



**TRANSPARENCY
INTERNATIONAL
GEORGIA**

CAMPAIGN FINANCES AND MISUSE OF ADMINISTRATIVE RESOURCES DURING GEORGIA'S 2018 PRESIDENTIAL ELECTIONS

(SECOND INTERIM REPORT)

TBILISI 2018

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This report was made possible by the support of the American people through the United States Agency for International Development (USAID). The opinions expressed in the report belong to Transparency International Georgia and may not reflect the views of USAID or the United States Government.



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ABBREVIATIONS

CEC - the Central Election Commission

GD – the Georgian Dream

GYLA - Georgian Young Lawyers' Association

IACFFE - the Interagency Commission for Free and Fair Elections

IDP - Internally Displaced Person

ISFED - International Society for Free Elections and Democracy

NGO – Non-Governmental Organization

MIA – the Ministry of Internal Affairs

SAO – the State Audit Office of Georgia

TI Georgia – Transparency International Georgia

UNM – the United National Movement

I. KEY FINDINGS

Monitoring of misuse of administrative resources and campaign finances after the first round of presidential elections (October 28) revealed the following findings:

Misuse of administrative resources during electoral processes

Compared to the pre-election period leading up to the first round of the presidential elections, the scale of the misuse of administrative resources for electoral purposes have increased considerably in the run up to the second round, which could significantly affect the election results.

Misuse of enforcement administrative resources during electoral processes

- During the period covered by the report, violent incidents as well as alleged dismissals and threats of dismissal from work for political reasons have been recorded;
- After the first round, election-related violent incidents became more frequent. The response by the Ministry of Internal Affairs to these instances was meaningful. In order to share the information about the steps taken by the Ministry, this agency held several meetings with local as well as international observer organizations. In addition, a special format was created under the Georgian Government Administration for similar purposes. An introduction of such practice is a welcome development, especially, considering the fact that the Interagency Commission for Free and Fair Elections almost lost its function due to improper of action of Thea Tsulukiani, its chairperson;
- According to the Ministry of Internal Affairs, starting on 28 October, it instituted criminal proceedings regarding 22 cases that could be related to the elections. Among these cases were the 14 incidents allegedly involving violence. Six persons were indicted in two cases. According to the Ministry, the vast majority of cases related to alleged pressure or threats did not hold true;
- The attack on the United National Movement office in Akhalkalaki on 30 October was especially problematic in terms of violence. According to the Ministry of Internal Affairs, five supporters of the Georgian Dream political party – Martun Mkoian, Eduard Mkoian, Karapet Mkoian, Ararat Ambarian and Andranik Karslian – were charged with violent actions on 3 November. This information shows that the existence of a political motive of the incident was ignored which, in our opinion, is incorrect;
- The instances of alleged politically motivated intimidation have also become more frequent after the first round. Those accused of exerting such pressure are mainly the people who have some links with institutions that receive their funding from the state budget.

Misuse of legislative administrative resources during electoral processes

- There was one problematic case identified in this regard after the first round. The Central Election Commission did not consider the many calls made by observer organizations and political parties and scheduled the second round of the elections on a weekday, on 28 November. Despite the fact that the law allows holding elections on a weekday and, in such a case, it is declared a day off, this decision is unacceptable and inexpedient.

Misuse of institutional administrative resources during electoral processes

- The trend of forcing the employees of the budget-funded organizations to create lists of Salome Zurabishvili's supporters and become involved in campaigning which prevailed in the run up to the first round, continued during the period leading up to the second round as well.

Misuse of financial administrative resources for electoral purposes

- During the period covered by the report, no changes to the central or local budgets – which would have been a violation of the Election Code – were recorded;
- As for the electorally motivated public spending, the period after the first round of the presidential elections stood out in this respect. After the first round, we could hear almost daily the promises made by the leaders of Georgian Dream about the new multi-million social projects. Given its essence, intensity and target audience, this trend shows clear signs of electorally motivated public spending, which could have the same harm as use of financial administrative resources for electoral purposes;
- Notable electorally motivated public spending and programmes include: legalizing the ownership of flats throughout the country for about 900 families of internally displaced persons (for example, 455 flats in Gori, 149 flats in Tbilisi, 54 flats in Marneuli), raising the amount of social assistance or salaries for various groups, issuing one-time social assistance and other.

Campaign Finances

- From 1 August until 19 November, the donations received by the electoral entities have been distributed as follows: the two main entities received the total of GEL 11,343,062 in donations, including GEL 8,998,948 (79.3 percent) received by Salome Zurabishvili and GEL 1,243,366 (11.6 percent) received by Grigol Vashadze;
- As for the period following the first round, from 28 October until 19 November, the two main electoral entities received the total of GEL 4,128,323 in donations, including GEL 3,592,724 (87 percent) received by Salome Zurabishvili and GEL 535,599 (13 percent) received by Grigol Vashadze;
- Of the 621 persons who made donations to Salome Zurabishvili, 157 previously made donations to other political parties as well. Among them, 137 natural persons made donations to Georgian Dream in the past. They donated the total of GEL 1,750,000 to Salome Zurabishvili, which amounts to 22 percent of the total donations. Previously, the same people donated about GEL 5,801,088 to Georgian Dream. In addition, 15 of Zurabishvili's donors made donations amounting to the total of GEL 795,000 to the United National Movement in 2012;
- After the first round of the presidential elections, several informal social movements have appeared and held various public political events. Among them are "I Defend Freedom", "No to Misha, No to Nazis" ["Nazis" here refer to the members of the United National Movement – translator's note], "No to Nazism" and others. The actions of these groups clearly include campaigning in favour of one presidential candidate and against the other, and this is likely to involve some expenses;

- In addition to expressing verbal support to Salome Zurabishvili, Georgian Dream posted sponsored campaign ads of Salome Zurabishvili on the party's official Facebook page, which should be considered an illegal donation made by Georgian Dream to this candidate;
- Another party – the Alliance of Patriots of Georgia – also spent financial resources to benefit Salome Zurabishvili and against Grigol Vashadze. In early November, this party started printing and distributing campaign materials with the main goal of discrediting Grigol Vashadze's candidacy and supporting Salome Zurabishvili. Furthermore, the Alliance of Patriots of Georgia organized large-scale campaign rallies in Batumi and Tbilisi with the same purpose. A stage, microphones, campaign posters and other means were used during these meetings. The party also provided for participants' transportation. Therefore, the Alliance of Patriots of Georgia spent financial and material resources for the benefit of Salome Zurabishvili, which must be considered an illegal donation;
- Similar to the first round, the response by the State Audit Office to alleged violations of political party financing regulations was mostly ineffective. The process of verifying the cases was protracted and produced no results at the end. As late as on 26 November, the Audit Office published a brief report which included information about the response to several violations. We hope that the process of investigating the cases will be speeded up and decisions will be made more promptly.

Vote buying

- After the first round of the presidential elections, the increase in the number of cases of alleged vote buying has become particularly striking. Transparency International Georgia has been regularly receiving this kind of information from its long-term observers in various regions. Particularly alarming was the joint initiative of the government and the Cartu Foundation to pay back the debts of 600,000 citizens. This initiative differs from other cases as the source of the financing is a private foundation, which points at vote buying.

II. INTRODUCTION

One of the major influences on electoral processes is typically the use of administrative resources. Such influence can, in fact, be as great as to predetermine even the election outcome. Therefore, much attention should be given to limiting the use of these resources.

Moreover, a fair competition between political parties is one of the cornerstones for the functioning of a democracy. To reduce the risks of one-party rule, it is vital that the public has an option to choose between various political groups. Strength and popular acclaim of political parties is closely linked to their financial resources. In countries going through a transition, opposition parties often struggle with raising revenues, putting the political team in the government in an advantageous position. This limits a healthy competition between political parties, which, in turn, hinders democratic processes.

Transparency International Georgia (TI Georgia) has been studying the issue for many years now. This time, we are pleased to release second interim report, which explores both campaign finances and misuse of administrative resources during 2018 presidential elections. Part of report on misuse of administrative resources covers the period starting from the first round of elections (October 28) up to November 20, 2018.

TI Georgia kept track of all the events that could entail use of administrative resources for electoral purposes or similar activities. Lawyers of the organization, three regional offices and seven regional observers studied and verified reported facts. The lawyers double-checked relevant cases for their compliance with the Georgian election legislation and international standards.

As for campaign finances, by the time of preparation of this report, new financial declarations of candidates' have not been published yet. Therefore, we analyze only donations received by two runoff candidates from August 1 to November 19. Moreover, the report also assesses the cases of alleged vote buying and enquires of the State Audit Office (SAO) on alleged violations.

III. MISUSE OF ADMINISTRATIVE RESOURCES DURING ELECTORAL PROCESSES

1. WHAT IS THE MISUSE OF ADMINISTRATIVE RESOURCES DURING ELECTORAL PROCESSES?

There is no commonly accepted definition of an administrative resource and its misuse for electoral purposes either in Georgian or in international law. However, a wide range of international documents related to the given issue attempt to establish a common approach to the above-mentioned phenomena. Based on the analysis of these documents and opinions expressed by scientists, TI Georgia identifies the following types of administrative resources¹:

Type of administrative resource	Essence
Enforcement	Selective use of state enforcement, including coercive powers against political opponents, their supporters and voters. For instance, politically motivated detention of individuals, intimidation, assault, threatening, discharge or other forms of coercion.
Legislative	Use of legislative, executive and judicial branches in favor of/against the electoral interests of a certain political party or candidate. For instance, adoption of a law, which puts a certain party at an advantage.
Institutional	Use of human and non-monetary resources of state agencies, as well as use of media and communication outlets funded or owned by the state to facilitate or hinder election campaign of a certain political party or a certain candidate.
Financial	Use of budgetary resources of the central or local government agencies to facilitate election campaign of certain political party or candidate

The Georgian legislation provides a narrow definition for the misuse of administrative resources during electoral processes, frequently leaving a number of issues beyond regulation. In particular, an administrative body may carry out a series of activities that, although in compliance with the law, might provide goods to the society in a way to bear a significant impact on voters' behavior. In such cases, it is difficult to draw a line between the state and a political party that represents a requirement under the 1990 OSCE Copenhagen Conference Document².

1 How to Monitor and Report on the Abuse of State Resources – an Introduction, *Dr. Magnus Ohman, April 14, 2014*

2 <http://www.osce.org/odihr/elections/14304>

Hence, when referring to the misuse of administrative resources during the electoral processes, we mean not only violation of the Georgian legislation, but also acts against the spirit of the Copenhagen Document and universally accepted electoral principles.

2. MISUSE OF ENFORCEMENT ADMINISTRATIVE RESOURCES DURING ELECTORAL PROCESSES

Compared to the pre-election period leading up to the first round of the presidential elections, the scale of the misuse of enforcement administrative resources for electoral purposes have increased considerably in the run up to the second round. Violent incidents as well as alleged dismissals and threats of dismissal from work for political reasons have been recorded. Moreover, we received information from one reliable source on alleged falsification of identification documents and elections.

2.1. Violence

In the first interim report³, which was released prior to the first round of elections, we noted that during the pre-election campaign serious violence, with some minor exceptions, have not be observed. This was a positive and welcoming trend. However, after the first round, election-related violent incidents became more frequent. The response by the Ministry of Internal Affairs (MIA) to these instances was meaningful. In order to share the information about the steps taken by the MIA, this agency held several meetings with local as well as international observer organizations. In addition, a special format was created under the Georgian Government Administration for similar purposes. An introduction of such practice is a welcome development, especially, considering the fact that the Interagency Commission for Free and Fair Elections (IACFFE) almost lost its function due to improper of action of Thea Tsulukiani, its chairperson.

