



**STATE AUDIT OFFICE  
POLITICAL FINANCES MONITORING  
DEPARTMENT**

**FINAL REPORT ON FINANCIAL  
MONITORING  
FOR OCTOBER 31,  
2020 ELECTIONS**

**FEBRUARY 19, 2021**

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## 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 2020 parliamentary elections of Georgia, the elections of the Supreme Council of the Autonomous Republic of Adjara, the by-elections of the City Councils (Sakrebulo), and the extraordinary mayoral elections.

A total of 62 subjects participated in the 2020 elections (49 political parties, 2 election blocs and 11 independent candidates), of which 6 subjects participated in the second round.

In accordance with the Election Code of Georgia and the Order<sup>1</sup> of the Auditor General of Georgia, the electoral subjects were requested to submit a report on the election campaign expenses according to the following periods:

- Information from September 1 to September 21 – until September 24;
- Information from September 22 to October 12 – until October 15;
- Information from October 13 to October 31 – until November 5;
- Information from September 1 to October 31 - must be submitted until November 12 (*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 on the period from September 1 to the announcement of the election results - 1 month after the publication of the results (*all electoral subjects participating in the first round of elections*);
- Financial report of the activities carried out after the voting day of the first round (October 31) - 3 days before the day of the second round (*all electoral subjects participating in the second round*);
- Information on the period from September 1 to the announcement of the results of the second round of elections - 1 month after publication of the final results (*all electoral subjects participating in the second round*).

Based on the amendments to the Election Code, the State Audit Office (SAO) has renewed the Regulation on Transparency of Political Finances. The updated information has been published on the website of the SAO and sent to all electoral subjects.

An electronic document management system has been introduced, which allowed information to be obtained electronically as well.

On September 21 and October 7, 2020, meetings were held with the representatives of electoral subjects to discuss their current obligations and legislative innovations.

On October 8, 2020, at the invitation of the SAO, together with the local and international non-governmental organizations working on election issues, an information / advisory commission was set up to discuss the submission and analysis of expense reports within the current period, status of the study of received complaints, donations and other matters.

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<sup>1</sup> Order of the Auditor General No. 2915/21 from May 5, 2016 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 46,764,250 revenues in the period from September 1 to December 3<sup>2</sup>, namely:

N	Name of the electoral subject	Budget Funding	Donations	Other revenues	Total Revenue <sup>3</sup>
1.	Georgian Dream – Democratic Georgia	1,162,544	15,887,144	1,000,000 <sup>4</sup>	18,049,688
2.	Lelo for Georgia	-	5,880,036	-	5,880,036
3.	United National Movement	875,867	4,785,331	31,987	5,693,185
4.	European Georgia	597,875	2,495,465	81	3,093,421
5.	Strategy Aghmashenebeli	427,322	2,497,750	-	2,925,072
6.	Alliance of Patriots of Georgia	629,367	1,886,805	41	2,516,213
7.	Free Georgia	396,911	439,000	180	836,091
8.	Movement for Social Justice	-	716,319	-	716,319
9.	Georgian Labour Party	544,546	205,086	-	749,632
10.	Free Democrats	479,709	78,711	-	558,420
11.	United Georgia – Democratic Movement	445,641	190,640	-	636,281
12.	Tribuna, Christian-Democratic Movement	432,741	68,493	-	501,234
13.	Political Movement of Armed Veterans and Patriots of Georgia	398,861	7,600	-	406,461
14.	New Christian Democrats	399,361	-	-	399,361
15.	Movement "Freedom - Zviad Gamsakhurdia Road"	394,661	-	-	394,661
16.	Union of Georgian Traditionalists	412,861	2,250	-	415,111
17.	National-Democratic Party	472,019	120	-	472,139
18.	Aleko Elisashvili - Citizens	-	262,257	-	262,257
19.	National-Democratic Movement	-	231,750	-	231,750
20.	Movement - for Free Georgia	500,422	-	-	500,422
21.	Industry Will Save Georgia	505,393	6,000	-	511,393
22.	Social Democrats for the Development of Georgia	-	100,178	-	100,178
23.	Enzel Mkoian- Independent candidate	-	127,500	-	127,500
24.	Ana Dolidze - Independent candidate	-	126,256	107	126,363
25.	Solidarity Alliance of Georgia and other subjects	-	89,453	-	89,453
	<b>Total Sum:</b>	<b>9,076,100</b>	<b>36,655,754</b>	<b>1,032,396</b>	<b>46,764,250</b>

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

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

4 Taking a bank loan.



## 2. EXPENDITURES

A total of 46,689,318 GEL was spent by electoral subjects in the period from September 1 to December 3<sup>5</sup>, namely:

