criteria were automatically selected. Whereas, from the electoral blocs with at least 1% support, political parties receiving the most funding were selected. Eventually, the sampled political parties are as follows:

- 1. Georgian Dream – Democratic Georgia (GD);**
- 2. United National Movement (UNM);**
- 3. For Georgia;**
- 4. Lelo for Georgia (Lelo);**
- 5. European Georgia – Movement for Freedom (EG);**
- 6. Alliance of Patriots of Georgia (APG);**
- 7. Girchi – More Freedom (GMF);**
- 8. Georgian Labour Party (GLP);**
- 9. Giorgi Vashadze - Strategy Aghmashenebeli (SA);**
- 10. New Political Center (Girchi);**
- 11. Aleko Elisashvili – Citizens (AEC).**

82% of the nominated candidates of the 11 sampled political parties and initiative groups received a link to the questionnaire through e-mail or a short message service (SMS). Among those, the response rate reached 19.6%. In addition, considering that the dispersion of the party affiliation of the participating respondents is not proportional to the composition according to the electoral subjects that nominated the candidates in the elections, the results cannot be generalized to all candidates.

The survey was conducted from September 5 to October 5, 2022. The in-depth interviews with the representatives of the political parties were recorded from July 27 to September 14 of the same year.

The political parties themselves ensured the selection of the respondents for the qualitative research. ISFED, despite several tries, was not able to receive a response from the ruling GD party to record the in-depth interview, resulting in its views not being reflected in the document. However, some candidates the party nominated participated in the study's quantitative component.



1. Election campaign funds of the political parties and their candidates

1.1. Types of the party funds

The organic law of Georgia on Political Associations of Citizens envisions four types of sources of political party funds, including membership fees, donations, sums allocated by the state in cases established by law, and the annual income generated from designing and distributing symbols, organizing lectures, exhibitions, and other public activities, as well as from publishing and other activities pursued according to statutory objectives. Moreover, the party may also take a loan from commercial banks operating in Georgia, which shall not exceed 1 million GEL over a calendar year.

Donation is a monetary fund deposited by a citizen of Georgia or by a legal person registered in the territory of Georgia by the citizens of Georgia, as well as tangible or intangible assets and services. Notably, tangible or intangible assets or services (excluding the services provided voluntarily) provided free of charge or with discount/preferential conditions are also considered a donation.⁴

1.2. Membership fees in Georgian political parties

Membership fees, similar to the Georgian legislation, are envisioned as one of the sources of finances according to the statutes of the political parties. The law of Georgia on Political Associations of Citizens establishes limits to the amount of the membership fees paid by each political party member, according to which it may not exceed 1,200 GEL annually.⁵ The executive body, political council, or political party

4. The Organic law of Georgia on Political Associations of Citizens. (31.10.1997). Article 25

5. The Organic law of Georgia on Political Associations of Citizens. (31.10.1997). Article 27

secretary generally determines the specific rules for paying the membership fees. Moreover, even though the duty of the members to pay membership fees is envisioned by the statutes of the majority of the studied political parties, it is not realized in practice. Political parties identify the reluctance to impose financial obligations on the members due to poor social background. GLP, which officially obliges its members to pay membership fees promptly, states that this rule has not been used in practice. It is also noteworthy that the parties express their readiness to implement the membership fees in the future. However, so far, they are unable to identify in what form it may be shaped.

1.3. Funding of the political parties from the state budget

The funds are allocated annually from the state budget to provide financial support for the activities of the political parties and develop the party system. According to the existing regulation, a political association that obtained at least 1% of the actual votes in the last parliamentary elections receives funds from the state budget. The party may refuse to accept the funds within one month after the outset of the right to receive the funds from the state Budget, for which it should submit a respective written application to the Central Election Commission.

According to the data, in 2022, 12 political parties benefited from the right to receive funds from the state budget. According to the law of Georgia on Political Associations of Citizens, a party annually gets 15 GEL from the state budget for each vote within the first 50,000 actual votes in the last parliamentary elections and 5 GEL - for each subsequent actual vote received. Before the 2024 elections, the funding from the state budget is allocated among the political parties within the electoral bloc according to the proportion established under the statute of the bloc (if the statute of the bloc does not establish a proportion of the funding from the state budget, it will be equally divided among the parties within the bloc). According to this rule, total funding for the parties from the state budget in 2022 reached 12.7 million GEL, from which 40% belonged to GD, 17% - to UNM, 9% - to EG 8% to - APG, whereas 26% was the total funding for the remaining political parties.

Table 1. Annual funding of the political parties from the state budget in Georgia

N	Political Party	Annual Finances (€)
1	Georgian Dream – Democratic Georgia	5,140,020.00
2	United National Movement	2,199,635.00
3	Movement State for the People	240,000.00
4	Progress and Freedom	12,000.00
5	Republican Party of Georgia	204,000.00
6	European Democrats	460,000.00
7	Giorgi Vashadze – Strategy Aghmashenebeli	939,925.35
8	Law and Justice	104,436.15
9	European Georgia - Movement for Freedom	1,124,409.00
10	Alliance of Patriots of Georgia	1,043,120.00
11	New Political Center - Girchi	777,990.00
12	Aleko Elisashvili - Citizens	497,406.00
Total		12,742,941.50

Source: Annex to February 28, 2022, N 25/2022 resolution of the Chairperson of the Central Election Commission of Georgia

Among the political parties eligible for state funding, Girchi refuses to use it for campaigning. According to the political party, the reason for this is the general disapproval of the financing of political parties from the state budget. Furthermore, in 2021, a political party used state funding to gamble a Porsche car. As the representative of the party has stated, with this act, the party wanted to demonstrate how state funds are “wasted.”

According to the amendments to a Law enacted by the Parliament in June 2021, the party loses the right to receive funding from the state budget if the power of at least half of the members of the Parliament elected upon the nomination by that party is

terminated prematurely, and it is impossible to replace them with so many new members of the Parliament that the number of the deputies elected upon the nomination by that party is more than half of the seats it had obtained in the Parliament.⁶ As a result of the enactment of this rule, two political parties lost funding from the state budget. Due to the premature termination of the power of the only deputy from the GLP – Shalva Natelashvili, the party could not receive state funding. It was joined by Lelo for Georgia after the power of two out of four deputies elected in the Parliament was discontinued.

The representatives of the parties, Lelo and GLP, stated during the interviews that the loss of funding from the state budget had a significant adverse effect on the activities of their parties. According to the representative of Lelo, due to the loss of state funding, the party had to close several regional offices, reduce the space of the central office and limit the transportation, operational, and remuneration costs. The GLP also stated that the party's functioning has ultimately become impossible after the loss of already scarce state funding. This political party awaits the judgment of the Constitutional Court of Georgia, where it has appealed the amendment to the Organic Law of Georgia enacted by the Parliament of Georgia regarding the provision of funding from the state budget. The loss of state funding for those two political parties is also considered unfair by the representatives of other political parties. They highlight that only received votes should determine the funding and not be linked to the work of the elected deputies in the Parliament. It is noteworthy that these amendments were criticized by the Venice Commission and OSCE Office for Democratic Institutions and Human Rights (OSCE/ODIHR) in their opinion of March 2021 when it was still at the draft bill stage. These organizations considered the proposed regulations disproportional and recommended its substantial review or removal of the above clauses.⁷

Until the latest amendments to the law, state funding could be allocated based on the votes received not only in the parliamentary elections but in the municipal elec-

6. The Organic law of Georgia on Political Associations of Citizens. (31.10.1997). Article 30

7. Joint opinion of the Venice Commission and OSCE/ODIHR CDL-AD (2021)008. 20.03.2021. §§36-65. Accessed April 5, 2023. [https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=C-DL-AD\(2021\)008-e](https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=C-DL-AD(2021)008-e)

tions as well. The minimal number of votes to qualify for funding amounted to 3% of the votes of the voters participating in the elections. Political parties could choose based on which elections they wished to receive the state funding. Notably, while the party For Georgia obtained 7.8% of the national proportional votes and ranked third in the 2021 municipal elections, it does not receive state funding given that the political association was registered in June 2021, after the latest parliamentary elections. This fact is considered unfair by the political party, to which other opposition political parties agree. The representatives of some of the political parties also note that the given amendment diminished the motivation of the political parties to participate in the local elections, adversely affecting the process of decentralization as well.

„Because of them, the municipal elections have lost the status of general elections, and ultimately the interest as well... this is nonsense. First of all, why? Due to many factors, we are anyway a developing country in which the self-government is actually, we do not have actual self-government, and we want it to develop gradually. When we lose the status of general elections for the municipal elections, and without any possibility for the political parties to receive any benefit from it... the opposition political party (receiving 5%, 7, 6, 4, 3 or 2, this small, or even 10, 12, 15) loses the interest toward such an election... Thereby, we have actually diminished the municipal elections to such a level that we will never actually move toward the development of the self-governance (APG representative).“

„We are a newly established party. On May 29, it will be exactly one year since our foundation. And you know well that, sadly, State funding cannot be received on the basis of the municipal elections, which, in this case, to my mind and according to the position of my party, is unfair. When a party gathering such high support in the general national elections does not receive any funding, it is, of course, bad, and we think that it will be good if the law changes in this respect (a representative of the party For Georgia).“

1.4. Donations to the political parties

Donations are the primary source of financial assets for the election period for the majority of Georgian political parties. In Georgia, the frequency of donations is higher during the election campaigns for the parliamentary elections. During the municipal elections, considering its small amount, the share of the donations for the qualified electoral subjects with little electoral support decreases to a low level compared to the state funding. In fact, donations are the only source of income for the political associations that are not eligible to receive state funding. Such monetary or non-monetary donations are made for the party's benefit both by the supporters and the members of the political association.

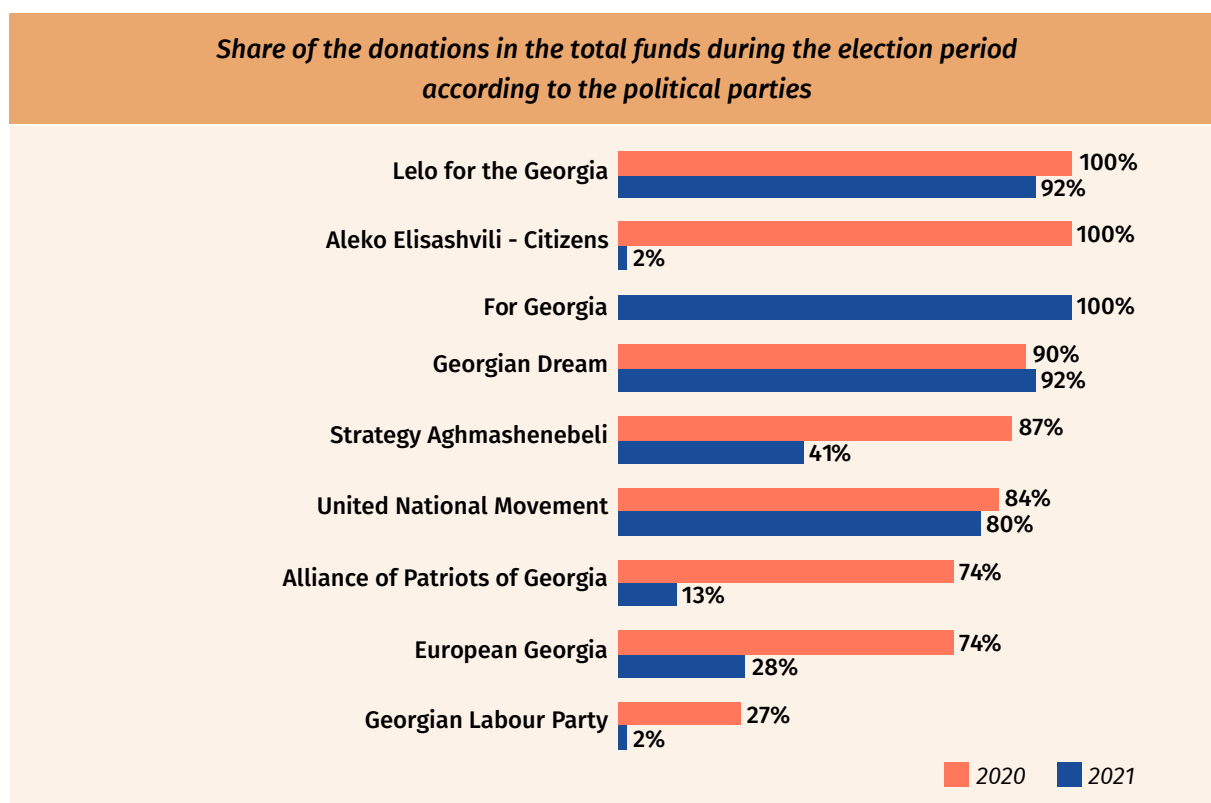


Figure 1.1. Share of the donations in the total funds of the election period

Note: 2020 election revenues: GD, UNM, EG, GLP, AEC - 01.09.2020-03.12.2020; Other political parties - 01.09.2020-13.11.2020.

2021 election revenues: GD, UNM, Lelo, For Georgia - 02.08.2021-13.11.2021; EG, APG - 02.08.2021-16.10.2021; SA - 02.08.2021-02.10.2021; GLP - 02.08.2021-30.10.2021; AEC - 13.08.2021-02.10.2021

Source: State Audit Office (SAO), 2020-2021

The Georgian legislation establishes an upper limit for the amount of donations. The total contributions the parties receive should not exceed 60,000 GEL from each individual annually, whereas the total donations from legal persons should not exceed 120,000 GEL. The representative of the party, Lelo for Georgia, does not support this rule. According to them, some party members are willing to donate more funds but cannot do so because of legal restrictions. The existing limitation on the annual amount of the donation is less problematic for the representatives of the other political parties. At the same time, according to them, some political parties are easily circumventing the limitation, and the actual donations are formally registered in the name of another natural person.