According to the MIA, starting on 28 October, it instituted criminal proceedings regarding 22 cases that could be related to the elections. Among these cases were the 14 incidents allegedly involving violence. Six persons were convicted in two cases. According to the MIA, the vast majority of cases related to alleged pressure or threats did not hold true. Most brutal instances of violence are described below.

On October 30, four activists of the United National Movement (UNM) were attacked and heavily beaten in the UNM office in **Akhalkalaki**. Ashot Raisian, the head of this office, was one of the target.⁴ After the attack, Raisian said that 45 persons had attacked their office. According to him, the brother and son of Enzel Mkoian, the MP from Ninotsminda-Akhalkalaki were among offenders.⁵

In couple of days Irakli Kobakhidze⁶, the Chairperson of Parliament, and Archil Talakvadze⁷, the leader of parliamentary majority, expressed their support to Enzel Mkoian. Since the investigation was still going on such statements could be seen as an encouragement for violence and an attempt to have an impact on investigation. This could have a negative impact on election environment.

3 Misuse of Administrative Resources during 2018 Presidential Elections in Georgia (interim report), TI Georgia, October 25, 2018: <https://bit.ly/2AR7fTs>

4 <http://sknews.ge/index.php?newsid=19960>

5 <http://sknews.ge/index.php?newsid=19956>

6 <https://civil.ge/ka/archives/263558>

7 <https://civil.ge/ka/archives/263558>

According to the MIA, on November 3, five supporters of the Georgian Dream (GD) political party – Martun Mkoian, Eduard Mkoian, Karapet Mkoian, Ararat Ambarian and Andranik Karslian – were charged of violent actions (Article 126 of the Criminal Code of Georgia). **This information shows that the existence of a political motive of the incident was ignored, which, in our opinion, is incorrect.**

On November 21, in **Oni** Nodar Burdiladze, the head of Grigol Vashadze supporters' office, was injured by sharp subject. According to Nika Melia, a UNM representative, two activists of the GD had an argument with Burdiladze and after that heavily injured him with knives.⁸ According to the MIA, an investigation found out that Kakha Isakadze was drunk and made noise on the street in the middle of the night. Meanwhile Nodar Burdiladze, the head of UNM Oni office living on the same street, came out from his home and asked Kakha Isakadze to be quiet and leave the street. According to the MIA, Burdiladze also was drunk. During a verbal argument Kakha Isakadze hit Burdiladze with a knife. Police detained Isakadze. In addition, one employee of Security Police witnessed this incident. That's why this case has been transferred to the Prosecutor's Office for further investigation.

2.2. Intimidation

The instances of alleged politically motivated intimidation have also become more frequent after the first round. Those accused of exerting such pressure were mainly the people who had some links with institutions that receive their funding from the state budget.

According to the MIA, 38 instances of alleged political intimidation have been studied and 33 of them have not been proved. The remaining cases either were under investigation or transferred to the Prosecutor's Office. This information shows that no one was convicted of intimidation. However, we highlight those cases, which seemed to be realistic for us.

According to one of the media organizations, Elbrus Abassov, a coordinator of Zurabishvili's office in **Gardabani**, asked villagers to swear on bread that they and their family members would vote for Zurabishvili. According to Muslim traditions, swearing on bread equals to swearing on Koran. Two inhabitants of Nazarlo village openly stated that deputy mayor of Gardabani also participated in this campaign.⁹

In **Tbilisi**, after the first round of elections, Marina Khmoiani, a janitor of Tbilisi Cleaning Service was dismissed. According to her, the reason for dismissal was her alleged affiliation with UNM. She also talked about her forceful involvement in election campaign by asking to provide personal numbers of her and her family members to support Salome Zurabishvili.¹⁰

In **Gurjaani** Tamar Sibashvili, a manager of Vejini village kindergarten was dismissed. She claimed that her dismissal had political grounds and provided some arguments. One of them was a secret footage disseminated by media one day prior to the Election Day. This was a footage of a meeting where the village governor allegedly asked employees of budgetary organizations to vote for Salome Zurabishvili. Tamar Sibashvili said that she had also attended this meeting and she was blamed of recording and disseminating

8 <http://netgazeti.ge/news/323337>

9 <http://rustavi2.ge/ka/news/118450>

10 <http://rustavi2.ge/ka/news/118291>

a footage of this meeting. Moreover, prior to the first round of elections she and other kindergarten managers were asked to work with kindergarten staff and parents of children to get their support for Salome Zurabishvili. Sibashvili said that in two days after the first round of elections the head of kindergartens Union summoned her and asked to write a letter of resignation. After refusal, on November 7, she was dismissed. Official reason for dismissal was improper fulfillment of duties, which was found by internal inspection.¹¹

On November 12, **Tbilisi** Kindergarten Management Agency dismissed directors of six kindergartens.¹² Pikria Chkhaidze, the director of one of the kindergartens (#169), said that she was dismissed on political grounds. She was asked to be actively involved in electoral processes, but she refused to obey.¹³

In these cases, there are signs of alleged forceful involvement of employees in election campaign by their supervisors. When these efforts failed, an administrative resource was used to dismiss such employees.

Recommendation

The MIA must pay more attention to identifying a political angle when investigating violent incidents

2.3. Alleged falsification of identification documents

On November 20, three Non-Governmental Organizations (NGOs) - TI Georgia, Georgian Young Lawyers' Association (GYLA) and International Society for Free Elections and Democracy (ISFED) issued a statement according to which, an employee of the Public Service Development Agency informed them that the Agency was allegedly producing fake identification cards. According to this employee, fake ID cards were being printed with the purpose of rigging the second round of the presidential elections in favor of Salome Zurabishvili, and the Agency's high-ranking officials were supervising the process.

