

JUSTICE IN ACTION SERIES

# Monitoring Election Campaign Finance

A Handbook for NGOs

OPEN SOCIETY  
JUSTICE INITIATIVE

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# Acknowledgments

This handbook was written by Quentin Reed, a consultant on corruption and anticorruption issues. After completing a doctorate from Oxford University on corruption and privatization in the Czech Republic in 1996, he worked successively as an advisor at the Czech Supreme Audit Office, a reporter at the *Prague Business Journal*, and an author of reports for the Economist Intelligence Unit. For the Open Society Institute, he edited a series of reports on corruption in EU candidate countries, available at [www.eumap.org](http://www.eumap.org). Since January 2003, he has been working for the Open Society Justice Initiative on campaign finance and election monitoring issues. He is chairman of the board of the Czech chapter of Transparency International.

The following individuals provided invaluable contributions in the form of review or expert input: Shari Bryan, Arista M. Cirtautas, Vera Devine, Christian Gruenberg, Jonathan Hartlyn, Richard Holloway, John Makumbe, Elena Panfilova, Mark Philp, Michael Pinto-Duschinsky, Rotimi Sankore, and Marcin Walecki.

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The Open Society Justice Initiative bears full responsibility for the content, including any shortcomings or errors expressed herein.

# Foreword

Throughout much of the world corruption, one of humanity's oldest problems, is increasingly seen as a major obstacle to the development of open societies. In particular, political corruption—the abuse of political process and power for private gain—discredits elections, poisons governments, undermines transparency and accountability, and frustrates the consolidation of the rule of law.

Combating corruption is one of five principal thematic aims of the Justice Initiative's current work. We promote rights-based law reform in partnership with local institutions through a variety of tools, including litigation, advocacy, research and monitoring, and technical assistance. Underlying each activity is an effort to enhance the capacity of civil society groups to promote more open societies through legal means.

In the field of corruption, our efforts to date have focused on the monitoring of campaign and political party finance—the means by which resources are raised and spent in political campaigns. Problems range from the excessive influence of private donors to the misuse of state resources in favoring particular candidates or parties. Adequate disclosure and regulation of campaign finance are necessary prerequisites to controlling political corruption. In many countries legal regimes governing campaign finance are riddled with loopholes and poorly enforced.

Civil society can often play a major role in highlighting flaws in the regulatory process, identifying gaps in implementation, and proposing workable remedies and solutions. Monitoring is a fundamental technique for achieving government transparency and accountability. It exposes corrupt practices, which almost always take place in secret, to the cleansing force of public scrutiny. This handbook aims to provide practical tools to members of civil society committed to fighting corruption. In doing so, it draws on the rich experience of citizens challenging corrupt practices in more than a dozen countries—from Argentina to Latvia, Poland to Zimbabwe.

The worldwide movement of civil society activists working to combat corruption is an emerging reality of our time. In investigating facts, exposing wrongdoing, and advocating for change, anticorruption activists can learn from others already using these

techniques, including the international human rights movement that has come to prominence in the past quarter century. The Justice Initiative looks forward to collaborating with its partners in fortifying and deepening the anticorruption cause, and we offer this handbook as a modest contribution to that objective.

James A. Goldston  
Executive Director  
Open Society Justice Initiative

# Introduction

*Monitoring Election Campaign Finance: A Handbook for NGOs* responds to a need that has become increasingly felt among anticorruption activists in many countries. Corrupt electoral campaign financing—whether by private donors or government incumbents commandeering state resources—is damaging not only to the electoral process, but to democracy itself. Political finance regulations, intended to create a level playing field for electoral competition, often appear inadequate in the face of corruption.

In Western Europe, as elsewhere in the world, serious party financing scandals in the past decade have shaken the political establishments of Belgium, France, Germany, and Spain, and have contributed to a severe distrust of politicians and the perception of rampant corruption. In 1997, the Czech government collapsed as a result of a party funding scandal. According to the 2003 Transparency International Global Corruption Barometer Survey,<sup>1</sup> in three countries out of four, political parties appeared at the top of the list of institutions from which citizens said they would most like to eliminate corruption.

International organizations are increasingly recognizing the threat. A May 2000 recommendation of the Council of Europe Parliamentary Assembly states:

The financial resources deployed in election campaigns can be as influential as party programs or candidates in determining voting behavior (and thus election outcomes).<sup>2</sup>

In a 2001 recommendation, the Assembly adds:

Citizens are showing growing concern with regard to corruption linked to political parties' gradual loss of independence and the occurrence of improper influence on political decisions through financial means.<sup>3</sup>

The Council of Europe is not alone in expressing these concerns. A recent statement by the Council of Presidents and Prime Ministers of the Americas agrees:

Largely because of many improper practices in financing campaigns and corruption scandals, politics unfortunately has become a discredited activity to many people.<sup>4</sup>

Correspondingly, NGOs across the world have begun to monitor campaign finance and advocate reforms in order to reduce the opportunities for corruption, with some promising results. Guidance on *how* to monitor election campaign finance remains scarce, however.

This handbook is the first systematic effort to date to consolidate the experiences and knowledge of a wide variety of campaign finance monitoring efforts. It is intended to provide a collection of existing good practices and lessons, organized in the form of both practical guidelines and discussions of key concepts, to assist NGOs in designing and carrying out effective campaign finance monitoring and reform programs in their own countries.

The handbook does not present a single “one size fits all” method applicable in all contexts. Instead, it offers a set of tools appropriate for monitoring different aspects of campaign finance. The exact combination of tools must be relevant to the local context, and will vary from country to country. Any recommendations for reform should likewise be tailored to local needs and circumstances.

The chapters that follow are designed to help NGOs reduce corruption by shaping a campaign finance environment that is less susceptible to corrupt influence. Monitoring can contribute in three ways: by revealing corruption or possible corruption, promoting transparency, and/or assessing the performance of the current regulatory framework.

This handbook seeks to provide a methodology for monitoring campaign finance that will help NGOs

- formulate clear and specific objectives to inform the design of a monitoring project;
- identify the aspects of campaign finance to monitor, considering the unique national institutional and legal environment;
- monitor different types of campaign expenditure;

- monitor contributions to political parties and candidates;
- monitor the misuse of state or public resources for election campaign purposes;
- use monitoring results effectively;
- evaluate the success of a monitoring exercise.

While the handbook provides guidance specifically on monitoring election campaign finances, the methods described here might also be used to monitor political finance in general, that is, the totality of political parties' or candidates' income and spending.

*Monitoring Election Campaign Finance: A Handbook for NGOs* is structured as follows:

**Chapter One** provides an overview of political finance and its relationship to corruption. The chapter defines the main terms used in this handbook and explains how political finance may be vulnerable to corruption and how it can be monitored, using the Justice Initiative approach.

**Chapter Two** guides NGOs through the process of preparing and designing a monitoring project. A preliminary “Scoping Study” is recommended to collect relevant information on political financing and provide a basis for designing a well-targeted monitoring project.

**Chapter Three** tackles the issue of campaign expenditure, provides a categorization of campaign spending, and explains how to monitor the different categories.

**Chapter Four** focuses on monitoring political income, specifically political contributions.

**Chapter Five** introduces and explains a phenomenon that has so far received little attention: the misuse of state administrative resources for campaign purposes. The chapter explains why the misuse of administrative resources should be treated as a form of campaign finance and provides a categorization of types of misuse of administrative resources.

**Chapter Six** provides information and examples for monitoring and preventing the misuse of administrative resources.

**Chapters Seven and Eight** offer guidance on using the results of monitoring and evaluating the success of the monitoring exercise.

The **Appendices** provide a range of tools and information that can be used in formulating and conducting monitoring activities.

A **Glossary** at the back of the book also helps readers by providing definitions to key terms used in the handbook.

We hope that the information offered here proves useful to NGOs in designing and implementing their own monitoring projects. This handbook is not the final word on the subject, however, and we invite NGOs to contact the Open Society Justice Initiative with lessons and insights from new projects.

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### Notes

1. Transparency International Global Corruption Barometer Survey, 2003. See [http://www.transparency.org/surveys/barometer/dnld/barometer2003\\_release.en.pdf](http://www.transparency.org/surveys/barometer/dnld/barometer2003_release.en.pdf).
2. Council of Europe Congress of Local and Regional Authorities of Europe, Resolution 105 (2000) on the financial transparency of political parties and their democratic functioning at regional level, approved at Seventh Session, Strasbourg, May 23-25, 2000.
3. Council of Europe Parliamentary Assembly, Recommendation 1516 (2001) on financing of political parties.
4. Statement of the Council of Presidents and Prime Ministers of the Americas, "Financing Democracy: Political Parties, Campaigns, and Elections", The Carter Center, Atlanta, Georgia, March 19, 2003, p. 1. <http://www.cartercenter.org/documents/nondatabase/Final%20Statement%20Financing%20Democracy.pdf>.



# Sources

This handbook systematizes the key practical experiences and expertise on campaign finance monitoring from the sources summarized below.

- Case Studies of campaign finance monitoring projects in Latvia, Romania, Slovakia, and Ukraine
- Experiences from past monitoring efforts in the United States, Brazil, and Zimbabwe
- Academic research on campaign finance in Poland, Costa Rica, and Uruguay
- Discussions, held between April and September 2003, in Kiev, Seoul, Yerevan, and Istanbul, with NGOs involved in monitoring campaign finance, including Asociația Pro Democrația (Romania), the Center for Regional Development/Transparency International Armenia, Delna (Transparency International Latvia), the Fair Play Alliance (Slovak Republic), the Freedom of Choice Coalition (Ukraine), Poder Ciudadano (Argentina), and Transparencia Brasil
- Review and expert input from Shari Bryan, Arista M. Cirtautas, Vera Devine, Christian Gruenberg, Jonathan Hartlyn, Richard Holloway, John Makumbe, Elena Panfilova, Mark Philp, Michael Pinto-Duschinsky, Rotimi Sankore, and Marcin Walecki

## The Case Studies

Full text versions of the Case Studies are available on the Open Society Justice Initiative website, [www.justiceinitiative.org/activities/ac/cfm](http://www.justiceinitiative.org/activities/ac/cfm).

### **Latvia: 2002 Parliamentary Elections**

Delna (Transparency International Latvia), together with the Soros Foundation–Latvia, monitored political parties’ income and expenditure in the run-up to the October 2002

parliamentary elections. The exercise followed a pilot effort that monitored the March 2001 municipal elections and contributed to the introduction of legal disclosure requirements on parties' income and expenditure. The 2002 project monitored political and hidden advertising to compare the amount spent on publicity with parties' declared expenditure. Virtually all media were monitored (TV, radio, national and local press). The project further analyzed income declarations to assess whether declared donors were genuine. Parties spent almost double the amount they officially declared on advertising. Significant evidence emerged that many donors were incorrectly or falsely declared by parties and candidates. A decrease in the incidence of hidden advertising was noted between 2001 and 2002, attributed in part to the 2001 monitoring exercise. Both projects successfully increased the visibility of campaign financing in the public arena. Finally, legislative reforms advocated by Delna and the Soros Foundation–Latvia, including stricter disclosure requirements, were adopted in 2002.

### **Romania: Election Year 2000**

In 2000, Asociația Pro Democrația (APD) monitored political party financing during the local and national parliamentary elections. The objective of the project was to increase transparency in party financing, specifically by focusing attention on the issue, monitoring compliance with financing regulations, and drafting and advocating a new law on political party financing. For the local elections, political advertising through newspapers, posters, billboards, and banners was monitored in four major towns. In the national elections, monitoring focused on advertising (TV, radio, press, and outdoor ads—billboards, banners, and posters). Estimates of expenditure on advertising were then compared with parties' official income declarations: findings indicated that spending exceeded declared income tenfold across party lines. The project succeeded in placing the issue of party finance high on the public agenda, and produced benchmark figures on the costs of campaign activities, which can be used in future monitoring. APD drafted and proposed a new law on party finance, which served as input into later legislative amendments adopted by the government in 2003.

### **Slovakia: 2002 Parliamentary Elections**

In 2002, the political campaigns for the Slovakian parliamentary elections were monitored by the Alliance for Promotion of Fair Play (renamed the Fair Play Alliance in 2003). The NGO was founded specifically for this purpose with the support of a num-

ber of international and national NGOs, and serves as a permanent party finance watchdog. Monitoring sought to estimate the market value of parties' election campaign activities, to assess compliance with party finance regulation, and to evaluate the financial situation and history of political parties. The project monitored press and outdoor advertising (political advertising on TV and radio is banned in Slovakia), marketing activities, rallies, promotional materials, administrative and operational costs, and other campaign activities. The final estimate of costs did not include rallies and other events, but the project nevertheless demonstrated the significance of these categories, and concluded that a more thorough estimate would have considerably exceeded official declarations. The project also found that existing spending restrictions were too vague to be properly enforced. The project team compiled a large amount of systematic quantitative and qualitative data on campaign practices and the legal framework, together with recommendations for reform, not yet adopted. The Alliance has followed up with a new project to track political donations and benefits to donors in the form of public contracts or other favorable political decisions.

### **Ukraine: 2002 Parliamentary Elections**

In 2002, the Freedom of Choice Coalition, an alliance of Ukrainian NGOs, monitored the financing of the 2002 parliamentary campaign. The exercise, designed broadly to reduce corruption and increase transparency in election campaign finance, monitored spending on advertising by parties and electoral coalitions. The focus was on political advertising, both direct and hidden, in select national and regional TV, radio, and print media outlets. Monitored spending on advertising exceeded official party advertising expenditure declarations by 40 percent and party declarations for *total* spending by 20 percent. The project yielded a number of recommendations for reform of party finance regulations, such as the abolition of limits on party electoral funds, and the inclusion of legislation to regulate the use of state administrative resources for electoral purposes. The project was conceived as the first in a series of "Three Steps Toward Transparent Financing of Electoral Campaigns in Ukraine." Subsequent stages will advocate legislative reforms and monitor the 2004 presidential elections.

## Other Monitoring and Research

### **The Poder Ciudadano “Transparent Elections” Model**

In 1997, Poder Ciudadano, the Argentinean chapter of Transparency International, carried out a pilot project to monitor political parties’ spending on advertising during the parliamentary election campaign. Based on this pilot, a new methodology was developed using Transparency Agreements—voluntary contracts signed by the major parties promising to disclose campaign expenditure—to monitor the campaigns for the presidential and parliamentary elections of 1999. The project found that parties spent substantially more than they officially declared or revealed in their Transparency Agreements. As a result, Poder Ciudadano’s main recommendations were incorporated into a new party finance law, adopted in 2002, that includes a requirement for parties to submit a report on the sources and spending of campaign finances ten days before elections.

Source: *The Transparent Election Manual*, Poder Ciudadano and Tinker Foundation, 2000.

### **Armenia: 2003 Parliamentary Elections**

From March to June 2003, the Center for Regional Development/Transparency International Armenia (CRD-TIA) carried out a project entitled “Monitoring of Parties’ Campaign Finances during the 2003 Parliamentary Elections.” The objective was to “create a demand for transparency and accountability of political parties, promote public debates, and generate civil society pressure to ensure equal and fair elections and induce changes in the politicians’ behavior.” The strategy focused on monitoring a range of expenditures—TV, radio, press, and outdoor advertising, other election publications, events and rallies—and comparing the results with income declarations submitted by the parties themselves and by the Central Election Commission.

According to the findings, three out of eleven parties or electoral blocs exceeded the legal electoral fund limit. In most cases, significantly more was spent than was indicated by the parties or the Central Election Commission. In addition, 75 percent of voters said they had been offered bribes to vote for a particular party. The project drew special attention to the problem of a developed “gray economy,” which underpins much illegal party funding and spending, and facilitates poor disclosure. CRD-TIA also succeeded in generating significant pressure for reform: one party contested the election

results with the Constitutional Court, citing project findings as evidence. In October 2003, a roundtable was organized where political parties discussed the recommended reforms.

Source: [www.transparency.am/website/ws/id71.htm](http://www.transparency.am/website/ws/id71.htm).

### **Brazil: Monitoring Donations to Election Candidates**

Transparencia Brasil, the Brazilian chapter of Transparency International, monitored donations to political parties prior to the 2002 parliamentary elections. Using the candidates' official declarations of income (disclosure requirements in Brazil are strict), the project tracked in detail the volume and origin of all declared donations, analyzed the distribution of donations among candidates and parties as well as among donors, and provided a detailed survey of one of the largest political contributor's donations. The results demonstrated a clear correlation between the amounts received in donations by particular candidates and their success in the elections.

Source: Transparencia Brasil, *Political Financing in Brazil: A Preliminary Analysis of the Accounts of All Candidates to the 2002 Brazilian Electoral Campaign*, available at: [www.transparencia.org.br/docs/asclaras-eng.ppt](http://www.transparencia.org.br/docs/asclaras-eng.ppt).

### **The United States: Tracking Donors and Political Decisions**

A number of NGOs in the United States have tracked donations and other sources of income for election candidates (usually incumbent politicians), and monitored candidates' subsequent political decisions. In this handbook, their experiences represent one of the primary sources of information on monitoring the income side of campaign finance. The main organizations are:

Campaign Finance Information Center ([www.campaignfinance.org](http://www.campaignfinance.org))

Center for Responsive Politics ([www.crp.org](http://www.crp.org))

Common Cause ([www.commoncause.org](http://www.commoncause.org))

Center for Public Integrity ([www.publicintegrity.org](http://www.publicintegrity.org))

National Institute on Money in State Politics ([www.followthemoney.org](http://www.followthemoney.org))

Public Campaign ([www.publiccampaign.org](http://www.publiccampaign.org))

Political Money Line ([www.tray.com/fecinfo](http://www.tray.com/fecinfo))

### **Poland: Doctoral Research on Party Finance**

Marcin Walecki's research on party financing in Poland from the late 1990s to 2001 focused primarily on the sources of party income. Walecki analyzed parties' official financial declarations and conducted research, based on more than 200 press reports and articles, interviews with investigative journalists, and approximately 50 interviews with former and current political party officials, election candidates and fundraisers. Walecki found a massive misuse of state resources by political parties: an estimated 45 percent of party income in 2001 was derived directly from state and public resources, while a further 16 percent came from subsidies for parliamentary activities.

Source: Marcin Walecki, *Money and Politics in Poland: A New Democracy in Comparative Perspective*, Ph.D. thesis, University of Oxford, 2003.