Generally, donations to the parties consist of monetary contributions from natural persons, including donations from the party leaders. For some parties, such as Lelo for Georgia, For Georgia, and Strategy Aghmashenebeli, the largest and most systematic donors are the leaders of the political associations and the members of its executive body.

In some political parties, financial contributions by the members and the supporters of the party lead to their participation in its management and inclusion in the party lists. Girchi offers party currency GeD (so-called Georgian Dollar) to its members in exchange for a monetary donation. They can earn 100 GeD for each transfer of one Lari to the party's account. The political association does not forbid the members to trade with the collected GeDs or give them away for free. The amount of GeDs determines the ranking in the party and the place in the party list for the elections. Like Girchi, participation in the management of the political association is determined by the amount of the financial contributions to the party Girchi – More Freedom. By paying the amount from 5 GEL to 225 GEL monthly, members/supporters can receive 1 to 45 votes. Nine individuals gathering the most votes become members of the political council. Moreover, it is noteworthy that given political parties do not declare the information regarding the financial turnover, including the donations to the SAO, deliberately violating the statutory requirement under Georgian law.⁸

8. State Audit Office, Political Finances Monitoring Department. (February 4, 2022). Final report on financial monitoring for October 2, 2021 municipal elections. Accessed April 5, 2023. https://monitoring.sao.ge/files/10/Report_Elections%202021_ENG.pdf

For some parties, promotion within the party based on financial donation is unacceptable. As the representative of the UNM states, a party member may be promoted according to the level of his active participation. However, they do not consider the possibility of promoting a member to the decision-making position based solely on the donation.

1.4.1. The ratio of the party donations

Representatives of the opposition political parties identify a sharp imbalance in the donations during the election campaigns as a substantial challenge to the equality of the opportunities for the political associations. According to the data of the SAO, in the 2020 elections, the number of electoral donations for the ruling party, GD, was equal to 43.7% of the total donations received by the remaining parties. It was 2.7 times more than the sum received by the political party, ranking second according to the number of donations. As for the 2021 local municipal elections, the ruling party received more donations than all the remaining political parties. The amount of donations received by GD reached 70.4% of the total donations received by the parties. While the ruling party received almost as many funds as in the last parliamentary elections, the total amount of donations received by the opposition parties was three times less than that in the 2020 parliamentary elections.

Donations to the political parties during the election period (2020-2021, ₾)

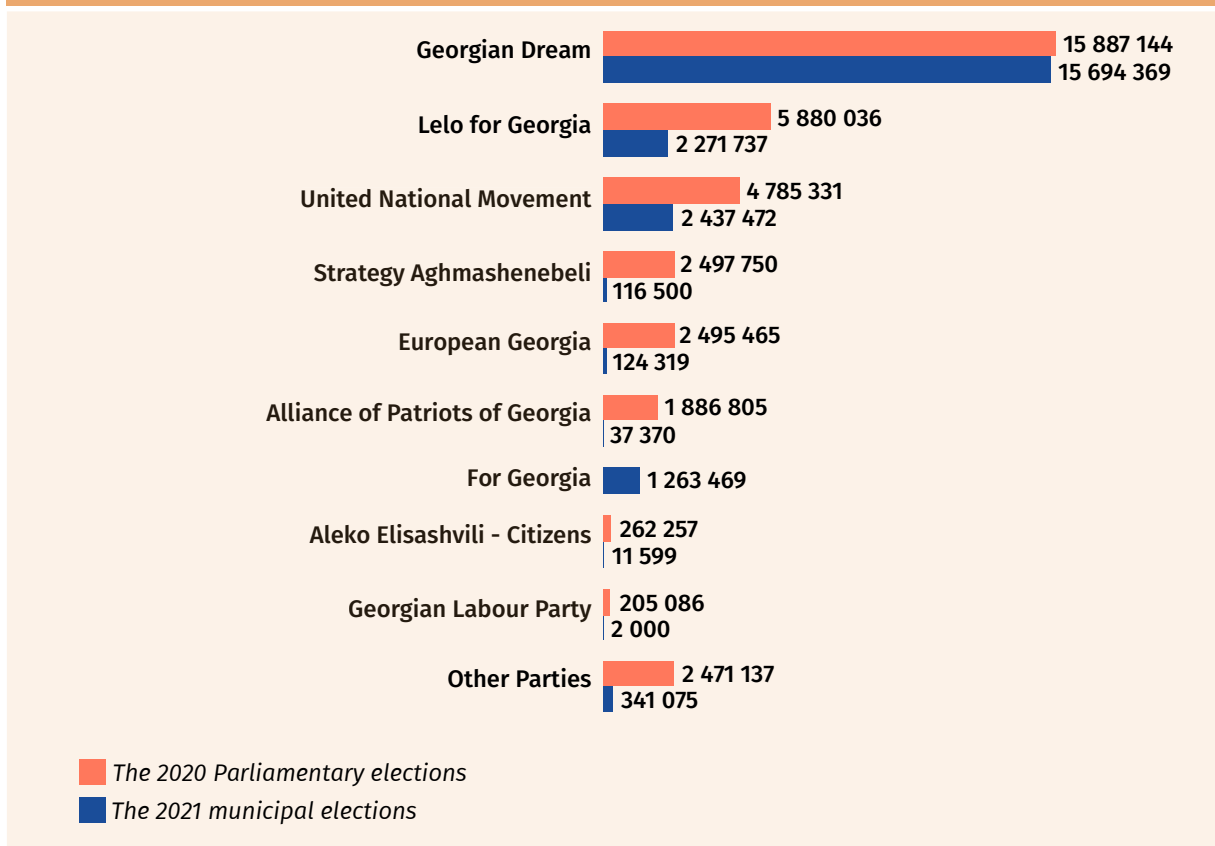


Figure 1.2. Donations of the political parties during the election period (₾)

Note: 2020 electoral donations: GD, UNM, EG, GLP, AEC - 01.09.2020-03.12.2020; Other political parties - 01.09.2020-13.11.2020. 2021 electoral donations: GD, UNM, Lelo, For Georgia, European Socialists (ES), Free Georgia (FG), United Georgia - Democratic Movement (UGDM) - 02.08.2021-13.11.2021; Other political parties - 02.08.2021-16.10.2021

Source: State Audit Office, 2020-2021

1.4.2. The socio-demographic base of the donors

Among the Georgian political parties enjoying the highest support, high dependence on large donors is noticeable. In the latest parliamentary elections, APG, Lelo, SA, and GD were distinguished by the sizable amount of the average donations. During the election period, the amount of a single donation paid by one natural or legal person to the benefit of a given political party varied, on average, from 25 thousand GEL to

40 thousand GEL (among the studied parties, AEC, GLP and EG were characterized by a high share of the small-size donations). Whereas in the 2021 municipal elections, the average donation level reached the maximum among the donors of Lelo, followed by the GD and the UNM. The average level of donations was significantly lower than during the period of parliamentary elections for all other political parties.

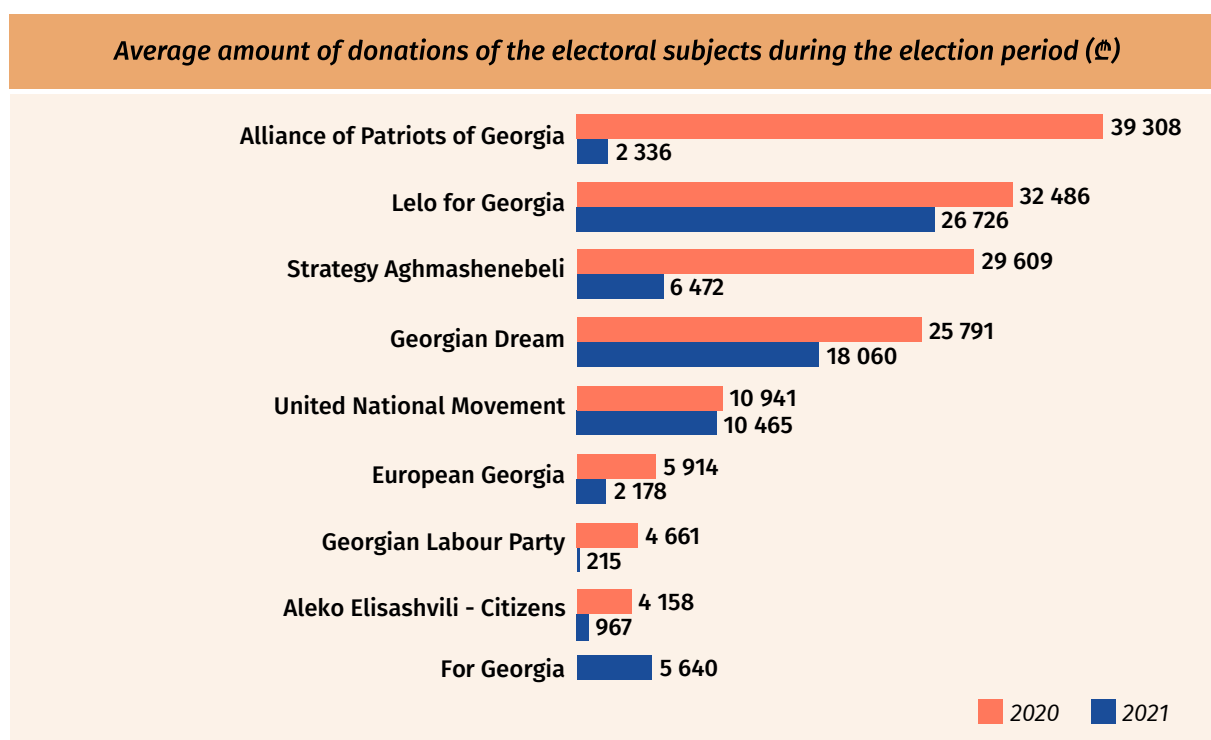


Figure 1.3. The average amount of donations in 2020-2021

Note: 2020 election revenues: GD, UNM, EG, GLP, AEC - 01.09.2020 - 03.12.2020; Other political parties - 01.09.2020 - 13.11.2020. 2021 election revenues: GD, UNM, Lelo, For Georgia - 02.08.2021 - 13.11.2021; EG.

Source: State Audit Service, 2020-2021

Political party Girchi, which does not submit the information regarding the received donations to SAO, states that its donors mostly donate small sums to the political association. In addition, they are often more numerous than donors of some large political parties. The party aims to increase the number of donors even more. The future strategy of the EG is similar. According to its representative, broadening the number of small donors to the extent possible is the way to stabilize the party revenues.

„We, for example, are moving toward so that we are willing to gather individuals who will pay some 5 or 10 GEL symbolically and we need to increase the circle of people by, be it, for instance, 5-6 thousand or so. We work in this direction in the regions as well, we introduce our projects, which we implement, for example, together with various non-governmental organizations. (EG representative)“.

Some political parties develop an opposing view. They think that regardless of their number, a political party cannot compete with the parties with large revenues, with only small donors' support.

„It is an illusion, and nobody can convince me that you can made a difference with one Lari donations from ordinary citizens, it is impossible. Even if three million people transfer one Lari each, it would not be the amount to compete...“.

The representatives of the opposition political parties highlight the uneven geographical distribution of donations. As they say, given the significantly more prominent role of the capital city in the country's economic life, the supporters who reside in Tbilisi can generally provide financial support for the party. However, the high frequency of involvement of business enterprises in public procurement in the regions deepens this imbalance even further.

Some parties receive donations from emigrated Georgian citizens as well. Among others, funds from Georgian citizens living abroad are considered essential for the party's financial stability by the UNM's representative. According to them, the party received more frequent donations from emigrants due to the absence of political pressure mechanisms abroad.

Representatives of some political parties stated during the interview with the ISFED that their party received funds not only from the emigrated Georgian citizens but also from foreign citizens who are the representatives of the Georgian diaspora. Notably, such kind of donation is prohibited under Georgian law.

The dominant share of young donors is noticeable for the parties Girchi and GMF. According to them, the reason for this is the relatively young age of the supporters and party members. Such a trend cannot be identified with other studied political parties.

1.4.3. Business enterprises as donors for political activities

For most political parties, support from business enterprises is the most convenient way of receiving funding. Furthermore, most of them agree that in exchange, the political party has to reflect the interests of the given group in the electoral platform. For instance, the representative of the European Georgia thinks that the party's ideology, which envisions lower taxes, should be acceptable for business enterprises. On the other hand, they consider that a business enterprise should not be the primary donor for a party.

„The business should not be a main source [of party financing] ... In general, the party should be financed by the electorate, and, of course, business enterprises should also finance the party for the particular parties to make changes in favor of the business (EG representative)“.

The representative of GMF highlights the close ties of the large business with the political system. Even though the party, according to its representative, shares the right-libertarian economic policy favorable for the business people, it assessed the efforts for raising funds from large business enterprises as unsuccessful. The representative of the party explains this by the principle of reciprocity as well and views the government as, in fact, the only natural partner for the large business enterprises in Georgia.

„We are a libertarian party, right?! And [support] free market, but nobody is interested in it in this country. Why should not the business entities want lower taxes and fewer regulations, but they have no interest. What they are interested in is to be on good terms with the government, to obtain licenses or something from the budget. This is what interests them, and that is why they are quote-on-quote large business corporations. If you stop providing some things, there is no business whatsoever, all of them will disappear. Unfortunately, this is the reality. Accordingly, they are not going to finance us (GMF representative)“.

Some parties consider the compatibility of their electoral program and business interests less likely. The GLP names a minimal statutory salary as an example of one of such program goals. According to the party's representative, this is one of the reasons the business entities do not finance the party. The representative of the AEC thinks that founding the party on donations of large business entities makes them accountable toward them, which prompts the unhealthy positioning of the political association. Considering the above, the party refrains from communicating with large donors to avoid limiting its autonomy.

“Our policy is, so to speak, also comparatively hard to perceive for the business enterprises, for example, why you may be good for the business if we request the establishment of minimal salary ... And, if there is anyone left free in business, they refrain from financing this kind of ideas and do not make such donations (GLP representative)”.

