



**MONEY IN POLITICS**  
**Regional Conference 2017**

**Lasting Challenges and  
International Practices in Eastern Europe**

**Tbilisi, Georgia**

**June 19-20, 2017**

**Summary Report**

## Background

Money remains essential in the political process in most countries, and no less so in Eastern Europe. While not the only factor, views of political parties and politicians as dominated by financial considerations is one part of the low public trust and confidence towards these institutions in almost all countries.

Following the successful 2016 event to share experiences and best practices in European political finance, the second *Regional Conference on Money in Politics* was held in Tbilisi, Georgia on 19-20 June 2017. This event, jointly organised by the Council of Europe, the International IDEA, the Organization for Security and Co-operation in Europe (OSCE), the State Audit Office of Georgia, the Netherlands Institute for Multiparty Democracy (NIMD), the International Foundation for Electoral Systems (IFES) and Transparency International Georgia, gathered practitioners, civil society as well as party activists and political finance experts from across the region. As with the first conference, the purpose was to provide an opportunity for political finance oversight agencies, political representatives, as well as civil society organisations to identify areas that require reforms and new approaches, exchange of good practices and lessons learned regarding the effective enforcement and monitoring of political finance legal frameworks and mechanisms for improving existing regulations. The conference aims also to create a regional peer network on political finance and to increase collaboration across national borders. Focus was also on regulatory and practical developments in East European countries during the last year.

The conference agenda is included as Appendix 2 at the end of this report.

## Money and trust in politics

In all European countries, public trust in political parties and the electoral process is low. Tackling this lack of trust includes exploring the role that money plays in the political process, including who funds political parties and election campaigns and how this money is used, increasing transparency and strengthening accountability.

Much has been achieved in these areas since 1989. Among the recommendations issued by the Group of States against Corruption (GRECO) of Council of Europe in the area of political party finance, around 70% have now been declared as fully or partially implemented.<sup>1</sup> Many countries have moved the oversight responsibility and refined the regulations on political finance, creating complex models combining public and private funding. In fact, the regulations on political finance in Eastern European countries are now among the most detailed in the world.

However, these regulations are far from being proven always effective, and much more work remains to be done. Each country faces unique challenges, but there are similarities and lessons to be learned from neighbouring countries and from other regions on how to address key challenges, including abuses of state resources, financial obstacles to inclusiveness and gender equality in political participation, and shady links between the political sector and organised criminality.

Political finance is not just a matter of enforcement and sanctions; it is fundamentally an issue of ethics. The practice shows, that sanctions and fines have only limited effect in particular on big parties. In some countries, money in politics, and the way that it is regulated, is used by unscrupulous regimes to target opposition forces. Undisclosed funding from foreign countries may undermine national sovereignty in the decision-making process. Addressing such issues is essential in order to increase public trust in political parties and in the political process as a whole.

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<sup>1</sup> To access all GRECO reports on political party finance, see <http://www.coe.int/en/web/greco/evaluations/round-3>

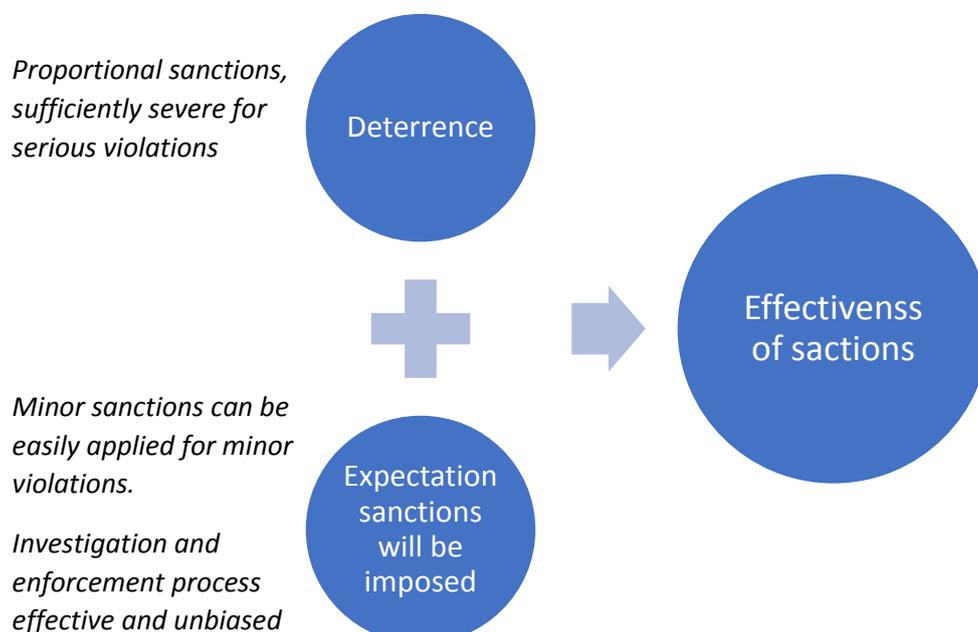
## Sources of funding and enforcement of regulations

How political parties and election campaigns raise and spend money is essential for transparency and accountability, and in the long run for the public trust in the political system. If political parties are covertly funded by oligarchs, this can severely undermine public confidence, while if parties are almost exclusively funded by public means, their independence from the state administration can be questioned. A suitable balance between public and private funding needs therefore to be found. Countries such as Moldova and Ukraine have recently introduced public funding of political parties, which means that this mechanism is now used nearly everywhere in Europe. The eligibility criteria for accessing public funding must be permissive enough not to stop new forces from entering the political scene.

It is essential that the public oversight institutions have the sufficient independence, mandate, capacity and political courage to effectively oversee and encourage compliance with political finance regulations, without showing bias. This requires certain legal provisions, such as ensuring that oversight institutions are administratively separate from the executive, and have access to all relevant public records. If more than one institution is involved, which is common in East European countries, it is important that the specific role of each institution, and the relationship between them, is clarified.

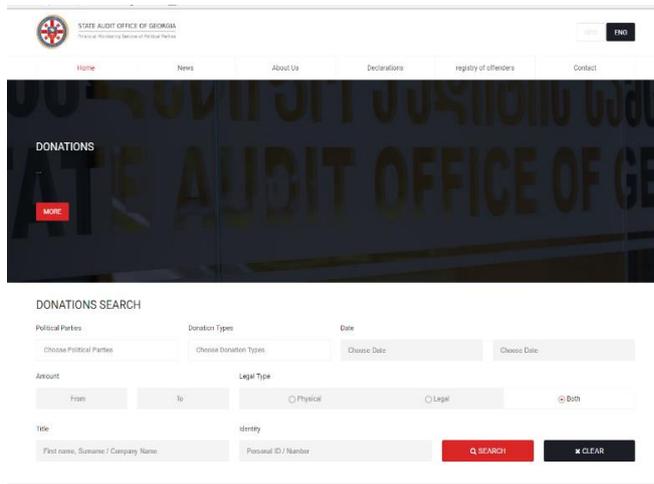
Equally, if not more important, is how different actors in society behave in relation to money in politics. Political parties and organisers of election campaigns should ensure internal financial oversight and proactively seek to be transparent and to comply with existing rules. Civil society actors and the media also have important roles to play in effective oversight, which highlights the need for civil society independence and freedom from government intervention.

Formal oversight of political finance is assisted if the relevant institutions have a clear mandate and the necessary capacity to investigate potential violations, and to impose less severe sanctions (for example “traffic ticket” fines for non-submission of financial reports). Effective, proportionate and dissuasive sanctions are important to ensure compliance by political actors unwilling to follow the rules proactively, though no sanctions will be effective if it is generally assumed that they will not be imposed in practice. Placing strong sanctioning powers in the hands of political finance oversight institutions may not be suitable in countries where the incumbent regime controls all aspects of political life.



## New technologies and political finance transparency

The work to achieve greater transparency and control over money in the political sector can be significantly aided by the use of new technologies, including online systems for the submission, review and publication of political finance data. Advantages with online systems include better control by political parties over the data they are submitting, and reduced risk for mistakes in the data submission, as systems can include checks against erroneous data. Systems for cross-checking



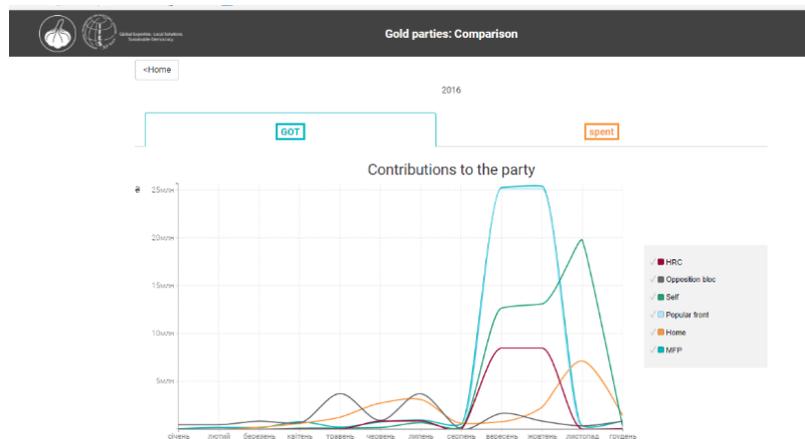
submitted data with other databases, such as tax, civil registration, social security, public and private asset databases, can significantly aid oversight bodies in controlling the accuracy in the financial information provided by political parties and election campaigns.

New technologies can also be very useful for making submitted financial data available to the public, and one example is the database recently created by the State Audit Office in Georgia, where users can search for individual donors and find information about any donations made to

any political party going back to when the SAO took over the oversight mandate from the Central Election Commission in 2012. Databases of this kind are becoming increasingly common in Eastern Europe, and they can play an important role in enhancing transparency in political finance, and potentially support increased trust in political parties and the political process.<sup>2</sup> The International Institute for Democracy and Electoral Assistance (IDEA) is currently developing a guide for creating digital reporting systems, while drawing on the lessons of counties with such systems and includes step-by-step tutorials for planning, design, launch and use of these systems.

Civil society is also using new technologies in analysing and presenting political finance data to the general public. One example is the civil society organisation Chesno in Ukraine, which is using information officially submitted by the political parties in paper format to analyse trends and present the information in a user-friendly format.<sup>3</sup> Similar databases have been created by civil society organisations across the region, including by Transparency International Georgia.<sup>4</sup>

Finally, political parties can use new technologies to support effective fundraising from multiple sources (including from groups such as youth, who are



<sup>2</sup> See <http://monitoring.sao.ge/en>

<sup>3</sup> See <http://zp.chesno.org/>

<sup>4</sup> See <http://www.transparency.ge/politicaldonations/>

normally excluded from such activities). Political parties can also use new technologies to show its members, supporters and all voters how it raises and spends money, for example through an online disclosure database on a political party’s website.

## Money and gender equality in politics

While progress has been made, much work remains before women and men can participate in electoral and political processes on equal terms. The average share of women in European parliaments was 27% in June 2017, which although much higher than the average of 13% women MPs 20 years ago, is still far from parity.<sup>5</sup> This means that full political representation is not yet achieved, that economic progress is reduced, and that the people in European countries are missing out on many talented potential political leaders.

Access to money is far from the only challenge that women wishing to run successfully for elected office face, but it is an area almost always raised when obstacles to gender equality in politics is discussed. Formal political finance regulations can play a role in supporting increased gender equality, including gender-sensitive rules such as gender targeted public funding or reduced nomination fees.<sup>6</sup> Nominally gender-neutral regulations such as spending limits and bans on corporate donations (rules that can reduce the advantages of those with significant wealth or influential contacts, who tend to be men), may also be of assistance. Gender targeted public funding can also be a tool to incentivise political parties to abide by gender quota requirements, though such an approach cannot ensure compliance in the same way that making compliance a criterion for participating in elections can.



Created by Joel Burke  
from Noun Project

Equally important are non-regulatory activities involving all key stakeholders. Efforts to support potential women leaders in early fundraising approaches and mentoring in cost-efficient campaign strategies can play an essential role in building a cadre of women willing and able to successfully run for office. Activities relating to political parties are also essential. This includes efforts to increase awareness within political parties about gender equality, including issues such as gender sensitive budgeting and gender inclusion in decision making. In Croatia, for example, one of the political parties has established a women’s fund, which funds local initiatives for aspiring women politicians. Importantly, this also mean engaging people in control of the candidate selection process within political parties about the importance of gender equality, and the need to consider factors other than personal access to funding in determining who to represent the party in elections. Political parties have an essential role to play in assisting further gender equality though voluntary measures in including financial assistance and support.

The experiences from around the region should be studied and shared. This includes countries that have used gender-sensitive political finance regulations for a long time (such as France) and those that have recently introduced strict rules in this area (such as Ireland). Further regulatory approaches are needed, such as earmarking parts of public funding for gender-related activities and gender-disaggregated financial reporting requirements. Targeted practical initiatives are also

<sup>5</sup> Data on women in parliaments around the world is available at <http://www.ipu.org/wmn-e/world.htm>

<sup>6</sup> By “gender targeted public funding” is meant systems where political parties gain additional public funding if they reach a certain set threshold of gender equality among the candidates they present for elections, or receive reduced public funding in case the gap between women and men candidates from the party exceed a set level.

essential, such as mentoring/trainings of women aspirants and advocacy towards political parties to engage women within the party and as party candidates (even if they do not have personal wealth). Counteracting abuse of state resources

A remaining challenge regarding money in politics in effectively all East European countries is various forms of abuse of state resources. While all politicians already elected enjoy certain incumbency advantages (such as name recognition), abuses of state resources occur when public properties are unduly used to significantly support a certain political side, or to harm the electoral prospects of the opposition. When incumbent political parties and politicians use resources under their control to increase their chances of re-election, this threatens to undermine not only the democratic process but also good governance, and it always entails waste of public resources. An important resource in this area is the Venice Commission and OSCE/ODHIR *Joint Guidelines for Preventing and Responding to the Misuse of Administrative Resources during Electoral Processes*.<sup>7</sup>

All countries in Eastern Europe (and effectively all countries in the world) have regulations against the abuse of state resources, which can largely be divided into five categories;

- Rules that generally require public entities to be neutral and treat all actors equally
- Rules that specifically ban public entities from favouring or disfavouring any political actor
- Rules that ban political actors from receiving favour from public entities
- Rules that ban public entities from certain behaviour ahead of elections, whether or not favour can be proven
- Other regulations that indirectly counteracts abuse of state resources, such as insulating the public administration from political interference, and general oversight provisions

Unfortunately, most existing formal regulations have proven unable to stop abuses of state resources, and there are numerous significant remaining challenges. These include the fact that public institutions mandated to oversee political finance regulations often have no or only an unclear role in overseeing compliance against bans on abuse of state resources regulations. There are also indications that certain forms of such abuses have public support among people disillusioned both with the electoral process and with the services generally provided by the public administration. Abuses of state resources also have a negative impact on gender equality, as it generally favours incumbents, who are most likely to be men.

Many efforts are required to raise awareness about the abuse of state resources and to place the issue firmly on the political agenda. In Georgia, the Central Election Commission has developed a memorandum of understanding (MoU) on the misuse of administrative resources ahead of recent elections (including the October 2016 Parliamentary Elections). By defining some of the ambiguous norms of the Organic Law of Georgia “Election Code of Georgia” the MoU established a uniform understanding of the misuse of administrative resources. An approach of this kind may not be effective in all countries in the region.

Rules to require all public entities to abstain from certain pre-election activities that may unduly increase the popularity of incumbents is becoming increasingly common in the region, and especially when combined with reporting and publication requirements of public entity spending, as in Montenegro, these can be important tools in reducing electoral abuses of state resources. There must be effective, proportional and dissuasive sanctions against abuses, and a functioning process for ensuring that violations are appropriately sanctioned in reality.

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<sup>7</sup> See <http://www.osce.org/odihr/elections/227506?download=true>

Civil society also has an important role to play in raising awareness about the spread and negative impact of abuses of state resources. As an example, the Ukrainian CSO OPORA has developed a mapping system for electoral violations, including abuses of state resources, showing cases of human and logistical resources, as well as official positions being abused during election campaigns.<sup>8</sup>

## Conclusions and recommendations

The conference participants agreed that while important progress has been made in enhancing transparency and control of money in politics in many countries in the region, much remains to be done to increase accountability and public trust in political actors and the way they raise and spend funds.

Some of the recommendations that came out of the discussions throughout the conference were;

1. Rules regarding money in politics should strive to ensure equal opportunities and enhance transparency, without hindering the opportunities for vibrant political party activities and election campaigns.
2. Careful consideration should be given to the impact and possible unintended consequences of political finance regulations, and to how compliance with these can be monitored and violations sanctioned. Increased oversight and sanctioning powers for public institutions may not aid democratic progress in countries where the distinction between the state and the ruling party is blurred.
3. The opportunities of new technologies for increasing accountability and transparency through online solutions in the reporting, analysis and publication of political finance data should be explored in all countries in the region. Political parties should consider how new technologies can be used for effective fundraising from multiple sources, and for increasing transparency in its financial transactions towards members, supporters and voters.
4. Ways should be sought to effectively reduce financial burdens for the participation of women and traditionally marginalised groups in politics, which can include both formal political finance regulations and innovative approaches such as early grassroots fundraising initiatives and mentoring.
5. Abuse of state resources remains a major problem in almost all East European countries, and many avenues must be explored in counteracting such abuses. This may include requiring public institutions to publish information about their spending activities ahead of elections, and to support civil society actors in monitoring and raising awareness about potential violations.
6. All stakeholders must show political will and take an active role in protecting multiparty democratic processes by supporting accountability and transparency in how money is raised and spent by political parties in particular for election campaigns, as well as in related processes such as conflicts of interest and public procurement.
7. Civil society has a crucial role in oversight and enforcement, and a focus must be on investing in and strengthening civil society, so they can hold parties, candidates and donors to account.

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<sup>8</sup> See <http://map.oporaua.org/> . See also the monitoring by PMMG of abuse of state resources in Georgia, at <http://www.pmmg.org.ge/home/article/194?lang=eng>

8. Support to political parties is equally essential, as a way to tackle transparency in reporting, women’s political participation, and the abuse of state resources, at the very roots.
9. Consider targeted events for public oversight institutions in the region to exchange good practice and knowledge on monitoring and sanction abuses of state resources,
10. Consider targeted events for political parties in each country/in the region to discuss effective fundraising strategies, tackle transparency in reporting, financial incentives for women’s political participation, as well as ASR, at the very roots.
11. A regional network of public institutions with a mandate to oversee compliance with political finance regulations can create valuable opportunities to share experiences from different countries, including best practices and potential obstacles. To this end, the negotiations started at the conference between representatives of oversight institutions from 7 countries in Eastern Europe, should continue and as a first step the communication between the oversight institutions should become regular through the creation of an online portal.

## Appendix 1. The conference organizers’ work on money in politics

### THE STATE AUDIT OFFICE OF GEORGIA (SAOG)

The SAOG represents the modern, independent and successful audit institution with the highest professional standards, the interference in the activity of which is prohibited by the law. With its work SAOG supports the parliament in overseeing the activities of the government and significantly contributes to the Parliamentary oversight over the government. On December 30, 2011, legislative amendments in the Georgia’s organic law “On Political Unions of Citizens” came into force. According to the law, monitoring implementation on legality and transparency of the political parties registered in Georgia was entrusted to the SOAG.

### THE COUNCIL OF EUROPE

The Council of Europe is the continent’s leading human rights organization. It comprises 47 member states, 28 of which are members of the European Union. All Council of Europe member states have signed up to the European Convention on Human Rights, a treaty designed to protect human rights, democracy and the rule of law. The European Court of Human Rights oversees the implementation of the Convention in the member states.

### THE INTERNATIONAL INSTITUTE FOR DEMOCRACY AND ELECTORAL ASSISTANCE (IDEA)

Over the past fifteen years, International IDEA has provided direct technical assistance to a range of actors working on political finance and has worked in countries as diverse as Bhutan, Ecuador, Georgia Kenya, Moldova, Mongolia, Myanmar, Sweden and Peru. International IDEA produces knowledge resources on political finance legislative frameworks and their practical implementation, which guide both researchers and reformers around the world. The Political Finance Database, for example, offers the most up-to-date and comprehensive information on political finance regulations from 180 countries. Last year International IDEA and published a new handbook on political finance: Funding of Political Parties and Election Campaigns, while its study on Political Party Finance Regulation after the Arab Spring provides rich regional overviews on how such regulation works in practice at national level. International IDEA has a forthcoming guide on online solutions for political finance and disclosure, drawing upon the lessons and experiences from oversight agencies around the world.

### OSCE OFFICE FOR DEMOCRATIC INSTITUTIONS AND HUMAN RIGHTS (ODIHR)

OSCE-ODIHR is one of the world’s principal regional human rights bodies. Based in Warsaw, Poland, ODIHR is active throughout Europe, the Caucasus, Central Asia, and North America. The office promotes democratic elections, respect for human rights, tolerance and non-discrimination, and the rule of law. Established in 1991, ODIHR employs nearly 150 staff from 30 countries. The office’s activities are funded through a core budget, which is approved annually by participating states, as well as through voluntary contributions.

### INTERNATIONAL FOUNDATION FOR ELECTORAL SYSTEMS (IFES)

The International Foundation for Electoral Systems (IFES) supports citizens’ rights to participate in free and fair elections. Its independent expertise strengthens electoral systems and builds local capacity to deliver sustainable solutions. As the global leader in democracy promotion, IFES advance good governance and democratic rights by: Providing technical assistance to election officials; empowering the underrepresented to participate in the political process; Applying field-based research to improve the electoral cycle. Since 1987, IFES has worked in over 145 countries – from developing democracies, to mature democracies. IFES work with political finance during the last decade covers all continents and has so far involved work in over 45 countries, including assistance to parliaments, EMBs, political parties, civil society and media.

#### THE NETHERLANDS INSTITUTE FOR MULTIPARTY DEMOCRACY (NIMD)

The Netherlands Institute for Multiparty Democracy (NIMD) is a democracy assistance organization that promotes deepening of democracy through interparty dialogue and capacity strengthening of political parties. Based in the Netherlands, NIMD works with over 200 political parties in more than 20 countries in Africa, Asia, Latin America, the Middle East and Eastern European Neighborhood. Together with the political parties and the local implementing partners, NIMD contributes to the inclusive and stable political systems in these countries. Furthermore, NIMD assists political parties to become more responsive and policy-focused. Special attention is paid to empowering members of marginalized groups. To foster the democratic culture in a country, NIMD also provides political education programs for (aspiring) politicians. These programs focus on democratic values, knowledge and skills.

#### TRANSPARENCY INTERNATIONAL GEORGIA (TI-GEORGIA)

Transparency International Georgia is a national chapter of Transparency International - the prominent international NGO. TI Georgia was established on 7 May 2000 as a local NGO committed to combating corruption in Georgia through the promotion of transparency and accountability. Our mission is to serve as the primary source of information on corruption reform in Georgia, to assist the Georgian government and the broader public in facilitating reform in sectors where corruption exists, to build and strengthen institutions and to promote good governance. In recent years, TI Georgia has become Georgia's leading advocacy-based think tank.



## Regional Conference 2017

# Lasting Challenges and International Practices in Eastern Europe

Tbilisi – Georgia

19 -20 June 2017

SAOG- Council of Europe, International IDEA - IFES - NIMD - OSCE-ODIHR - TI Georgia

## Agenda

**Monday 19 June, 2017**

**09:00-09:30**     **Registrations and Welcome Coffee**

**09:30-10:00**     **Welcoming Remarks**

1. **Mr. Iraklion Kobakhidze**, Speaker of Parliament of Georgia
2. **Mr. Lasha Tordia**, Auditor General, State Audit Office of Georgia
3. **Mrs. Tamar Zhvania**, Chairperson of CEC of Georgia

**10:00-11:30**     **Session I: Money in Politics vs. Trust in Politics?**

Moderator: **Mrs. Claudia Luciana**, Director of Democratic Governance

Speakers:

1. **Mr. Yves-Marie Doublet**, Council of Europe - GRECO
2. **Mrs. Daija Oreskovic**, Commission for Resolution of Conflict of Interest, Croatia
3. **Dr. Daniel Smilov**, Professor, University of Sofia
4. **Mrs. Nataliya Novak**, Member of Parliament of Ukraine
5. **Mr. Levan Gogichaishvili**, Member of Parliament of Georgia

**11:30-13:00**     **Session II: New technology and disclosure of political finance information**

Moderator: **Mr. Sam van der Staak**, International IDEA

Speakers:

1. **Mr. Sam Jones**, International IDEA: "Comparative lessons from 'Guide on Digital Reporting and Disclosure'"
2. **Mr. Zurab Aznaurashvili**, State Audit Office of Georgia: "Georgia's digital reporting system for political parties"
3. **Ms Sofia De Roa**, Manager of Podemos party's online disclosure system (Spain): "Use of online transparency tools".
4. **Mr Igor Feshchenko**, Chesno Movement (Ukraine), "Parties' Gold: CSO usage of digital monitoring of campaign expenditure".

**13:00-14:00**     ***Lunch***

**14:00-15:30**     **Session III: Sources of funding for political parties**

Moderator: **Mr. Levan Tsutskiridze**, Executive Director of NIMD EEN

Speakers:

1. **Ms. Andrea Keerbs**, Resident Country Director of IRI, Georgia
2. **Ms. Inga Jaunskunga**, Head of Oversight at KNAB, Latvia
3. **Mr. Sergii Adamenko**, EIDOS Center, Ukraine
4. **Mr. Viktor Chumak**, Member of Parliament of Ukraine

**15:30-15:45**     ***Coffee Break***

**15:45-17:15**    **Session IV: Financial incentives to increase women’s political representation**

Moderator: **Dr. Magnus Ohman**, Senior Political Finance Adviser, IFES

Speakers:

1. **Ms. Guguli Maghradze**, Member of Parliament, Member of Gender Caucus at Parliament, Georgia
2. **Ms. Ajla van Heel**, Advisor on Gender Issues, OSCE Office for Democratic Institutions and Human Rights
3. **Ms. Karolina Leakovic**, Former Member of Parliament, Chair of Women’s Wing of Social Democratic Party, Croatia
4. **Dr. Fiona Buckley**, Lecturer at the University College Cork, Co-founder of 50-50 Group, Ireland

**19.00-21.00**    **Reception at the Rooms Hotel Tbilisi (14 Merab Kostava Str., Tbilisi)**

**Tuesday 20 June, 2017**

**09:00-10:15**    **SIDE EVENT - Working group “Regional Cooperation Platform of Financial Regulators”**

**SIDE EVENT- “Tendencies in the Eastern Partnership Region”** Presentation of the findings in the country reports

**10:15-11:45**    **Session V: International standards and best practices preventing the abuse of State (administrative) resources during electoral processes**

Moderator: **Mr. Jerome Leyraud**, Chief of Party, IFES Georgia

Speakers:

1. **Mr. Magnus Ohman**, Senior Political Finance Adviser, IFES
2. **Mrs. Yuliya Shpilova** – Senior Program Officer, IFES Ukraine
3. **Mr. Giorgi Kalendarishvili**, Head of Legal Assistance Unit at CEC Georgia

**11:45-12:00**    ***Coffee Break***

**12:00-13:30**    **Session VI: Monitoring political Corruption and oversight against abuse of state resources**

Moderator: **Mr. Levan Natroshvili**, Election Program Manager, Transparency International - Georgia

Speakers:

1. **Vadzim Ipatau** – Deputy Chairperson, Central Commission of the Republic of Belarus on Elections and Holding Republican Referenda
2. **Mrs. Alina Russu**, Chairperson of CEC Moldova
3. **Mr. Dito Tsertsvadze**, Project Manager PMMG

**13:30-14:30** *Lunch*

**14:30-15:45** Wrap-up Discussion: Lessons of campaign finance reform – What way forward?

**Moderator: Mrs. Nino Lomjaria**, First Deputy Auditor General, SAOG

**Speakers:**

1. **Dr. Marcin Walecki**, Head of Democratization Department, OSCE/ODIHR
2. **Ms. Lena Nazaryan**, Member of Parliament of Armenia
3. **Dr. Fernando Casal-Bertoa**, Professor, Nottingham University
4. **Mr. Anar Mamadli**, Election Monitoring and Democracy Studies Center, Azerbaijan

**15.45-16:00** Concluding Remark

**Perspectives for the Future**

**Mrs. Claudia Luciani**, Director of Democratic Governance, Council of Europe

**Regional Cooperation Platform – Future Steps**

**Mr. Lasha Tordia**, General Auditor, State Audit Office of Georgia

**19:00 – 21:00** Dinner at Restaurant “Shadow of Metekhi” - (29 Ketevan Tsamebuli Ave, Tbilisi)

Partnership for Good Governance

Netherlands Institute for  
**Multiparty Democracy**