### **Uruguay and Costa Rica: Doctoral Research on Political Finance and State Funding**

Kevin Casas-Zamora's research on political finance in Costa Rica and Uruguay over the past two decades provided a comparative assessment of direct state funding of parties and its effects on political financing practices. The research challenged the generally held belief that campaign costs have been increasing rapidly, and that television advertising accounts for the dominant share of campaign spending. Neither of these was shown to be the case. Direct state funding has lessened the dominance of party funding by business elites, but corruption in political finance remains a significant factor in election campaigns.

Source: Kevin Casas-Zamora, *Paying for Democracy in Latin America: Political Finance and State Funding for Parties in Costa Rica and Uruguay*, thesis submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, University of Oxford, Michaelmas Term 2002.

### **Zimbabwe: Monitoring Parliamentary Election Campaigns**

In 1995, a broad coalition of NGOs in Zimbabwe, coordinated by John Makumbe, carried out detailed monitoring of the parliamentary election campaign. The project pooled data from the independent press and from teams of monitors who observed campaign activities. The project registered substantial reports of vote buying, particularly in the primary elections. State resources and funding were systematically diverted for cam-

paigned purposes to the exclusive benefit of the incumbent ZANU (PF) party, which was seeking to preserve its hold on power.

Source: John Makumbe and Daniel Compagnon, *Behind the Smokescreen: The Politics of Zimbabwe's 1995 General Elections*, University of Zimbabwe Publications, Harare, 2000.

### **Russia: Monitoring the Misuse of Administrative Resources**

The Center for Anti-corruption Research and Initiative, Transparency International–R (the Russian chapter of Transparency International) and the Open Society Justice Initiative jointly monitored the use of state resources in the December 2003 Russian parliamentary election campaign. The project focused on parties' misuse of "institutional resources" (e.g., state employees performing campaign tasks), "financial resources" (e.g., extraordinary public budget outlays for campaign purposes), and "media resources" (e.g., hidden advertising on behalf of incumbent candidates). Monitors tracked state-controlled TV stations with national coverage, and a wide range of newspapers, magazines, and Internet portals. A number of case studies were used to assess legal or procedural violations or loopholes that enabled the misuse of administrative resources, and to estimate the "minimum cost" of the misappropriated resources. This experience was drawn on extensively in Chapters Five and Six on the misuse of administrative resources.

Source: [www.justiceinitiative.org/activities/ac/cfm](http://www.justiceinitiative.org/activities/ac/cfm)





# I: Monitoring Campaign Finance— An Overview

## At a Glance

This chapter defines key concepts relating to corruption in campaign finance and introduces three types of corruption typically associated with elections: *quid pro quo* donations, the misuse of administrative resources for campaign purposes, and the direct corruption of voters and election officials, or vote buying. It examines the objectives of monitoring and the factors affecting the choice of monitoring target, based on the local context. The chapter ends with an overview of the Justice Initiative approach to monitoring.

## Campaign vs. “routine” finance

A handbook on monitoring campaign finance might be expected to ignore “routine” party income and expenditure. Electoral campaigns are, after all, one-off events, subject to different financial pressures and cycles than the everyday costs of running a party. However, many “routine” activities—such as polling and market research—might as easily be classified as “campaign” activities. Attempts by lawmakers to deal with this, by cordoning off periods of time prior to elections as “official” campaign periods, inevitably lead parties and candidates to spend as much as possible *before* that period begins. Aware of these ambiguities, this handbook treats the distinction between “campaign” and “routine” finance with caution. The monitoring methods presented here can be applied to either, as long as similar categories of expenditure are used.

# Defining Campaign Finance and Corruption

## What Is Election Campaign Finance?

This handbook defines **election campaign finance** as the resources acquired and spent by electoral candidates and political parties in election campaigns. The approach put forward here marks an advance on previous discussions of campaign finance. These often focused only on income—the means by which candidates and parties obtain resources—with a view to establishing corrupt links between donor contributions and political favors. However, the handbook recognizes that campaign finance also encompasses campaign *expenditures*—the way in which candidates and parties spend their resources—and that corruption occurs through spending transactions as well. Furthermore, a significant area of campaign resources is covered systematically here for the first time—the use or abuse of public resources by governing parties in their electoral campaigns. This handbook, therefore, offers guidance on monitoring three aspects of campaign financing: income, expenditure, and the misuse of administrative resources.

## What Is Corruption in Election Campaign Finance?

Corruption in the financing of election campaigns takes three forms:

1. *Quid pro quo* donations, where parties or candidates receive campaign resources in return for favorable treatment
2. Candidates’ or parties’ misuse of state and public administrative resources for electoral purposes
3. Bribery of voters and election officials

All three harm the public interest directly or indirectly, by influencing election outcomes undemocratically, or by leading to political decisions that primarily suit sectoral or private interests.

## Quid pro Quo Donations

The most commonly recognized form of corruption in campaign finance involves the provision of financial or other resources by private interests to parties or candidates in return for favorable treatment by elected representatives. This type of corruption often results in financing scandals, such as those that have shaken many countries in recent years. The World Bank coined the term “state capture” to refer to the influence of private interests over laws and politics, as originally identified in postcommunist countries in transition.

Campaign finance is an obvious channel through which private interests influence political decisions, yet it may be difficult to establish a direct link between funding and favors. Policies that benefit party donors can be implemented for a variety of reasons. Donors and politicians may share the same goals. An apparent case of *quid pro quo* might turn out to be a policy put forward in the public interest that only incidentally benefits a donor. In postcommunist countries, for example, investors often support reform-oriented parties, as they clearly stand to benefit from liberal economic policies, but so do other sectors of society. The role of monitoring, therefore, is to identify areas of *potential* corruption, as well as measures to combat it, such as regulations on transparency or disclosure.

## The Misuse of Administrative Resources

The “misuse of administrative resources” refers to the use of state (or public) financial, infrastructural, and human resources for campaign purposes. Typical examples include the deployment of state officials to organize campaign events, as has happened in Russia, the expenditure of covertly allocated public funds by the ruling party, as in Zimbabwe, or the use of state enterprises to provide the incumbent party’s main source of income, as in Poland.

This form of corruption is less widely recognized than *quid pro quo* donations, but it is equally deserving of attention as a dominant feature of election campaigns in some countries, and a serious threat to democracy. Not only can incumbent parties and politicians exploit a tremendous advantage over other candidates (which may extend even to political violence, such as the arbitrary detention of competitors’ campaign staff), but the abuse of administrative resources may even help to establish and preserve a permanent monopoly of power.

## What is quid pro quo corruption?

According to Mark Philp, a leading authority in the field, *quid pro quo* corruption involves four key components:

1. A public official (A), who, acting for personal gain,
2. violates the norms of public office, and
3. harms the interests of the public (B)
4. to benefit a third party (C) who rewards A for access to goods or services that C would not otherwise obtain.

Source: M. Philp, “Conceptualising Political Corruption,” in A.J. Heidenheimer and M. Johnstone (editors), *Political Corruption: Concepts and Contexts*, Third Edition, Transaction Publishers, New Brunswick and London, 2002, p. 42.

## Defining the objectives

The importance of defining clear objectives for a monitoring project and of designing an adequate monitoring strategy to pursue these objectives cannot be emphasized too strongly. If an NGO finds it difficult to explain exactly what its monitoring objectives are and how the monitoring strategy supports those objectives, then the project objectives and/or the strategy should be revisited before moving to implementation of the project.

## Bribery of Voters and Election Officials

A third category of corruption linked to campaign finance is vote buying, i.e., providing money or other benefits to voters to support a particular party or candidate, or to officials as an incentive to manipulate election results. The latter is difficult to monitor, as both sides in the transaction usually go to great lengths to conceal it. The present handbook offers some suggestions for monitoring vote buying, a potentially sizable category of campaign expenditure. It does not deal with bribery of election officials, an issue beyond the capacity of most NGOs to monitor, and better left to law enforcement agencies.

## Monitoring Objectives

Monitoring refers to the systematic and objective observation and documentation of a particular process over time. It is primarily a diagnostic tool that captures how systems operate *in practice*, as opposed to how they are designed to function through a given regulatory framework. Monitoring has been used over the past two decades most notably by human rights and environmental activists to track violations of international standards and national laws. Anticorruption activists are increasingly finding this tool useful in their own work, as this handbook will demonstrate.

In the context of election campaign finance, the **overall aim** of monitoring is to contribute to an environment in which corruption is less prevalent or less likely to occur by promoting well-targeted reforms of law and practice. This breaks down into three broad objectives for monitors:

1. Identifying shortcomings in the regulatory framework governing campaign finance and monitoring the enforcement of existing regulations
2. Seeking evidence of corruption
3. Promoting transparency

Ideally, a monitoring effort will pursue all three. However, if this is not possible, it is useful to prioritize in order to focus on one or two attainable objectives. In the following sections, we examine the general objectives in more detail.

## Assessing the Regulatory Framework and Its Enforcement

Some form of party funding and election campaign regulation is in place in many, if not yet all, democracies. Monitoring enables an NGO to assess how well the existing legal and institutional framework for campaign finance functions, and to advocate relevant reforms. In practice, as the Case Studies outlined at the beginning of this book show, any monitoring exercise requires, among other things, an evaluation of existing rules, even where this is not an explicit objective. In countries making the transition from authoritarian or otherwise undemocratic regimes to democracy, assessing the current campaign finance system in order to underpin reforms is likely to be particularly important.

Assessment of the legal framework is not complete, however, without an evaluation of the observation and enforcement of existing provisions. Seemingly sound legal provisions may be dysfunctional in practice, or be poorly observed or enforced. It is important to identify the root of the problem and to determine whether the existing provisions are

- too vague to allow for effective enforcement;
- too complicated to allow for effective enforcement;
- too restrictive to be observed in practice;
- adequate but lacking an effective enforcement framework;
- adequate but enforced in a discriminatory fashion.

Where the legal and institutional framework has shortcomings, monitoring should provide evidence of this. Where it is more-or-less sound, monitoring should assess the extent to which relevant provisions are effective in practice and highlight any problems with their implementation. In both cases, the findings should then be used to advocate targeted reforms.

### Regulation reform: how far to go?

A monitoring objective of all four Case Studies was to generate reforms of campaign finance regulations. The Romanian project was the most ambitious, effectively drafting a comprehensive proposal for a new law on party financing. The Latvian project had a major impact on the drafting of amendments to party finance regulations that were adopted in 2002, in particular requiring stricter disclosure of donations and spending. In Slovakia, the breadth of monitoring yielded valuable new information about the nature of campaigns, and enabled an informed discussion about possible regulatory solutions.

## Unexpected findings in Romania

On occasion, monitoring may uncover unanticipated instances of corruption. An important outcome of the Romanian monitoring exercise, for example, was to draw public attention to the problem of donations made in exchange for a place on a party's candidate list, which only came to light after one potential candidate came forward, unsolicited, with the information.

## Searching for Evidence of Corruption

Corruption, or the possibility for corruption, can be revealed by

- examining records of donations for evidence of fictitious donors;
- seeking evidence of third-party spending, i.e., hidden contributions made by unrecorded donors to a party or a candidate's campaign;
- monitoring donations along with candidate and party voting and policy records for evidence of political decisions made in favor of specific donor interests;
- monitoring the use of state resources for campaign purposes.

## Promoting Transparency in the Campaign Finance System

The more transparent a political finance system, the less vulnerable it is to corruption. Promoting transparency has thus been a key objective of many monitoring exercises. Monitoring can point to significant discrepancies between monitored and declared income or expenditure, which can then be used to generate support for greater transparency, as well as for more effective enforcement of existing rules.

## Deciding What to Monitor

Once general objectives appropriate to the local context are established, a monitoring exercise needs to define its *specific* objectives of what to monitor and why. The Scoping Study presented in Chapter Two provides guidance in analyzing relevant information on the legal and institutional framework and campaign finance practices in order to define the specific objectives.

## Income and Expenditure

One of the basic questions facing NGOs intending to monitor election campaign finance is whether to focus primarily on a candidate or party's *income* or on their *expenditure* of campaign finances.

### Monitoring Income

Disclosure requirements are a prerequisite for monitoring campaign income. Strict disclosure requirements, such as those in the United States, for example, facilitate detailed monitoring, but wherever *any* requirements for candidates or parties to disclose donations exist, some kind of monitoring is possible. Many countries are, therefore, likely to have sufficient disclosure requirements to justify monitoring income.

This handbook presents two main approaches to monitoring income. One is to check the veracity of income declarations by examining the records of individual donors in order to reveal the extent to which parties and candidates behave transparently. Where parties or candidates are required to disclose the identities of individual donors, a monitoring organization can check whether listed donors are, in fact, actual or likely contributors. The second approach is to monitor elected parties' or candidates' political decisions for evidence that they benefit donors. This assumes not only requirements to disclose individual donors but also access to information on relevant subsequent decisions that could have benefited those donors (e.g., a database of awarded public contracts). Investigative tools such as interviews are often useful in obtaining information on income and donors that is not readily available in the public domain to supplement the main monitoring approaches.

### Monitoring Expenditure

Monitoring campaign expenditure can help to uncover and reduce corruption in three ways. First, where parties and candidates are required to disclose total income but not individual donations, the main categories of campaign spending can be monitored to assess the accuracy of parties' income declarations. If monitoring shows that spending significantly exceeds declared income, this is a clear indication that parties are concealing income or failing to report it accurately.

Second, monitoring expenditure can uncover direct evidence of corruption or identify practices that indicate potential corruption. For example, monitoring expenditure may reveal third party spending on campaign services, which parties may use to circumvent income or spending limits. Such spending does not appear in party financial records and is, for all intents and purposes, nonexistent. This practice may or may not violate existing regulations, but the value of the services received should be declared as a campaign donation, in line with international good practice.

Third, monitoring expenditure may yield information of use to regulators in establishing a legal framework and creating a level political playing field. A lack of restrictions on spending can result in spiraling campaign costs, which, in turn, encourages parties and candidates to engage in corrupt financing to meet ever-increasing financial demands. On the other hand, unreasonably low caps on spending will motivate parties and candidates to circumvent regulations entirely. Estimates of actual campaign expenditure can, therefore, serve as a sound basis for sensible regulation.

### **Income = Expenditure**

As any spending on an election campaign must be matched by income (expended resources must have been acquired somewhere), certain campaign activities may be interpreted as either income or expenditure, and tracked as either, depending on the monitoring strategy of a specific project. In Romania, for example, there are indications that in the 2000 elections, tobacco companies purchased airtime on television in order to run ads for certain candidates. Spending on behalf of a party or candidate by third parties, as in this example, is both a form of campaign expenditure *and* a source of income, and can be used in analysis and reporting accordingly. Likewise, when candidates or parties use administrative resources for campaign purposes, they are incurring campaign expenditure, which amounts to receiving campaign income from the public purse.



# The Justice Initiative Approach

This handbook does not advocate an “income only” or “expenditure only” approach to monitoring. It deliberately avoids stipulating which elements of campaign finance an NGO should monitor, as the relevant components vary from country to country. Monitoring should, therefore, be designed on the basis of existing evidence concerning how parties actually raise and spend their resources, rather than by applying “off-the-shelf” methodologies. Different tools are needed to conduct different kinds of monitoring exercises relevant to different national contexts.

The Justice Initiative sets forth a **systematic approach** to monitoring campaign finance that will enable NGOs to identify **what** they should monitor, based on the specific circumstances of their country, and **how** they should conduct monitoring, given the resources and information sources available.

## 1. The Scoping Study<sup>1</sup>

The first step toward a well-designed campaign finance monitoring project is a preliminary Scoping Study. The Scoping Study involves brief research to collect all the available information on campaign finance in the country to be monitored. The information is then used to define the specific objectives of monitoring. The objectives in turn determine the appropriate monitoring strategy: identifying what is to be monitored and why. The Scoping Study is discussed in detail in Chapter Two.

## 2. The Monitoring Methodology

The monitoring methodology is the core component of a monitoring project. It defines

- the components of campaign finance to be monitored;
- how each component will be monitored (e.g., by direct observation, by a hired agency, using a case study approach, or a combination of these);
- the sources of information available.

### Knowing the neighborhood

In deciding what to monitor, local circumstances will play an important role. What qualifies as potentially corrupt behavior in one context may be perfectly acceptable in another. For example, one method of eliminating corruption by private donors is to ban private funding of political parties altogether—roughly the situation in Sweden, where political parties are financed entirely by the state. While this may be effective, the same measure might be viewed as a violation of basic rights. In the United States, for example, the right to donate money to parties or candidates is viewed as a fundamental aspect of political participation and freedom of expression. Assessing such factors before deciding what to monitor or which reforms to recommend is a key component of a successful monitoring project.

The process of selecting a monitoring methodology is covered in Chapter Two, while Chapters Three to Six outline applicable methodologies for monitoring three broad categories of campaign finance: income, expenditure, and the misuse of administrative resources.

### **3. Project Implementation**

Once a methodology has been developed, the monitoring exercise can be implemented, a process described in Chapters Three to Six. However, several important questions need to be answered before a project can be implemented:

- What resources, in terms of staff and funding, are necessary to implement the project as planned?
- What relationships have been established with stakeholders such as official enforcement bodies or political parties?
- What is the timeframe for monitoring?
- How flexible is the methodology, i.e., can the project adapt successfully to unforeseen circumstances?

### **4. Using the Monitoring Results**

Monitoring campaign finance is not an end in itself. Rather, the data produced by monitoring can then be used to achieve a project's wider objectives. The different ways in which the results of monitoring can be used are discussed in detail in Chapter Seven. Briefly, results can be used

- to raise public awareness of certain issues;
- to initiate litigation where monitoring produces direct evidence of corruption or other regulatory violations;
- to support advocacy and lobbying efforts for reform;
- as input for further monitoring efforts.

## 5. Evaluating Success

Evaluation of a monitoring project, once it is completed, will not only reveal whether the stated objectives were met, but may point to other results, not specifically pursued or considered at the outset. In Chapter Eight, we outline how an NGO might evaluate the success of a monitoring project based on three different criteria:

- Benefits to the local community, such as improved disclosure requirements or an improved regulatory framework
- Benefits to the monitoring organization itself, such as improving the NGO's capacity to conduct monitoring (e.g., number of monitors trained, data collected, or monitoring tools developed)
- Benefits to the wider monitoring community, such as the development of new methodologies that can be applied elsewhere by other organizations

Taking a monitoring project through all of the five stages outlined above will not only ensure a well-conceived exercise but also allow maximum information and benefits to be drawn from the experience.

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### Notes

1. We are indebted to Michael Pinto-Dushinsky for pointing out the importance of a Scoping Study.

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## The stages of a campaign finance monitoring project

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### Overall Aim

To promote an environment less vulnerable to corruption in election campaign finance by

- assessing the legal framework and practice,
- exposing corruption or practices vulnerable to corruption, and
- promoting greater transparency.