1.4.4. Business enterprises and the ruling party

The opposition parties point to a tight connection between the large business enterprises in Georgia and the ruling party. According to them, the companies participating in public procurement and the natural persons behind them only finance the ruling political party, and they are the main economic actors in the country's regions. The representative of the UNM, a political association in power from 2004 to 2012, does not deny that the large business enterprises usually acted to the benefit of the ruling party at that time. Some respondents among the representatives of the political parties recall the failed efforts to communicate with large business enterprises as well and name the fear of losing chances of success in public procurement as the reason for it. The parties' representatives also consider that there are prior corrupt agreements between the ruling party and a particular group of business enterprises, and the winners of the public procurement are precisely the companies that, in turn, express the readiness to finance the ruling party.

„Where does, in reality, the money in the Georgian Dream comes from. We do not have an illusion that Bidzina Ivanishvili takes the money from his pocket and puts it into the piggy bank of the specific party. We do know that this is part of the big corruption scheme, where particular persons, particular groups of business enterprises affiliated with the government are put under favorable conditions by the state through commercial transactions, as these people make money and then bring back the “cashback”, based on which, we pay our money to public officials, and some part of the money goes to the party purse, where, subsequently, the election campaign of the party is financed from, and this is supposed to continue like this, cyclically, over the years. In any case, this is how the Georgian Dream has planned it (the representative of the party “for Georgia”)“.

Notably, the monitoring results of the campaign financing confirm the connection of the public procurement participants with the ruling party as well. As Transparency International - Georgia has noted in multiple reports, over the years, several large groups have been formed among the donors of the ruling party that finance the party with large sums almost annually. The organization has identified a common trend characterizing all such groups, according to which the majority of the people in these groups donate money to the ruling party either the same day or a few days apart.⁹ In the final report on the funding of the 2020 parliamentary electoral campaign, Transparency International Georgia has indicated that the companies linked to the donors of the ruling party have won public procurements valued at approximately GEL 68 million until November 17 of the election year. During the same period, these donors contributed 1.6 million GEL to benefit the GD.¹⁰

9. Transparency International - Georgia. July, 2022. Georgia’s Political Finance in 2021: Revenues and Expenditures of Political Parties and Financial Oversight. Accessed November 29, 2022. <https://transparency.ge/en/post/georgias-political-finance-2021>

10. Transparency International – Georgia. December, 2020. Campaign finances in Georgia’s 2020 parliamentary elections –(final report). Accessed November 29, 2022. <https://transparency.ge/en/post/campaign-finances-georgias-2020-parliamentary-elections-final-report>

1.4.5. Donations from the candidates

The electoral candidates are among the most motivated to donate funds to political parties. As the results of the survey of the nominated candidates in the 2020 parliamentary elections and 2021 municipal elections show, approximately every fourth candidate has made a monetary donation to its nominating party.

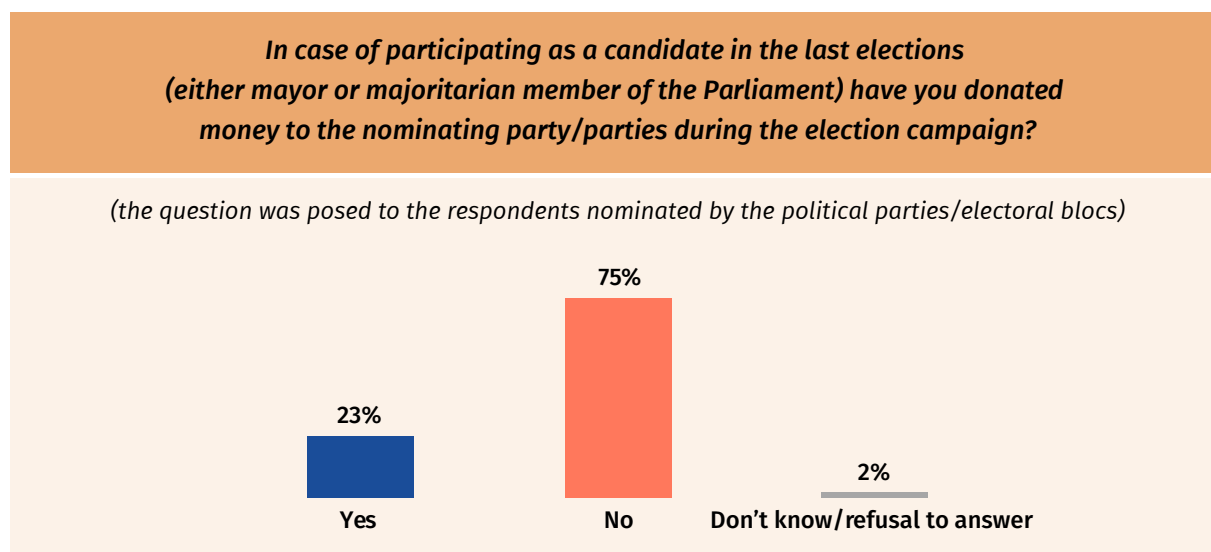


Figure 1.4. The results of the interviews with the candidates regarding the donation of funds to the nominating political association

Sometimes, the donation from the candidate in the campaign fund is directed straight to his/her electoral needs. In such a case, the candidate fully retrieves the money that he/she transferred using various services or necessary campaign materials. In other cases, the funds the candidates transfer to the party's account are utilized for the everyday needs of the party and its nominated candidates.

1.5. Revenues of the candidates nominated by the political parties

The electoral fund of the Georgian political associations is centralized, meaning that candidates of political parties and electoral blocs have no right to collect income or pay expenses with other funds, except for the electoral campaign fund submitted by

the nominating election entity to SAO. The only legal revenue of the party candidates is the expenses from the account of their nominating electoral subject and any goods or services received for free. In the two latest ordinary elections, the main funds for running an electoral campaign of the respondent candidates nominated by the political parties derived from the materials and purchased services provided by their nominating parties. Most respondents received posters, flyers, and leaflets, whereas approximately half received branded materials (clothes, accessories, a flag, and others) and banners. Only 6% of the respondents have received no campaign materials from the nominating political party at all.

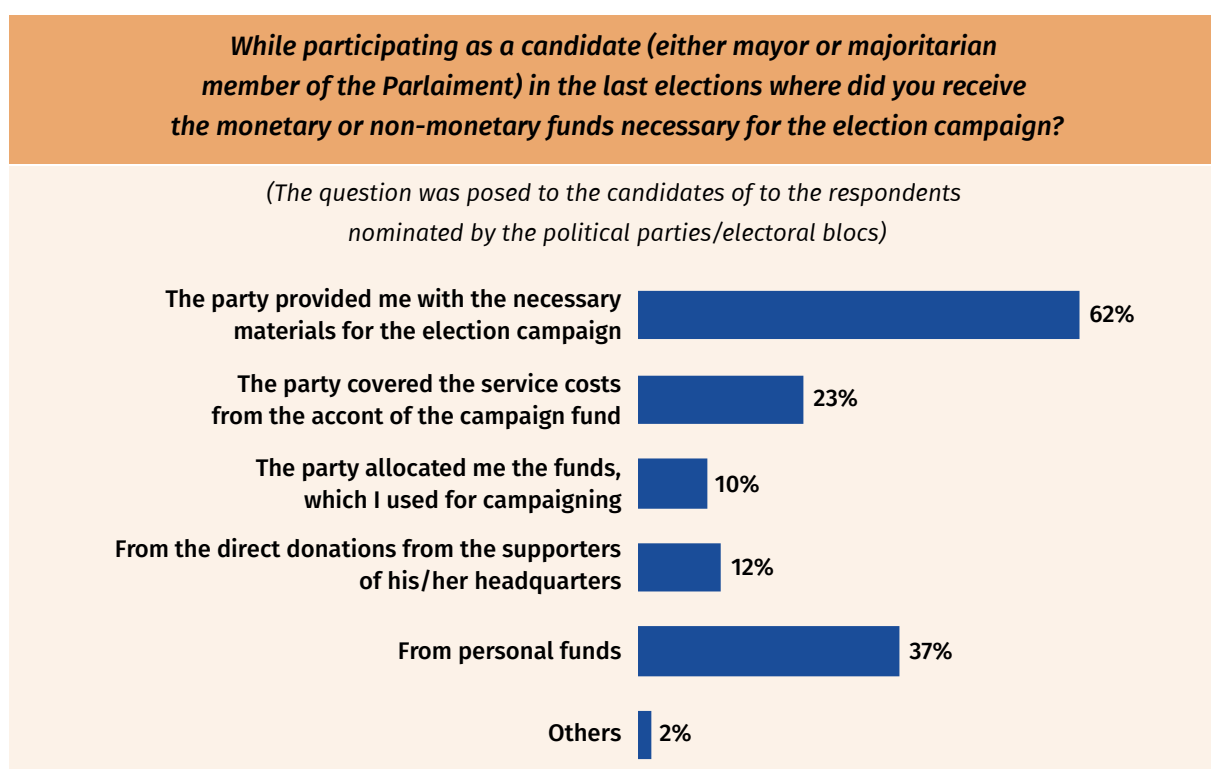


Figure 1.5. The results of the survey with the candidates, candidates' revenues

What kind of campaign material did the nominating political party provide you with?

(the question was posed to the respondents nominated by the political parties/electoral blocs. Multiple responses were allowed)

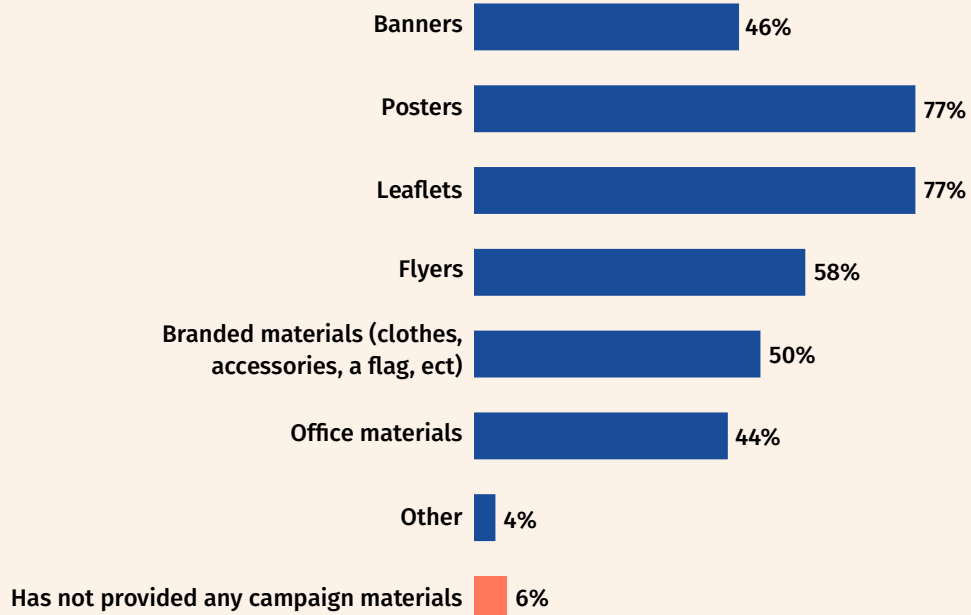


Figure 1.6. The results of the surveys with the candidates, campaign materials provided by the nominating political party

According to the evaluation of most respondent candidates, the timeframes for providing the material necessary for the election campaign by the nominating political party are mostly or fully in line with the optimal agenda they had envisioned. However, approximately half of the respondents consider the provided materials insufficient for a comprehensive campaign.

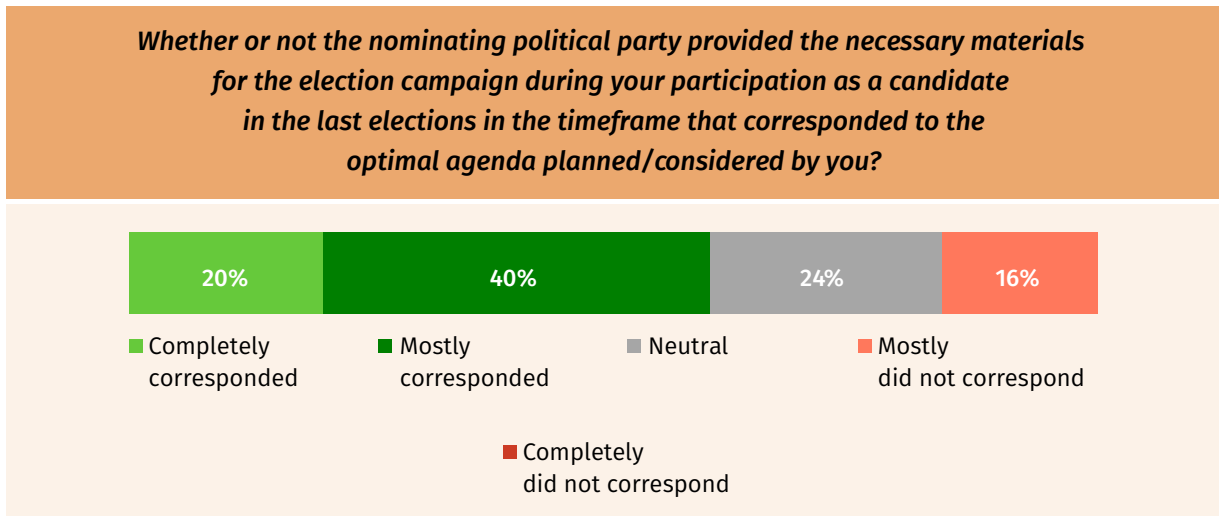


Figure 1.7. The results of the survey with the candidates, timeframes for the provision of the campaign materials

