



**STATE AUDIT OFFICE
POLITICAL FINANCES MONITORING
DEPARTMENT**

**INTERIM FINANCIAL MONITORING
REPORT OF MUNICIPAL ELECTIONS
FOR OCTOBER 2, 2021**

SEPTEMBER 29, 2021

STATE AUDIT OFFICE OF GEORGIA

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I. GENERAL INFORMATION

This report provides information on the results of monitoring the revenues, expenditures and financial activities of the electoral subjects participating in the October 2, 2021 municipal elections during the election period.

43 political parties¹ and 68 independent candidates are running in the October 2, 2021 elections.

On the basis of the Election Code of Georgia and the Order of the Auditor General of Georgia², the electoral subjects were required to submit a financial report on the election campaign according to the following periods:

- Information from August 2, 2021 to August 22 – until August 26;
- Information from August 23, 2021 to September 12 – until September 16;
- Information from September 13, 2021 to October 2 – until October 7;
- Information from August 2, 2021 to October 2 – until October 14 (provided by those electoral subjects who received the required number of votes defined by the Election Code of Georgia based on preliminary data);
- Information pertaining the period from August 2, 2021 until the announcement of the election results - 1 month after the publication of the results (all electoral subjects participating in the elections);
- Financial report of the activities carried out after the first round of election day (October 2) - 3 days before the second round (all electoral subjects participating in the second round);
- Information on the period from August 2, 2021 to the announcement of the final results of the second round of elections, including the day - 1 month after the publication of the results of the second round (all electoral subjects participating in the second round).

Based on the amendments to the Election Code, following the State Audit Office (SAO) updating the rule regulating transparency of political finances, respective amendments have been introduced in the reporting forms. As a result of such changes, a loan/credit form has been added to the reporting forms; A record of gender-based funding has been added in the form of revenues; The form on allocated funding by the Electoral Systems Development, Reforms and Training Centre has been removed; The definition of the election campaign fund and relevant regulations has been refined; The rule of document circulation has been written as a separate article. Updated information has been published on the website of the institution and sent to all electoral subjects.

On August 17, 2021, a meeting was held with the representatives of the electoral subjects, discussing the current reporting obligations to be performed by them and as well as legislative news attended by representatives of 26 parties.

On September 17, 2021, following the initiative of the SAO, informative/consultative meeting regarding elections was held with non-governmental sector working on this topic. Over the meeting, the submission and analysis of the reports of election campaign funds within the current period, study status of received complaints, donations and other matters were reviewed.

1 Nominated by parties: 18,896 candidates by party list (proportional Sakrebulo (local assembly) elections), 2,713 candidates. (Sakrebulo majoritarian elections), 227 candidates (Elections of self-governing community, the self-governing city and the capital of Georgia – Tbilisi Mayor).

2 “On Regulation of Some Issues Related to the Transparency of Political Finances” Order N012036/21 of August 5, 2021 of the Auditor General.



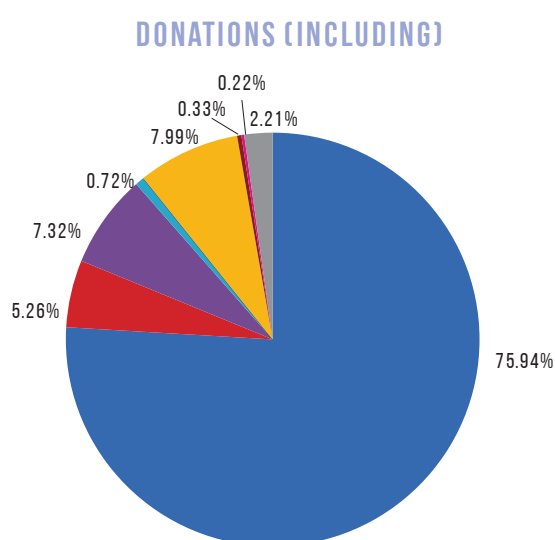
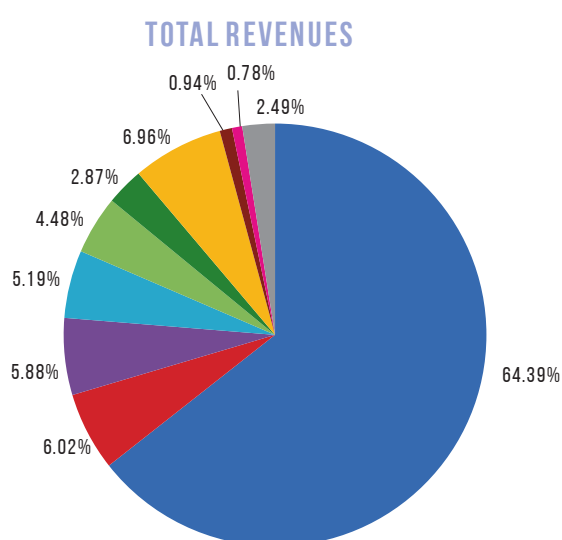
II. ELECTION CAMPAIGN FINANCES

1. REVENUES

Electoral Subjects have two main sources of revenue: donations and budget funding.

According to the submitted election campaign fund reports, all electoral subjects received 12,871,714 revenues in the period from August 2 to September 12³, namely:

N	Name of The Electoral Subject	Budget Funding	Donations	Other Revenues	Total Revenue ⁴
1	Georgian Dream – Democratic Georgia	428 335	7 837 030	22 505	8 287 870
2	United National Movement	183 303	543 182	48 219	774 704
3	Gakharia – For Georgia	-	755 711	890	756 601
4	European Georgia – Movement for Liberty	93 701	74 262	500 000 ⁵	667 963
5	Girchi	577 218	-	-	577 218
6	Aleko Elisashvili - the Citizens	369 043	-	-	369 043
7	Lelo for Georgia	66 963	824 997	4 000	895 960
8	Davit Tarkhan-Mouravi, Irma Inashvili - Alliance of Patriots of Georgia	86 927	34 360	-	121 287
9	The Third Force	78 327	22 500	-	100 827
10	Other subjects	89 179	227 948	3 115	320 242
Total Sum		1 972 996	10 319 989	578 729	12 871 714



3 Two 3-week periods.

4 The table lists the subjects whose revenues exceed GEL 100,000.

5 Loan taken from commercial bank.

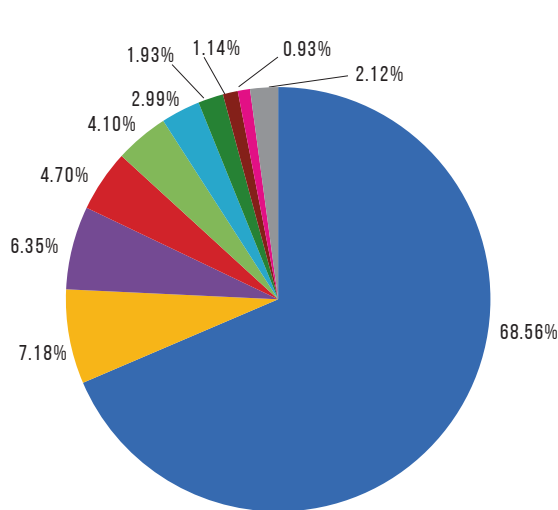


III. EXPENDITURES

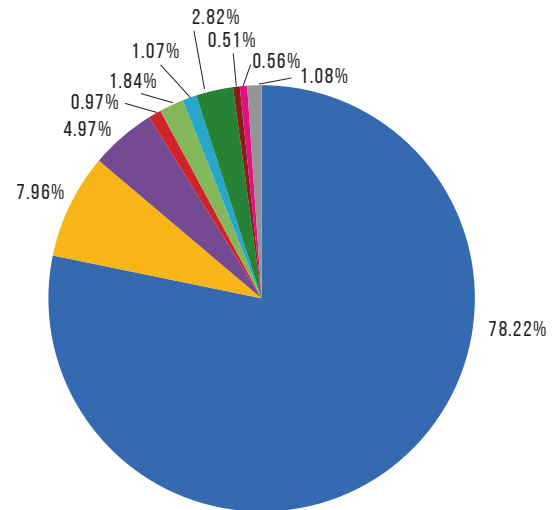
In the period from August 2 to September 12⁶, totally 11,084,561 GEL was spent, namely:

N	Name of The Electoral Subject	Advertisement	Remuneration	Other expenses ⁷	Total Expenditure ⁸
1	Georgian Dream – Democratic Georgia	5 299 065	7 500	2 293 532	7 600 097
2	Lelo for Georgia	539 321	23 783	233 265	796 369
3	Gakharia – For Georgia	336 566	-	367 038	703 604
4	United National Movement	65 950	81 748	373 606	521 304
5	Girchi	124 741	-	329 589	454 330
6	European Georgia – Movement for Liberty	72 497	13 534	244 931	330 962
7	Aleko Elisashvili - the Citizens	190 879	14 343	8 182	213 404
8	Davit Tarkhan-Mouravi, Irma Inashvili - Alliance of Patriots of Georgia	34 262	64 797	26 888	125 947
9	The Third Force	37 626	5 102	60 703	103 431
10	Other subjects	73 362	82 550	79 201	235 113
	Total Sum	6 774 269	293 357	4 016 935	11 084 561

TOTAL EXPENDITURES



ADVERTISEMENT COSTS (INCLUDING)



In order to verify revenues and expenditures declared by electoral subjects, the SAO systematically compares them with bank statements and media monitoring results.

6 Two 3-week periods.

7 Office Rental Expenses, Utility Expenses, Representative Expenses, Conference/Training Expenses and others.

8 The table lists the subjects whose expenditures of election period exceed 100,000 GEL.



III. MONITORING RESULTS

1. STUDY OF DONATIONS, ELECTION CAMPAIGN FUND REPORTS, COMPLAINTS AND MEDIA MONITORING RESULTS

The SAO requested information on the revenues of 926 individuals and 63 legal entities from the Revenue Service in the process of examining election donations. In order to justify the income, 10 persons were interviewed for additional clarifications.

The institution continuously examines the financial declarations of political parties during both the election and non-election periods. During the non-election period - before the start of the election period in 2021, political parties submitted financial statements for June and July to the SAO.

Throughout the election period, electoral subjects submitted election campaign fund reports of two 3-week period. The reports covered the period from August 2 to September 12. The SAO examined reports of the first 3-week period of all electoral subjects and the examination of the 2nd 3-week period is underway.

The study of the declarations revealed two cases of making donations in cash⁹ violating the requirements of the Organic Law of Georgia on Political Union of Citizens. The SAO responded to those cases and appealed to the electoral subjects to eliminate the violation. At this stage, one violation has been rectified, and in the second case, the activity is underway to eliminate the violation.

Within the framework of the election campaign monitoring, as a result of studying the complaints submitted to the SAO, the media monitoring data provided by the institution and the information provided by the electoral subjects, 3 cases are being processed.

⁹ Paragraph 5 of Article 27 of the Organic Law of Georgia on Political Union of Citizens.



2. ADMINISTRATIVE OFFENCE CASES

- In the period from August 2 to August 16, 2021, 87 Individuals from Samtskhe-Javakheti and 5 legal entities donated a total of 714,000 GEL to the political party “Georgian Dream - Democratic Georgia“.

The SAO, based on a court decision, requested revenue information of above-mentioned donors from the Revenue Service. Information about donor legal entities has been received. According to the information, legal entities have declared enough income to provide donations. Upon receipt of income information of donor individuals, the legality of donations will be identified.

- The political party “Girchi” for the Municipal Elections of October 2, 2021 in order to select representatives in electoral precincts and districts, announced vacancies for the position of the member of electoral precinct and conducted so called “donation auctions” to fill the vacant positions.

Similar auctions were held for the position of a member of the District Electoral Commission. In case of winning in the above-mentioned auction, payment was possible from Girch portal or on the bank accounts of Legal Entity of Public Law – Georgian Christian, Evangelical and Protestant Church – “Biblical Freedom”.

According to the public statements of the leaders of the political party “Girchi”, the amount is used to finance the election campaign.

The SAO, based on a court decision, requested information from commercial banks regarding transactions on “Biblical Freedom” bank accounts.

- In September 2021, in places designated for outdoor advertising across the country banners with political content were placed with the inscription – “No to Nazis, no to evil, no betrayal.” The material placed on these banners is aimed at refraining from supporting some of the political parties.

The SAO has initiated administrative proceedings in order to determine the legality of the expenses incurred for the placement of banners. The institution requested information from the company¹⁰ holding banner placements about the banner customer, the sites allocated for their placement, circulation, duration and cost of placement.

¹⁰ LLC “Alma”



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