According to the source, it was decided to print fake IDs after the first round of the elections. The source said that **Soso Giorgadze**, chairperson of the Public Service Development Agency, and **Bezhan Obgaidze**, head of the Internal Audit Service of the Agency, were in charge of the process. The source explained that a special meeting concerning this topic was held last week. According to the plan, five IDs were to be printed per person, indicating different last names, first names, and personal numbers but the same photo of that one person. The information about that person would appear in the voter lists of several polling stations, making it possible for one person to vote at several polling stations with different ID cards, which meant voting according to a so-called "carousel principle".

The source was not aware of the scale of this plan or how many fake ID cards were going to be printed. The source said that the ID cards were being printed by several territorial offices of the Agency. The source also said that, in the regions, the heads of the territorial offices who were not considered "trustworthy" had been sent on business trips, while "trustworthy" people had been sent to replace them. According to the

11 <https://goo.gl/vFvUZC>

12 Directors of the following kindergartens: #109, #131, #111, #169, #145 and #50

13 <http://netgazeti.ge/news/319145/>

source, **Arkadi Pipia**, head of the **Tsalenjikha** territorial office, and **Zurab Khvedelidze**, head of the **Gardabani** territorial office of the Agency, were deemed “untrustworthy”. In Tsalenjikha, **Manuchar Nachkebia** was acting as the head of the territorial office while the latter was away on a business trip. Arkadi Pipia confirmed to our representatives that he was away on a business trip. According to the information we have obtained, **Zurab Khvedelidze** was also likely to be away on a business trip while **Gvantsa Menapire** was performing his duties during this time.

The Prosecutor’s Office launched an investigation and management of mentioned NGOs have been interrogated. The investigation is going on.

Recommendation

The Prosecutor’s Office should properly investigate alleged falsification of identification documents and elections and inform public on the results of investigation.

3. MISUSE OF LEGISLATIVE ADMINISTRATIVE RESOURCES DURING ELECTORAL PROCESSES

There was one problematic case identified in this regard after the first round. The Central Election Commission (CEC) did not consider many calls made by observer organizations and political parties and scheduled the second round of the elections on a weekday, on 28 November. Despite the fact that the law allows holding elections on a weekday and, in such a case, it is declared a day off, this decision was unacceptable and inexpedient.

The CEC’s decision did not consider the interest of Georgian citizens who live abroad and their right to participate in elections by creating artificial barriers for them when it announced an Election Day on weekday. In order to reduce a harm created by itself, the CEC prolonged voting procedure abroad until 12:00 am.¹⁴ However, it was less probable that this change could make significantly easier to vote for those voters who live or work in other cities.

Moreover, we believe that the CEC violated Georgian Election Code by making this decision since the Code precisely defines that voting should end at 8 pm. The only exception is for those voters who were standing in a line at the polling station at 8 pm.

TI Georgia and ISFED sued the CEC in court for that decision. During a court trial, the CEC argued that its decision was based on a provision¹⁵ of Election Code, which allows the CEC to define certain procedures and dates by its decree if some requirements and deadlines of the Code cannot be fulfilled or met. However, the CEC could not justify why it was “impossible” to fulfill “some requirements and deadlines of the Code”. The court also could not find a need to justify this issue, it shared the arguments of the CEC and did not satisfy our complaint.

The decision of the CEC would make difficult to vote not only for Georgian citizens who are abroad, but also for those people who, due to internal migration, could not go to their place of registration and get back in one day.

14 The CEC decree #53/2018, adopted on November 14, 2018: <https://goo.gl/8qLFTw>

15 Article 14.1 “G” of the Election Code of Georgia

The opposition parties also talked about the same concerns.¹⁶ It should also be noted that in the first round of elections opposition candidate got majority of votes abroad.

We believe, the CEC could not provide a reasonable argument that could justify holding elections on a weekday. It is not clear why the runoff elections should be held on November 28.

Moreover, before the official announcement of the CEC, this date was pre-announced by Kakha Kaladze, Tbilisi City Mayor.¹⁷ Even before Kaladze, two speakers of the meeting organized by an informal civil movement “I Defend Freedom” in Telavi also announced that the runoff elections would be held on November 28. These facts might indicate that the ruling party and its supporters knew exact date of the runoffs way before its official announcement. Such circumstances could question impartiality of the CEC members in some groups of society and this could damage its reputation.

Recommendation

The CEC, when the law permits, must make its decisions based on the interests of voters.

4. MISUSE OF INSTITUTIONAL ADMINISTRATIVE RESOURCES DURING ELECTORAL PROCESSES

Prior to the first round, we talked about the trend of forcing the employees of the budgetary organizations to create lists of Salome Zurabishvili’s supporters and become involved in campaigning. The same trend was also observed after the first round.

In two kindergartens of **Zugdidi** (we cannot provide specific numbers of kindergartens in order to avoid revealing identities of informants) the kindergarten administration asked their employees to bring supporters lists of Salome Zurabishvili. In **Oireme** village of Ingiri community of Zugdidi municipality, the kindergarten administrator asked a teacher to circle Zurabishvili in a ballot with specific geometric shape.

Employees of **Marneuli** kindergarten #4 have been asked to vote for Salome Zurabishvili. One of the employees attested this fact and described how she explained to her administrator that she was registered in Telavi and should vote there.¹⁸

Another case of alleged misuse of administrative resources was observed during a monitoring of Facebook page of the Government of Autonomous Republic of Abkhazia. On November 21, this page posted Salome Zurabishvili’s campaign material.¹⁹ This institution called on IDPs to vote for Zurabishvili and against Grigol Vashadze, a presidential candidate from UNM. Moreover, the same message has been sent from an official email address of the Government. This action violates the Election Code²⁰, which prohibits using state owned communication means in election campaigning. TI Georgia filed a complaint to the CEC on this case and it is under consideration.

16 <https://goo.gl/LmHtcB>

17 <https://goo.gl/YvMnt3>

18 <http://rustavi2.ge/ka/news/118967>

19 Facebook page of the Government of Autonomous Republic of Abkhazia: <https://goo.gl/U8vNYw>

20 Article 48.1 “G” of the Election Code of Georgia

Recommendation

The heads of budgetary organizations must refrain from unlawfully involving civil servants working under them into campaigning and respect their labour rights. In addition, they must not obstruct the work of municipal agencies by involving the staff into campaigning.

5. MISUSE OF FINANCIAL ADMINISTRATIVE RESOURCES DURING ELECTORAL PROCESSES

Financial administrative resource is one of the strongest resources for obtaining a solid advantage in the pre-election period. The Georgian Election Code does not allow for the increase in the funding of budgetary programs and initiation of new programs only during 60 days before the elections. This implies that no such amendment should be made to the law during this period, albeit the law does not prohibit the implementation of pre-planned programs. This is exactly why the government usually finds it easy to bypass this regulation, by planning to change the budget in advance and then implementing the specific programs in the pre-election period without any problems. This is the reason why we, in addition to highlighting the violation of law while examining this issue, also analyze budgetary programs that, although initiated and implemented in compliance with the law, can have a serious impact on the election results.

In these cases, we are usually talking about election motivated spending of state funds, i.e. the situation where such budgeting programs are initiated several months prior to the elections, which are primarily aimed at winning the voters hearts and might not conform to long-term interests of the country. At the same time, there are certain state programs with a special social focus that envisage direct transfer of ostensible social goods to the broad layers of the population. An example of this would be an increase of social and other benefits.

To ensure healthy and competitive electoral environment, it is very important that such programs are not initiated shortly before the elections, since through them the ruling party candidate / party is prone to obtain a serious advantage.

No change was identified in the central or local budget during the reporting period that would violate the above regulation of the Election Code.

As for the electorally motivated public spending, the period after the first round of the presidential elections stood out in this respect. After the first round, we could hear almost daily the promises made by the leaders of the GD about the new multi-million social projects. Given its essence, intensity and target audience, this trend shows clear signs of electorally motivated public spending, which could have the same harm as use of financial administrative resources for electoral purposes. The state must elaborate a social policy that establishes a stable social security system without simply relying on raising social benefits during pre-election periods. In order to ensure a healthy and competitive election environment, such programs should not be initiated in the period leading up to elections, since this gives a major unfair advantage to the ruling party candidate.

Notable electorally motivated public spending and programmes include: legalizing the ownership of flats throughout the country for about 900 families of Internally Displaced

Persons (IDP), raising the amount of social assistance or salaries for various groups, issuing one-time social assistance and other.

5.1. Legalization of Apartments for IDPs

On November 9, the Government of Georgia issued a decree, which legalized apartments for 899 IDP families.²¹The decree concerned apartments in various cities, including Gori (455 apartments), Tbilisi (149 apartments), Marneuli (54) etc. Most of IDPs have de facto possessed these apartments for many years. The decree formally legalized their ownership.

5.2. Other cases

On November 2, the Prime Minister started a trend of new social initiative when he announced that 140,000 socially vulnerable children would receive social assistance of GEL 50, up from GEL 10, which would increase budget expenditures by GEL 70 million.²²

On the same day, Minister of Healthcare promised that upon becoming employed, socially vulnerable citizens would maintain their social assistance for a period of one year and non-monetary benefits for a period of two years. According to him, the government will adopt the necessary decree in the near future.²³

Sergeenko also stated that the Ministry would purchase 400 apartments for IDP families in Rustavi, Marneuli, Khashuri, Batumi, Kutaisi and Tbilisi, the latter being a priority.²⁴

On November 4, the majoritarian MP representing Dmanisi and Tsalka Kakhaber Okriashvili stated²⁵ that he had initiated²⁶ amendments to the Law on Development of Mountainous Regions, allowing the government to grant the 'mountainous' status, and therefore benefits, to settlements even if they did not meet the predefined criteria.

On November 8, Levan Izoria, the Minister of Defense, announced that 728 soldiers would be awarded with apartments until 2020. Izoria also mentioned that salary raise for soldiers will continue until 2020.²⁷

The Prime Minister Bakhtadze made more comments on salary raise for soldiers and explained that in 2019-2020 the salaries of 7,526 military servants would be raised based on their status. He also added that salaries in border police and coast guard of MIA would also increase by GEL 250. From January, the next year, salary raise is also planned for employees of various units of MIA including Special State Protection Service.²⁸

On November 12, Mamuka Bakhtadze once again presented a new social initiative according to which, social assistance of over 75,000 persons with special needs would

21 The Government decree N2170 adopted on November 9, 2018:
http://gov.ge/files/495_68794_384644_2170.pdf

22 <https://goo.gl/wTdgfn>

23 <https://goo.gl/hP2C1M>

24 <https://goo.gl/Ybpzz6>

25 <https://goo.gl/WNc9vQ>

26 <https://info.parliament.ge/#law-drafting/16653>

27 <https://goo.gl/HV22Ws>

28 <https://goo.gl/kjPxM3>

increase from GEL 100 to GEL 120.²⁹

On November 12, another package of amendments to the Law on Development of Mountainous Regions was registered in the parliament. These amendments were initiated by the MPs – Gia Jorjoliani, Beka Natsvlishvili, Koba Narchemashvili, Mirian Tsiklauri, Gedevan Phophkhadze, Erekle Tripolski, Ruslan Poghosian, Irakli Abuseridze and Zaza Papuashvili, The draft law aims to broaden the circle of beneficiaries, which will also include technical and administrative personnel of schools. The draft law will affect budget expenditure and additional GEL 5 million will be required to fund this project.³⁰

Our regional observers also informed us about alleged misuse of administrative resources. These instances have smaller scales, but they could have a significant impact on certain groups of voters. In the compact settlements of internally displaced persons (IDPs) in **Rustavi**, the Georgian Dream coordinators have been offering IDPs to submit to the Public Service Hall a request for social assistance addressed to the Minister of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Protection. According to our source, the coordinators were trying to convince them that, in exchange for voting for Salome Zurabishvili, they would receive social assistance based on the minister's order On the Approval of the Procedure of Issuing Financial Assistance.

In the village of **Akhali Abastumani** of the Zugdidi Municipality, Zaza Kadaria, a representative of the Zugdidi mayor, promised several voters that they might receive social assistance in exchange for voting [for Zurabishvili].

Recommendation

The government must refrain from initiating large-scale social programmes shortly before elections in order to avoid damaging healthy competition between the electoral entities.

29 <https://goo.gl/fOx4Je>

30 <https://info.parliament.ge/#law-drafting/16670>

IV. CAMPAIGN FINANCES

By the time of preparation of this report, new financial declarations of candidates' have not been published yet. Therefore, we analyzed only donations received by two runoff candidates from August 1 to November 19. Moreover, the report also assesses the cases of alleged vote buying and enquires of the SAO on alleged violations.

1. DONATIONS

1.1 Summary Statistics

It should be noted that in our previous report *Campaign Finances in Georgia's 2018 Presidential Elections*³¹ we analyzed finances of Grigol Vashadze, a UNM nominated candidate, together with other candidates of "The Strength is in Unity", an informal coalition of several parties.³² We used the same methodology and added donations of the following candidates to the donations of Grigol Vashadze:

- #1 Mikheil Antadze, State for People Movement
- #13 Zviad Mekhatishvili, Christian-Democratic Party of Georgia
- #22 Zviad Baghdavadze, Civic Platform – New Georgia
- #27 Zviad Iashvili, National-Democratic Party

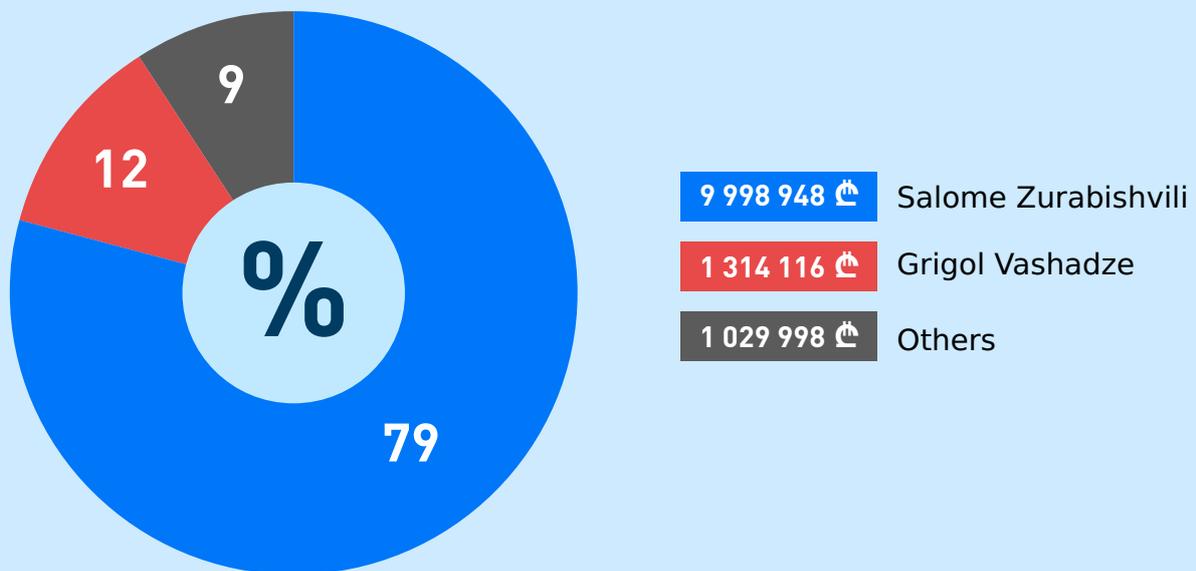
It should also be noted, that after the first round of elections the GD also got significant amount of donations regardless the fact that this party formally did not participate in elections. The GD had only GEL 10,220 contributed by donors prior to the first round. As of November 19, the GD got GEL 638 260 and took the third place in terms of donations. Until full financial declarations of political parties are not published, it is hard to say for what activities this money was spent. However, since the GD openly expressed its support to Salome Zurabishvili and mobilized its resources for her we, for the interest of the report, added the GD's donations to those of Salome Zurabishvili.

Based on the above-mentioned circumstances, From 1 August until 19 November, donations of the candidates are distributed in the following way: **the two main candidates received the total of GEL 11,343,062 in donations, including GEL 8,998,948 (79.3 percent) received by Salome Zurabishvili and GEL 1,243,366 (11.6 percent) received by Grigol Vashadze**

31 Campaign Finances in Georgia's 2018 Presidential Elections, TI Georgia, 2018, <https://bit.ly/2KXQfiX>, pg. 7

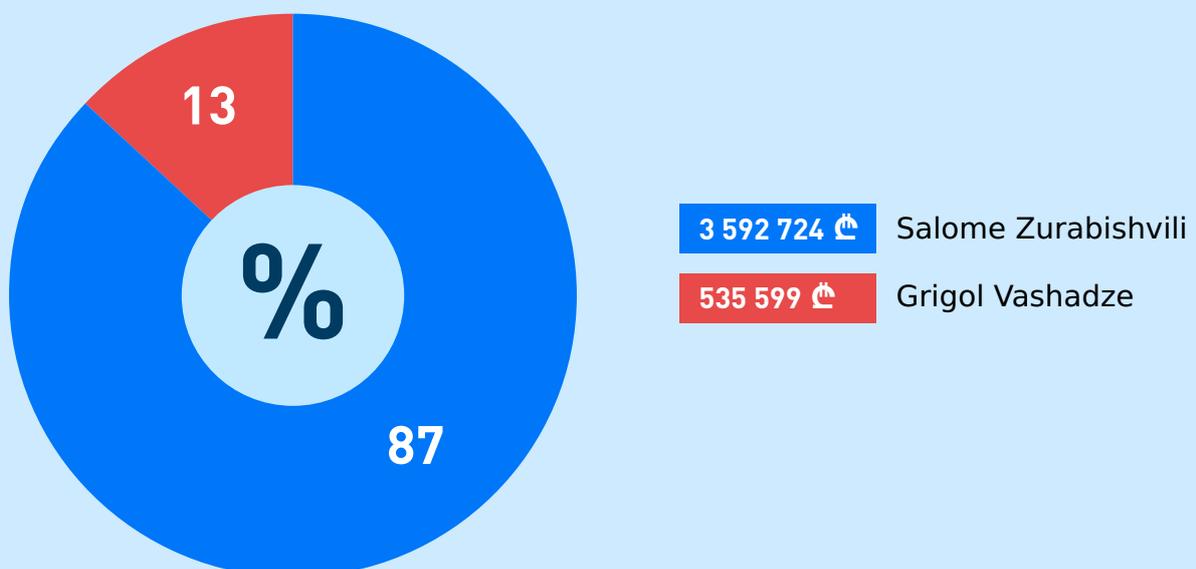
32 Ibid

GRAPH 1. DONATIONS RECEIVED BY THE CANDIDATES (1.08. – 19.11)



As for the period following the first round, from 28 October until 19 November, **the two main candidates received the total of GEL 4,128,323 in donations, including GEL 3,592,724 (87 percent) received by Salome Zurabishvili and GEL 535,599 (13 percent) received by Grigol Vashadze**

GRAPH 2. DONATIONS RECEIVED BY THE CANDIDATES AFTER THE FIRST ROUND (28.10. – 19.11)



1.2 Donors contributing to more than one political party

In the reporting period, out of the 621 persons who donated to Salome Zurabishvili, 157 previously donated to other political parties as well. Among them, 137 natural persons donated to Georgian Dream in the past. They donated the total of GEL 1,750,000 to Salome Zurabishvili, **which amounts to 22 percent of the total donations**. Previously, the same people donated about GEL 5,801,088 to Georgian Dream. In addition, 15 of Zurabishvili's donors made donations amounting to the total of GEL 795,000 to the United National Movement in 2012.

1.3 Donations of public movements for Salome Zurabishvili

After the first round of the presidential elections, several informal social movements have appeared and held various public political events. Among them are “I Defend Freedom”, “No to Misha, No to Nazis” [“Nazis” here refer to the members of the United National Movement – translator’s note], “No to Nazism” and others. The actions of these groups clearly included campaigning in favor of one presidential candidate and against the other, and this was likely to involve some expenses. These activities might constitute donation for the benefit of Salome Zurabishvili, which should be identified and registered by the SAO.

The public movement “I Defend Freedom” held meetings with the population across the country,³³ which aimed to campaign against the United National Movement (UNM) and to support Salome Zurabishvili.³⁴ The organization was also opening offices in the regions. This movement organized a canvassing meeting on Rustaveli Avenue and in Rustaveli Theatre on November 7.

Public movement “No to Misha, No to UNM” has opened two offices in Kutaisi.³⁵ One more movement, “No to Nazism”, was planning to provide transportation from Tbilisi to the regions for those voters who could not afford it themselves. According to a representative of this organization, this activity aimed to prevent the UNM from returning to power.³⁶ This movement has opened an office on Rustaveli Avenue in Tbilisi.³⁷

The activities of the aforementioned public movements made it obvious that they supported presidential candidate Salome Zurabishvili and were spending financial resources for this purpose, which, according to the Georgian legislation, constitutes the electoral donation. This means that these donations must be declared in accordance with law, they must not exceed established limits, the donors may not be non-entrepreneurial (non-commercial) legal entities or foreign nationals, etc.

1.4 Political ads of Salome Zurabishvili on Facebook page of the GD

In addition to expressing verbal support to Salome Zurabishvili, in November the GD posted sponsored campaign ads of Salome Zurabishvili on the party’s official Facebook page,³⁸ which should be considered an illegal donation made by the GD to this candidate

33 <https://goo.gl/A1tuof>,

34 <https://goo.gl/9YUR3B>

35 <https://1tv.ge/video/modzraobam-ara-mishas-ara-nacebs-qutaisshi-ori-ofisi-gakhsna/>

36 <https://goo.gl/89bbg1>

37 <https://goo.gl/ZzDtJw>

38 Screenshots: <https://goo.gl/zdE3fc>

even if the advertisement fee was paid by Salome Zurabishvili's campaign fund.

Georgian legislation prohibits electoral subjects to get donations from political parties. The SAO also studies this case.

1.5 The Alliance of Patriots in support of Salome Zurabishvili

In addition to public movements and the GD, another party – the Alliance of Patriots of Georgia – also spent financial resources to benefit Salome Zurabishvili and against Grigol Vashadze. In early November, this party started printing and distributing campaign materials with the main goal of discrediting Grigol Vashadze's candidacy and supporting Salome Zurabishvili.³⁹ Furthermore, the Alliance of Patriots of Georgia organized large-scale campaign rallies in Batumi⁴⁰ and Tbilisi⁴¹ with the same purpose. A stage, microphones, campaign posters and other means were used during these meetings. The party also provided for participants' transportation.

Therefore, the Alliance of Patriots of Georgia spent financial and material resources for the benefit of Salome Zurabishvili, which must be considered an illegal donation based on the argumentation provided above. The SAO also studies this case.

2. VOTE BUYING

After the first round of the presidential elections, the increase in the number of cases of alleged vote buying has become particularly striking. TI Georgia has been regularly receiving this kind of information from its long-term observers in various regions. Particularly alarming was the joint initiative of the government and the Cartu Foundation to pay back the debts of 600,000 citizens. The cases of alleged vote buying are discussed below.

2.1 Initiative to pay back the debts

At the briefing held on November 19, the Prime Minister Mamuka Bakhtadze announced that over half a million citizens would be written off debts. In accordance with the PM, it includes financial liabilities of 600 000 citizens towards banks, online credit organizations or different institutions, which, in total is approximately GEL 1.5 billion. This process was supposed to start on December 15 and come to the end on December 31: "600 000 citizens will surely be removed from the debtor registry by December 31 and meet the New Year without debts". According to the Minister of Finance Ivane Machavariani, Cartu Foundation will completely cover debts of approximately 600 000 citizens, who are in a so-called „Black list." This applies to individuals who have not to be able to pay a loan for one year and the amount of principal loan is no more than GEL 2 000.⁴²

The decision announced by the government contained signs of vote buying since it aimed at winning the heart of voters for Salome Zurabishvili before the run-off election. According to the Criminal Code of Georgia: „For election purposes, indirect or direct offering or promising of money, securities (including a financial instrument), other property, property rights, services or any other advantages, or knowingly accepting the

39 <https://bit.ly/2TM383v>

40 <https://bit.ly/2ReJJ9M>

41 <https://bit.ly/2r3QvUq>

42 <https://goo.gl/aHz76N>

above noted, or making a fraudulent, hypocritical or another kind of deals in order to avoid the restrictions imposed by law – envisages imprisonment for up to three years or the fine.” **It is noteworthy that such a scale of alleged vote buying is unprecedented for Georgia. The initiative, considering its scale, will undoubtedly affect the results of the election.**

2.2 Other cases

Our regional observers also informed us about alleged vote buying. These instances have smaller scales, but they could have a significant impact on certain groups of voters. In the compact settlements of internally displaced persons (IDPs) in **Rustavi**, the Georgian Dream coordinators have been offering IDPs to submit to the Public Service Hall a request for social assistance addressed to the Minister of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Protection. According to our source, the coordinators were trying to convince them that, in exchange for voting for Salome Zurbishvili, they would receive social assistance based on the minister’s order On the Approval of the Procedure of Issuing Financial Assistance.

In the village of **Akhali Abastumani** of the Zugdidi Municipality, **Zaza Kadaria**, a representative of the Zugdidi mayor, promised several voters that they might receive social assistance in exchange for voting [for Zurbishvili].

In Matskhovriskari district of Zugdidi, some residents received GEL 50 each to vote for Zurbishvili.

Recommendation

The Georgian Prosecutor’s Office must investigate the cases of alleged vote buying as soon as possible.

3. TRANSPARENCY AND SUPERVISION OVER CAMPAIGN FINANCES

Georgian legislation mandates the SAO with the authority to monitor the legality and transparency of political finances. The SAO conducts oversight of the finances of political parties within the competencies ascribed to it by the Electoral Code and the Organic Law on Political Unions of Citizens.

In the reporting period of 1 August – 19 November, each electoral subject submitted six financial declarations to the SAO, who published these on its website. Nevertheless, financial declarations covering the period after the first round have not publicized yet, therefore, reporting period ends on October 28. Similar to the first round, **incomplete financial reporting by electoral subjects remained a serious problem. The absolute majority of financial declarations are missing some information or contain inconsistencies. Information required by the reports are left blank on multiple occasions. It seems that the electoral subjects either do not know how to properly complete the declarations and what information needs to be presented in which way, or are deliberately making these mistakes.**

This issue has persisted for years and the SAO has been ineffective at addressing this problem. Especially worrying is the situation in regards to the monitoring of campaign

spending. The SAO representatives have said multiple times that they lack relevant resources to carry out such monitoring.

Moreover, similar to the first round, the response by the SAO to alleged violations of political party financing regulations was mostly ineffective. The process of verifying the cases was protracted and produced no results at the end. On November 20, the SAO held a meeting with NGOs and stated that all investigations were pending.

Recommendation

The SAO must complete the investigation of instances of allegedly illegal donations and political party financing as soon as possible.

Similar to the first round of elections, sponsored political content on social media, primarily Facebook, remained one of the major challenges to the transparency of campaign finances in Georgia. Identity of those who pay for ads on social media is not public information. Such advertising has included text, video and photo content of political nature. As a rule, such advertising is directed towards smearing one or the other candidate or a public official. It is clear that this is unaccounted campaign financing which may serve bypassing the limitations stipulated by legislation. The SAO is unable to determine who has been behind such advertisements as Facebook has declined to provide the information.

V. RECOMMENDATIONS

- The MIA must pay more attention to identifying a political angle when investigating violent incidents;
- The Prosecutor's Office should properly investigate alleged falsification of identification documents and elections and inform public on the results of investigation;
- The CEC, when the law permits, must make its decisions based on the interests of voters;
- The heads of budgetary organizations must refrain from unlawfully involving civil servants working under them into campaigning and respect their labour rights. In addition, they must not obstruct the work of municipal agencies by involving the staff into campaigning;
- The Government of Georgia must refrain from initiating large-scale social programmes shortly before elections in order to avoid damaging healthy competition between the electoral entities;
- The Georgian Prosecutor's Office must investigate the cases of alleged vote buying as soon as possible;
- The SAO must complete the investigation of instances of allegedly illegal donations and political party financing as soon as possible.