### 1. The Scoping Study

Gather existing knowledge on campaign finance / Define specific objectives: what to monitor and why



### 2. The Monitoring Methodology

Methodology: how to monitor / Sources of information for monitoring



### 3. Project Implementation

Logistics (resources, staff, timeframe) / Relationships with other stakeholders



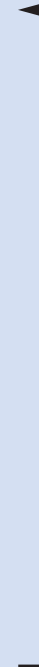
### 4. Using the Monitoring Results

Dissemination of monitoring data and results / Advocacy and reform proposals / Input for further monitoring



### 5. Measuring Success

Improvement in campaign finance regulation or practices / Success for monitoring organization / Success for wider community/other stakeholders



# 2: Planning a Monitoring Project— The Scoping Study and Project Design

## At a Glance

This chapter is devoted to planning a monitoring project. The first half explains in detail how to perform a preliminary Scoping Study, including which sources of information to consult and how to assemble the relevant information on campaign finance that will directly inform the project design. The remainder of the chapter discusses the key issues involved in planning a project, from strategy, through implementation, to using the results.

## Filling in the context

The Scoping Study is not intended as a time-consuming research project in itself. A month should be ample time for gathering and analyzing the necessary information. The idea is to assemble and synthesize readily available information, i.e., the kind of data that most NGOs either already have at hand, or have easy access to. The time spent on the Scoping Study is likely to be insignificant compared to the time and resources saved in the long run by ensuring that the project has been planned on the basis of accurate and relevant information.

# The Scoping Study

The first step toward a well-designed campaign finance monitoring project is a thorough preliminary Scoping Study. The purpose of the Scoping Study is to collect existing information on political finance in the country in order to define clearly appropriate objectives for a monitoring effort. The areas of campaign finance to be monitored depend on a number of factors, including, but not limited to: the political context and type of elections; the legal and institutional environment regulating campaign finance; and the way in which parties or candidates are believed or known to raise and spend campaign resources.

When an NGO has compiled a significant amount of this information, monitoring objectives may be set. However, given the importance of setting specific objectives appropriate to the local context, any predetermined objectives should be reviewed in the course of the Scoping Study, as initial assumptions may prove incorrect after further analysis.

## Sources of Information

Five basic sources of information should be consulted when conducting the Scoping Study:

### 1. Existing Laws and Related Legal Documents

Laws and relevant regulations, jurisprudence and official explanations of the laws, and other related documents are critical to understanding the legal and institutional environment. These might include laws regulating, and/or government decrees concerning the following:

- The organization of elections
- Political party finance
- The financing of election campaigns
- Relevant enforcement institutions
- Freedom of information
- The media

## 2. Official Reports and Declarations

A number of other legally relevant documents can help to assess the regulatory framework. These include the following:

- Reports by institutions with a supervisory or enforcement role in campaign finance regulation
- Official financial declarations submitted by political parties or candidates themselves

## 3. Existing Literature and Studies

In many countries, studies, articles, or other specialist literature on political finance may have been published or prepared by other NGOs, political research institutes, universities, or international organizations. These studies may provide valuable information on political finance, its regulation, and the specific issues that require attention.

## 4. The Media

The press and electronic media represent an invaluable source of information on election campaigns. A survey of relevant articles can be a fast, inexpensive, and efficient way to gather information on all aspects of campaign finance, ranging from explanations of laws to investigative pieces on how campaign finance works in practice. In many countries, there are agencies that archive media articles in electronic and searchable form.

## 5. Personal Interviews

Targeted interviews with 10–20 people with knowledge of campaign finance can also be of value. These may include the following:

- Experts from organizations with an interest in the subject
- Academic observers
- Current and former campaign finance managers
- Officials from institutions responsible for supervising and enforcing campaign finance regulations
- Selected politicians

## Collecting the Facts

Information collected during the Scoping Study should cover each of the following:

- The fairness of elections
- The legal framework
- The media
- The state sector and public administration

### The Fairness of Elections

A fundamental question that will shape the context of monitoring is the extent to which elections are free and fair. Reports generated by national or international organizations that monitor elections can be a good source of information:

- The OSCE Office for Democratic Institutions and Human Rights (ODIHR), [www.osce.org/odihr/?page=elections&div=reports](http://www.osce.org/odihr/?page=elections&div=reports)
- The International Republican Institute, [www.iri.org](http://www.iri.org)
- The National Democratic Institute for International Affairs (NDI), which has a searchable database of reports, [www.accessdemocracy.org/basic.asp](http://www.accessdemocracy.org/basic.asp)
- The Carter Center, whose Democracy Program monitors elections in a number of countries, [www.cartercenter.org](http://www.cartercenter.org)
- The European Union European Initiative for Democracy and Human Rights, [http://europa.eu.int/comm/europeaid/projects/eidhr/elections\\_reports\\_en.htm](http://europa.eu.int/comm/europeaid/projects/eidhr/elections_reports_en.htm)

Where elections are falsified or manipulated directly, it may not make sense to monitor campaign finance at all. In most cases, however, such tactics are combined with illicit campaign finance practices—particularly the misuse of state resources for campaign purposes—that may together comprise a ruling party’s strategy to maintain power. In such circumstances, monitoring campaign finance may prove to be a tool in countering electoral corruption. In Zimbabwe, for example, where elections are manipulated, evidence that resulted from monitoring campaign finance helped to persuade the courts to review election petitions. In most of these cases, the election results contested in particular constituencies were nullified by the courts.



## The Legal Framework

In order to assess the legal framework governing elections and campaign finance, a number of questions need to be answered, each of which will be further discussed in turn:

- What kind of electoral system is in place?
- What is the duration of the election campaign?
- What disclosure requirements, if any, are parties and candidates subject to?
- What restrictions on campaign income exist?
- Do parties and candidates receive financial resources from public budgets?
- What restrictions on campaign expenditure are in place?
- How is the legal framework enforced?

### 1. What kind of electoral system is in place?

Election systems vary dramatically. In some proportional representation systems, citizens vote for parties whose candidates are then allocated seats according to the percentage of votes won. In others, each party submits a list of candidates ranked in order of the party's preference—there is little or no direct link between voters in specific locations and the elected representatives.

In many majoritarian systems, on the other hand, citizens vote for individual candidates who compete directly against one another and need not be affiliated with any political party. In these systems, elected candidates become the sole representatives of their constituencies. Between these two extremes lie a number of variations.

The electoral system in place affects the structure of election campaigns and their financing. Proportional representation systems tend to encourage, or even require, campaigns to be based on competition between political parties rather than individual candidates, with the likely result that campaign finance is channeled predominantly through a central party organization. A majoritarian system encourages competition among individual candidates, which may result in campaign finance being more decentralized, with candidates raising and spending funds directly.

However, generalizations about the impact of different electoral systems do not hold in every case. For example, in Poland's proportional representation system more

## Deciding on the monitoring period

Countries vary considerably in the period that will require monitoring. In Latvia, expenditure was monitored for approximately ten months because, although there are no restrictions on the duration of the campaign, parties must submit disclosure forms on campaign income and expenditure for the 270 days prior to the election. In Ukraine, only the 50-day legal campaign period was monitored, with the goal of demonstrating that parties spent more than they declared even within the official campaign period alone. In Romania, party spending was monitored for the whole of 2000 because there were two elections in that period: the objective was to compare parties' spending on elections with their annual income declarations for that year. In Slovakia, the law defines the election campaign as a period starting 30 days and ending 48 hours before the elections, but it does not prohibit parties from campaigning before the official campaign period. The project monitored campaigning for about nine months prior to the election, based on expert assessments.

than half of campaign income appears to be raised by candidates directly. Despite the UK's purely majoritarian system, election campaigns are heavily based on national party campaigns. For this reason, the Scoping Study needs to draw on materials or sources that provide a detailed account of the specific electoral system and its impact on local campaigning.

With respect to monitoring, the more an electoral system encourages campaigns to be organized centrally by political parties, the simpler the monitoring task is likely to be: income or spending can then be analyzed according to political parties without focusing too much attention on individual candidates' fundraising and expenditure. It will generally be easier to estimate total spending in certain categories. Where the electoral system encourages individual races, monitoring must focus on the campaign finance activities of individual candidates. For example, in the United States, individual candidates largely raise their own campaign funds, and NGOs, therefore, focus primarily on monitoring the sources of individual candidates' campaign funds. Where such a system has no effective disclosure requirements, a more in-depth, case study approach in select constituencies is more likely to provide meaningful information.

## 2. What is the duration of the election campaign?

The duration of the election campaign period will largely determine the timeframe of monitoring. The Scoping Study should determine whether this period is defined by law, as well as the duration of campaigns in practice.

In many countries, the campaign period is defined as a specific number of days prior to the election, or as the period commencing from the moment elections are announced. In Latvia, for example, the campaign period is not regulated by law, and parties may, in theory, campaign permanently. Some countries limit certain kinds of campaign activities: in Russia, campaigning on television is permitted only in the final month of the national election campaign.

It is also common for parties or candidates to begin campaigning prior to the official campaign period, despite legal restrictions. When that period entails limits on spending, parties and candidates may try to pay for campaign activities before the official starting date, in order to declare the costs as routine, i.e., unregulated, expenditure. In addition, where campaigns are very frequent, it may be impossible to distinguish "campaign" periods from "ordinary" periods, in which case it may be necessary to monitor from the beginning of one election cycle to the beginning of the next.

### 3. What disclosure requirements, if any, are parties and candidates subject to?

The nature and scope of information that political parties and candidates must disclose by law are key issues affecting the design of a campaign finance monitoring strategy.

Disclosure requirements can apply to either income or expenditure or both. In any case, accounting requirements will determine the format in which candidates and parties maintain financial records and, thereby, the kind and quality of information that will be disclosed.

The following questions can help reveal the kind of information monitoring groups are likely to find:

- Are candidates or parties required to keep detailed financial accounts?
- Do accounts have to distinguish between campaign and routine income and/or expenditure?
- What level of itemization and detail is required?

#### *Income disclosure*

- Are candidates or parties required to disclose information about their income?
- If so, are they required to separate routine income from campaign income?
- Are they required to provide a detailed breakdown of routine and/or campaign income? In how much detail?
- To whom are they required to disclose income?
- Is the information available to the public?
- Are they required to disclose individual donations? If so, over what amount?
- Are they required to disclose the identity of individual donors?
- Are candidates or parties prohibited from splitting donations from a single source into several smaller donations in order to avoid disclosure requirements?
- Are candidates or parties obliged to declare in-kind income (e.g., services provided for free, media discounts, etc.)?
- Is there a time limit within which parties and candidates must disclose donations? Does the deadline occur before the end of the election campaign?

Where income disclosure requirements are strict, a monitoring project can compare declared income with monitored spending. Where there are strict requirements to identify individual donors, a project might choose to assess the authenticity of individual donors or to monitor donors together with political decisions made in their favor. Where disclosure hinges on the size of donations, a natural target for monitoring may be donations close to the threshold. In the Czech Republic, for example, all donations exceeding CZK 50,000 (approximately €1,500) must be received on the basis of a standard contract that includes a notarized confirmation of the donor's identity. According to media reports, this has resulted in the widespread practice of splitting donations into CZK 50,000 blocks to avoid having to show proof of the donor's identity. In such a situation, an NGO might wish to investigate whether, in fact, the same donor is making multiple donations, thereby infringing the rules.

Where income disclosure requirements are nonexistent or very weak, monitoring should focus on campaign expenditure in order to demonstrate the scale of spending—and, by extension, income—and advocate reforms to increase transparency.

#### *Expenditure disclosure*

- Are candidates or parties required to report on campaign expenditure?
- If so, how detailed a breakdown of expenditure are they required to provide (i.e., which categories)?
- Do disclosure requirements allow candidates or parties to avoid declaring significant amounts of expenditure (e.g., by classifying them as “routine”)?
- Do candidates or parties have to declare campaign expenditure made on their behalf by third parties (foundations, NGOs, companies, etc.)? If so, how is such spending defined?
- To whom are candidates and parties required to disclose expenditure?  
Is the information publicly available?

Where disclosure requirements for expenditure are strict, monitoring will focus, among other things, on testing the accuracy of disclosure statements by comparing declared spending to monitored spending. Where disclosure requirements include a breakdown according to specific line items or categories, monitoring should reflect the same breakdown. Where disclosure requirements are weak or nonexistent, monitoring should aim to demonstrate the magnitude of campaign spending in order to underpin advocacy efforts for better disclosure requirements.

#### **4. What restrictions on campaign income exist?**

Restrictions on income can address the level, sources, and type of income, all of which should be considered when designing a monitoring exercise. However, it is also important to look at potential “loopholes” in the restrictions—common ways in which candidates and parties avoid or circumvent the existing regulations.

- What are the permitted sources of income for candidates and parties?
- Are candidates or parties permitted to receive donations from private entities?
- Are there any limits on the total income a party may raise from donations?
- Are there any prohibitions or limits on donations from the following entities: individuals, private-corporations, state-owned enterprises, foreign individuals and entities, nonprofit or charitable organizations (such as trade unions, special interest groups, political foundations, or professional organizations)?
- Can organizations that are otherwise forbidden from making donations establish other organizations to pool donations for candidates or parties?
- Are individuals, corporations, and other entities required to declare donations to candidates or parties in their tax returns, annual reports, or other available documents?

Where restrictions on income are strict, a monitoring methodology designed to assess whether they are being observed and/or enforced is recommended. The specific objectives of the monitoring exercise should be determined according to local circumstances. For example, where restrictions are enforced equally for all candidates and parties, monitoring may focus on assessing whether the income is declared accurately, by comparing declared income with monitored spending. Where it is believed that restrictions are enforced on a discriminatory basis against opposition parties and candidates, monitoring may focus on gathering information to assess whether this is true. Where there are limits on the size of donations from a single donor, monitoring may search for evidence of parties splitting donations in order to sidestep the restriction.

#### **5. Do parties and candidates receive financial resources from public budgets?**

State funding for election campaigns has been widely regarded as a way to reduce parties' dependence on potentially corrupting private interests. In some countries, such as Sweden or Austria, this is the dominant source of party funding. In fact, over the last three decades, this practice has been introduced or expanded in many countries,

## State funding of election campaigns

The Case Studies provide contrasting examples of the degree and nature of state funding. At one extreme, in Latvia, the state provided no funds to political parties for the 2002 elections. In Slovakia, by contrast, according to parties' official financial declarations, state funding accounted for 40-98 percent of parties' income in 2002. In Ukraine, state funding takes the form of free advertising time, but the law specifies neither the precise amount of time each party is entitled to nor the criteria for entitlement. In Romania, the level of state support for individual parties was unclear, so one of the targets of the monitoring exercise was to clarify it. In Zimbabwe, the funding system is designed in such a way that only the ruling party qualifies for state funds.

such as in the postcommunist countries of Eastern Europe. In the Czech Republic, for example, state subsidies now appear to be the most important source of funds for parties represented in parliament.

To assess the significance of state funding in campaign finance, the following questions must be asked:

- Do candidates or parties receive funding from the state budget?
- If so, is funding allocated directly (by subsidy) or indirectly (through services provided, such as free advertising time)?
- How are subsidies allocated: based on the number of mandates currently held in parliament, the level of support at the previous election, the number of votes received or seats won in the current election, or as a flat sum?
- Are the criteria for allocating state funding clear and unambiguous?
- Does the system of state funding favor incumbent candidates or parties over challengers?

In general, the less state funding there is, the more important it becomes to monitor the income side of campaign finance. Where state funding is insignificant, candidates and parties are likely to be more dependent on private donors. If, on the other hand, state funding is generous, it may not be necessary to monitor donations at all. Instead, monitoring may focus on the mechanisms of state funding in practice, i.e., whether state funding is distributed consistently, evenly, and transparently.

### 6. What restrictions on campaign expenditure are in place?

The following questions can reveal the extent of restrictions on campaign expenditure as well as income:

- Is there a limit on total campaign spending by a candidate or party?
- Are there any restrictions or bans on specific kinds of campaign spending, such as advertising?
- Are there any restrictions on campaign spending by third parties on behalf of parties or candidates?

Where spending is curtailed by law, monitoring can target the degree to which restrictions are observed or enforced. This is especially true where restrictions are unre-

alistic or impossible to observe. In Ukraine, for example, total campaign spending is limited to approximately U.S. \$475,000, an unrealistic level, transgressed by all the main parties. Likewise, in Romania, the limit on campaign spending was found to be sufficient to fund only about three weeks of intensive campaigning.

Bans or limits on specific categories of expenditure also affect the design of a monitoring exercise. For example, where advertising on television or other electronic media is banned (a provision that exists in many countries, such as the Czech Republic, Slovakia, and the United Kingdom), the need to monitor spending in this category is greatly reduced. However, where spending on advertising is not banned entirely but merely restricted, as is the case in most countries, monitoring may focus on the observance and enforcement of the restrictions. Where there are few or no restrictions on advertising, an estimate of total campaign expenditure is likely to be an important aim of monitoring, as this information can then be used to assess the need for better disclosure requirements or restrictions on spending (for example, to prevent spiraling election costs, which tend to encourage corruption).

## **7. How is the legal framework enforced?**

Poor or discriminatory enforcement of campaign finance regulations is, in many countries, a more serious problem than the regulations themselves. In these cases, a monitoring project can generate specific recommendations to improve enforcement. The results of the Scoping Study concerning enforcement represent vital input into any monitoring project and will contribute to sharpening its focus.

- Is any particular body entrusted with the task of supervising adherence to campaign finance regulations? If so, which type: electoral commission, supreme audit institution, anticorruption bureau, parliament, or other?
- Does the body entrusted with regulation have the authority to audit candidates' and parties' financial reports? Who initiates such investigations?
- Does the body concerned have the power to impose or initiate sanctions for violations of campaign finance regulations?
- What resources and staff does the body possess for the purpose of supervising campaign finance and enforcing adherence to campaign finance regulations?
- What degree of independence does the body enjoy from incumbent parties and candidates?

- What sanctions may be imposed for violations (fines, forfeiture or suspension of public funding, loss of illegally obtained funds, loss of eligibility for public office, loss of political party registration, imprisonment, other)?
- Has the regulator issued reports on observance of campaign finance regulations? Have these reports had any impact on changing campaign practices?
- Has the regulator issued any sanctions against parties or candidates that violate campaign regulations?

## The Media

The media play a crucial role in political campaigns. The Scoping Study should, therefore, assess the level of media penetration, the degree to which the media are free and independent, and regulations that affect the way in which the media may cover election campaigns.

### Level of Penetration

In the context of election campaigns, the key questions regarding media penetration include the following:

- What percentage of households have televisions?
- What percentage of households have radios?
- What percentage of the population watches television, and what is the breakdown of viewing figures among channels and according to viewing periods?
- What percentage of the population listens to radio programming, and what is the breakdown of listening figures among stations and according to listening periods?
- What is the circulation of major print media?
- What is the level of Internet penetration, and how often are websites containing political advertising or election coverage visited?

The level of TV penetration determines how important a role TV advertising plays in election campaigns (unless political advertising on TV is banned). In areas with very high penetration, such as in Latin America, monitoring efforts have predictably placed much weight on TV advertising. In countries with low TV penetration, monitor-



ing has often focused on radio advertising instead. The relative importance of newspapers and the Internet should also be examined in the Scoping Study to determine how much attention each should receive in monitoring.

### Degree of Independence

The extent to which the media—both print and electronic—remain independent from government also has an enormous effect on political parties' election campaigns. Here are the key questions:

- What proportion of broadcast media (TV and radio) and press is owned by the state?
- Do these media outlets enjoy *de facto* independence or is the content controlled or influenced by the government? For example, to what extent is a public service broadcasting model in place that includes recognition of the importance that such media be objective and balanced?
- Are particular media affiliated with particular political parties?
- In practice, do candidates and parties have equal access to the media? In particular, what if any legal or other provisions are in place to ensure that the media provide equal access to various parties or candidates?

If government authorities control the broadcast media, they can restrict opposition parties' and candidates' access. In Ukraine, for example, during the 2002 parliamentary elections, one opposition party was unable to spend even one third of its campaign funds because it was simply denied access to the media. In such circumstances, a monitoring project might monitor the abuse of state-controlled or public media for election purposes, such as through hidden political advertising, i.e., election propaganda in the guise of news or other nonadvertising formats. By contrast, where candidates and parties have equal access to the media, monitoring is more likely to focus on standard political advertising, with a view to estimating the costs.

### Regulation of Election Coverage

In many countries, media regulations are designed to restrict bias in the broadcast media, particularly television. The Scoping Study should address the following issues:

### Monitoring strategies in Latvia and Slovakia

The legal frameworks in Latvia and Slovakia affected project design in contrasting ways. In Latvia, where there are no restrictions on advertising expenditure, but disclosure requirements are detailed, the project was designed to monitor media advertising for comparison with declared spending. In Slovakia, on the other hand, political advertising is banned on TV and radio, so the project focused on rallies and other local campaign events in addition to advertising in the print media.

- Are there any restrictions on political advertising in the media?
- If so, to which media do they apply? Print? Broadcast? Electronic? Outdoor?
- Are there regulations that forbid or restrict broadcasting or publishing of content that is biased toward a particular candidate or party?
- Are there regulations requiring balance in election coverage, i.e., prohibiting a quantitative bias in favor of a particular candidate or party?
- Who is responsible for enforcing media regulations?
- What sanctions apply in case of violation? Who initiates sanctions? Are they effectively enforced?
- Do any regulations govern the media specifically during election campaigns?

## **The State Sector and Public Administration**

In addition to the electoral system, the legal framework, and the media, the Scoping Study should obtain information on the state sector and public administration.

### **State-controlled Enterprises and Agencies**

Where there is a sizable state sector, and especially where management appointments to state-owned or state-controlled enterprises are subject to party patronage and/or regulatory control of their finances is weak, parties may use state company resources for their own purposes. In Poland, where seven of the country's ten largest companies remained state-owned in 2002, the main political parties appeared to obtain a larger proportion of their funding from state enterprises than any other single source. If there are indications that this is the case, a campaign finance monitoring project should target the activities of state-controlled enterprises.

- How significant is the sector of state-owned or state-controlled enterprises?
- Are appointments to the statutory organs and management of these enterprises characterized by professional criteria or by political or party patronage?
- Are these enterprises' finances subject to effective control and audit?
- Are there quasi-autonomous institutions and agencies that administer public functions, such as social security benefits? If so, are these agencies subject to party patronage appointments and/or weak financial controls?

### **The Legal Framework for Public Administration**

Another factor that should be assessed in the Scoping Study is the degree of independence from arbitrary political influence among public servants. The following questions can help reveal whether and how politicians and political parties can use public servants and other resources within public administration for their own electoral purposes, which may shape the way a campaign is conducted.

- How many senior appointments in public administration are political rather than professional (i.e., tend to be replaced with each election)?
- Are the duties of public officials clearly defined in their job descriptions? What job security guarantees are there?
- Are there legal provisions that forbid public officials from engaging in political activities including election campaign activities?
- Is there any evidence that such officials participate in political campaign activities?

If public officials are political party appointees, or if they do not have clearly defined duties and responsibilities, then it is more likely that incumbent parties and candidates will use them and other state resources for campaign purposes.

## **How Election Campaigns Are Conducted**

Once the legal and regulatory environment has been assessed, the Scoping Study should focus on the practice of election campaigns themselves, i.e., the style and nature of the campaigns, how campaign finance works in practice, and specifically how candidates and parties obtain and spend resources to conduct campaigns.

### **The Nature of Campaigns**

Even among countries with some degree of free elections and political competition, there exists a broad range of campaign styles and activities, which all require different monitoring strategies. Traditional forms of campaigning, such as rallies, concerts, or other local events, often provide the context for illicit practices, such as vote buying or state resource abuse. In many countries, experts see a general trend toward professional campaigns involving a greater reliance on the mass media in campaigning,

including the outsourcing of entire campaigns to public relations agencies. This is the case in North America and much of Europe. As the Slovakian Case Study notes:

A pre-election campaign is no longer a simple set of media advertisements. Political parties increasingly use more sophisticated methods to reach voters. These include permanent agreements with marketing agencies, branding, crisis management, use of spin doctors and other PR and marketing techniques. These elements are difficult to spot and even harder to monitor, as well as more expensive than other campaign elements.

The trend toward professionalism is not uniform, however. In Russia, for example, where television has increasingly become subject to state influence for campaign purposes, the 2003 Duma elections witnessed a rise in traditional door-to-door campaigning by opposition candidates.

The Scoping Study should therefore address the following questions:

- What are the main methods of campaigning used by political parties and candidates in election campaigns?
- How are these methods ranked in terms of their importance?
- What is the relative significance of national and regional versus local campaigning?

## **Campaign Finance**

The way in which campaigns are financed affects the choice of monitoring strategy. The types of campaign income and expenditure observed in the course of the Scoping Study will generally determine the categories to be monitored. Thus media monitoring will dominate where campaigning is concentrated through the media; where rallies and events dominate, monitoring will target these. The monitoring strategy will also be affected by the way in which the organization of campaign finance acquisition and expenditure is divided between (a) candidates and parties, and (b) candidates and parties, on the one hand, and professional agencies, on the other.

The questions to be addressed in the Scoping Study include the following:

- What is the best estimate of the total cost of election campaigns? Have costs been rising?

- What is the best estimate of the breakdown of campaign income for parties or candidates?
- What proportion of campaign resources is raised by candidates individually as opposed to political parties?
- What are the main sources of donations for each candidate or party?
- To what extent do party organizations raise campaign resources centrally as opposed to regionally or locally?
- To what extent are campaigns organized and carried out by parties directly and to what extent are these tasks outsourced to professional agencies?
- What is the best estimate of the breakdown, in terms of main costs, of campaign expenditure?
- What are the main problems or concerns about campaign finance raised by the information obtained through the Scoping Study?

Many of these questions may appear similar to those raised earlier, but campaign *methods* should not be confused with campaign *finance*—information on campaign finance alone cannot be relied on to determine what the most important methods of campaigning are. For example, where campaign coverage on national television is systematically biased in favor of incumbents that control state television, those candidates' *campaign spending* on the media may be low, but TV campaigning itself may nevertheless constitute a crucial component of the campaign. Such a conclusion emerging from the Scoping Study would suggest a monitoring strategy focused on the misuse of the state media during the election campaign.

## Designing the Monitoring Project

The Scoping Study will identify the areas of campaign finance to monitor. The next step is to design the monitoring project. Experts advise planning all the stages of the project—from the monitoring methodology through implementation, advocacy, and assessment—as far in advance as possible. The remaining chapters of this handbook discuss them in detail. Here the focus is on general issues relevant to every type of campaign finance monitoring exercise.

## Ask the experts

Organize a roundtable, inviting experts and officials interested in campaign finance as well as representatives of parties, candidates, fundraisers, and campaign managers to brainstorm a monitoring methodology. In addition to providing valuable input, such a meeting will also serve to forestall possible attacks on the methodology and build relationships with key stakeholders.

## Project Strategy

The project strategy will depend on which aspects of election campaign finance deserve the most attention. These will inevitably vary according to the local context and problems identified in the Scoping Study. Typically, they include the following:

- Contributions from private donors
- Misuse of state resources for campaign purposes
- Problems with the legal framework:
  - Insufficient disclosure requirements
  - Insufficient restrictions on income or spending
  - Excessive restrictions on income or spending
- Inadequate enforcement of existing provisions:
  - Insufficient enforcement
  - Discriminatory enforcement
  - Inadequate sanctions for violations

These concerns affect the design of a monitoring strategy, as demonstrated by the following examples:

- Where the Scoping Study suggests that legal restrictions on income or spending are unrealistically low, an important objective of monitoring will be to assess whether parties adhere to the limits.
- Where the Scoping Study indicates that a few powerful companies fund major political parties in order to influence important policies, monitoring should track donations and political decisions.
- Where the Scoping Study indicates that inadequate restrictions on spending have led to spiraling campaign spending—a clear incentive for seeking contributions at any price, including corruption—the monitoring exercise may wish to demonstrate simply that spending has been increasing dramatically.
- Where the Scoping Study suggests that state resources are the primary (or a major) source of campaign income for incumbent candidates and parties, the monitoring project may opt for a case study approach to illustrate instances of misuse of administrative resources.

The strategy will be shaped not only by the areas of campaign finance selected for monitoring, but also by the types of information available. For example, even if corruption of candidates by private businesses is thought to be a serious problem, it will be impossible to monitor these relationships if there are no disclosure requirements for donations. The table on pages 44–45 outlines four hypothetical scenarios featuring various types of electoral systems, legal frameworks, and enforcement practices, as well as other potentially relevant factors to show what kind of monitoring strategy is likely to be most appropriate in each case.

## Sources of Information for Monitoring

An effective monitoring strategy requires that the best sources of information be selected for observation. In general, there are three types of sources: official, independent, and primary. A number of these will be the same as those used in the Scoping Study, but their role will change for the monitoring exercise itself. For example, while a brief press survey might suffice for the Scoping Study, the monitoring exercise will likely involve systematic, “real-time” monitoring of the press.

### Official Sources

Official sources of information include institutions involved in the regulation of campaign finance or the enforcement of campaign finance regulations.

- **The Electoral Commission**—Supervision and control of party finances are often entrusted to an electoral commission.
- **Supreme Audit Institution (SAI)**—SAIs often audit party finance and may, in some instances, perform the role of an electoral commission.
- **Parliament**—In some countries, party finances are controlled by parliament, often by a parliamentary committee.
- **Tax authorities**—Where tax authorities have the responsibility and authority to control political party finance, and parties’ tax declarations can be obtained, such documents can be a valuable source of information on party finances.
- **Broadcasting regulator**—The institution responsible for regulating the broadcast media may be a source of information on hidden advertising and other aspects of the media during election campaigns.

### Freedom of information

An important question to address in the Scoping Study is whether there are legal provisions guaranteeing freedom of information (FOI). Where FOI provisions are in place and enforceable, they may greatly enhance the availability of information for monitoring. The project in Slovakia, for example, relied heavily on FOI legislation in obtaining data for monitoring donations and the political decisions made to the donors’ benefit. Chapter Four offers more detail on invoking access to freedom of information provisions.

## Monitoring scenarios

	Country 1	Country 2	Country 3	Country 4
<b>Electoral system</b>	Proportional representation	Proportional representation with voting preferences	Half proportional representation, half majoritarian	Majoritarian
<b>Campaign organization</b>	Party, centralized	Predominantly central party, remainder individual candidates	Dominant party campaign, but significant organization by majoritarian candidates	Candidate-centered organization
<b>Disclosure requirements</b>	Strict	Strict	Weak	Weak
<b>Restrictions on income/spending</b>	None	Strict on income, liberal on spending	Liberal on income, strict on spending	Strict
<b>Enforcement of campaign finance regulations</b>	Effective	Questionable	Questionable	Discriminatory
<b>Media</b>	High TV penetration, free, pluralistic	High TV penetration, free, pluralistic.	High TV penetration, strong political influence on public television	Low TV penetration
<b>State sector</b>	Negligible	Important state sector, patronage appointments	Large state sector, professional management	Large state sector, heavy political influence



## Monitoring scenarios (continued)

	Country 1	Country 2	Country 3	Country 4
<b>Public administration</b>	Independent/ professionally appointed	Largely professional, limited patronage appointments	Strongly politicized	Mainly professional
<b>Main concerns in campaign finance</b>	Spiraling campaign costs  Violation of income disclosure require- ments  Possible corruption by private donors	Violation of income restrictions  Possible corruption by private donors  Possible unlawful financing of parties by state sector	Misuse of public TV by incumbent parties and candidates for campaign  Violation of spending restrictions  Use of public employees for campaign purposes	Misuse of state sector to finance and implement campaign. Use of spending/income restrictions to disadvantage opposition candidates
<b>Main objectives of mon- itoring strategy</b>	Assess veracity of donors  Track donors and political decisions  Monitor media spending	Monitor spending and compare with income  Monitor donations and donors  Monitor links between state enterprises/agen- cies and PR agencies  Search for evidence of <i>quid pro quo</i> decisions linked to donations	Monitor hidden advertis- ing and political use of public TV  Monitor media spending on a national basis  In selected constituen- cies monitor total spend- ing and use of public employees for campaign	Monitor links between state enterprises and PR agencies  Monitor activities of state enterprises/agen- cies during campaign  Monitor decisions of electoral institution enforcing campaign regulations

## Talking to the veterans

When a situation demands a more investigative and interview-based approach, it is often useful to establish contact with, and perhaps even hire, former senior politicians in order to facilitate communication with current party leaders, elected officials, and donors with whom they may enjoy a unique relationship. All of these individuals may be able to provide valuable information.

## Independent Sources

Independent sources of information include entities that are not directly involved in raising and spending campaign resources or regulating campaign finance. The most important of these include the following:

- **The media**—Both state-run and private media can be a key source of information in most monitoring projects. Not only will they yield data on political advertising, including hidden ads, but professional and independent media may also provide other relevant information concerning campaigns, including, for example, on donors or promotional events and rallies.
- **Professional monitoring agencies**—Independent monitoring agencies can be hired to monitor some categories of campaign expenditure. The method developed by Poder Ciudadano recommends hiring an independent media agency to monitor advertising, for example. Advertising or public relations (PR) agencies may also be asked to assist in estimating the costs of certain categories of expenditure.
- **Other NGOs**—Other organizations monitoring party finances or related issues may prove to be an important source of independent information. A monitoring project carried out in Russia for the December 2003 parliamentary elections, for example, involved collaboration with other organizations that were already monitoring different aspects of the election.

## Primary sources

Primary sources of information include reports collected from direct observation of election campaign activities themselves, such as attendance at local campaign events, or observation of media items for evidence of bias.

Persons who currently are or have been directly involved in the process of raising and spending campaign resources are also primary sources. These might include political parties, party treasurers and officials, candidates and elected politicians. Such sources are valuable, especially when trying to assess the extent to which political parties use public officials for campaign purposes. Nevertheless, obtaining accurate information from them may prove to be difficult.

## Transparency Agreements

Transparency Agreements—voluntary contracts with candidates and parties committing them to providing information on all or certain aspects of their finances—are a tool several NGOs have used to obtain financial information from parties, particularly in settings where few disclosure requirements or freedom of information provisions are in place. While the effectiveness of such agreements has proven limited, they can nevertheless yield some useful data, and noncompliance with them can be invoked to advocate disclosure requirements and other reforms designed to improve transparency. A sample Transparency Agreement from the Slovak Republic is included in Appendix Two.

## Sampling

Monitoring *all* election campaign activities comprehensively is virtually impossible. Project organizers should, therefore, select a sample for monitoring. Sampling methods are particularly important for selecting

- locations for monitoring campaign events (Chapter Three);
- voters for conducting surveys (Chapter Three);
- political donors for analysis of income declarations (Chapter Four).

A sample can be either representative or targeted. A **representative sample** is a portion of the whole that is believed to accurately represent the characteristics of the total “population” of persons, activities, or locations monitored. For example, if the project calls for a telephone survey on the provision of cash and other benefits by political parties, the selected sample should reflect the characteristics of the total voting population in terms of age, sex, religion, place of residence, socioeconomic status, and so on. A similar logic applies in choosing representative samples of locations to observe campaign events. The validity of any general conclusions made on the basis of representative samples hinges on how well the sample was chosen. It is therefore a good idea to consult with professional statisticians when doing so.

To demonstrate specific phenomena, a **targeted sample** might be more appropriate. An NGO can illustrate the ruling party’s use of state enterprises for campaign purposes with a small number of cases, or even a single incontestable or typical instance. The existence of vote buying practices, for example, can be demonstrated by targeted monitoring of one or a few constituencies.

### Go to the source

Proper sampling methods are crucial to the success of a project. An excellent introduction is Marek Nowicki and Zuzana Fialova’s *Human Rights Monitoring*, Helsinki Foundation for Human Rights, Warsaw, 2001. For more detailed guidance on sampling, a useful example-based reference work is Gary T. Henry, *Practical Sampling (Applied Social Research Methods)*, SAGE Publications, 1990.

## Staff requirements in Latvia, Slovakia, and Russia

The number of staff required will depend on the type of monitoring that is to be conducted and the types of tasks it involves. This is how the staffing needs in Latvia, Slovakia, and Russia were defined:

- **Latvia.** The Latvian project to monitor political advertising on television and in the printed media was carried out by a team of eight people, in conjunction with the monitoring conducted by professional agencies: one project director, a representative of Delna (Transparency International Latvia) and six other monitors. The monitoring of hidden advertising was conducted by eight students plus one supervisor.
- **Slovakia.** In Slovakia, the media as well as local events, rallies, and campaign activities were monitored in a number of locations. This part of the project employed twenty-four regional monitors and eight central analysts.
- **Russian Federal Duma.** A project to identify the misuse of administrative resources in the Russian Federal Duma election campaign of December 2003 monitored two national TV channels, a selection of printed publications, and Internet news portals. In addition, twelve interviews and five case studies were conducted. The project team consisted of five media monitors, four analysts who carried out background research and created a database of laws and regulations, and five persons working on the case studies, four of whom also served as media monitors or analysts.

## Logistics

### Resources and Staff

Once a project design has been outlined and approved, the first step in implementation is to form a project team. The financial resources and staff or volunteers required to successfully run a monitoring project require careful consideration in the planning stages. The issue of personnel is particularly important when the project involves monitoring local rallies and events, or other aspects of campaign finance that are labor-intensive. In general, project staff consists of monitors, analysts, and coordinators.

**Monitors** gather the raw data—for example, selecting media items for analysis, or filling out questionnaires on campaign events.

**Analysts** classify and process the data to produce findings, for example, by judging which media items constitute hidden advertising or by producing estimates of the total cost of campaign events.

**Coordinators** manage the project by providing overall direction, overseeing the monitoring itself, and offering guidance and supervision to the monitors and analysts.

It is a good idea to train staff before monitoring begins, and this should be done prior to testing the methodology (see the following section on Implementation). Monitors and analysts with experience, i.e., those who have already participated in similar projects, should be engaged in training the project team, whenever possible.

### Timing

It is important to plan a monitoring exercise so that the monitoring method is ready for implementation in advance of the campaign period itself. It is a good idea to begin monitoring *prior* to the official monitoring period, in order to leave room for ironing out potential problems.

## Implementation

Monitoring proceeds through four stages:

### 1. Data Collection and Documentation

Raw data, which will subsequently be used to generate findings, must first be collected or documented firsthand. This stage is generally carried out by project staff monitors, or it may be outsourced. Later chapters will discuss which aspects of monitoring might best be outsourced. As the accuracy and integrity of data is paramount for a credible monitoring effort, in-house monitors need to be adequately trained to compile consistent and comparable data sets for further analysis.

### 2. Data Transfer and Storage

The collected data is then transferred to analysts. The project should establish clear methods and procedures for standardizing, storing, and transferring data in a way that facilitates further processing. This stage is carried out by both monitors and analysts. The process needs to be timely, consistent, and dependable to prevent loss or damage of collected data, thus compromising the validity of subsequent analysis.

### 3. Data Processing

Analysts will then process the data to generate findings. The same information can be processed in different ways. For example, data on campaign events can be used to generate findings on the number of events of a certain type having taken place, the number of events organized by each party or candidate, or the cost of staging events. This stage primarily involves analysts.

### 4. Reporting

The project should establish a clear procedure for analysts to report their findings internally. The procedure should specify when reporting will take place and in which form the information will be provided. Ongoing (weekly) reporting for the duration of the project is recommended, although it need not all be public. The frequency with which an NGO publicizes its interim monitoring findings will depend on the existing level of public interest in the project and on the predicted impact each public presentation is likely to have at a given moment, particularly in view of the proximity of the elections.

### Adapting to circumstances

No matter how well a monitoring project is prepared, the methodology is likely to undergo some changes during implementation in response to unforeseen circumstances. The Scoping Study should help to minimize the extent of *ad hoc* modifications, but on-the-job reorientation should nevertheless be expected and accepted as a natural part of the process. For example, monitoring income was not part of the original project design in Latvia, but it was incorporated once the NGO received information on “suspect donors” and realized it was possible to monitor them. The Slovakian monitoring project, on the other hand, abandoned the objective of assessing whether parties observed campaign spending limits when it realized that the spending limits were not clearly defined by law.

## Include stakeholders

Building relationships with stakeholders may easily be neglected where an NGO is concentrating on carrying out the monitoring itself. However, this is a serious mistake. Unless such relationships are cultivated from an early stage, the prospects of achieving desired reforms will be poor, not least because not all stakeholders stand to gain from the recommended reforms.

## Other Relevant Issues

### Relationships with Relevant Institutions and Actors

In order to maximize the credibility of monitoring and secure the support of stakeholders for the reforms that the project will ultimately recommend, it is vital to keep key actors and other stakeholders in the campaign finance arena informed and maintain a dialogue throughout the project. Such relationships not only increase the amount and improve the quality of information available for monitoring, but also maximize the impact of the monitoring results. Establishing these relationships early on is a key component of an effective advocacy strategy.

To maximize overall project effectiveness, three types of actors should be approached:

- Participants in elections (candidates and parties)
- Regulatory bodies
- Lawmaking bodies and institutions with a role in creating regulations

**Election participants**, i.e., parties and candidates, should be engaged both when the project methodology is being developed and when the results are released. There are various ways to encourage candidates and representatives of parties to feel they are part of the project. These include Transparency Agreements, participation in roundtable discussions, personal interviews, and opportunities to review information or project findings.

Nevertheless, NGOs should be prepared for some resistance, as not all election participants will be willing to take part in or assist a project whose ultimate aim is to advocate reforms that may restrict their options. Reform-oriented parties may be willing to cooperate, but persuading those who do not have a clear interest in reform will be one of the most challenging, but potentially most important, aspects of a monitoring project.

A monitoring project should also pay special attention to building contacts and alliances with the various **institutions that oversee campaign finance** and enforce relevant regulations. For example, a formal cooperation agreement with the state institution that controls political party finance can yield useful information and add legitimacy to a project, as well as create an ally in advocating reforms. In Latvia, a formal agreement with the Broadcasting Council provided a much-needed source of legitimacy to the controversial monitoring of hidden advertising, while the Romanian monitors noted that their failure to achieve sufficient cooperation with the Court of Auditors reduced the effectiveness of monitoring.

Finally, if one of the objectives of monitoring is to advocate reforms in campaign finance, the success of such advocacy efforts will depend largely on the support of the **institutions that prepare and approve legislation**, i.e., government institutions and the parliament. In Latvia, the project manager attended relevant parliamentary committee meetings, which proved to be an important factor in ensuring the passage of recommended reforms.

## Maintaining Credibility

Monitoring exercises often place high demands on the nonpartisanship of an NGO, and it is vital to avoid wittingly or unwittingly becoming an advocate for partisan political forces. When monitoring a subject as politically sensitive as campaign finance, everything possible should be done to support the credibility of the project. Building relationships with other actors and institutions is one way of doing this. But there are other steps that can be taken in order to avoid accusations of bias or inaccuracy.

An **open communication policy** embodying a completely transparent and highly informative approach will not only lend credibility to the project, but also set a good example of transparency. The monitoring methodology should be available to interested parties and to the public in a comprehensible form, along with a full explanation of the monitoring criteria. Special attention should be paid to areas of monitoring that might be perceived as controversial or subjective, such as the monitoring of hidden advertising. It may be wise to designate one person in your organization to deal with the media, ideally someone who is comfortable giving press interviews.

The results will take different forms depending on the aspect of campaign finance being monitored and the information available. Findings will always be subject to a margin of error, so it is vital to avoid making unreasonable claims and to have a clear idea of the extent to which the findings of a monitoring project are accurate, objective, and representative. Likewise, where subjective calls have to be made—when, for example, estimating the total cost to parties of monitored advertising, or deciding whether a news item or documentary actually constitutes “hidden advertising”—the important rule is to be open about the criteria applied.

A further issue affecting the validity of the findings is whether data is gathered through **direct** or **indirect observation**. Tracking the amount of advertising space purchased by political parties and candidates is a form of direct observation because all instances of this type of activity can be observed and documented first-hand. A telephone survey of voters on the subject of vote buying is an example of indirect observation, as

## Assessing the accuracy of monitoring findings

The NGO activists involved in the Case Studies disagreed over the possibility of quantifying overall campaign costs. While the Ukrainian Case Study claimed that the monitoring project produced data on political advertising that is “absolutely objective and beyond doubt,” the Slovak monitors were skeptical about the possibility of estimating the costs of political parties’ campaigns. Monitoring of the 1995 election campaign in Zimbabwe provided evidence of the widespread abuse of state resources by the ruling party, although the findings contained no estimate of the total volume of resources used.

this does not provide direct and documented evidence, but testimonial evidence alone. The results of direct monitoring can generally be presented as objective with more certainty than the results of indirect monitoring.

## Using Monitoring Results and Evaluating Success

The project methodology should include both a clear strategy of how the monitoring results will be used as well as a process for evaluating the success of the project.

- **Presentation of results**—This is the first step once monitoring has been completed: the results are analyzed and interpreted, and key findings and recommendations are presented to the relevant agencies and/or to the public.
- **Advocacy**—A strategy for advocacy is vital if the recommendations yielded by the monitoring exercise are to have a chance of being implemented.
- **Seeking redress**—If the results of monitoring include hard evidence of corruption or violations of existing regulations, these may be used to file a formal complaint.
- **Evaluating success**—Deciding in advance how the success of the monitoring project will be measured will ensure that the objectives of the project are clearly stated and that the project is well-designed to achieve them. Success can be measured in terms of achieving the general objectives, strengthening the organization's capacity for monitoring campaign finance, and benefits to the wider monitoring community.
- **Input into future monitoring**—The ideal monitoring scenario involves not only a well-designed and implemented project, but also an on-going process in which the findings of one project are used to design a future one. In addition, monitoring methods developed for and successfully applied in one project may be replicated in future projects.



## Comparison of campaign finance monitoring projects

	Latvia	Romania	Slovakia	Ukraine
<b>Variables compared/evaluated</b>	<p>1. Compare monitored spending against officially declared spending</p> <p>2. Analyze income declarations</p>	<p>Compare monitored spending to declared income</p>	<p>1. Monitor as widely as possible to estimate total market value of election campaign</p> <p>2. Ascertain whether parties observe spending limits</p>	<p>Compare monitored advertising with official party declarations of spending</p>
<b>Categories of expenditure monitored</b>	<p>Political advertising and hidden advertising in all TV, in significant radio stations, and in all national and regional papers</p>	<p>Political advertising in outdoor media, national press, radio, and TV</p>	<p>Press, outdoor advertising, marketing activities, rallies, promotional materials, organizational costs, other activities</p>	<p>Political advertising (direct and indirect) in selected central and regional TV, radio, and printed media</p>
<b>State funding for election campaigns</b>	<p>No</p>	<p>Yes. Allocation formula based on number of seats won in parliament</p> <p>Equal subsidies to nonparliamentary parties with more than 1% of vote</p>	<p>Yes</p>	<p>No, but free space provided for campaign posters</p>
<b>Party income: limits, disclosure requirements</b>	<p>Maximum individual donation: €16,000 (\$20,500)</p> <p>Strict disclosure requirements</p>	<p>Yes (0.005% of state budget per party)</p> <p>Identities of persons who donate a sum larger than 10 minimum salaries must be published in the official gazette</p>	<p>No limits</p> <p>Very weak disclosure requirements</p>	<p>Yes (unrealistically low, no corporate donations)</p> <p>Very strict disclosure requirement, only to Central Election Commission</p>
<b>Campaign expenditures: limits, disclosure requirements</b>	<p>No limit</p> <p>Very strict disclosure requirements</p>	<p>No limits at time of monitoring. Yes in new law—a multiple of minimum wage</p> <p>TV time allocated</p> <p>No disclosure requirements</p>	<p>Yes. TV and radio ads banned</p> <p>Free TV time allocated</p> <p>Disclosure very weak</p>	<p>Electoral fund max 2.55m UAH (approx. U.S. \$475,000)</p> <p>TV and radio time allocated</p> <p>Strict disclosure to Central Election Commission</p>

## Comparison of campaign finance monitoring projects *(continued)*

	Latvia	Romania	Slovakia	Ukraine
<b>Transparency Agreement</b>	Yes  Parties either did not observe them, filled out forms incorrectly, or argued that disclosing information disadvantages the more transparent parties by singling out their funding practices	Yes  Called “Code of Ethics,” fulfilled unevenly but provided some of the information used to compare with monitoring results	Yes  Information on spending and some other information provided (e.g., on agencies working for parties) but late	Yes  Information supplied was not useful
<b>Share of advertising expenditure in total campaign</b>	Assumed to be 50-70% (based on party declarations)	Largest single spending category, but not more than 50%	Could not be determined	Officially 77% (based on Central Election Commission figures)
<b>Estimated discount on political advertising</b>	TV: 26% Press: 13% Radio: 20%	None	50% on outdoor advertising 25% in the national press 40% in the regional press	Discounts prohibited; 60% discount observed in one case
<b>Hidden advertising monitored</b>	Yes	No	Yes	No
<b>Declared income or spending (in U.S.\$)</b>	6.1 million (spending)	1.4 million (income)	2.2 million (spending during the official campaign period)	6 million (total campaign spending)
<b>Monitored spending (in U.S.\$) [per capita]</b>	10.5 million [4.4]	14.2 million [0.64]	1.6 million (minimum estimate, excluding rallies and events) [0.30]	7.7 million [0.16]
<b>Cost of monitoring project (in U.S.\$)</b>	\$50,752	\$29,173	\$64,273	\$36,400

# 3: Monitoring Campaign Expenditure

## At a Glance

This chapter proposes a working definition of campaign expenditure and examines the different categories of expenditure and how they can be monitored. The chapter also reviews various factors that may affect the monitoring methodology, including the degree to which a campaign is run in-house or outsourced.

## Third-party spending on election campaigns

Third-party spending on election campaigns is an established phenomenon in a number of countries. For example:

- In Germany, there is a long history of spending on party election campaigns by related foundations, such as the Konrad Adenauer Foundation, which has played an important role in Christian Democratic Union election campaigns.
- Civic associations and interest groups in the United States often spend money to promote issues clearly supported by particular candidates. Examples range from the National Rifle Association and antiabortion groups to the National Organization for Women.
- Trade unions spend substantial resources to support the Labour Party in British elections.
- Most postcommunist countries do not directly limit spending by independent groups on behalf of political parties or candidates. Moreover, low limits on campaign spending and prohibitions on funding from certain sources often lead parties to channel both campaign fundraising and expenditure through third parties.
- In Romania, evidence emerged that tobacco companies may have purchased advertising time for political parties in the 2000 election campaign.

## Basic Issues

### What Is Campaign Expenditure?

For the purposes of monitoring, this handbook defines campaign expenditure as

*expenditure incurred by or on behalf of a registered political party or candidate to promote the party or candidate at an election or in connection with future elections, including expenditure that has the aim of damaging the prospects of another party or candidate.*

Note that this definition includes not only expenditure incurred by a political party or individual candidates, but also spending *on behalf* of political parties or candidates by third parties, such as private companies or individuals, foundations or other nongovernmental organizations, state and public institutions, or institutions supported by the state. Third-party spending may be treated as both income and expenditure. Some countries, such as Romania, classify it as a component of parties' or candidates' income, while others, such as the United Kingdom, define it as campaign expenditure. Because it is more easily observed as expenditure, it will be treated as such in this handbook.

Third parties are often used as a way of evading legal limits on campaign expenditure, yet this form of spending may also be a perfectly legal and legitimate form of political expression for individuals and organizations. The line between legitimate and questionable third-party spending is not always clear. For monitoring purposes, all activities that fall under one of the categories of expenditure defined in this handbook should be treated as campaign expenditure, regardless of who pays for them. Other activities, such as a pressure group distributing literature to promote a party or candidate solely because of a shared agenda on a specific issue, should not be included, unless there is evidence of an agreement between the party or candidate and the organization to conduct the activities.

Despite the fact that spending on election campaigns by entities not themselves running for election may be an important component of campaign expenditure, there is no generally applicable method for monitoring third-party expenditure directly. The approach suggested in this handbook—focusing on campaign outputs and estimating their costs or market value—aims to monitor the extent rather than the origin of spending. Where third-party spending is thought to make a significant contribution to campaign expenditure, any difference between declared and monitored spending might be attributable to third-party spending. Armed with such a finding, an NGO would be well-placed to advocate that third-party spending be declared as a donation in countries lacking regulation of the issue.

## Categories of Campaign Expenditure

In order to monitor campaign spending effectively, the specific activities where resources might be spent in a political campaign must be examined in turn. This handbook looks first at expenditures associated with political advertising and publicity, and then at nonadvertising-related expenditures, such as rallies, operational costs, and market research. Advertising is highlighted for two reasons: first as a dominant cost in many election campaigns, and second as an area where significant information and experience is available. The main categories of campaign expenditure, therefore, are the following:

1. Advertising and publicity
2. Hidden advertising
3. Nonadvertising expenditure, including:
  - a. Operational and administrative costs
  - b. Polling, market research, and campaign design and management
  - c. Rallies, events, and direct contact with voters
  - d. Distribution of money and other direct benefits to voters, including vote buying

This breakdown of campaign expenditure is based on the UK Electoral Commission's classification of election expenditure,<sup>1</sup> as well as information drawn from the Case Studies and other monitoring and research projects. It need not be followed strictly. Campaign finance regulations in a given country may categorize spending differently and require parties and candidates to disclose spending accordingly. Likewise, the significance of various categories will vary from country to country. For this reason, the Scoping Study is indispensable in deciding on the categories to be monitored and the adjustments needed to suit local circumstances. In order to design an effective monitoring project, it is essential to determine, as far as possible, the following:

- Who spends resources on campaigns?
- Which are the most important categories of campaign expenditure?
- Which categories should be monitored?

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## Categories of campaign spending

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*The relative importance of different components of campaign spending varies greatly across countries*

### **Kevin Casas-Zamora's research in Costa Rica found the following breakdown of campaign spending in 1998**

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Personnel costs and professional fees	26.6 %
Installation of party branches and campaign headquarters	13.9 %
Bond discount and other financial costs	15.0 %
Party meetings and rallies	8.0 %
Transport and fuel	16.7 %
TV advertising	8.7 %
Other advertising	7.3 %
Various	3.8 %

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### **Marcin Walecki's research on Poland provided the following estimate of party spending in 2001, an election year**

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Printed materials	12.5 %
Posters, banners, and billboards	8.4 %
Political consulting, market research, and polling	0.8 %
Transport costs	0.8 %
Rallies and other events	4.2 %
Individual candidates' own spending	10.5 %
Routine constituency spending by members of parliament	12.5 %
Mass media	25.1 %
General administrative and staff costs	25.1 %

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## Categories of campaign spending *(continued)*

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A survey by the National Democratic Institute for International Affairs on political party financing<sup>2</sup> found the following breakdown of spending in 12 African countries: Benin, Botswana, Ghana, Kenya, Malawi, Mozambique, Nigeria, Senegal, South Africa, Tanzania, Uganda, and Zambia

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Mass media	10 %
Campaign materials	17 %
Rallies and meetings	9 %
Travel and logistics	26 %
Money and direct benefits	14 % (including 3.4 % on vote buying)
Personnel	22 %.

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The following breakdown was found in these 10 countries: Bangladesh, Bulgaria, Cambodia, Croatia, Guyana, India, Macedonia, Nepal, Peru, and Romania

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Mass media (TV and radio)	27 %
Campaign materials (posters, T-shirts, etc.)	20 %
Rallies and meetings	13 %
Travel and logistics	14 %
Money ad direct benefits	12 % (including 2.3 % on vote buying)
Personnel	10 %

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*For any project, categories selected for monitoring should constitute a major component of election campaigns, as identified in the Scoping Study.*

## Visible effects of monitoring

Results pertaining to specific categories of expenditure monitored can have a direct effect on the observed activity. For example, monitoring of hidden advertising in Latvia in municipal elections in 2001 seems to have resulted in a marked drop in the phenomenon in parliamentary elections in 2002.

## Monitoring Campaign Outputs

The general approach to monitoring spending advocated in this handbook is to monitor campaign outputs, defined as campaign-related activities, including advertising and staged events, organized and paid for by candidates, political parties, or independent third-parties. The estimated value of the observed outputs is used to arrive at an estimate of campaign expenditure. If the categories are well-defined and the sample outputs are representative, an estimate of total campaign spending should be possible.

## Using the Results of Monitoring

Figures obtained from monitoring campaign expenditure can be used for various purposes:

- To evaluate the accuracy of parties' and candidates' declarations of expenditure, by comparing declared spending with total monitored spending
- To evaluate the accuracy of parties' and candidates' declarations of income, by comparing declared income with total monitored spending
- To evaluate existing regulations on campaign expenditure and income
- To draft recommendations for effective regulation of campaign expenditure and income
- To underscore the benefits of transparency

The following sections examine each category of campaign expenditure in more detail and discuss how each should be monitored.

## Advertising and Publicity

Many observers consider advertising, in particular on television, as the key to modern political campaigning. While the media's dominant role in campaigning should not be taken for granted, advertising is undoubtedly one of the main components of campaign spending in many countries. This category of expenditure encompasses the following:

- Production (drafting/printing/design) of the party program and other policy documents



- Political advertising in the electronic (e.g., TV, radio), print (e.g., newspapers, magazines), and outdoor (e.g., billboards, posters) media
- Design and production of logos and promotional materials, such as buttons, bumper stickers, posters, T-shirts, hats, etc.

Spending on advertising is a particularly attractive target for monitoring because it often constitutes a substantial expense, and it can be monitored with a high degree of accuracy, as there is an observable record of expenditure (the advertisements themselves). Moreover, in most countries, there are agencies that monitor advertising professionally and on a permanent basis. The Poder Ciudadano approach to monitoring is to compare the costs of advertising alone to declared income or expenditure. This model was applied in all of the Case Study exercises and has proven effective in contexts where media advertising is in fact the dominant form of campaign spending.

## Assessing the Cost of Placing Advertisements

Three issues need to be addressed to ensure the accuracy of monitoring the cost of ad space and airtime:

- Types of media and outlets
- Monitoring in-house or outsourcing
- Cost of advertising

## Selecting Media and Outlets

Carefully selecting the range of media to be monitored will help ensure that the results are accurate and unbiased. Incomplete results, from a too-limited section of the media, risk attracting accusations of bias because monitoring might record more of one party's or candidate's spending than another's. In order to avoid such accusations, the following practices are recommended:

- Select the types of media (TV, radio, newspapers, billboards) where significant election advertising takes place, as indicated in the Scoping Study
- If the information collected in the Scoping Study is insufficient to this purpose, form an advisory group consisting of journalists, candidates or political party members, media monitoring agents, former campaign managers, and other experts

## Advertising by government agencies

Public service advertising by government agencies should not be considered campaign advertising, even if placed during the campaign period. However, if "institutional advertising" of this kind clearly promotes a particular party or candidate, then it can be classified as a misuse of administrative resources, an issue addressed in detail in Chapters Five and Six.

## The importance of negotiations

The experiences of the monitoring NGOs in the Case Studies underline the importance of detailed negotiations with agencies. In Latvia, the NGO was initially led to believe that a certain monitoring agency could monitor political advertising on the Internet—but negotiations clarified that, in fact, they could not. In Slovakia, extensive discussions were necessary in order to ascertain exactly which types of outdoor advertising the agencies could monitor.

- Once the types of media have been selected, monitor as many media outlets as possible, given the resources available
- Select media outlets with the highest viewership, listening audience, or readership
- Based on the advice of independent media experts, select a sample of media outlets that covers as broad a range of political preferences as possible

If the objective of monitoring is to show only that parties or candidates are hiding income or breaching expenditure limits, monitoring of a limited section of the media may be sufficient, as long as steps are taken to avoid unfairly favoring certain parties or candidates.

## Deciding Whether to Outsource Monitoring

Monitoring political advertising can be done in-house, but this represents a significant investment of time and resources, and it requires a high standard of accuracy. Whenever possible, monitoring should be outsourced to an independent media monitoring agency.

### Outsourcing Media Monitoring

In order to ensure that the services provided by an outside company are as useful as possible, it is important to assess the agency's capabilities (i.e., monitoring-to-order versus "off-the-shelf" data) and to negotiate an agreement that specifies precisely the type of monitoring and data for which the agency will be responsible.

Some agencies can tailor their data to meet the specific needs of an NGO, as was the case in Latvia, for example. Others might only be able to provide a set of standardized results for purchase, as happened in Slovakia, where the monitors covered about 85 percent of billboard space but no other types of outdoor advertising. This difference may have an impact on the monitoring methodology and the accuracy of results. For example, the inability of the hired agency in Slovakia to monitor all outdoor advertising may have led to the neglect of a potentially important indicator. Clearly, it is preferable to choose an agency that can provide monitoring-to-order.

Whatever the capabilities of the selected monitoring agency or agencies, any agreement with them should specify the following:

- The precise target of agency monitoring (e.g., advertisements of all dimensions, rather than only those over a specific size)

- The type of information the agency will provide and when it will be provided
- The format of the data

It is important to be specific about format because the data an agency provides should be easy to understand and analyze without requiring a great deal of processing.

It is also worthwhile to negotiate with agencies the cost of the services provided. Given the noncommercial nature of a monitoring project and the likely favorable publicity generated through association with the project, agencies may provide discounts to monitoring NGOs. In Ukraine, for example, one firm granted the monitoring NGO a considerable discount, and in Romania, the media monitoring agency charged a mere U.S. \$300 for 60 days reporting on political advertising for eight national TV stations, six national radio stations, and twelve major daily newspapers.

### **Monitoring In-House**

Monitoring in-house is a serious undertaking—to monitor 24 hours of TV coverage per day for one channel alone, for example, would likely require three persons. By extension, to monitor three channels would call for nine people. In-house NGO monitors will need to collect and synthesize a vast quantity of raw data themselves, including the following:

- Tapes of all TV and/or radio coverage on all stations monitored
- Copies of all issues of print media monitored
- A count of all outdoor advertisements in the locations selected for monitoring

The data then needs to be organized according to the following criteria:

- The number and length of all advertisements on the selected TV and radio stations, broken down by party and candidate
- The amount of advertising space in print media
- The number of outdoor ads

NGOs with limited resources may choose to monitor a targeted sample, such as programming during “peak” hours only, but such an option requires appropriate justification in reporting and analysis, as the results cannot claim to be comprehensive.

## The unpredictable effect of discounts on expenditure

Kevin Casas-Zamora's research on Uruguay revealed that discounts on ad placement varied considerably and were sometimes as high as 95 percent. In Ukraine, one media outlet offered one political party a 60 percent discount, despite a legal ban on discounts. In Russia, on the other hand, *all* political parties were paying 20-30 percent *above* standard market rates for TV advertising.

## Estimating Advertising Rates

In order to estimate the amounts parties or candidates spend on advertising, it is necessary to account for the discounts they may receive under two possible scenarios. In some countries, discounts for political advertisements are regulated by law. In this case, the regulated rate effectively represents the cost of ads, and calculating spending on ad time and space are straightforward. However, in countries where discounts for political advertising are not regulated, it becomes difficult to determine how much parties or candidates are actually spending due to discounts. Extreme or biased discounts may even indicate corrupt links between certain media outlets and political parties and candidates.

### Regulated Discounts on Political Advertising

In countries where discounts on political advertising are regulated in some way (banned altogether, defined by law, or classified as in-kind donations), spending on advertising can be calculated by multiplying the volume of advertising by the regulated discounted rate. In this way, monitors can arrive at the *market value* of the advertising campaign, and any additional discounts that cause rates to fall below the regulated rate should be treated as in-kind donations. This approach is particularly suitable where the objectives of monitoring include assessing the adherence of parties or candidates to spending limits, or assessing the accuracy of their income statements.

### Nonregulated Discounts on Political Advertising

Where political advertising rates are not regulated by law, monitors will need to estimate the discount rates in each category of the media (broadcast, print media, and so on). This should be done as follows:

1. Conduct a survey across a broad selection of media buyers, including political parties and candidates themselves, advertising agencies, and media outlets, to determine the typical range of discounts (or increases) applied to political advertising in the national and local media. As a rule of thumb, at least three media buyers, three advertising agencies, and three media outlets *in each media category* should be interviewed.
2. Calculate the average maximum and minimum discount rates for each media category.
3. Multiply the volume of advertising in each media category by the standard published rates minus/plus (a) the average maximum discount and (b) the average minimum discount.

4. The difference between the two results indicates the likely range of actual spending on advertising by parties or candidates. Wherever applicable, try to include detailed information and fine-tune estimates to reflect the results of the initial interviews. For example, if media buyers believe that discounts tend to lie near the maximum level, include this information with the monitoring results. Bear in mind that since a maximum discount equals a minimum expenditure for the party or candidate, the accuracy of such an estimate is less likely to be contested.

The information collected in this process may also prove valuable in formulating recommendations for reforms designed to regulate discounts on political advertising. The problem with this approach, however, is that it is based solely on estimates of *standard* discounts, which may miss important variations. Discounts from a single source may vary between parties, between different media outlets, and even between candidates of the same party. There is a particular risk that smaller advertising campaigns will enjoy systematically smaller discounts, simply due to the “volume discounts” typically provided for any large advertising campaign. If information is readily available on volume discounts, this should be incorporated into the estimates of expenditure.

## Assessing the Cost of Producing Advertisements

The *preparation* of advertisements represents another important component of spending, separate from their placement. Where parties or candidates hire agencies to design advertising campaigns, these costs may be sizable, although monitoring projects have not typically focused on them to date.

The cost of producing political ads can be estimated as follows:

1. Ask parties and candidates for estimates on the production costs of their advertisements.
2. Obtain independent estimates from at least three PR and/or advertising agencies of the minimum cost of producing the same advertisements, at market prices.
3. Find an average figure based on the independent estimates.
4. The range between the parties’ and candidates’ estimates and the average independent figure can be considered a *reasonable estimate* of the production costs of political advertisements.

## Publicity and credibility

Information on advertising expenditure is likely to attract attention, which may be critical in promoting project goals. This requires that NGOs be absolutely confident of their findings. It is recommended that they take the following steps:

- Show how advertising expenditure varies from party to party and how much each spends on different media
- Publish data regularly (e.g., once a month) as election campaigns progress in order to keep the issue in the public eye
- Stress that data refer to advertising expenditure alone and do not reflect total campaign expenditure
- Highlight any factors that might affect results or lead to inaccuracies (e.g., discounts that could not be estimated accurately)

## Testing the methodology in advance

Monitoring advertising happens in “real time,” so it is important to have tested the methodology *before* monitoring proper begins, to allow for possible adjustments. This is particularly necessary when a monitoring agency has been hired to conduct monitoring-to-order, outside the scope of their normal activities.

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## Estimating discounts

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### Argentina

In Argentina, Poder Ciudadano consulted advertising experts and asked for estimates of “standard market discounts” enjoyed by political parties. Based on these interviews, a standard discount rate of 40 percent was applied to the published rates.

### Latvia

To compare parties' publicity costs with their officially declared expenditure in the 2002 election campaigns, Delna/Soros Foundation–Latvia selected two media intelligence agencies to monitor political advertising on all TV and radio stations and all major national and regional newspapers. The agency that monitored national media (except outdoor media, not included due to the confidential pricing policies of the companies involved) was able to provide estimates of standard discounts according to media type: 26 percent for TV advertising, 13 percent for the print media, and 20 percent for radio. These discount rates were incorporated into the analysis. Advertising in regional newspapers and on the Internet was monitored by the second agency. Both provided data on a monthly basis. The findings revealed a substantial discrepancy between monitored advertising expenditure (€10.5 million) and the parties' officially declared figures (€6.1 million).

### Slovakia

The Fair Play Alliance carried out its own market research on discounts and consulted a selection of agencies, media outlets, and owners of outdoor advertising space on the prices applicable under a range of circumstances, such as the time of year, the type of advertisement, and the client. It then applied maximum estimates of market discounts: 50 percent for outdoor media, 25 percent for national print media, and 40 percent for regional print media.

### Poland

Marcin Walecki interviewed numerous candidates, campaign managers, and representatives of advertising and other agencies in Poland and found that parties often received a 50-70 percent discount on political advertising from printing houses, advertising agencies, and media outlets. In some cases, sponsors covered the difference between the published and the discounted rates. In addition, during the 1997 and 2000 elections, 90 percent of advertising agencies engaged by political parties received very profitable contracts from private or public companies prior to or following the elections.

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## Monitoring political advertising in Romania

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Asociația Pro Democrația (APD) monitored campaign expenditure during the 2000 election year in order to compare an estimated “minimum” expenditure with parties’ declarations of income in the *Official Monitor* (the official gazette) for that year. As the goal was simply to establish minimum expenditure levels, comprehensive monitoring was not necessary.

Monitoring covered both the local and national elections during the official election campaign periods: 45 days for local, 60 for national elections. No discounts were calculated because, under Romanian law, discounts are classified as hidden donations and, therefore, qualify as income.

In the local elections, the project opted for in-house monitoring conducted in four major towns—Brasov, Cluj, Sibiu, and Constanta—focusing on local newspapers, posters, billboards, and banners:

- Billboards were counted by volunteers, and an estimate of total spending was based on rates provided by the largest vendor of outdoor advertising space in Romania.
- Newspaper ads were monitored by project assistants every day, and the market value of the ads was determined according to the standard advertising rates published by each newspaper.
- Spending on posters was based on an “indisputable minimum” number of 1,000 posters per candidate, which was then multiplied by the estimated cost of preparing and printing each candidate’s campaign poster. The cost of posters and banners was estimated by asking a sample of companies that produce such materials for representative figures.

Billboard advertising in Bucharest was also monitored by volunteers and estimated expenditure was then calculated based on information provided by the advertising agency. For some parties, the agency was able to provide precise information on actual spending, for others it provided estimates of the cost of advertising space comparable to the type of advertisement observed by volunteers.

For the national elections, the project outsourced monitoring to a private company specializing in media monitoring. The focus was on TV, radio, and press outlets, and monitoring covered eight national TV stations, six radio stations, twelve national daily newspapers, and twelve local newspapers (those with the highest circulation in Brasov, Cluj, Sibiu, and Constanta). The project team estimated expenditure based on the number and size of monitored ads and the standard published rates for the media in question. One project assistant and two to five volunteers (mostly students) implemented the local and national monitoring in each city. The relationship between the NGO and the monitoring agency was productive. The agency provided very precise data on advertising time and space, as well as software that enabled APD to access the monitoring results easily.

The results of monitoring both elections were dramatic. In 2000, spending on advertising alone exceeded total declared income tenfold (U.S. \$14.2 million monitored spending versus \$1.4 million declared). Given that advertising is believed to account for 40-50 percent of total spending in the 2000 elections, it is reasonable to assume that the contrast between actual spending and declared income was even greater.

## Hidden advertising

Engaging other media monitoring NGOs as partners in any project to monitor hidden advertising is highly recommended, as such organizations may already have experience with monitoring media bias. It is also a good idea to involve journalists in the formulation of the exact definition of hidden advertising to be applied for the purposes of monitoring. This is also an ideal opportunity to raise awareness about journalistic ethics and good practice.

# Hidden Advertising

Hidden advertising refers to material that appears in the media as objective reporting or analysis but in reality promotes one candidate or party, or attempts to discredit another. In practice, hidden advertising is often broadcast or published due to a party or candidate's influence or control over the media. Hidden advertising may be paid for by candidates and parties, in which case it clearly qualifies as a category of expenditure. But even where no money changes hands, hidden advertising qualifies as a form of third-party expenditure when it provides parties or candidates with advertising that they would otherwise have had to pay for. If the media outlet is state-run or state-controlled, then hidden advertising qualifies as abuse of administrative resources (see Chapters Five and Six).

## Hidden Advertising: A Form of Media Bias

Media coverage can be biased qualitatively or quantitatively. Qualitatively biased coverage deliberately presents a candidate or party in a positive or negative light. Quantitative bias refers to more extensive coverage of one candidate or party over others, even if that coverage is neutral.

Not all media bias qualifies as hidden advertising—the coverage must appear in a program or article that purports to be objective. An editorial opinion article that openly supports a particular party is, therefore, not a case of hidden advertising, but the inclusion of similar opinions in a news article in the same newspaper may be.

Monitoring hidden advertising can be conducted in much the same way as monitoring standard political advertising. The first step is to select the media categories and outlets to be monitored and then to collect the raw data for analysis. Once the raw data is collected, the individual instances should be assessed to determine whether they constitute hidden advertising or not.



## Identifying Qualitative Bias

Whether a specific news item is qualitatively biased should be judged against the following seven criteria:

- **Relevance:** Does the news item refer to topics that deserve attention?
- **Accuracy:** Do the facts presented correspond to reality?
- **Transparency:** Is the presentation of controversial or problematic material credited to an identified source?
- **Balance:** Are different political opinions presented equally within a specific report or item?
- **Diversity:** Do the media present as wide a range of information as possible?
- **Timeliness:** Is information released when it is relevant?
- **Comprehensibility:** Is the item easy to understand?

Media and journalists' organizations around the world define similar criteria in their standards of professional journalism. The above criteria were developed during the monitoring project in Slovakia by MEMO 98, a media monitoring NGO that labels breaches of these criteria "media effects."<sup>3</sup> Violations on the basis of relevance might include the placement of a visual image of a candidate or of a party symbol without direct bearing on the topic of a program, or the appearance of a candidate in a program without obvious grounds, especially when the candidate is the only person expressing an opinion or being featured. Breaches of balance include presenting the opinion of one candidate without attempting to contact other parties or candidates, selectively featuring a series of opinions in order to support a particular party or political agenda, or posing interview questions that essentially grant the candidate free air time for campaigning.

Where one or more of the criteria are clearly breached in a media item that purports to be objective, the item may be classified as hidden advertising. The assessment of individual pieces of coverage will inevitably be subjective, and monitors must clearly publicize the criteria used to identify bias. Whenever possible, journalists should also be engaged in the assessment of individual items of coverage.

In some countries, the issue of media bias is addressed by law, often in provisions governing television. Public television statutes usually require objective and balanced news coverage, and licensing conditions for private TV stations often contain similar provisions.

### Keeping the media free

The interests of **transparency** must be weighed carefully against media freedom concerns. While it is desirable that controversial information always be sourced, particularly if it portrays candidates in a positive or negative light, it has long been recognized that journalists have a right *not* to reveal their sources, particularly where disclosure may harm or endanger the source. Monitors should bear this in mind when gauging the likelihood that a biased report or documentary constitutes hidden advertising.

### Balance in state media

The issue of **balance** in reporting applies clearly in the case of state-owned and state-funded media, which are often obliged by law to maintain balanced coverage of competing political groups. Private media are less likely to be regulated by law, but may be nevertheless constrained by codes of conduct or ethics to maintain neutral coverage. However, even in this case, imbalance in private media cannot be categorized as hidden advertising absent compelling evidence of party influence.

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## Media ethics

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Media and journalists' organizations around the world define criteria for objective reporting and other ethical standards. NGOs are strongly advised to contact journalist associations in their own countries and to seek additional guidance from the following organizations:

**The International Federation of Journalists (IFJ)** is the largest membership-based association. The IFJ's code of conduct can be found on its website.

*[www.ifj.org/docs/ethics.doc](http://www.ifj.org/docs/ethics.doc)*

The **British Broadcasting Corporation (BBC)** has one of the most comprehensive codes of ethics in the world, which includes a special section on elections. The elections-related provisions are very specific to the United Kingdom, however, and not necessarily applicable in other countries.

*[www.bbc.co.uk/info/policies/producer\\_guides/](http://www.bbc.co.uk/info/policies/producer_guides/)*

The **International Center for Journalists** website publishes a list of compiled codes from journalists' associations throughout the world:

*[www.ijnet.org/FE\\_Article/CodeEthicsList.asp?UILang=1](http://www.ijnet.org/FE_Article/CodeEthicsList.asp?UILang=1)*

Other useful publications regarding media and elections coverage can be found on the websites of **Article XIX** ([www.article19.org](http://www.article19.org)) and the **European Institute for the Media** ([www.eim.org](http://www.eim.org)).

## Identifying Quantitative Bias

Quantitative bias is more easily identified than qualitative bias, by simply comparing the number of appearances and references to political parties and candidates throughout the monitoring period in each media outlet monitored. The results of the comparison should be presented in the form of statistics on the amount of coverage for each candidate or party, broken down by media outlet. However, unless there are strict regulations requiring equal coverage of different candidates, more coverage cannot immediately be classified as hidden advertising, as active campaigners may naturally receive extensive coverage, and incumbent parties may receive coverage in their capacity as government figures. Therefore, results on quantitative bias should generally be presented in raw form, together with a clear explanation of the basis for classifying individual items as instances of hidden advertising, where found.

## Estimating the Value of Hidden Advertising

Once news or other items have been classified as hidden advertising, monitors may attempt a monetary estimate of the cost. This should be done with great caution, however, and only where the rates for political advertising are regulated by law or where reasonably accurate estimates of political advertising rates in the period and outlets concerned can be made.

The procedure for estimating the value of hidden advertising is the same as for standard political advertising: multiply the estimated rates by the volume of hidden advertising and classify the data according to party or candidate. When a reasonable estimate of advertising rates is difficult or impossible to determine, monitors could simply present findings on the number of cases to underscore the magnitude of the problem, or they can analyze specific instances of hidden advertising in detail in order to familiarize the public with the nature of the phenomenon and draw attention to its existence.

## Publicizing the methodology

Perhaps more than with any other category of expenditure, the importance of publicizing the methodology used to identify hidden advertising cannot be overemphasized. Ideally, the methodology should be developed with the participation of entities that may come under criticism, such as representatives of political parties and the media. It is also essential not to make greater claims than are realistically justified by the monitoring results.

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## Monitoring hidden advertising in Latvia

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The Latvian monitoring project was the only one of the Case Studies to attempt to monitor hidden advertising systematically in an election campaign. Unable to find any previous experience on the issue, in 2001 Delna/Soros Foundation–Latvia consulted a wide range of media experts and established three basic principles for identifying hidden advertising:

1. Violation of existing regulations
2. Unwarranted placement of images of particular candidates or parties
3. One-sided presentation of issues, candidates, or parties

A media intelligence agency was hired to monitor advertising on television and in the press. The agency collected TV items that constituted possible cases of hidden advertising, as well as all articles from the national and regional press where parties and/or candidates were mentioned. These were then analyzed by groups of students, supervised by an NGO member. In order to ensure credibility, a group of journalists also reviewed selected cases to determine whether they qualified as hidden advertising.

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## Monitoring election coverage in the Chilean media

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PARTICIPA, an NGO in Chile, monitored election coverage in the run-up to the December 2001 parliamentary elections. The project tracked 12 news sources for 59 days prior to the elections. All articles and reports that mentioned candidates for congress or the competing political parties or coalitions were included in the study. The exercise monitored coverage according to quantitative (e.g., report word counts), as well as qualitative (e.g., relevance, specific mention of policies or positions, and balance) variables. The results included a ranking of the candidates according to the amount of coverage they received, broken down by type of media, as well as information on the nature of the coverage based on the qualitative criteria. The project managers stressed the importance of establishing a diverse and credible advisory council and of performing a monitoring “test run” before the official monitoring period in order to resolve any unforeseen problems.

Source: Transparency International, *The Corruption Fighter's Toolkit* 2002, Section 111.1, CD-ROM, 2002.

# Nonadvertising Expenditure

## Operational and Administrative Costs

The category of operational and administrative costs generally consists of the following:

- Rent for office space used for campaign purposes
- Utilities (water, gas, electricity, etc.)
- Communications (telephones, fax, Internet)
- Office supplies (paper, pens, computer and other equipment, furniture, etc.)
- Staff salaries

It may be difficult to distinguish routine operational costs from campaign-related operational costs with any degree of certainty. Although this distinction is not relevant where the purpose of monitoring is to compare monitored spending with declared total (or annual) income or expenditure, when the objective is to capture campaign expenditure in particular, it becomes necessary to separate the two. One way to do so is to note any changes in certain types of expenditure between an election year and a non-election year. Increases in an election year may reasonably be classified as campaign spending in the absence of evidence to the contrary. Any observed increase not evidenced in a declaration, such as extra staff, is a sign of inaccurate reporting. Conversely, parties or candidates may attempt to conceal funds used for one purpose by classifying them under another category—hence increases might be declared in categories where no increase is observed.

A number of sources may be consulted to estimate operational and administrative costs:

- Official party documents, such as annual reports or financial declarations, supplemented by Transparency Agreements, where available, can show which organizational costs are being declared.
- Data collected by other institutions, such as political research institutes, may provide information on the size and organizational structure of political parties.
- Interviews with candidates or party managers can include detailed questions regarding the costs of running the party's central headquarters.

The accuracy of the figures obtained from these sources can then be tested by conducting first-hand research into the operating costs of running party offices, assuming accurate information can be collected on the amount of office space, the types of equipment and utilities available, and staff numbers. The party headquarters and a sample of local branches should be included in order to gain an accurate figure for national expenditure.

## **Polling, Market Research, and Campaign Strategy Design**

As techniques for measuring voters' moods and opinions have become more sophisticated, the costs of conducting polls and market research have become a significant component of campaign spending. Many parties employ consultants on a permanent basis to conduct opinion polls and run focus groups in order to read voter intentions, and these activities intensify during election periods. Parties may also pay external managers or public relations agencies to design and manage entire election campaigns—from strategy to implementation. This is an increasingly common practice that tends to result in minimum transparency and provides numerous opportunities for covert party funding by third parties who make payments directly to the agency. More commonly, parties will carry out some campaign activities themselves (such as formulating the party program and agenda) and outsource other activities (such as polling, market research, and the specific campaign strategy) to professional agencies or managers. The degree to which campaigns are outsourced will directly influence the monitoring strategy.

Costs in this category of spending typically comprise the following:

- Research consultants and polling agencies
- Telephoning or otherwise contacting voters
- Running call centers
- Hiring PR agencies, campaign managers or other specialists to design and/or implement a campaign strategy

These costs are usually evidenced in one of two ways. If the services are performed internally, i.e., by the candidates or parties themselves, the costs are likely to be

classified under an internal research department or think tank, probably under the broader category of operational costs. In such cases, the costs in this category will be high and deserve special attention.

**Outsourcing** need not involve a single provider—a party may hire one agency to carry out polling and market research, another agency to develop their campaign strategy, and a third agency to design the party’s campaign logo or image. All these services can be monitored independently using the following approach:

1. Request information from the parties or candidates regarding which of the following campaign activities have been outsourced and to whom:
  - Opinion polls and other market research
  - Election program and manifesto formulation and production
  - Campaign strategy design
  - Other campaign activities (e.g., negotiations with media, organization of local events)
2. Interview experts in order to obtain independent confirmation of the activities outsourced by different parties and to whom
3. Request a specific list of services provided from the agencies or managers engaged by the parties
4. Obtain a reasonable estimate of the minimum market value of the services provided by talking to other professionals in the same field (such as PR professionals and campaign managers)
5. Generate an estimate of total expenditure in this category by applying the estimated minimum market value to the specific services that were outsourced

If a significant discrepancy emerges between observed and declared income or spending, then a strong argument can be made that parties or candidates are not accurately disclosing their expenditure.

## Monitoring events in Slovakia

The Slovakian project monitored election rallies and other local campaign events. A representative sample of municipalities was selected by two demographic experts and divided into three groups: regional capitals, district capitals, and other municipalities. An analyst in the NGO's central office created a database of all planned events, and regional monitoring was conducted by 24 paid monitors, most of them students who had already worked on other NGO projects. They attended and reported on all activities that were taking place in the selected municipalities.

The monitors arrived in advance of each event, in order to observe the number of staff and the technology involved. During the event, they filled in a questionnaire, collected any promotional materials and gifts distributed at the events, and registered all outdoor advertisements, including fliers. The data for all events were then analyzed centrally, and profiles of the parties' campaigns were created. In addition to information on advertisational and promotional materials and publications, the profiles contained detailed descriptions of all recorded events, including schedules and programs, as well as a listing of equipment used.

*(continued on page 77)*

## Rallies, Events, and Direct Contact with Voters

Organized events, rallies, and door-to-door campaigning are likely to be a core component of election campaigns in countries where media penetration is low or where political advertising on TV and radio is banned or limited. But this type of "traditional" campaigning also plays a role in developed democracies such as the United States, where candidates are eager to demonstrate that they are in touch with the general population. Although the popularity of such practices may have decreased as media campaigning has increased, it should not be assumed that such methods are obsolete or disappearing.

This category of spending typically comprises the cost of organizing campaign events of all kinds, including election rallies, meetings, concerts, competitions, shows, and fundraising events, which may include some of the following items:

- Renting space or premises
- Hiring personnel to organize events
- Renting equipment and other facilities used at events
- Utilities (electricity, water, heating)
- Transporting and accommodating staff or event participants
- Hiring individuals or groups to participate in events (e.g., entertainers)

Door-to-door campaigning and canvassing typically includes the following costs:

- Hiring staff to conduct door-to-door campaigns
- Distributing materials to staff or mailings to voters
- Transportation

## Monitoring Events

There are two basic approaches to monitoring events organized by parties and candidates during an election campaign: the first is to provide a detailed **factual description** of events, and the second, more ambitious approach, is to supplement this information with an **estimate of spending**. Estimating the cost of these events is a complicated task which, in most cases, can only be performed with limited accuracy. However, an attempt to do so may at least point to a lack of transparency or other regulatory problems.



Monitoring campaign events involves the following steps:

### 1. Requesting Information

Information on campaign events can be requested from parties or candidates using a standard questionnaire. This serves two purposes. First, accurate information, if provided, this will make the task of monitoring easier. Second, refusal to provide information may be used as direct evidence of a lack of transparency and bolster the case for stricter disclosure requirements.

### 2. Organizing the Monitoring

To begin monitoring, form a coordinating team that will perform the following tasks:

- Create a database of events
- Inform local monitors about planned campaign events and create a monitoring schedule
- Manage the flow of information from local monitors

Once a coordinating team and tasks are established, a sample of locations should be selected for monitoring. To arrive at a representative sample, demographic experts or sociologists should be consulted. Once the locations have been selected, form a team of regional monitors and equip them with a standardized template for recording details of the events.

The quality of the regional monitors' work is crucial to the success of the project. As direct supervision is more difficult in these circumstances, it is important to train monitors well and to provide them with sufficient information and support.

### 3. Describing Events

In producing a factual description of events, the data should be processed to provide the following:

- A detailed breakdown of different types of events, including statistics on the number of events of each type
- A profile of each political party's or candidate's campaign, including the type of events they organized, where they were staged, and how often

### Monitoring events in Slovakia *(continued)*

Although the costs of staging the events were not estimated, the Slovakian monitors believe that the descriptions alone demonstrated a significant financial investment, greater than had previously been suspected. Perhaps most importantly, the monitoring demonstrated that regulated limitations on certain types of expenditure (such as advertising) were likely offset by expenditure on events and other nonregulated campaigning methods.

## Obstacles to estimating costs of campaign events

Estimating the cost of organizing campaign events cannot be done precisely. In Slovakia, the two marketing agencies consulted both considered the task impossible, due to the varying rates charged by different events organizers. The Slovakian project, therefore, chose not to estimate the cost of events. Other activists point to a number of factors that can dramatically affect costs, such as the type of equipment used or the number of events purchased from the same provider. For example, a Latvian political party produced a TV commercial featuring a popular rock band whose participation was rumored to have cost U.S. \$200,000. Party officials, however, claimed that the band was hired for a mere \$20,000. With no investigative powers to access parties' financial and accounting records, the monitors could not determine the actual costs. Similar problems arise with other events-related expenditures.

The standardized questionnaire and templates used by the local monitors play an important role here, as they allow for information to be classified relatively quickly. For example, data can be analyzed according to the number of events of each type, the number of events organized by each party or candidate, and so on. Detailed templates also enable the NGO to provide a good general description of the kinds of specific campaign activities that have taken place at each event.

A standard questionnaire for political parties and candidates, a template for recording the details of events, and a set of possible guidelines for monitors to follow are all included in Appendix Three.

## 4. Estimating Expenditure

Estimating the costs of campaign events is difficult. Yet it may be possible to produce rough estimates of minimum costs by creating a database of minimum market prices of the principal items that typically comprise campaign events. By focusing on minimum costs, much controversy can be avoided, and the results may prove significant. For example, if the minimum estimated cost of a party's campaign events exceeds that party's official declaration, the party's reporting is clearly deficient. Monitoring based on estimates of minimum costs can be performed in the following way:

- Monitor all components of an event that can be described completely and accurately.
- Request information on the costs of these individual components from the relevant party or candidate.
- Request the same information from three agencies that organize such activities.
- Apply the costs provided by parties or candidates to all the events monitored.
- Apply the lowest, average, and highest estimates of minimum costs obtained from agencies to all the events monitored.
- Present the minimum estimate of total costs as the *project* estimate of spending on the events monitored, and provide the other estimates together with assumptions on which each was based. This way, the media or other interested parties can judge for themselves whether the higher estimates are more likely to be accurate.

If it proves impossible to obtain sufficient information for even a minimum cost estimate, the project can simply provide a detailed description of the events, and make a tentative judgment of their contribution to each party's or candidate's overall campaign. The failure of parties or candidates to provide requested information may be invoked as evidence of insufficient transparency in recommending reforms.

## **Monitoring Door-to-Door Campaigning**

Door-to-door campaigning involves staff or volunteers visiting potential voters directly and encouraging them to vote for a particular candidate or party. Monitoring this practice can focus on the cost of producing materials for distribution and on the cost of personnel and transportation, both of which may represent substantial categories of expenditure.

Although door-to-door campaigning is difficult to monitor independently, parties or candidates are likely to have accurate and detailed information about the cost of materials and the personnel required, and they will often be happy to discuss the details at length, on the assumption that their determination to communicate directly with voters is evidence of their democratic credentials.

Monitoring should, therefore, be carried out in two stages: requesting information from parties and candidates, followed by limited, local sample testing of the accuracy of the information.

### **Requesting Information**

Information on door-to-door campaigning can be requested from parties or candidates via a formal request or by conducting interviews with party officials, campaign managers, or agencies to whom this aspect of campaigning has been outsourced. The following questions should be asked:

- Do you conduct door-to-door campaigning? If so, how much and which constituencies do you cover?
- Is door-to-door campaigning organized and run in-house, or is it outsourced and to whom?
- Who visits homes—party staff, external paid staff, activists, volunteers? How many people are involved?

- Are they paid? If so, how much?
- How many households are scheduled to be visited and how many times?
- Which materials are distributed to each household?
- How do the materials for distribution reach staff and volunteers? What transportation or shipping costs are incurred as a result?
- What other follow-up activities take place: direct mailings, telephone contact, etc?
- What is the total cost of your door-to-door campaign?

### **Sample Testing**

The information obtained from parties or candidates should be checked for accuracy by conducting limited monitoring of sample locations. This should be done in the municipalities for which the most detailed information was provided. The staff or volunteers carrying out the door-to-door campaigning should be interviewed to determine

- the number of staff and/or volunteers working on the campaign in the selected locality;
- the number of homes visited and how often;
- the amount of election materials distributed.

If election materials are distributed through a limited number of collection points, it may be relatively easy to estimate the volume of such materials. Obtaining samples of all materials distributed will make it possible to estimate production costs with reasonable accuracy. The cost of door-to-door campaigns in each locality can then be estimated by adding the costs of materials and staff. Staff costs can be estimated by multiplying the minimum estimated number of staff by their minimum estimated wages, and the minimum cost of campaign materials can be estimated by multiplying the minimum estimated volume by the minimum estimated production costs.

## Distribution of Money and Other Direct Benefits to Voters

During election campaigns, parties or candidates often provide targeted groups of citizens with cash payments or free goods, services, or other benefits in order to gain their support. A typical example includes food packs distributed to voters in poor areas.

This category excludes the provision of refreshments at campaign events or the distribution of small promotional items such as T-shirts or buttons, which can be tracked as part of the general events monitoring described above. Such items are generally of negligible value and benefit to the voter, and, therefore, unlikely to “buy” their support.

We include the distribution of goods, services, and other benefits to voters in our methodology for two reasons. First, it may qualify as vote buying, a form of corruption. Second, the provision of money and direct benefits may account for a significant, even dominant, portion of campaign spending. Michael Pinto-Duschinsky notes that the cost of “old-style, patronage politics,” involving the distribution of direct benefits to voters, can be very high, exceeding the cost of modern media-style campaigns. The mass distribution of imported hams, turkeys, and other giveaways in the 1999 elections in Antigua and Barbuda,<sup>4</sup> for example, amounted to a massive campaign expenditure item.

The distribution of cash, goods or benefits should be monitored as a category of expenditure, which can be done using surveys and direct observation of sample constituencies.

### Surveys

An anonymous survey of households may yield useful information on how many respondents were offered benefits by parties or candidates. While this approach cannot provide reliable information on how many individuals actually accepted those benefits, and, therefore, on how much parties or candidates actually spent on them, it can offer a rough estimate of the resources reserved for this purpose. The following procedure should be followed where there is strong evidence from the Scoping Study that the practice of vote buying is widespread:

1. Conduct a telephone survey of a representative sample of voters. A scientifically valid sample should be selected in consultation with sociologists or survey agencies.

### Vote buying in Armenia

The Center for Regional Development/Transparency International Armenia attempted to monitor vote buying during the 2003 parliamentary election campaign by carrying out a telephone survey of 600 citizens. Of those surveyed, 75 percent replied that they or their relatives had been offered a bribe to vote for a particular candidate or party; 52 percent said they had been offered cash, varying in amount from 500-10,000 dram (U.S. \$1-17); 26 percent had been offered goods of various kinds; 11 percent were offered services, such as payment of household utility bills or building repairs; and 11 percent would not specify what they were offered.

These figures did not provide direct evidence of the *actual* extent of vote buying, as those surveyed were not asked whether they accepted the bribes or not. According to the monitoring NGO, anecdotal evidence suggested that many voters accepted cash or benefits from parties but then proceeded to vote as they would have voted otherwise.

## Vote buying in Zimbabwe

In Zimbabwe, a team coordinated by John Makumbe monitored vote buying during the 1995 parliamentary elections. They collected data that was overwhelmingly qualitative and derived from surveys of the independent press and reports from teams of monitors (mainly graduate students of the University of Zimbabwe) sent to observe campaign practices in selected constituencies.

The Zimbabwe project collected substantial information on alleged and confirmed vote buying practices, particularly in the primary elections. According to the project coordinators, “allegations were made throughout the country of blatant vote buying, which took various forms during the campaign for the primaries: cash, free supply of food and beverages. . . cigarettes, even some distribution of medicine.”

The Zimbabwean project yielded strong evidence of actual vote buying, supported by powerful individual examples, which were then used to argue the seriousness of the problem.

2. Ask the respondents whether they were offered money or other benefits, and, if so, how much money or what benefits were offered.
3. Calculate the average value of the benefits offered each voter.
4. Multiply this figure by the total number of voters in communities where vote buying is believed to take place (based on information collected for the Scoping Study and other preliminary research) to produce a rough estimate of the resources reserved for this purpose.

## Monitoring Sample Constituencies

The distribution of benefits to voters in selected constituencies can also be monitored directly in the following way:

- Where the monitoring organization is already monitoring local events and rallies, monitors should be instructed to document the nature and quantity of all goods or services distributed at local events. This is, to some extent, already covered under “promotional materials” in the template for monitors in Appendix Three.
- The minimum cost of benefits provided to voters can be estimated by applying the minimum market value of the goods and services in question to the estimated number of attendees.
- The local media should also be monitored for announcements of any free benefits offered to voters as part of an election campaign, and minimum costs can again be calculated based on market value and the estimated number of voters in the community.
- The resulting figures may then be used as an example of the minimum cost of vote buying in the constituencies monitored.
- An average of the estimates produced for individual constituencies may then be used to reach a *very rough* estimate of spending on vote buying nationally.

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**Notes:**

1. The Electoral Commission, *Campaign Expenditure: A Guide for Political Parties*, January 2003, Section 3. <http://www.electoralcommission.gov.uk/templates/search/document.cfm/6307>.
2. Africa Political Party Finance Initiative (APFFI), conducted by NDI in 2003, publication forthcoming.
3. For a detailed description of the “media effects” approach, see *Monitoring Media*, MEMO '98, Bratislava 1999, p. 34-36.
4. Douglas W. Payne, *The Failings of Governance in Antigua and Barbuda: the Elections of 1999*, Center for Strategic and International Studies, 1999; cited in M. Pinto-Duschinsky, “Financing Politics: A Global View”, *Journal of Democracy*, Vol. 13 No. 4, October 2002, p. 83.

# 4: Monitoring Campaign Income

## At a Glance

This chapter examines how political parties or candidates obtain the resources used in election campaigns. It describes the different types of resources that can be categorized as campaign income and discusses traditional ways of monitoring political donations, including the local prerequisites needed to conduct a monitoring exercise. Special attention is devoted to analyzing disclosure statements, used to uncover unlikely and interconnected donors, as well as to monitor *quid pro quo* donations. The final section outlines an investigative approach to monitoring income.



## Basic Issues

### What Is Campaign Income?

There are various ways to finance election campaigns: donations, loans, in-kind or third-party contributions, membership dues, earnings from assets and property or business activities, and the use of state or public administrative resources. From the perspective of this handbook, the point of interest is the way in which these resources are distributed or used, i.e., the existing potential for corruption. Donations are covered in some detail below. Loans, while different from donations (as they have to be repaid), may nevertheless be awarded to parties or candidates in return for political favors. Loans can be treated similarly to donations as long as they are covered by disclosure requirements. Third-party contributions refer to goods or services paid for on behalf of a political party or candidate. In-kind benefits and donations are goods and services offered to candidates or campaigns free of charge or at a discount. Both should be treated as income equal to their market value. The same is true of state administrative resources when misused for campaign purposes. Membership dues are rarely a source of corruption. The corrupt use of earnings from assets, property, or business activities, on the other hand, is beyond the scope of this handbook.

For the purposes of monitoring, then, the sources of income that warrant the most attention are direct donations, loans, third-party and in-kind contributions, and the misuse of administrative resources, as these are most likely to be linked with corruption. We have already seen how third-party contributions can be monitored as expenditure, and the misuse of administrative resources will be discussed in detail in following chapters. This chapter, therefore, focuses on monitoring direct donations and loans.

## Analyzing Disclosure Statements

### Disclosure Requirements

Monitoring direct donations and loans relies on disclosure requirements. Depending on the disclosure requirements of a given country, three types of monitoring projects can be attempted:

- *Comparing income declarations to monitored expenditure:* Where parties or candidates are required to disclose **total income**, the declared total can be compared to monitored campaign expenditure.
- *Assessing the veracity of disclosure statements:* Where parties or candidates are required to disclose **individual donations**, including donors' identities and the amount of donations, income statements may be analyzed for unlikely and interconnected donors.
- *Tracking quid pro quo donations:* Where parties or candidates are required to disclose individual donations *and* information is available on candidates' or parties' **political decision-making** or **public contracts**, disclosure statements can also be analyzed for *quid pro quo* donations.

Michael Pinto-Duschinsky's research on campaign finance legal frameworks<sup>1</sup> indicates that, as of late 2002, political parties are subject to disclosure requirements of some kind in 67 out of 104 countries surveyed. In 36 of the 104 countries, political parties were specifically required to disclose individual donations. However, monitoring individual donations will only be feasible if the following conditions are also met:

- Donors must be disclosed at least once per year
- Donors' names (as persons or companies) and their ID/registration numbers must be disclosed
- The amounts donated must be disclosed
- Information on the financial attributes of donors must be publicly available (e.g., in commercial registers or tax returns)

## Comparing Declared Income to Monitored Spending

Declared income can be compared to monitored campaign expenditure in order to test the veracity of income declarations. If monitored spending exceeds declared income, it is likely that a portion of the income is being concealed. Results of this kind can be dramatic. The Romanian monitoring project found that advertising expenditure exceeded total declared income by 11 times in the case of the largest party. The credibility and strength of such a conclusion, however, relies on the accuracy of the estimates. Candidates or parties may raise campaign funds for a much longer period than the duration of the campaign itself, possibly over an entire electoral cycle. It is, therefore, impor-

tant to take into account income from previous years that may be used for the campaign. At the same time, monitors should be cautious not to overestimate spending.

A comparison of monitored expenditure and declared income might follow these steps:

## 1. Estimating Expenditure

1. Define the methodology for monitoring expenditure (see Chapter Three).
2. Record the **highest** reasonable level of expenditure and the underlying assumptions (for example: “assuming no discounts on published advertising rates”).
3. Record the **lowest** reasonable level of expenditure and the underlying assumptions (for example: “assuming the highest discounts available on published advertising rates”).

## 2. Estimating Income

1. Select the source of the data on income.
2. Record the **highest** reasonable level of income and the underlying assumptions (for example, that campaign income is raised over the entire previous electoral cycle).
3. Record the **lowest** reasonable level of income and the underlying assumptions (for example, that campaign income is raised only in the year in which the election takes place).

## 3. Making Comparisons

1. Provide comparisons for all possible combinations of expenditure and income, as in the hypothetical example on page 86.
2. If there is information that favors particular income or expenditure estimates, then this should be added to the numerical results. For example, if it is widely believed that parties raise almost all of their campaign income during the year in which the elections take place, and that discounts for media advertising tend toward the higher end of the range, it should be noted in the findings that the most likely, or “best estimate,” is based on the minimum assumptions for both income and expenditure.

## Advocating disclosure reform

Given that, even in most developed democracies, disclosure requirements are often inadequate, a likely objective of any monitoring project will be to advocate reforms leading to improved disclosure.

## How to estimate income and expenditure

A hypothetical project to monitor parliamentary elections aimed to compare political parties' declared income with their spending on advertising. Monitoring yielded the following data:

<b>Declared Income</b>	\$1 million in 2001; \$2 million in 2002; \$3 million in 2003
<b>Advertising Expenditure</b>	\$10 million, assuming market (standard published rate) prices for political advertisements and no discounts.
<b>Maximum Discount</b>	60%.

Based on these variables, as well as different assumptions of how much of the past three years' income was spent on campaign activities, the following range of estimates of income, advertising expenditure, and "hidden income", i.e., the difference between declared income and monitored expenditure, might be produced.

<b>Assumption</b>	<b>Declared Income</b>	<b>Advertising Expenditure</b>	<b>Income minus Expenditure</b>
Maximum income (3 years) Maximum expenditure (no discount)	\$6 million	\$10 million	- \$4 million
Maximum income (3 years) Minimum expenditure (60% discount)	\$6 million	\$4 million	+ \$2 million
Minimum income (1 year) Maximum expenditure (no discount)	\$3 million	\$10 million	- \$7 million
Minimum income (1 year) Minimum expenditure (60% discount)	\$3 million	\$4 million	- \$1 million

*Negative numbers in the "Income minus Expenditure" column indicate "hidden income." The presentation of results could include all four possible scenarios, accompanied by commentary explaining which scenario is most likely and why.*

## Assessing the Veracity of Disclosure Statements

In countries where income disclosure is required, parties or candidates may seek ways to avoid having to reveal the full amounts received from particular donors. Income declarations can be analyzed to uncover **unlikely donors**, i.e., individuals whose status cannot be confirmed or who are not likely to possess the funds required to make the donation for which they are credited, and **interconnected donors**, i.e., the use of multiple individuals, such as family members, to conceal a large donation from a single source.

### Identifying Unlikely Donors

Where donors' identities are disclosed, individual or corporate contributors may be checked to gauge the likelihood that they actually made the donation for which they are credited. This can be done by assessing their ability to pay, based on independent sources, and by contacting them directly. When assessing a donor's ability to pay, clear criteria according to which a declared donor is identified as suspect (i.e., unlikely to be the true donor) must be defined. The criteria will vary according to whether the donor in question is a company or an individual.

If the source of a significant donation is a corporate entity, the following information should be collected, whenever possible:

- Company profitability
- Taxes paid and owed
- Applications for bankruptcy
- Attempts to recover debt from the company

If a company is unprofitable, owes significant taxes, is in danger of going into bankruptcy, or has other significant outstanding debts, yet is listed as a significant contributor to a political party or candidate, there is reason to question whether the company is the real donor.

In the case of noncorporate individual donors, it is more difficult to assess net worth and the ability to donate. Useful indicators of individual wealth can be found in company listings of shareholders, owners, or managers. If no such indicators are available for a given person, it is reasonable to query whether he or she is a likely donor, or is being used to conceal the identity of the true donor.

### Latvia's Lursoft database

A key instrument for monitoring donors in Latvia was the Lursoft database of companies ([www.lursoft.lv](http://www.lursoft.lv)). The database contains a list of all enterprises registered in Latvia, their managers and shareholders, as well as the companies' fixed capital and annual accounts, including profit and loss statements. The database allows users to obtain cross-referenced information on the business activities of listed individuals. For example, if an individual is identified as a shareholder or manager of one company, the database can be searched to reveal the same individual's holdings or titles in other companies registered in Latvia.

## Unlikely donors in the Czech Republic

In the Czech Republic, the Civic Democratic Party's annual report for 1995 included a list of individual donors to the party. In 1996 (an election year), it was reported in the media that several of the declared donors either had not contributed or did not exist—in one case, the donor was deceased. A year and a half later, it became evident that the true source of several donations was a company that had won a privatization tender to purchase the country's third-largest steel mill. The scandal triggered the collapse of the government in November 1997, and the case provided evidence of institutionalized corruption in political party finance. The media investigation had simply used the data supplied by the party itself to contact the listed donors.

Source: Quentin Reed, "Corruption in Czech Privatization; the Dangers of 'Neo-Liberal' Privatization," in S. Kotkin and A. Sajo (eds.), *Political Corruption in Transition: A Skeptic's Handbook*, Central European University Press, Budapest/New York, 2002, p. 281.

Charges made on the basis of investigations into unlikely donors must be carefully formulated. Where possible, the investigation of the indicators outlined above should be supplemented by direct contact with the declared donors to ask for confirmation of the donation. If donors confirm their donations, monitors should request evidence.

## Identifying Interconnected Donors

Large donations from one entity (a company or individual) may be concealed by being divided among a number of different donors. For example, an individual may openly donate a small amount and then make substantial additional donations covertly through, for example, companies of which the person is the director, or through his/her spouse or children. Such practices are likely where there is a legal limit on the size of individual donations.

Connections among a candidate's or party's donors can be revealed as follows:

1. Randomly select 100 donors for each political party or a selection of candidates.
2. For each of the selected donors, calculate the *de facto* donation, by assuming that money donated by an individual donor, his or her spouse, and any company of which the donor is the director or owner all come from a single source.
3. If there is legal limit on individual donations, calculate the number of sample donors whose estimated actual contribution exceeds the limit. This number is an "index of interconnectedness," i.e., a rough indicator of the percentage of donors who are concealing their full contribution to a given party or candidate.
4. Different parties and candidates can be ranked according to their indices.

The indices provide an indication of the extent to which individual parties or candidates are evading or circumventing legal donation limits: the higher the index rating, the more parties rely on this practice.

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## Monitoring declared donations in Latvia

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The Latvian monitoring project did not originally intend to focus on party income, but several factors led to a change in project strategy to include an analysis of party income statements:

- A lively media debate about unlikely donors raised the issue high on the political agenda.
- Delna received several phone calls from people who had recognized certain donors and knew that these individuals or companies were not in a position to make contributions.
- In several parties' disclosure statements, there were sudden surges in the amount and/or number of donations immediately preceding the election, with a number of people typically making donations close to the legal limit.
- Campaign spending of two parties that appeared on the political scene just a few months prior to the elections was comparable to that of more established parties, raising questions regarding their rapid acquisition of significant funds.
- There was a legal cap of approximately €16,000 (\$20,500) per year on the amount any one contributor could donate. Moreover, as there were no state subsidies for election campaigns, parties received 99 percent of their income from private donations. Taken together, these two factors provide an incentive for concealing the scope of individual donations.

- Recent amendments to party financing regulations required parties to publish all donations and their sources on the Internet within ten days of receiving the funds, thus providing a valuable new source of information for monitoring.

Monitors checked the declarations against the Latvian Lursoft business register database for the following:

- Individuals who donated large amounts of money (more than \$4,200) but were neither shareholders nor CEOs of any registered companies.
- Companies that, based on their revenue, profits, paid taxes, and tax liabilities, did not appear likely to possess the funds to donate to a political party.
- Connections among different individual donors, as well as among individual and corporate donors.

Unlikely donors figured prominently on the donor lists of two political parties. Latvia's Way had the highest number of unlikely donors, followed by the Farmers' and Greens' Union, which appeared only four months before the election and was allegedly sponsored by oil interests.

The information was published five days before the election and received extensive media coverage. According to Delna, it served as an important alternative source of information for voters, given the political parties' extensive advertising campaigns.

## Creating a database of donors and decisions in Slovakia

As part of its “Complex Party Finance Reform” project begun in 2003, the Slovak NGO Fair Play Alliance is constructing a database ([www.fair-play.sk](http://www.fair-play.sk)) to include the following:

- Private and corporate donors to political parties
- All current and previous members of parliament
- All parliamentary candidates
- All current and previous members of government, including deputy secretaries
- All mayors and members of regional and municipal parliaments
- Institutions (e.g., ministries) with the highest vulnerability to corruption and illegal funding
- Funds and subsidies managed and awarded by these institutions
- Private or corporate loans issued based on state guarantees
- Private or corporate tax debts that were written off
- Contracts awarded to private persons and corporations in public procurement processes
- Key decision makers in public procurement processes and any connection that these individuals had/have with private business
- Data on “Who’s Who in Slovak Business”

(continued on page 94)

## Tracking Quid pro Quo Donations

Correlations between political decisions and the political donors who stand to benefit from them serve as indicators of possible corruption. The types of political decisions that are typically made in exchange for donations include, but are not limited to, the following:

- Public contracts awarded
- