



**POLITICAL FINANCES MONITORING
DEPARTMENT**

**FINAL REPORT
ON FINANCIAL MONITORING
FOR OCTOBER 2, 2021
MUNICIPAL ELECTIONS**

FEBRUARY 4, 2022

STATE AUDIT OFFICE

CONTENT

I. General Information.....	3
II. Election Campaign Finances	4
1. Revenues.....	4
2. Expenditures	5
III. Monitoring Results.....	6
1. Study of Donations, Election Campaign Fund Reports, Received Complaints and Media monitoring Results	6
2. Cases of Administrative Offences	7

I. GENERAL INFORMATION

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

A total of 43 parties¹ and 68 independent candidates participated in the elections.

In accordance with the Election Code of Georgia and the Order of the Auditor General of Georgia², the electoral subjects were requested to submit a report on the election campaign finances according to the following periods:

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

State Audit Office (SAO) has renewed the Regulation on Transparency of Political Finances, including: information on loan/credit and gender-based financing has been added to the reporting forms, the definition of an election campaign fund has been improved, electronic document management rules and other regulations has been included. The updated information has been published on the website of the institution and sent to all electoral subjects.

On August 17, 2021, meetings have been hosted with the representatives of electoral subjects to discuss their reporting obligations during the election period and legislative innovations. The meeting was attended by representatives of 26 parties.

On September 17, 2021, at the invitation of the SAO, together with the local and international non-governmental organizations working on elections, over an information/advisory meeting the issues of submission and analysis of election campaign financial reports, study of received applications and donations, and other issues have been discussed.

1 Parties nominated 18,896 - candidates by political party lists (proportional elections of assemblies), 2,713 candidate (majoritarian election of assemblies), 227 candidates (elections of the municipal community, municipal city and capital of Georgia Tbilisi mayoral election).

2 Order of the Auditor General No:012036/21 from August 5, 2021 on regulation of certain issues related to the transparency of political finances.



II. ELECTION CAMPAIGN FINANCES

1. REVENUES

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

All electoral subjects received 28,056,925 GEL revenues in the period from August 2 to November 3³, namely:

N	Name of the electoral subject	Budget Funding	Donations	Other revenues	Total Revenue ⁴
1	Georgian Dream – Democratic Georgia	1 285 005	15 694 369	1 001 464 ⁵	17 980 838
2	United National Movement	549 909	2 437 472	1 683	2 989 064
3	Lelo for Georgia	200 890	2 271 737	4 000	2 476 627
4	Gakharia for Georgia	-	1 263 469	890	1 264 359
5	European Georgia	281 102	124 319	500 390 ⁶	905 811
6	New Political Centre “Girchi”	706 883	-	168	707 051
7	Third Power – Strategy Aghmashenebeli	234 981	116 500	-	351 481
8	Aleko Elisashvili – Citizens	451 944	11 599	-	463 543
9	Davit Tarkhan-Mouravi, Irma Inashvili Alliance of Patriots of Georgia	260 780	37 370	-	298 150
10	Georgian European Democrats	115 000	6	-	115 006
11	Other subjects	152 537	343 069	9 390	504 995
	Total sum:	4 239 031	299 910	1 517 984	28 056 925

3 Since the calling of the elections until publication of the summary protocol of the final results.

4 The table shows only those subjects whose expenditures exceed 100,000 GEL.

5 Taking a bank loan - 1,000,000 GEL.

6 Taking a bank loan - 500,000 GEL.



2. EXPENDITURES

A total of 27,179,317 GEL was spent by electoral subjects in the period from August to November 13⁷, namely:

N	Name of the electoral subject	Advertisement	Remuneration	Other expenses ⁸	Total Expenditure ⁹
1	Georgian Dream – Democratic Georgia	14 752 408	228 844	2 952 022	17 933 274
2	United National Movement	1 335 424	719 628	888 564	2 943 616
3	Lelo for Georgia	1 926 822	73 582	465 883	2 466 286
4	Gakharia for Georgia	699 676	3 000	466 599	1 169 275
5	European Georgia	300 161	24 158	367 404	691 723
6	New Political Centre “Girchi”	260 581	-	351 059	611 640
7	Third Power – Strategy Aghmashenebeli	159 385	12 883	115 619	287 887
8	Aleko Elisashvili – Citizens	241 809	14 635	12 928	269 372
9	Davit Tarkhan-Mouravi, Irma Inashvili Alliance of Patriots of Georgia	37 864	132 963	59 950	230 777
10	Georgian European Democrats	4 960	90 000	7 882	102 842
11	Other subjects	127 246	120 492	224 887	472 625
	Total sum:	19 846 336	1 420 185	5 912 796	27 179 317

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

7 From the calling of the elections until publication of the summary protocol of the final results.

8 Office rental costs, utility costs, mission expenses, conference / training costs and others.

9 The table shows only those subjects whose election period expenditures exceed 100,000 GEL.



III. MONITORING RESULTS

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

The SAO has requested financial reports for the monitoring purposes: from the parties covering the period from June to July 2021, and from electoral subjects – from August 2, 2021 to November 13, 2021.

In order to study the legality of the donations, the respective information was requested during the examining financial statements: from the Revenue Service on income and tax liabilities of – 1,149 individuals and 63 legal entities; From commercial banks – information on transactions made over the bank accounts of 61 individuals. Also, 10 persons have been interviewed for additional explanations, in order to substantiate their income.

As a result of the study of the financial statements, six facts of making donations in the bank account of parties (in cash)¹⁰ with violation of the requirements of the Organic Law of Georgia on Political Union of Citizens have been revealed. The SAO responded to the above-mentioned cases accordingly, electoral subjects were asked to refund the money. Into this six violation were eliminated.

In the scope of monitoring the financing of the election campaign, as a result of the complaints submitted to the SAO during the election period, data following the media monitoring carried out by the institution and information provided by the electoral subjects, administrative proceedings have been initiated in 31 cases, including:

- In 29 cases, an administrative offence protocol has been drawn up on 29 cases and submitted to the court for confirmation.
- Two administrative offence case proceedings was terminated in the absense of breaching the law.

¹⁰ Paragraph 5 of Article 27 of the Organic Law of Georgia on Political Union of Citizens.



2. CASES OF ADMINISTRATIVE OFFENCES

- In the period from August 2 to August 16, 2021, 87 (ninety-seven) individuals and 5 (five) legal entities from Samtskhe-Javakheti donated a total of 714,000 GEL to the “Georgian Dream-Democratic Georgia” party.

In this regard, the SAO based on the court order, requested information from the Revenue Service the income of the donors. SAO also additionally requested information on transactions made with 12 donors in the accounts opened in commercial banks registered in Georgia. One person has been interviewed for additional explanations.

Based on the study of the case, the fact of implementation of donations with violation of the requirements established by the law was not revealed.

- In September 2021, outdoor advertising banners were placed across the country with political content for restraining support of several political forces, with the inscription: “No to Nazis, no to evil, no to betrayal.”

SAO started proceedings regarding above-mentioned case, to determine the legality of the expenses for the placement of the banners. For this purpose the SAO requested following information from the companies¹¹ owning banner placements about placement and expenses of the banners¹²; information from the Revenue Service, as well as commercial banks, and the income and financial condition of the donors. Additional information was also obtained from the donor.

As a result of the study, the fact of implementation of the violation in accordance with the requirements established by the legislation was not revealed.

- The SAO conducted administrative proceedings on 4 cases of violations of the legislation governing political finances by the party New Political Center - “Girchi”:
 - In connection with the elections of October 2, 2021, the party “Girchi”, sold the vacancies of its representatives in the district and regional election commissions through a public electronic auction, in several stages. The amount received as a result of the auctions – a total of 234,459.9 GEL was transferred to the bank account of the religious organization LEPL - Christian, Evangelical, Protestant, Church – “Biblical Freedom”. With this, the party received revenue in violation of the requirements¹³ established by the Organic Law of Georgia on Political Unions of Citizens.
 - In the period from July 17 to October 20, 2021 party “Girchi” received a prohibited donation amount of – 9,634 GEL in the bank account of religious organization LEPL - Christian, Evangelical, Protestant, Church – “Biblical Freedom” in violation of the requirements¹⁴ established by the Organic Law of Georgia on Political Unions of Citizens.
 - In September 6 - 7, 2021, the party “Girchi” fictitiously transferred 324,174 GEL to I/E Otar Zakalashvili for web development services, after which it cashed this money and converted it

11 LTD „ALMA“.

12 The cost of placing the banners was 60,000 GEL.

13 Paragraph 1 of Article 25 of the Organic Law of Georgia on Political Union of Citizens

14 Paragraph 1 of Article 25 and Paragraph 1 of Article 27¹ of the Organic Law of Georgia on Political Union of Citizens



into US dollars. On September 8, a Porsche Taycan was purchased for \$ 100,000 in cash for a further raffle. With the above-mentioned, the party “Girchi” violated the established rule of non-cash payment¹⁵.

- The cost of purchasing a Porsche Taycan was not declared by the party “Girchi” and incorrect financial report was submitted to the SAO. The party “Girchi” violated the established rule by the law on accountability¹⁶.