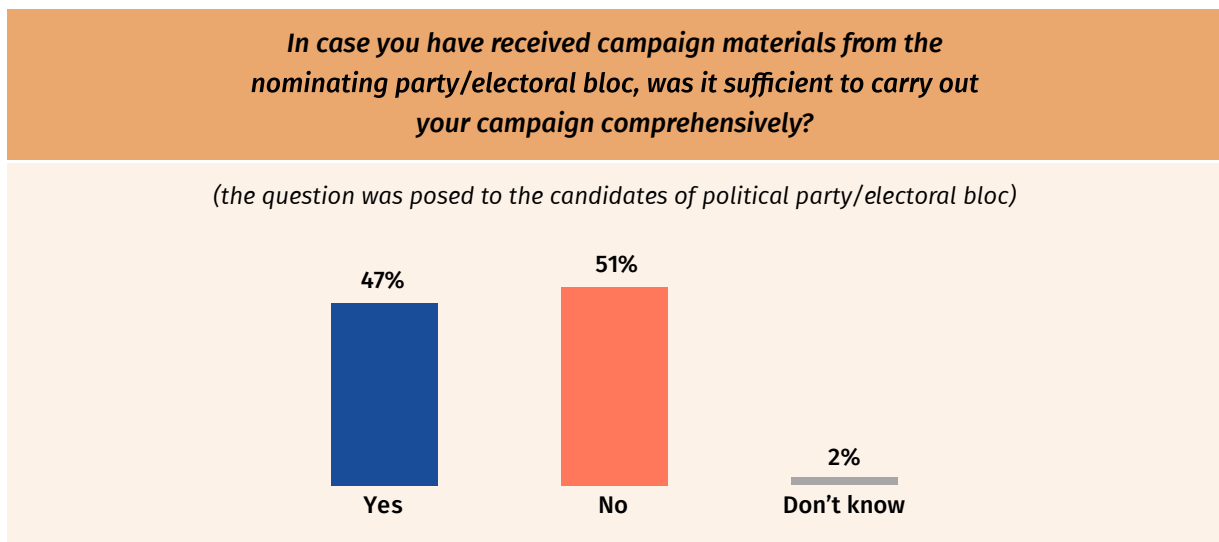


Figure 1.8. The results of the survey with the candidates, the sufficiency of the provided campaign materials

The Electoral Code of Georgia prohibits using any other sources of revenue by an electoral subject during the election period other than from the respective electoral campaign fund. Nevertheless, 12% of the respondent candidates of the party name direct donations from the supporters of his/her headquarters among the sources of revenues. Moreover, 37% of the respondents used personal funds to conduct an election campaign during the last elections. It is unknown whether or not the funds were declared to the SAO in accordance with the law.

1.6. Reasons for weak fundraising

Political parties name three main reasons for the weak fundraising for the election fund. Some parties consider that one of the reasons is the poverty of their electorate; Some explain the receipt of insufficient donations due to the pressure or fear of the government, whereas some identify the absence of a party-financing culture by the regular members as one of such reasons.

Candidates rarely carry out a campaign for raising funds for the election campaign independently from a party. In addition, as the survey results show, most respondents who have carried out a fundraising campaign consider such efforts entirely or primarily unsuccessful. They name the insufficient effort, social problems of the citizens, lack of resources, reluctance of the business enterprises to cooperate with the opposition, and/or the barriers coming from the State Security Service as the reasons for the failure.

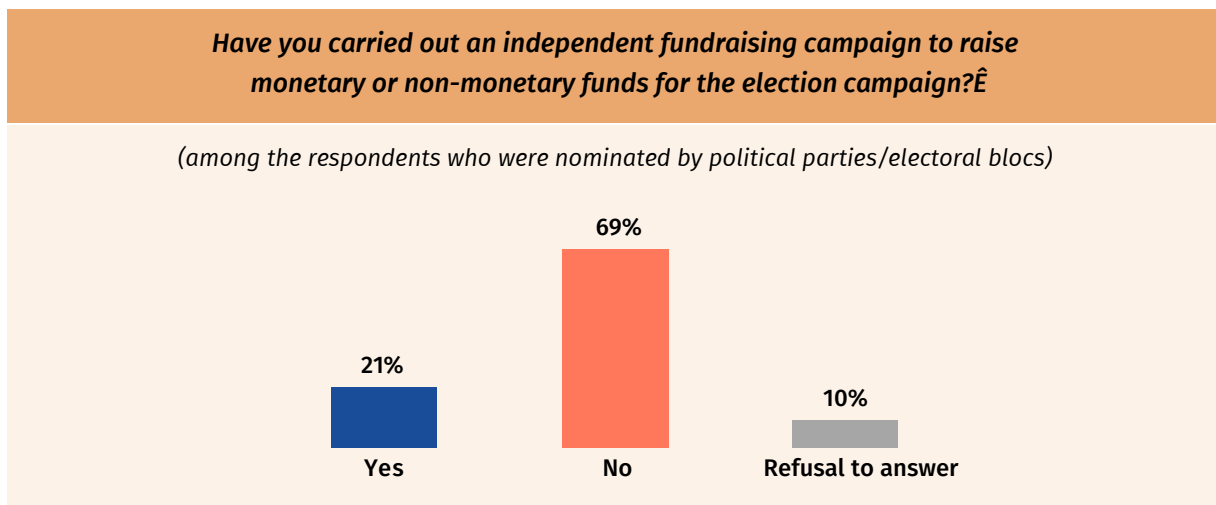


Figure 1.9. The results of the survey with the candidates, an independent fundraising campaign

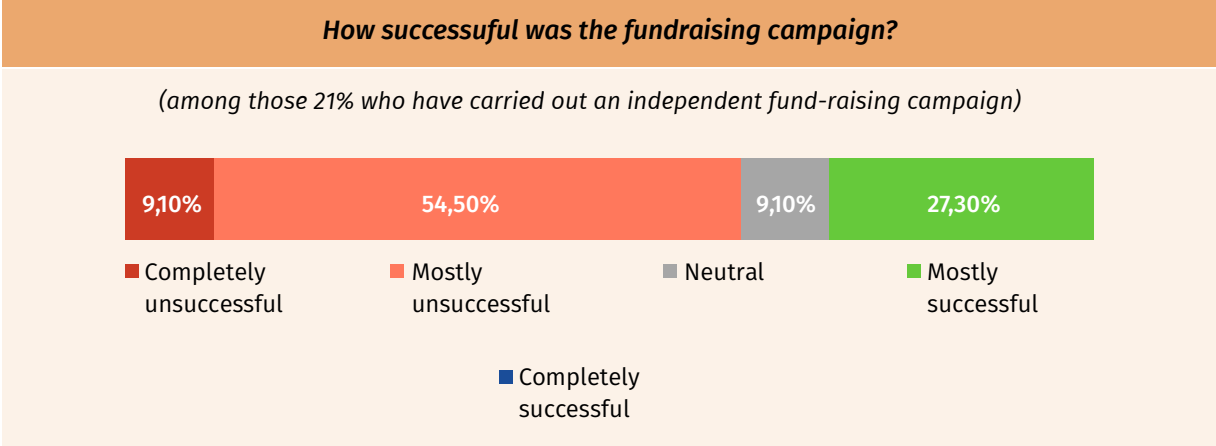


Figure 1.10. *The results of the survey with the candidates, the effectiveness of the fundraising campaign*

The opposition political parties link the lack of donations to a large extent to the pressure exerted on their supporters. According to them, such pressure comes from the state bodies.

„There has not been a case during the pre-election period when there was some small business entity affiliated with our party and a revenue service did not raid it or posed some problems to them (the representative of the party For Georgia)“.

“[The party] is unable to raise funds because the current ruling political party does not let the business be free. A businessman is afraid that if it comes and donates the money, then they go and destroy the business entirely, right? Like, the person is scared. Plus, it is also unimaginable, for instance, for someone to bring black money to the opposition party, right? Like they sit and listen, they listen to us, monitoring devices are installed all around us, video cameras, and, like, it is too much even to imagine (EG representative).“

“A lot of people have a problem with open cooperation since funding the opposition comes with too many risks for the business. As a personal example, in 2016, when people close to me, who are developers, decided to stand beside me and finance the campaign, a representative from the secret services “with good intentions” went and told them that this was the red line for the government, they would not like it, and it would be good, even though we do not forbid you, it would be good if you refrained from it and these people apologized and left (SA representative).“

“You know what? Firstly, this is the reason why those who have money and who can make a valuable contribution to the party, part of them are simply scared to donate money to the opposition party – the Laborist Party and mainly spin around the governing party or around the largest opposition party (GLP representative).“

The representatives of the political parties draw attention to the weakness of the party financing tradition in Georgia. According to them, most voters cannot comprehend why they should donate money to a political association. Some respondents even recall such instances from their experience when the supporters request financial support from their political association. According to one of the respondents, voters often “simply do not transfer any money” if they are not offered some benefit in exchange. The representative of the AEC names the sale of the book published by the party leader, “This is Saburtalo”, as a successful example. For Girchi, an example of such successful fundraising is the donations made in exchange for exemption from the mandatory military service to a religious organization “for biblical freedom” registered by the party’s representatives.

„There are such people living in Georgia that they expect the party to pay them instead of them paying to the party. Like, they cannot comprehend why they should pay. It might be parties’ problem as well, ours, as we do not explain properly what is it for, but due to a huge mistrust, and... “why do you ask me for money” is very widespread. In short you need to spend such a large amount of resources to explain to someone that his/her 5 GEL is, in fact, for him/her (AEC representative).“

“Instead, they ask more from you. That they do not have money for the surgery... that he/she is our supporter... does not have money for transportation, food...The Facebook page of Giorgi Vashadze is usually busy with this, that such people ... we have hired a person who manages Facebook, we collect it and try to help these people legally, to the extent possible. No donations, more often we have to give money, rather than receive donations (SA representative).“

1.7. Sufficiency of revenues

In the in-depth interviews, the respondent representatives of the opposition parties mainly emphasize that the election campaign fund is insufficient for a comprehensive election campaign. The funds collected in the election fund do not create a competitive atmosphere and render it difficult to administer a fully-fledged campaign. Due to insufficiency of funds, according to the representative of one of the parties, an election campaign “seems more like an entertainment or a game rather than real politics.” According to the evaluation of the representative of one of the parties, if you, as a party, “do not have at least 5 million GEL, there is no point in starting a campaign since you will not be able to exceed 3% “threshold”. “Due to insufficient funds, as noted by some respondents, the candidates were unable to meet the citizens at the very least.

„We experienced an evident lack of funds for basic things. For instance, we were constantly going to regions, and we bought the fuel and paid the fines by ourselves (the representative of Girchi).“

“When, due to the financial situation, you are unable to visit the regions, as you are unable to pay for the fuel, for example, or you do not own or cannot rent a car... yeah, well, when I cannot go, for example in Akhmeta, respectively, I will not have that many votes (EG representative).“

Among the respondents, the representatives of the parties Lelo and For Georgia assess the sufficiency of revenues in the election fund differently. According to them, their political association managed to mobilize the intended amount for the campaign. The representative of Lelo thinks that due to the closeness of its members with the business circles, the party was able to gather sufficient donations. Considering that the party For Georgia was registered only several months before the 2021 municipal elections and did not benefit from the state funding, its representative is also satisfied by the amount of party revenues for the last elections.

„It is very rudimentary... funds [from state budget] are physically insufficient to do things, important things (EG representative).“

“[Funds from state budget] has definitely not been sufficient (UNM representative).“

“It was completely insufficient. The state funding was a huge luxury. For us, it was a big resource, but all things considered, it was nothing (AEC representative).“

“In terms of finances, state funding used to be the means for survival (GLP representative).“

“[State funding] is sufficient to cover the expenditures (the representative of the Lelo).“

The majority of the representatives of the parties surveyed during the study that were eligible for funding from the state budget (For Georgia and Girchi – More Freedom were not qualified for the state funds, whereas the members of Girchi refused to utilize the funding from the state budget for the election campaign), consider that this funding does not allow a political association to run a campaign. According to them, the funding is sufficient only for providing basic needs, including having central or, in some cases, several regional offices.

Similar to the representatives of the political parties, the existing revenues are considered completely or mostly insufficient for most needs by the respondent candidates. In addition, the candidates from the ruling party deem the election funds for the comprehensive management of their campaign more sufficient than the candidates of the opposition parties.

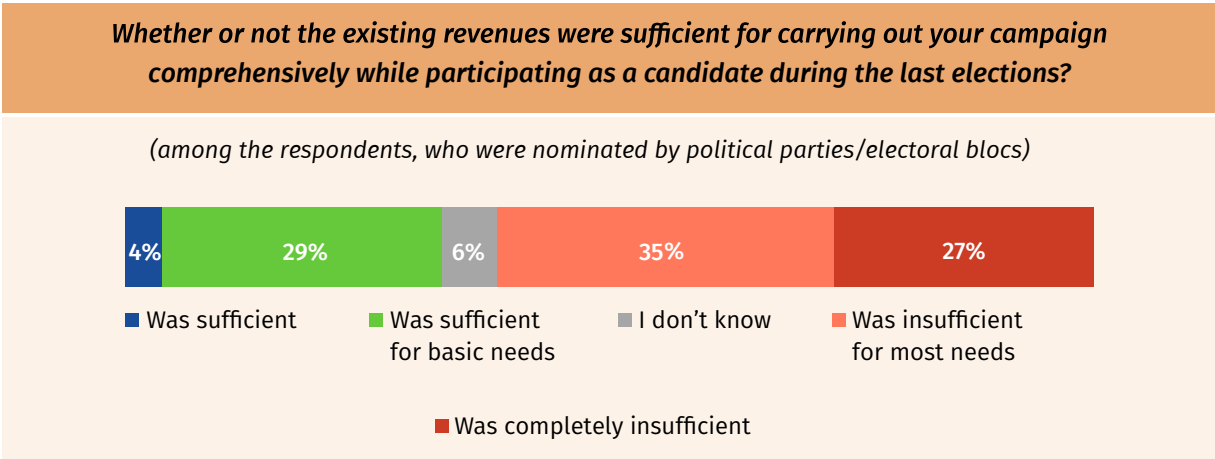


Figure 1.11. The results of the survey with the candidates, sufficiency of revenues

At the same time, some of the party representatives consider that there is no direct causal link between the campaign budget and the gathered votes. For example, for the representative of Lelo, the number of votes received is not proportional to the amount of money the party spends in the elections. While the party managed to mobilize the financial resources to achieve its objectives, it was not satisfied with the number of votes received, which was explained by other problems. The respondent from the party For Georgia also notes that, in addition to the finances, the human factor plays a vital role in the election results, “righteous ideas and values, for which people unite.”



2. Expenditures of the election campaigns of the political parties

2.1. Amount of expenditures of the election campaign

As a result of the quantitative study of the SAO data, expenditures were increased in the last parliamentary elections. More specifically, political parties participating in the 2020 parliamentary elections spent approximately 11 million GEL more than the political associations registered in the 2016 elections. The main reason for the increase in expenditures is the increase in the number of parties participating in the elections. Furthermore, political parties speak about the rise in the value of campaign services, given the inflation. A representative of one of the parties considers that the conduct of many new, solvent parties as the market consumers are the reason for the increase in advertising costs.

“The prices of the campaign itself on the market have changed drastically. I remember the prices of both the 2020 and the 2021 elections. Look, for instance, even if you put up several billboards, the transaction is carried out in dollars, and when you exchange in dollars, you realize that, in fact, you have four times less money ... (AEC representative).“

“We have a very high inflation rate in our country. Hence, prices of goods and services increase catastrophically. In a country with a 13% inflation rate, yeah, of course, everything got more expensive in our life. All these services, be it products needed for a fully-fledged election campaign, have significantly increased (a representative of the Lelo).“

For most political parties in Georgia, the expenditures for municipal elections are more modest. The ruling party is an exception. For example, while GD spent almost as much money in the 2021 municipal elections as in the 2020 parliamentary elections, the election expenditures of the five most high-budget opposition parties in 2021

have decreased at least twice. The political parties link the amount of the election expenditures to the type and significance of the elections, amount of revenues, and chances of success of the party according to the surveys.

“[Planning the expenditures] is mostly determined by how much money you have, then by your campaign, how you manage it, which elections you have... If it is general national, according to how many candidates you have, how much you plan to take, what are the surveys... Like, it comprises too many components, how you ought to plan an election campaign, and what kind of campaign you are planning and then you already determine, what the money should be spent for and how much (EG representative)“.

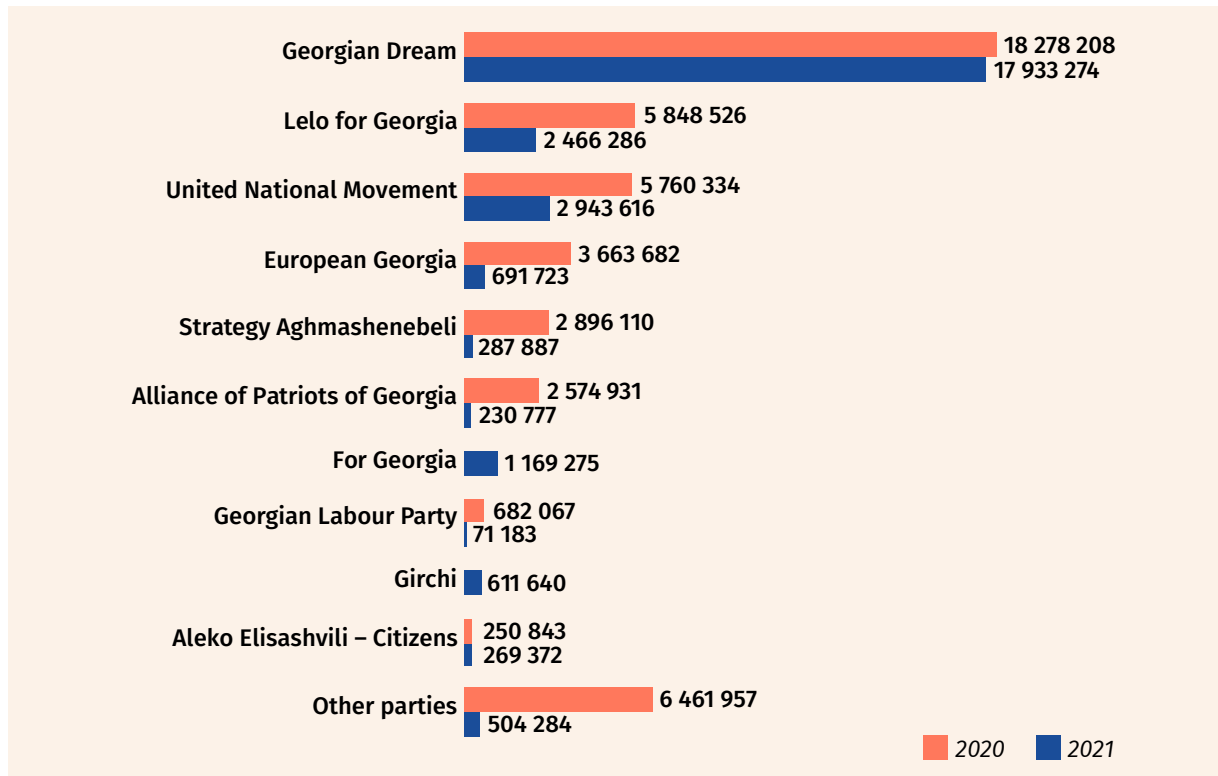


Figure 2.1. The expenditures of the political parties during the election period (GEL)

Note: Electoral expenditures in 2020: GD, UNM, EG, GLP, AEC - 01.09.2020-03.12.2020; Other political parties - 01.09.2020-13.11.2020. Electoral expenditures in 2021: GD, UNM, Lelo, EG, For Georgia, ES, FG, UGDM - 02.08.2021-13.11.2021; other political parties - 02.08.2021-16.10.2021.

Source: State Audit Office, 2020-2021

2.2. Prioritizing the Expenditures

Allocation of the expenditures by the political parties during the election campaign is mainly based on the amount of their revenues. Since most parties have limited income, the funds collected in the election campaign fund are often insufficient to satisfy all needs. Therefore, they need to distribute the funds according to priorities. Some parties sometimes can pre-determine the presumed approximate amount of the received funds and plan the budget of the election campaign fund accordingly. However, when the received funds are significantly lower than planned, or its collection is unstable, the political parties face many obstacles in the election campaign process.

One of the tools for the parties to optimize the expenditures is prioritization on a territorial basis. Some parties direct more money for the municipal elections to districts with more chances of winning/obtaining seats or a developed party infrastructure. As the representatives of some of the parties state, they also consider the pre-election survey results and determine the priority electoral districts based on that. In the case of a small political association, priority is given to the electoral districts of Tbilisi and other large self-governing cities (Batumi, Kutaisi, Rustavi). In part, they have used the same strategy during the parliamentary elections based on the mixed electoral system.

“The party was established in August [2020], there were two months for campaigning, and it was precisely a matter of maximizing the results based on the minimum in two months, and the priorities were set so that we started campaigning where it was visible from the surveys that we were doing well. Otherwise, we would waste the resources (AEC representative).”

Some political parties refuse to direct the funds toward expensive services due to insufficient financial resources and use the funds' resources for more optimally priced activities. For instance, most of the representatives of the studied parties consider affording the costs of TV commercials challenging. According to the SAO data, among the 42 parties that submitted the declarations of their financial turnover for the 2020

parliamentary elections, only 12 spent funds on paid political TV commercials. As for the 2021 local elections, among 28 parties, only 7 political associations incurred the expenditures for TV commercials.

“If you compare the cost of putting up a billboard on the market now and the cost of the TV commercial, the cost is so colossal that we would not be able to afford it. Therefore, strategically, we would physically be unable to make a TV commercial. Thus, naturally, we did not even start to think about it (a representative of the party For Georgia).“

“As for the outdoor billboards, there is no chance, it is colorful like that everywhere... I think we would not do that, no matter how much money they give us, it is further ineffective (we would do something creative in several places). All in all, we refused it as well, because it was costly. Especially, it is usually very expensive during the elections and when we counted, if there was a choice to make, for that price, between making one big billboard somewhere or creating video content with that money, which we would boost on FB, we chose that it is better on FB, since we show it on FB to much more people and it is better, to make it there (GMF representative).“

The parties with small revenues, such as the GLP and AEC, consider a door-to-door campaign with voters as an optimal method for election campaigning, given the lack of financial resources. Moreover, according to them, even though such a campaign is connected to fewer expenditures, the human and time resources are still insufficient for running a far-reaching national campaign. Increasing human resources to cover more territory, in turn, required more financial resources.

2.3. Advertising Expenditures

During the election period, the majority of the total expenditures of the studied political parties are advertising costs. The spending from the electoral fund of the party for purchasing advertising services and products are directed to the political associations' common-national campaign of the candidate in the electoral district. The electoral subjects usually spend the most money on TV and outdoor advertising.

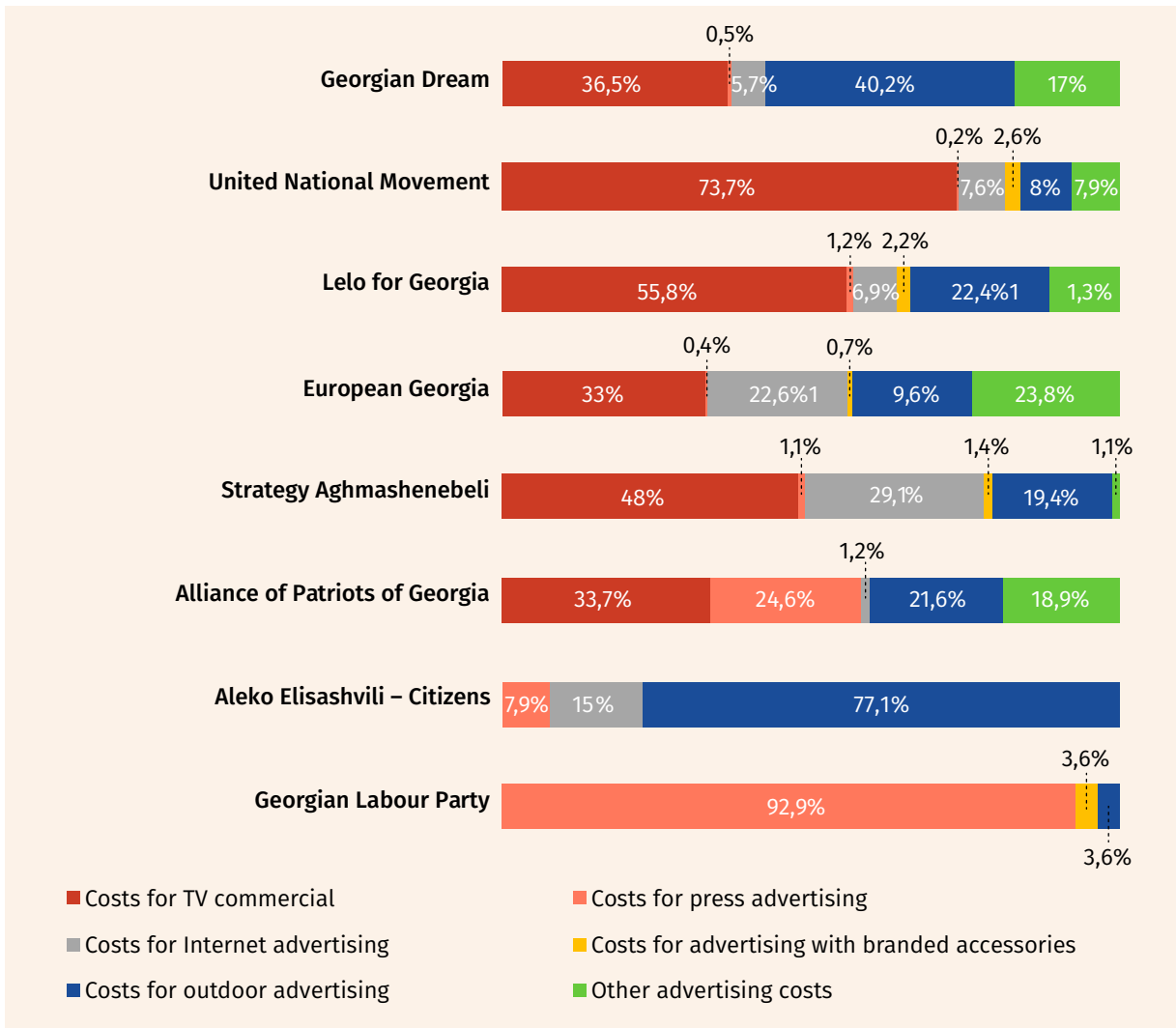


Figure 2.2. Types of advertising expenditures for the 2020 parliamentary elections according to the studied parties (01.09.2020-31.10.2020)

Source: State Audit Office, 2020

According to the survey results of the parliamentary majoritarian and mayor candidates of the last two elections, to support the candidacy of half of the respondents, the nominating political party/electoral block paid the expenses of advertising services. Among others, most often, advertising support was provided through placing the advertisements on the Facebook pages of a party and individual and purchasing the TV commercials.

Whether or not the party/bloc has incurred the costs of the advertising services during the election period to support your candidacy (mayor or majoritarian member of the Parliament) while participating as a candidate in the last elections (on television, radio, internet, social media, print and outdoor ads)?

(the question was posed to the candidates of the political parties/electoral blocs)

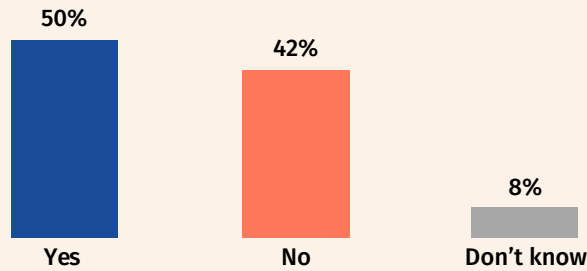


Figure 2.3. The results of the survey with the candidates, incurring the advertising expenditures by the nominating party/bloc

What kind of advertising costs were incurred to support your candidacy?

(those respondent candidates from the political party/electoral blocs to the benefit of which the advertising services were carried out; multiple responses are allowed)

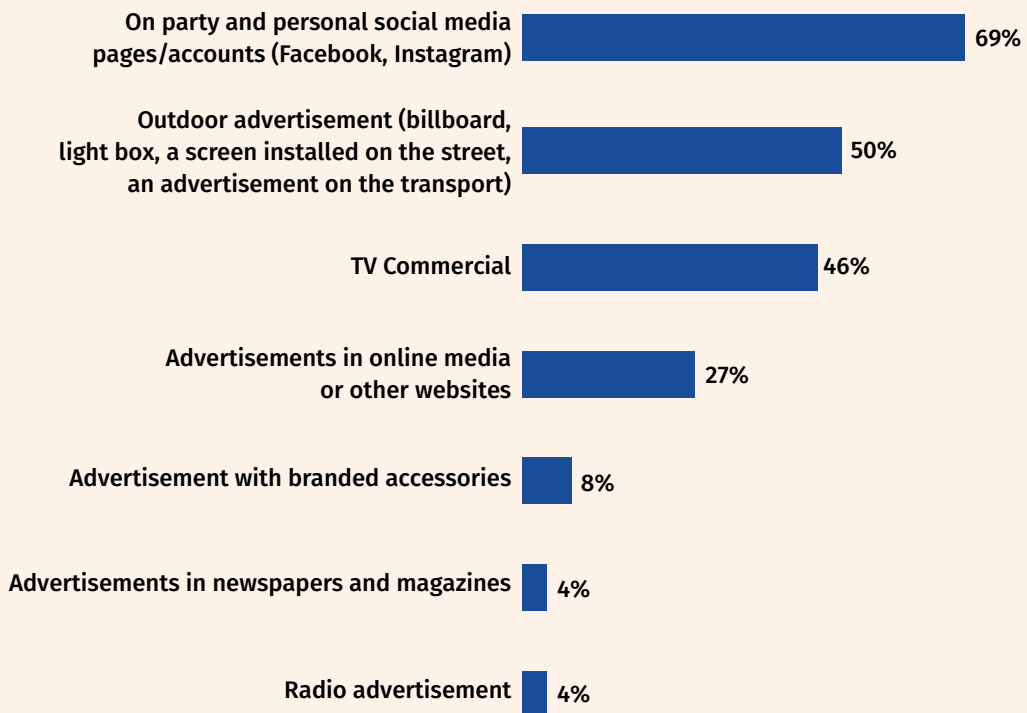


Figure 2.4. The results of the survey with the candidates, types of advertising expenditures incurred by the nominating party

According to the representatives of the political parties, while planning the advertising campaign for the candidates, they consider the local specificity and the needs of the candidates. While putting up billboards is regarded as a priority for some candidates, others, for example, prefer leaflets and flyers. If local broadcasting is in the electoral district, the candidates are also willing to place TV commercials. As the parties' representatives state, they allocate the basic necessities almost equally among all candidates. In addition, some political associations consider factors such as the chances of winning/receiving high support, the funds raised by a candidate, etc. Unlike other political parties where the expenditures are centralized, in Girchi and in GMF, the candidates' election campaigns are planned and executed independently.

“When we have majoritarians, for example, we have, mayor candidates in other districts, we just sit and, these mayor candidates, for example, who needs a billboard, right? Who needs a poster, who needs a flyer, who needs a triplet, a leaflet? ... someone says that I, for example, do not want a poster, that I am so famous that I do not need a poster at all, and I rather have a leaflet. Someone tells us that I, for example, need a billboard (EG representative).“

“We put all effort to provide all basic rights to these individuals so that they have a poster, leaflet, fuel... we distribute it to them on a basic level, equally, not so that someone is distinguished. Such a thing is excluded. The funds are transparent as well. To secretly privilege, say, a majoritarian of Lagodekhi and fund... such a thing cannot happen (UNM representative).“

2.3.1. TV commercials

For the majority of the Georgian population, the primary source of information is television. Thereby, the political parties' representatives consider it the principal means for delivering their messages to a broad segment of voters. Falling within the broadcasting network of the high-ranking national broadcasters and placing the paid political commercials there during the election period is viewed as an essential determinant of the voters' behavior by the majority of the representatives of the po-

litical parties in focus. However, for the parties with small resources, purchasing the optimal amount of time for paid commercials in the leading national broadcasters is often considered impossible.

To support the parties' election campaigns, qualified electoral subjects in Georgia benefit from unpaid commercial time with national and local broadcasters. For this, they must satisfy the statutory minimum of the votes received in the last elections. Moreover, the broadcaster may recognize as a qualified electoral subject a political party that enjoys the support of at least 4% of the voters according to the results of at least 5 surveys carried out during the election year or the results of the survey carried out on the whole territory of Georgia within 1 month before the elections.¹¹ Nevertheless, the party For Georgia that satisfied the above requirements according to the survey results of the pre-election period in 2021 has not used this power.¹² The political party itself was not allowed to request free air-time. In addition, some representatives of the political parties who benefit from the free air-time point to insufficiency of the allocated time. According to them, the time allocated for the political party is insufficient to properly deliver their messages to voters. The representative of the UNM also highlights the insufficiency of time once it is split between the parties in the electoral bloc.

Parties must seek even more financial resources for political TV commercials without free air time. Given the limited revenues, some parties have never purchased paid TV political commercials, including AEC, GMF and For Georgia. However, a new political power Lelo created in 2020 managed to buy paid political commercials in 2020.

“In the case of 2020, the most finances were used for a TV advertising campaign, since it is expensive when you are not a qualified subject and do not have free air-time (the representative of the Lelo).“

11. The Organic Law of Georgia “Election Code of Georgia” Article 51. Information support to election campaigning. Paragraph 8.

12. On.ge. 09.09.2021. Georgian Dream 33%, UNM – 25%, Gakharia 10% — Results of the Edison Research Survey <https://on.ge/story/88881-edison-research>; On.ge. 28.09.2021. Georgian Dream — 49,6%, Gakharia for Georgia 5,3% — GORBI Survey. accessed March 30, 2023. <https://go.on.ge/2gs4>

“Due to a lack of resources, our political party has never had a TV commercial. We also did not have free TV air-time to reach the audience and deliver our views to the individuals about our plans for 2021 (the representative of the party “for Georgia”).“

“We understand that TV space is the space from where the vast majority of the population receives information today. If we had a lot of money, we would place a commercial on TV. We refuse to do so because I have physically never had such amount of money (GMF representative).“

“Paid commercials are an entirely unimaginable luxury for political parties having the kind of budget like us. The big parties may be able to afford it, but... Media is also focused on sales. For instance, how the common network will be filled, this is also a package that you purchase (AEC representative).“

2.3.2. Outdoor advertising

Among the advertising costs of the political parties, outdoor advertising takes up second place after the TV commercials, including expenditures incurred by the parties for such advertising services as a billboard, a screen installed on the street, a light box, advertising on transportation, etc. However, some of the studied political parties have not utilized such services. Among others, the representative of GMF considers putting up billboards as a less efficient means of advertising.

For the 2021 municipal elections, outdoor advertising was the primary advertising expenditure for the party For Georgia. However, the party’s representative is not convinced that this advertising campaign was effective.

“The most significant amount of funds was spent on the billboards, which, I do not know how effective it is in this digital world. People might even be annoyed by seeing a candidate on a minibus or smiling on some billboard, which is more annoying when you see it at every step. We did not have many billboards, but a solid amount of money was spent in terms of these billboards (the representative of the party “for Georgia”).“

The representatives of AEC and GMF consider billboard advertisements more efficient when they are distinguished with originality. The former names the billboards put up by the party in the capital city during the 2021 municipal elections as an example, which, according to the party’s representative, had a comprehensive response and was broadcast through media as well.



Figure 2.5. Billboards of the party “Aleko Elisashvili - Citizens” in Tbilisi for 2021 municipal elections. Two billboards say, “Kakha, Mtkvari needs to be cleaned” and “Nikanor, the constructions need to be limited”.

Source: Facebook page of Aleko Elisashvili

“We had slightly different billboards, the banners had such lines that media took their contents, online agencies, and TV as well, and we achieved more results with 13 banners than 13 banners could do, because of their contents (AEC representative).“

“The outdoor banners, like the parties do, not so much. We might have done one or two sarcastic things that would explode... We made posters kind of like this in Didube, which was funny and became popular as well, and in reality, it was a poster, but it was still transferred in social media, and people were amused by it, and it had some effect. I would rather do something like that (GMF representative).“

Some of the small political associations highlight that outdoor advertising is expensive as well. According to them, putting up billboards or other outdoor advertisements on a large scale in the capital city is connected to high costs, which they

cannot afford. GLP and APG explain the fact that they did not incur any outdoor advertising expenditures in the 2021 municipal elections for this reason. Similarly, to cut expenses, the UNM places outdoor advertisements only during the second round of the electoral campaign for the mayor's election.

Some parties, including UNM, EG, Lelo, and SA, draw attention to other impeding factors for placing outdoor advertisements. The representatives of the above political associations consider that some companies in the outdoor advertising market tend to give preferences to the ruling party. For example, according to them, GD takes up main advertising spaces during the pre-election period in advance from the company Alma, which owns the majority of billboards in Tbilisi. According to them, they cannot put up outdoor advertisements in the desired spaces due to this. However, the representative of the party, For Georgia, developed a different view and stated that its party had not faced any obstacles while renting the billboards.

“Minibuses have canceled out contracts like this. We do not participate in that, they said, when the next day, Kaladze was on all the busses (UNM representative).”

“There is some region somewhere where you cannot put up a billboard at all, because the Georgian Dream rushes here one month before and makes an agreement with everyone in advance and it is physically impossible... Like, even if you wanted and had the money, you will not be able to put it up... For example, in Tbilisi, the GD will leave you one billboard on Peikarta street. They tell just like that, for the sake of democracy, that there are some 16 places for billboards in Tbilisi. Where are they? Some village Masaguri, Peikarta street, somewhere that direction (EG representative).”

“About the billboards, I talk to them two months prior to elections, and I know where it works, right? What do I need a billboard in the middle of the forest for?! The price is the same there as in Varaziskhevi, Dighomi highway. When you go there and say, give me a space, they have already set aside for the ruling party and give you an average and less than average. I am telling – I want this – this is rented out to a firm – they do not tell you that the Georgian Dream has it... They tell you the prices like, one billboard is one election campaign (UNM representative).”

“We were proactive before the 2021 elections and went and said that, come on, we need these spaces and book it for us, and they told us that we cannot do it now, we cannot book it in advance. We went there after three months, and they said that the Georgian Dream took it (the representative of the Lelo).“

“We rented the billboards two months in advance. This was a strategic mistake to be straightforward. While we could have rented it one month prior and we did not have a picture ready, we actually paid this colossal amount of money one month for the air, for nothing, as if someone else would take up the billboard and then we found other billboards very easily, very easily (representative of CPA “For Georgia”).“

2.3.3. Social media advertising

According to the results of the 2021 study, internet/social media is the second (after television) most nominated source of information among the Georgian population (the most important for 27%, and second most important source for 28% of the respondents).¹³ In light of the development of social media, the electoral campaigning of the political parties and the candidates is becoming increasingly digitalized. All studied political parties actively used the platforms of Facebook and Instagram during the last two elections. According to the social media monitoring results of ISFED, in 2020 (August 4 – November 21), candidates and political parties paid 900,000 USD in total for official advertisements on Facebook and Instagram. Among them, the expenditures of five electoral subjects exceeded 100 thousand USD. Whereas for the 2021 municipal elections (August – November 6), participating political parties and their representatives/candidates have put advertisements on these platforms valued at least 524,602 USD.¹⁴

13. ISFED. 2021. Public’s attitudes towards election-related processes: Results of study representative of Georgia’s population. Accessed March 21, 2023. <https://www.isfed.ge/eng/kvlevebi/sazogadobis-damokidebuleba-saarchevno-protsebis-mimart>

14. ISFED. 2022. Political Ads on Facebook and Instagram during the 2021 elections. Accessed March 21, 2023. <https://isfed.ge/eng/sotsialuri-mediis-monitoringi/politikuri-reklamebi-feisbuqsa-da-instagramze-2021-tslis-munitsipalur-organota-archevnebis-periodshi>

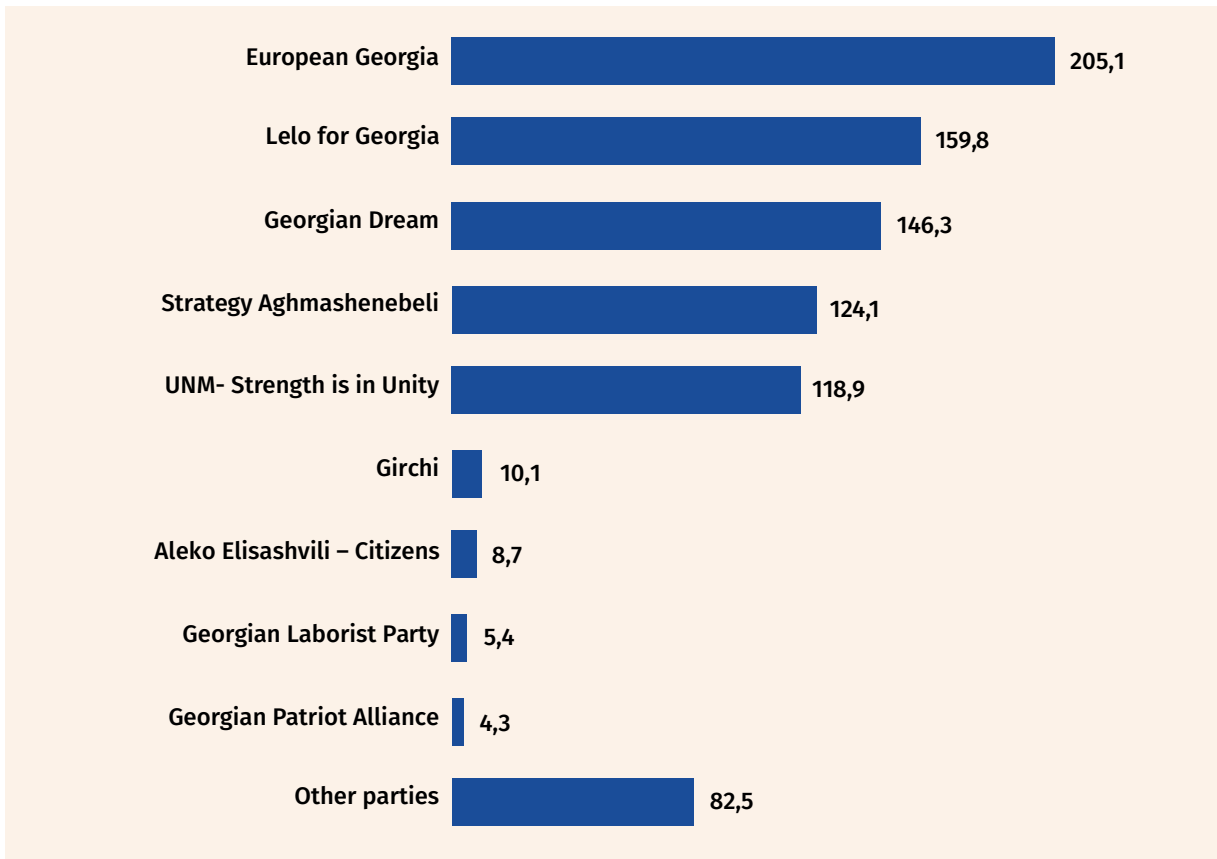


Figure 2.6. *The average amount spent on advertising the electoral subjects on Facebook and Instagram (thousand USD, August 4- November 21, 2020)*

Note: *presented numbers reflect the amount of money spent for those advertising marked as political advertising by the presenter or considered as such by the platform itself.*

Source: *International Society for Fair Elections and Democracy, 2021*



Figure 2.7. A minimal amount of the expenses for advertising on the official Facebook pages of the political parties and their representatives/candidates (August 9–November 6, 2021)

Note: presented numbers reflect the amount of money spent for those advertising marked as political advertising by the presenter or considered as such by the platform itself. “ISFED detected 326 undeclared advertisements published between the period of August 2 to October 30 on the Facebook pages of the electoral subjects, half of which belonged to the representatives of GMF, Girchi and SA.”

Source: ISFED, 2021

The expenditures incurred for election campaigning in social media are presumably higher. Social media monitoring results since 2018 demonstrate that other than official pages, there are anonymous actors who carry out either supportive or adversarial campaigns for the electoral subjects in Georgia. The funds spent for advertising on anonymous pages are undeclared expenditures of the election campaign. According

to the ISFED monitoring results during the 2021 election period, 25 political parties participating in the elections had placed an advertisement on Facebook. However, only 16 political associations submitted information regarding the relevant expenditures to SAO.¹⁵ The survey results in the framework of the present study have also shown that 29% of the candidates have placed an advertisement on Facebook from their personal funds (independent from the party) during the election campaigning.

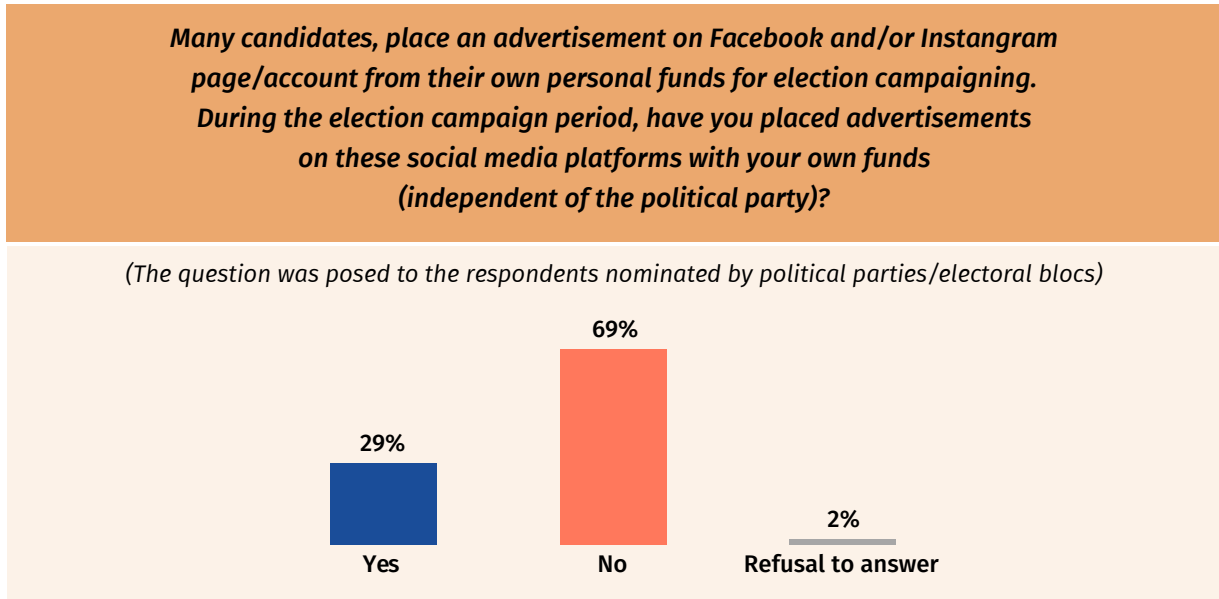


Figure 2.8. The results of the survey with the candidates, personal expenses for advertising on Facebook and Instagram

2.4. Expenditures for the temporary employees

Hiring citizens by the political parties for agitation, distribution of campaign materials, or establishing direct contact with the voters and campaigning in some other way has become a tradition during election campaigning in Georgia. Temporarily hired employees are usually called party coordinators or campaigners. Some respondents of in-depth interviews state that the coordinators/campaigners are tasked with gathering votes for the party by mobilization of the voters at the polling stations.

¹⁵. Ibid.

Some studied political parties have extensive experience hiring coordinators during the election process. The GD and the UNM most often utilize this method. According to the data submitted by the parties to the SAO, in 2020, the GD paid 592,298 GEL to reimburse the coordinators, whereas the UNM spent 279,600 GEL for the coordinators' salaries.

“Everyone, who has carried out elections in this country, will tell you that I know it like this, it works like this, I do this, I do not know any other way. We also relied on these people, who had carried out the elections like this, and they told us, I do not know... I know this way, this way it works, where you do not have [a coordinator], you receive zero [votes] and we, all this... yeah, unfortunately, we agreed to all this and said, OK... and we got the results that we got (the representative of the Lelo).“

“The party slowly got there, that this institute of coordinators is... first of all, a person who works for you, does not know your ideology, your idea, or your aims at all and is not interested. I am a coordinator at the European Georgia, and come, please – telling to a neighbor -vote for them for my sake, this person is too far from the party. You see, he is not even interested in the party, what could this party do, he receives 150 GEL at once and receives another month comes and another 150?! And in the next elections, your coordinator may go and agree to 200 GEL offer from the Georgian Dream (EG representative).“

Among other political parties that have carried out an election campaign with the involvement of paid coordinators/campaigners, some do not plan to spend money in this respect in the future. Among others, Lelo assessed coordinators' role in increasing the party's votes in the 2020 parliamentary elections as ineffective. According to the representative of the party, the number of votes received in the districts where the political association had the coordinator did not differ significantly from the level of support obtained in other districts. The representative of the EG negatively evaluates the past practice of hiring coordinators as well and describes it as unproductive to pay a person who has no political/ideological identification with the party.

“I was a candidate in Samtredia [in 2016] and experienced it myself. When we were paying 200 GEL, the Georgian Dream paid 400 GEL, and they paid my campaigners so that they did not come to the precinct on election day. They paid them money for this... If there is money, rather than [hiring], let’s say, some abruptly selected coordinators, as the practice goes, we plan to be proactive, and [hire] verified, prepared, trained... I mean, to focus on the professional aspect rather than paying money to someone’s acquaintance (SA representative).“

“We do not have the coordinators, our coordinators are active supporters of the party, who want to make their own contribution to the party, and standing at the districts is one of them. We cannot manage much, we manage it in a few districts, given that the majority of our supporters are in Tbilisi and urban places, and we find it very difficult to cover the villages... even if we had a lot of money, we still would not hire the coordinators. It makes no sense, it is a waste of money (GMF representative).“

“As for the coordinators. Let’s start with the fact that we do not have the money (well, we do not have the money for the banner, how are we supposed to have money for the coordinators?!). Besides, it is not only the coordinators, there is, also, a local guy who manages these coordinators. In fact, it is impossible to find these people. All such people have been busy for a long time already. Finding a libertarian in the region is another thing. We usually are not able to find anyone and to find someone who would agitate and convince someone of something?! It is simply absurd, and we are not a party that succeeds with primitive bribery... imagine a campaigner who tells some grandmother in Gori about a multi-currency regime. I cannot imagine that. We cannot find someone like that (The representative of the Girchi).“



3. Revenues and expenditures for the election campaigns of the independent candidates

According to the data of the SAO, during the 2020 elections, the financial turnover of the independent candidates was reduced by 5.5 times compared to the previous parliamentary elections. The main reason for the decrease in revenues and expenditures is a sharp reduction in the number of candidates. However, for non-party candidates, fundraising is a challenge as well. According to the survey of the registered candidates in the last parliamentary and municipal elections, 43% of the respondents were independent candidates, and the primary source of covering the campaign needs was personal funds and property.

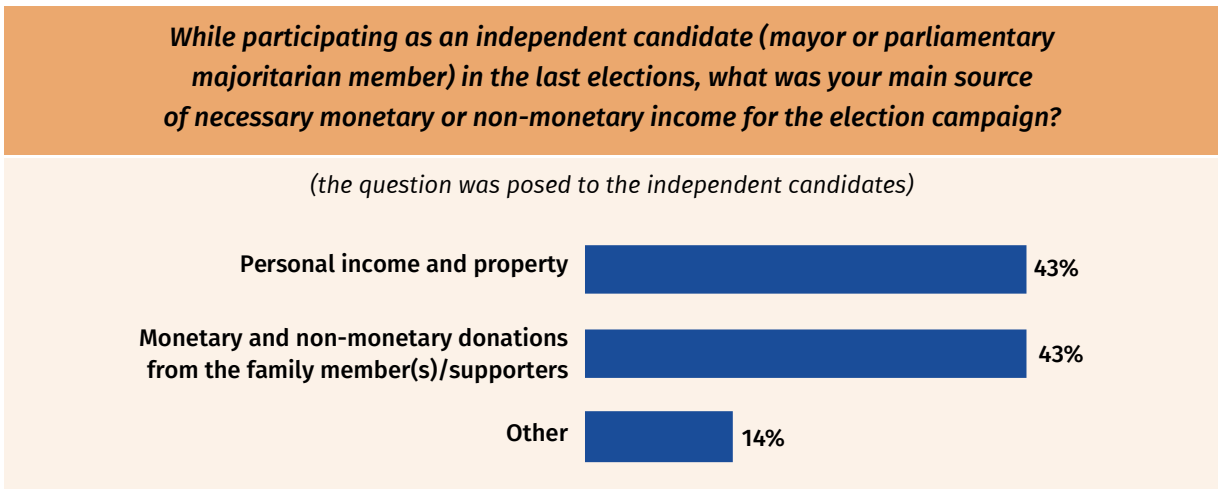


Figure 3.1. The results of the survey with the candidates, advertising expenses for the independent candidates

Notably, the majority of questioned independent candidates have not even carried out a campaign to raise monetary or non-monetary revenues for the elections. Half of those who resorted to a respective activity for such purposes characterize a fundraising campaign for election purposes as primarily unsuccessful, and the other half as neutral. One of the respondents named the lack of experience, shortage of time, and a fear of acting against the government in society as the main reasons for the failure.

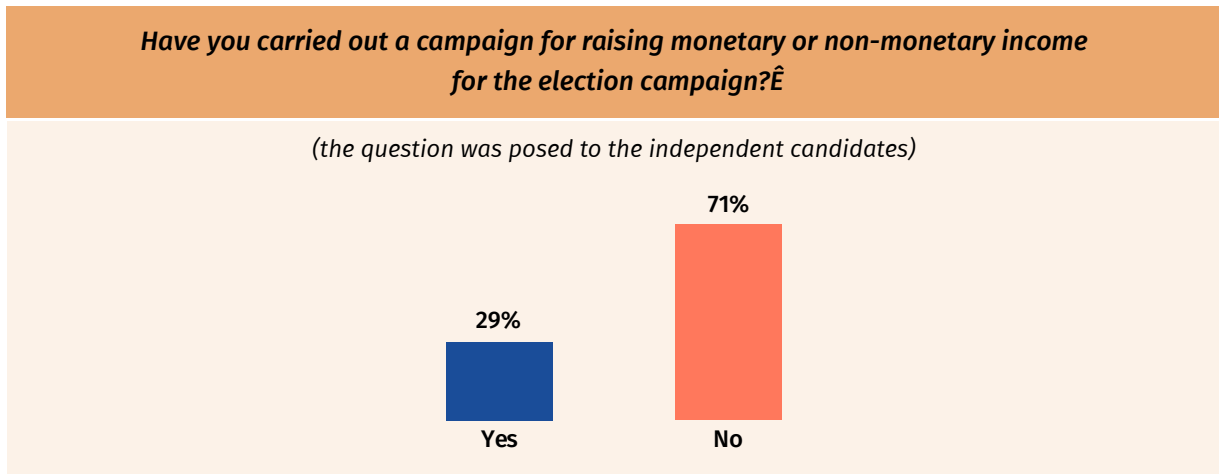


Figure 3.2. The results of the survey with the candidates, the fundraising campaign by an independent candidate

“I had one of the most low-cost campaigns in the 2021 municipal elections. The main resource that my campaign was based on was a very active and motivated group of young people. My election campaign had scarce resources for basic needs only: flyers, posters, fuel, office, and food. My election office did not have coordinators and campaigners during the campaign, and we generally worked with the mobile groups of 2-3 people who visited different locations of the municipality daily (an independent candidate).”

A vast majority of the respondent independent candidates (86%) consider that their revenues were mostly or entirely insufficient for comprehensively carrying out an election campaign. Consequently, they could not afford to purchase the advertising.

The respondent independent candidates most frequently used outdoor advertising and advertising on personal social media pages. In addition, 14% of the independent candidates have not utilized any advertising service.

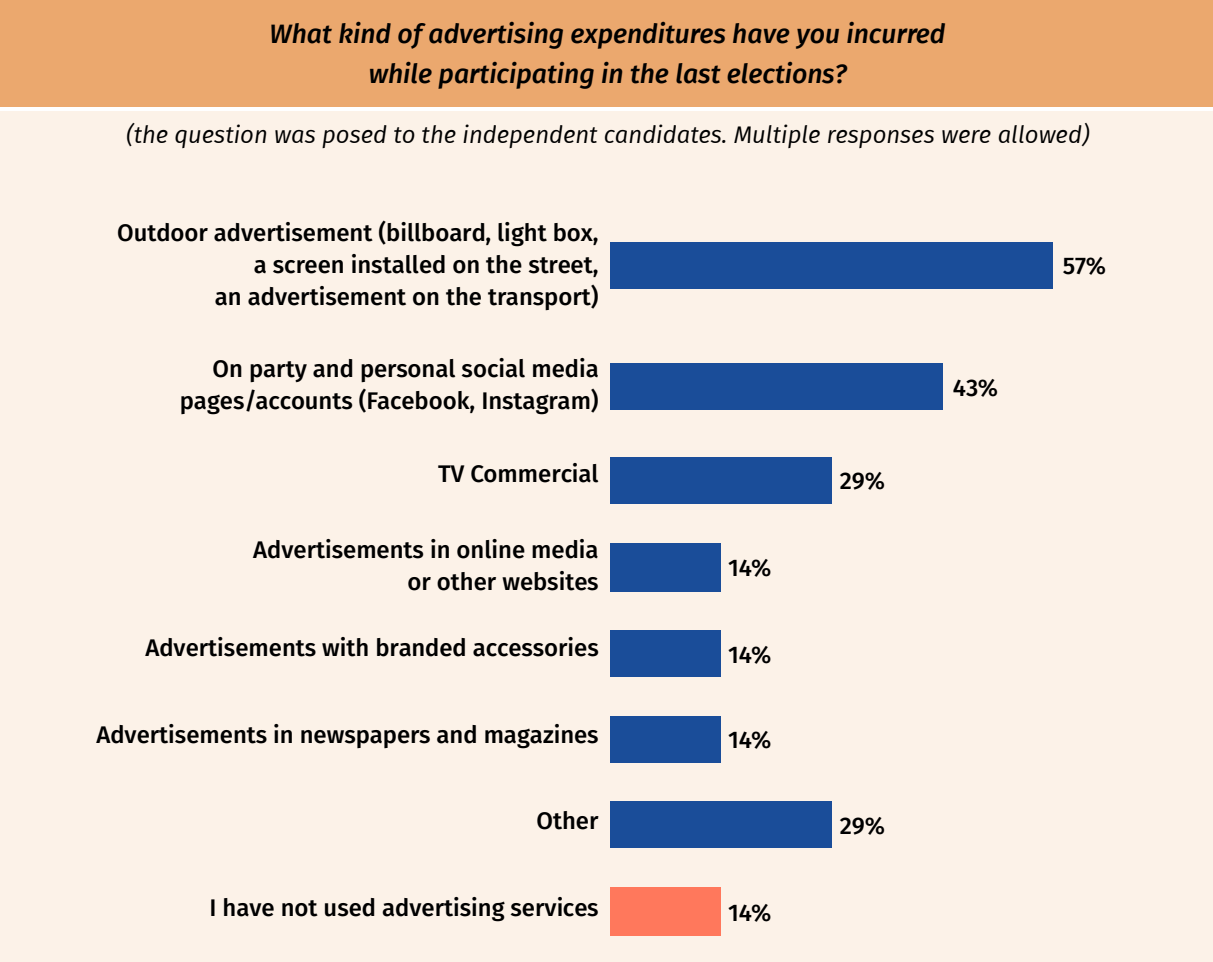


Figure 3.3. The results of the survey with the candidates, advertising expenses for the independent candidates



4. Financial support for the political empowerment of women in Georgian political parties

In terms of enhancing the involvement of women in political parties, there are several mechanisms in Georgia. Since 2020, temporary mandatory gender quotas for parliamentary and municipal elections have been enacted.¹⁶ The law additionally envisions additional funding for the parties that include a representative of a different gender among every three representatives in the party list for the parliamentary elections. For this, the party will gain additional funding amounting to 30 % of the funding from the state budget.¹⁷

For most of the respondent representatives of the opposition parties, women's organizational empowerment is important. Most parties have created a women's organization as well. They fulfill mandatory or voluntary gender quotas and are involved in programs planned by international organizations in terms of women's political empowerment.

16. Mandatory gender quotas for the Parliamentary elections (at least one person in every four should have a different gender) established until 2032, whereas for municipal elections (at least one person in every three should have a different gender) – until 2028.

17. Organic Law of Georgia on Political Associations Of Citizens. Article 39¹

Table 2. Existence of women's organizations in the studied political parties (by September 2022)

N	Political Party	Women's Organization
1	Aleko Elisashvili - Citizens	✗
2	Girchi	✗
3	Girchi – More Freedom	✗
4	European Georgia	✗
5	United National Movement	✓
6	Lelo for Georgia	✓
7	For Georgia	✗
8	Georgian Labour Party	✓
9	Alliance of Patriots of Georgia	✓
10	Strategy Aghmashenebeli	✓
11	Georgian Dream - Democratic Georgia	✓

On the other hand, some parties do not acknowledge the need for increasing women's political participation and the existence of various mechanisms for this purpose. Among others, Girchi and GMF consider that gender in the party is irrelevant to them, and they do not support the need to establish a structural unit for political empowerment or special programs and activities. Furthermore, these parties disagree with the funding from the state budget, including the additional funds for the gender quotas. After the change in the composition of the management and political council of the party, the alteration in the policy is highlighted in EG as well, representative of which states that the political association no longer supports carrying out the activities for the promotion of women's empowerment.

“I am not going to say that total of this [additional funding] were necessarily directed toward the women empowerment. It was, of course, to some extent, even the development of the women’s organization, it was founded around the time we received those additional funds. However, we cannot say that these funds were fully targeted for these purposes... For example, very roughly, for instance, utilities had to be paid for the office, right? This is equally necessary for women and men, for common needs. General funding is so little that it barely covers the common needs (GLP representative).“

“Accumulated in that common fund, it is not separated [additional funding], however, considering the specificity of our party, almost half of us are women, and we pay salaries. It turns out that we pay more money than we receive for quotas, since, in the regions as well, for example, in Chkhorotskhu, a supervisor is a woman... let’s say... also in Terjola... whoever the members of the political council are and receive the remuneration from us. So, [women] comprise even more than half of us, and more money is spent than funds allocated through quotas (SA representative).”

“These additional funds, as the law sets forth, generally “women in politics” we have a program like this as well.. Generally, it was used for this program and is used now as well (APG representative).“

According to the Organic Law of Georgia on Political Associations of Citizens, parties should utilize the additional funding for gender quotas on the activities of the structural unit of the party – women’s organization. As a result of the 2020 parliamentary elections, four subjects benefited from the financial incentive, including EG, APG, AEC and the electoral bloc “Giorgi Vashadze – Strategy Aghmashenebeli.”¹⁸ However, as the interviews demonstrate, some parties mostly view the additional funds not as explicitly targeted for the financial resources of the women’s organization but as a component of general expenditures, which, among others, is utilized for women’s needs.

18. Irma Pavliashvili, Salome Mukhuradze. 2022. Mandatory Gender Quota in Georgia: Practice of the 2020 and 2021 elections.“ Accessed April 2, 2023.

<https://www.undp.org/georgia/publications/electoral-gender-quotas>



5. Financial support for the representation of ethnic minorities

For parties, the involvement of ethnic minority groups in politics is more difficult for various reasons, including, among others, the language barrier, low trust toward the parties,¹⁹ and low interest in Georgian politics.²⁰ Given the scarce resources, the opposition parties' election campaign strategy is directed toward maximizing the number of votes with the existing resources. In light of this approach, campaigning in regions densely populated with ethnic minorities is not a priority for them.

The interviews have also revealed that the opposition parties find it difficult to work with the ethnic minority groups due to a significant influence from the ruling party. The representatives of the given parties indicate that the local electorate often has to express loyalty toward the ruling party, which limits their possibilities.

“A lot of work has to be done in the regions densely populated with ethnic minorities, and we know now that the positions of the ruling party are maximally represented in these regions to such an extent that everything is almost closed. The ruling party is represented in these regions as the dragon who sits above the spring (the representative of the party For Georgia).“

The interviews show that the main activities of the parties in the regions populated by ethnic minorities are informational meetings with the citizens. The long-term objective of these meetings is the attraction of supporters or potential candidates for the party. However, due to scarce resources, such activities are not frequent, resulting in the weak representation of the opposition parties in the municipalities populated by ethnic minorities.

19. Pursuant to the “Study of the Participation of the Ethnic Minorities in Political Life“ (2019) by Open Society Foundation Georgia and the Institute for Social Research and Analysis, only 12.6% of the respondents trust (“mostly trust“ or “fully trust”) political parties

20. Pursuant to the 2021 data of the Caucasian Barometer, 67 % of the Azeri minorities and 54 % of the Armenian minorities are completely uninterested or are partially interested in Georgian Politics.

The main campaign expenditures of the parties in the districts populated by ethnic minorities are connected to the organizational costs for conducting the meetings and printing campaign materials. For all studied parties, an additional, specific cost is preparing the election material in the languages of the ethnic minorities.

“We print in Armenian, Azeri [campaign materials]. On this election as well. We always take it into account to create materials in a language apart from Georgian that is comprehensible and accessible to them. This is an additional expense, of course, since we have to translate the general national campaign materials, and... we do it on every election (SA representative).“

“There is a leaflet, in Azeri and Georgian, in Armenian and Georgian, only in Armenian, only in Azeri, well, as the candidate tells us, then according to the need. Like, when there is a village 100% populated, if you bring only in Georgian there, many will not be able to read, only some of them will be able to read. Thus, we bring in Georgian and in Azeri, somewhere only in Azeri is demanded... In short, according to the needs of the election campaign (EG representative).“

Conclusion

The study results show that raising the optimal amount of funds for a campaign is an unresolved task for most Georgian political parties. The political associations complain about the weak fundraising not only from outsiders but, often, from their party members as well. Among the members, the active role in financing the party is, in most cases, undertaken by the leaders, who usually run as the candidates for the elected state official's position as well. The involvement of ordinary members in financing the political associations who use passive voting rights less frequently is nominal. Apart from socio-economic, historical, and political-cultural determinants, another such factor is the policy of political parties that is less targeted toward increasing the role of an ordinary member in party financing.

Uneven accumulation of financial resources in the hands of the government and opposition is an important challenge for equalizing opportunities in election campaigning. Allocation of donations among the parties follows the unaltered tradition of Georgian party politics when the business enterprises generally finance the ruling party. The opposition parties connect the links between the business and the ruling party to possible corrupt agreements and simultaneously point to pressure orchestrated against them. The opposition associations perceive the use of public resources for amending the state funding rules to deprive them of financing as a significant barrier.

For the major part of the political parties and independent candidates, the received electoral revenues are insufficient for fully ensuring general national or respective electoral district campaigning needs. Under these circumstances, the electoral campaign of the small political parties usually focuses on the capital and other big cities, which, especially during the municipal elections, hinders the creation of an equally multi-party environment across the country. Such rational calculation prompts most parties not to spend resources for the election campaign in the regions populated with ethnic minorities.

Despite the existence of women's organizations within political parties, their capacity in terms of finances is limited. Often, state funding received due to the inclusion of the number of women candidates in the party electoral list required by law is used for the common needs of the party. This, in turn, contradicts the law on the one hand and deters the proper empowerment of women's organizations and the facilitation of their role in political activities on the other.

Recommendations

To political parties/candidates:

- Political parties, as member-based organizations, should implement efficient practices and mechanisms for paying membership fees;
- Carry out regular fundraising campaigns to increase the number of small donations;
- Refuse to receive funding using illegal use of state mechanisms;
- Draft individual employment contracts with the employees hired during the election campaign, which will regulate the activities of the staff and the conditions of the agreement;
- Use the state funding received as a result of the inclusion of the number of women candidates in the electoral list required by law for the empowerment of women's organizations/political empowerment of women;
- Receive the donations in accordance with the rules established by Georgian legislation;
- Submit complete information to the State Audit Office regarding the revenues and expenditures, including the social media advertising costs.

To the Parliament of Georgia:

- Abolish the rule that links the state funding of a political party to the activities of the elected deputies in the Parliament;
- Enable the state funding based on the results of the elections of municipal elections as well.

To the State Audit Office:

- Study the legality of political party donations and spending in accordance with the regulations.

To broadcasters:

- Use the statutory right to recognize as a qualified electoral subject the political party lacking such status, which, following the requirements of the law, enjoys the support of at least 4% of the voters according to the results of at least 5 surveys carried out during the election year, or the results of the survey carried out on the whole territory of Georgia within 1 month before the elections.