N	Name of the electoral subject	Advertisement <sup>6</sup>	Remuneration	Other expenses <sup>7</sup>	Total Expenditure <sup>8</sup>
1.	Georgian Dream – Democratic Georgia	12,986,950	649,142	4,642,116	18,278,208
2.	Lelo for Georgia	4,524,085	374,616	949,825	5,848,526
3.	United National Movement	4,416,930	861,232	482,172	5,760,334
4.	European Georgia	2,676,794	330,663	656,225	3,663,682
5.	Strategy Aghmashenebeli	2,373,249	370,196	152,665	2,896,110
6.	Alliance of Patriots of Georgia	1,738,192	487,715	349,024	2,574,931
7.	Free Georgia	331,263	381,110	116,733	829,106
8.	Movement for Social Justice	83,842	457,500	168,794	710,136
9.	Georgian Labour Party	173,856	393,991	114,220	682,067
10.	Free Democrats	33,064	452,739	73,017	558,820
11.	United Georgia – Democratic Movement	106,649	211,431	191,036	509,116
12.	Tribuna, Christian-Democratic Movement	38,889	385,989	71,284	496,161
13.	Political Movement of Armed Veterans and Patriots of Georgia	8,967	393,370	9,249	411,586
14.	New Christian Democrats	-	392,425	14,204	406,629
15.	Movement "Freedom - Zviad Gamsakhurdia Road"	3,400	75,700	315,633	394,733
16.	Union of Georgian Traditionalists	2,250	364,250	27,836	394,336
17.	National-Democratic Party	112	375,684	9,430	385,226
18.	Aleko Elisashvili - the Citizens	229,773	1,952	19,118	250,843
19.	National-Democratic Movement	71,045	79,336	79,579	229,960
20.	Movement - for Free Georgia	-	162,159	27,101	189,261
21.	Industry Will Save Georgia	6,000	88,869	70,579	165,448
22.	Social Democrats for the Development of Georgia	134,437	1,605	26,930	162,972
23.	Enzel Mkoian- Independent candidate	6,099	100,403	21,076	127,578
24.	Ana Dolidze - Independent candidate	87,300	5,935	21,163	114,398
25.	Solidarity Alliance of Georgia and other subjects	42,628	500	60,332	103,460
		380,533	13,856	151,302	545,691
	<b>Total Sum:</b>	<b>30,456,307</b>	<b>7,412,369</b>	<b>8,820,642</b>	<b>46,689,318</b>

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.

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

6 The expenses of television advertisement does not include the costs of placing television advertisement financed from the state budget of Georgia to financially support the election campaign of political parties.

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

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



## III. MONITORING RESULTS

### 1. STUDY OF DONATIONS, EXPENSE REPORTS, RECEIVED COMPLAINTS AND MONITORING RESULTS

The SAO has requested information on the income of 1,714 individual private persons from the Revenue Service in the process of examining election donations. In order to substantiate their income, 5 persons have been interviewed for additional explanations. Furthermore, considering the epidemiological situation, a written request was sent to a total of 161 donors to provide additional information on revenue.

The SAO continuously examines financial declarations of political parties during both the election and non-election periods. During the non-election period - from January 1 to August 31, 2020, political parties submitted monthly expense reports to the SAO for 6 months<sup>9</sup> and monthly<sup>10</sup> before the election period.

As for the election period, the electoral subjects submitted expense reports according to the periods established in accordance with the order<sup>11</sup> of the Auditor General. The SAO examined financial declarations of all electoral subjects for the election period.

As a result of the study of the declarations, several facts<sup>12</sup> of making donations (in cash)<sup>13</sup> 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 and following the instructions, those shortcomings were corrected.

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 13 cases:

- One administrative offence case was dismissed by the SAO due to the absence of such a case.
- One administrative offence case was dismissed by the Tbilisi City Court in the absence of such a case.
- Proceedings have been completed for 10 cases, on which administrative offence protocols have been drawn up and relevant decisions have been made by the court.
- An administrative offence protocol was drawn up on one offence and sent to the Tbilisi City Court, which has not been reviewed yet.

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9 From January 1 to June 30, 2020.

10 Separate for July and August 2020.

11 Order of the Auditor General N2915/21 from May 5, 2016 on the regulation of certain issues related to the transparency of political finances.

12 The cases mainly concerned the non-payment of non-substantial funds in cash to the accounts of political entities.

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



## 2. CASES OF ADMINISTRATIVE OFFENCES

- The donations made by the employees of “RMG Gold” Ltd and “Lilo-Mall” Ltd in favour of Political Union of Citizens “Georgian Dream-Democratic Georgia” were studied. In this regard, the SAO, on the basis of the court order, requested information from the Revenue Service as well as the income and financial condition of the donors from commercial banks registered in Georgia. With the obtained information, the documents did not reveal any suspicious transfers in the period before or after the donations. Following data analysis, the possibility of donations by the donors has been substantiated.

PUC “Free Georgia” did not provide cash payment (5,450 GEL) information to the SAO. As a result, the requirements of Article 9 of the Political Finance Transparency Regulation, approved by the Order<sup>14</sup> of Auditor General, were violated. Accordingly, an administrative offence protocol drafted by the SAO was sent to the Tbilisi City Court. This fact was declared as an offence by the court and a warning was issued to the party.

- In August 2020, a legal entity<sup>15</sup> donated 50,000 GEL to the PUC “Social Democrats for the Development of Georgia”. The holder of the share of the legal entity is a company registered outside Georgia. According to the Law of Georgia on Political Union of Citizens<sup>16</sup>, such type of a legal entity cannot be a donor. Therefore, the donation was considered a prohibited donation by the SAO. After the SAO informed the political party about the mentioned circumstances, the party returned the money to the bank account of the donor legal entity.

Following this case, an administrative offence protocol<sup>17</sup> drawn up by the SAO was sent to the Tbilisi City Court. The court reviewed the case, found a violation and issued a warning to the legal entity.

- In September 2020, an individual<sup>18</sup> donated 60,000 GEL to PUC “Lelo for Georgia”, which exceeded the statutory<sup>19</sup> donation limit<sup>20</sup> by 25,000 GEL. After the SAO informed the political party about the above-mentioned circumstances, the party transferred the money back to the bank account of the donor.

Following the case, an administrative offence protocol<sup>21</sup> drawn up by the SAO was sent to the Tbilisi City Court. Having reviewed the case, the court found a violation and issued a warning to the individual.

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14 Order # 2915/21 from May 5 2016.

15 Tam Management Ltd.

16 Paragraph 2, sub-paragraph “b” of Article 25 and paragraph 1, sub-paragraph “v” of the Organic Law of Georgia on Political Union of Citizens.

17 Paragraph 2 of Article 34<sup>2</sup> of the Organic Law of Georgia on Political Union of Citizens.

18 Ivane Khazaradze.

19 Paragraph 1 and 3 of Article 27 of the Organic Law of Georgia on Political Union of Citizens.

20 By February 2020, it had already made a donation of 25,000 GEL.

21 Paragraph 2 of Article 34<sup>2</sup> of the Organic Law of Georgia on Political Union of Citizens.



- PUC “Tetrebi” did not submit information about the election campaign fund to the SAO in accordance with Article 11 of the Political Finance Transparency Regulation approved by the order<sup>22</sup> of the Auditor General.

Following the case, an administrative offence protocol<sup>23</sup> drawn up by the SAO was sent to the Tbilisi City Court. The court considered the case, recognized the fact as an offence and issued a warning to the party.

- From August 17 to August 31, 2020, “Obieqtivi TV” aired videos of political content in favor of PUC “Alliance of Patriots of Georgia”, with a total duration of 51 minutes and 46 seconds. According to the tariffs given from the official website of the Georgian National Communications Commission, the cost of the videos aired on “Obieqtivi” was 3,106 GEL. The videos were shown free of charge which stands as an a non-monetary donation. These donations were not declared by political party. In addition, media-union “Obieqtivi” is a non-entrepreneurial (non-commercial) legal entity. Therefore, this donation in favor of PUC “Alliance of Patriots of Georgia“ is a prohibited donation.

An administrative offence protocol<sup>24</sup> drawn up by the SAO was sent to the Tbilisi City Court. The court considered the case, identified the offence, fined the PUC “Alliance of Patriots of Georgia” with 6,212 GEL and ordered the transfer of 3,106 GEL to the budget.

- From August 17 to August 31, 2020, “Girchi TV” aired political advertisements of PUC “New Political Center – Girchi“ with a total duration of 82 minutes and 48 seconds. According to the tariffs given from the official website of the Georgian National Communications Commission, the cost of the videos aired on “Girchi TV” was 828 GEL. The videos were shown free of charge which stands as an a non-monetary donation. These donations were not declared by political party.

An administrative offence protocol<sup>25</sup> drawn up by the SAO was sent to the Tbilisi City Court. The court considered the case, identified the offence, fined the PUC “New Political Center – Girchi” with 1,656 GEL and ordered the transfer of 828 GEL to the budget.

- In the period from September 1 to October 12, 2020, individuals in favor of the political party „Georgian Choice“ made a donation in cash - in the amount of 13,800 GEL. This is a statutory<sup>26</sup> violation, as funds in the form of donations are received only by non-cash payment from the account of the donor in a commercial bank licensed in Georgia.

Following the case, an administrative offence protocol<sup>27</sup> drawn up by the SAO was sent to the Tbilisi City Court. The court reviewed the case, recognized the offence, and the party was fined with 27,600 GEL and ordered the transfer of 13,800 GEL to the budget.

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22 Order # 2915/21 of May 5 2016.

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

24 Paragraph 1 of Article 34<sup>2</sup> of the Organic Law of Georgia on Political Union of Citizens.

25 Paragraph 1 of Article 34<sup>2</sup> of the Organic Law of Georgia on Political Union of Citizens.

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

27 Paragraph 1 of Article 34<sup>2</sup> of the Organic Law of Georgia on Political Union of Citizens.





- In the period from September 1 to October 12, 2020, individuals in favor of the political party “Our United Georgia“ made a donation in cash - in the amount of 14,400 GEL. This is a statutory<sup>28</sup> violation, as funds in the form of donations are received only by non-cash payment from the account of the donor in a commercial bank licensed in Georgia.

In addition, the above-mentioned electoral subject carried out cash withdrawal operations in the amount of 2,770 GEL during the election period. This is also considered a violation of the requirements of the law<sup>29</sup>, as the party and the electoral subject are obliged to make only non-cash payments related to financial and economic activities. Furthermore, the party did not provide information on cash withdrawal from Form N15 bank account, which is an offence under Paragraph 5 of the Article 34<sup>2</sup> of the Organic Law of Georgia on Political Unions of Citizens.

Administrative offence protocols<sup>30</sup> drawn up by the SAO on the above-mentioned facts were sent to the Tbilisi City Court. The court reviewed the cases, found a violation in both cases, and fined the party with 28,800 GEL for cash donations, and ordered 14,400 GEL to be transferred to the budget, while issuing warning of cash withdrawals.

- Based on materials received from the Office of the General Prosecutor of Georgia, as well as information spread through the media regarding the possible violation of the financing of the PUC „Alliance of Patriots of Georgia“, the SAO, within its mandate and competence, started to study the legality of the donations made in favor of PUC „Alliance of Patriots of Georgia“.

In this regard, the SAO, based on a court decision, requested information from the Revenue Service about the income of 37 people who donated to the PUC “Alliance of Patriots of Georgia”. Information on the income and financial situation of donors from commercial banks registered in Georgia was also requested. In order to substantiate the income, 2 donors were invited for additional explanations for the interview. In one case, the donor did not have sufficient declared income to generate savings and therefore to make donations. Furthermore, the donor could not provide substantiated information about the origin of the donation amount.

An administrative offence protocol<sup>31</sup> drawn up by the SAO on the above-mentioned fact was sent to the Tbilisi City Court. The court considered the case, however, did not find a violation and, consequently, the administrative offence case was terminated.

- PUC “Georgian Choice” submitted the financial report for the entire election period without an audit report. As a result, the requirements established by the Election Code of Georgia<sup>32</sup> were violated. Accordingly, the administrative offence protocol<sup>33</sup> drawn up by the SAO was sent to the Tbilisi City Court. The court considered the case, found a violation and fined the party with 5,000 GEL.

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

29 Paragraph 8 of the Order of the Auditor General N2915 / 21 of May 5, 2016 on the regulation of certain issues related to the transparency of political finances.

30 Paragraph 1 and 5 of Article 34<sup>2</sup> of the Organic Law of Georgia on Political Union of Citizens.

31 Paragraph 6 of Article 27 and Paragraph 16, sub-paragraph “d” of Article 34<sup>2</sup> of the Organic Law of Georgia on Political Union of Citizens.

32 Paragraph 4 of Article 192 of the Election Code of Georgia.

33 The sanction provides for a warning or a fine of 5,000 GEL.



- The SAO studied posting commercial videos containing political advertisements on Facebook pages of a non-entrepreneurial (non-commercial) legal entity – „Davasrulot”.

The source of funding for the sponsored political advertisements of the Facebook pages: „Archive“, „Political Observer“ and „Davasrulot“ is the organization „Davasrulot“. According to the law<sup>34</sup>, it is prohibited to accept donations from non-profit (non-commercial) legal entities.

In this regard, following the ruling of the court, the SAO requested information from the Revenue Service and banking institutions about the income and banking operations of the legal entity, its director and board members.

According to information received from commercial banks following the decision of the court, from September 24 to October 11, 2020, 415.03 USD was paid in Facebook ads, which is 1,343.7 GEL at the exchange rate set by the National Bank on the day of payment.

An administrative offence protocol<sup>35</sup> drawn up by the SAO on the above-mentioned fact was sent to the Tbilisi City Court. The case has not been considered at this stage.

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34 Paragraph 1, sub-paragraph “g” of Article 26 of the Organic Law of Georgia on Political Union of Citizens.

35 Paragraph 2 of Article 34<sup>2</sup> of the Organic Law of Georgia on Political Union of Citizens.



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