According to the decision of the Tbilisi City Court of November 17, 2021, the party “Girchi” was found guilty of all the above-mentioned facts and was punished for the violation where the highest sanction is impose, the party was fined with double amount of the prohibited donation (19,268 GEL) and at the same time was forced to transfer prohibited donation (9,634 GEL) to the state budget.

- The State Audit Office conducted administrative proceedings on 3 cases of violation of the legislation governing political finances by the party “Girchi - More Freedom”:
 - In the period from August 2 to October 16, 2021, party “Girchi – More Freedom” has received prohibited donation in the amount of 47,590.77 GEL through 595 transactions on the bank account. Part of above-mentioned donation has been received in the foreign currency in cash, as well as through the webportal (www.girchi.org), from which the donor can not be identified, and in some cases the donation is not made from the donor’s account. This is a statutory violation of the Organic Law of Georgia on Political Union of Citizens¹⁷. Following the case, an administrative offence protocol drawn up by the SAO was sent to the Tbilisi City Court. The court considered the case, identified the offence, fined the party “Girchi – More Freedom” with double amount of prohibited donation – 95,181.54 GEL and ordered to transfer of 47,590.77 GEL to the budget.
 - The Party “Girchi - More Freedom” did not fulfilled its legal obligation to submit information about donations and membership fees (total ,15,031 GEL) to the SAO. An administrative offence protocol drawn up by the SAO was sent to the Tbilisi City Court. As a result the party “Girchi – More Freedom” was fined with amount –5,000 GEL.
 - The Party “Girchi - More Freedom” did not fulfilled its legal obligation to submit information about the financial reports of the first, second, third three-week periods, preliminary and second rounds of the election campaign to the SAO. An administrative offence protocol drawn up by the SAO was sent to the Tbilisi City Court. As a result the party “Girchi – More Freedom” was fined with amount –5,000 GEL.

In addition to the above, 22 cases, including 18 independent candidates and 4 parties, were considered by the Tbilisi City Court on the basis of administrative violation reports drawn up by the State Audit Office regarding the violations revealed as a result of the examination of financial reports submitted by electoral subjects. The court issued a warning for all of them (see: Annex).

15 Paragraph 1 of Article 4 of the Order of the Auditor General No:012036/21 from August 5, 2021 on regulation of certain issues related to the transparency of political finances

16 Paragraph 1 of Article 85 of the Election Code of Georgia.

17 Paragraph 1 sub-paragraph „e” and Paragraph 2, 3 of Article 26, and Paragraph 5 of Article 27 of the Organic Law of Georgia on Political Union of Citizens.



ANNEX

N	Party/Electoral Subject	Information about Administrative Offences	Decision
1	Alliance of Democrats	Failure to submit a financial report for the election period	Warning
2	Social Democratic Party of Georgia	Failure to submit a financial report for the election period	Warning
3	Reformers	Failure to submit a financial report for the election period	Warning
4	Our United Georgia	Failure to submit a financial report for the election period	Warning
5	Giorgi Javakhishvili	Failure to provide information about the election campaign fund and financial report for the election period	Warning
6	Besik Kavtaradze	Failure to provide information about the election campaign fund and financial report for the election period	Warning
7	Islam Margoshvili	Failure to submit a financial report for the election period	Warning
8	Giorgi Ioseliani	Failure to provide information about the election campaign fund and financial report for the election period	Warning
9	Ushangi Bolkvadze	Failure to submit a financial report for the election period	Warning
10	Merab Merabishvili	Failure to submit a financial report for the election period	Warning
11	Gogi Epkhoshvili	Failure to provide information about the election campaign fund and financial report for the election period	Warning
12	Gia Bichashvili	Failure to provide information about the election campaign fund and financial report for the election period	Warning
13	Jemal Chkadua	Failure to submit a financial report for the election period	Warning
14	Tamaz Bekauri	Failure to submit a financial report for the election period	Warning
15	Ruslan Jugashvili	Failure to submit a financial report for the election period	Warning
16	Giorgi Dolidze	Failure to submit a financial report for the election period	Warning
17	Kakhaber Tsiskaridze	Failure to submit a financial report for the election period	Warning
18	Lia Robakidze	Failure to submit a financial report for the election period	Warning
19	Spartak Kapanadze	Failure to submit a financial report for the election period	Warning
20	Adelina Chabukiani	Failure to provide information about the election campaign fund and financial report for the election period	Warning
21	Malkhaz Solomonidze	Failure to submit a financial report for the election period	Warning
22	Mevlud Tsulukidze	Failure to submit a financial report for the election period	Warning



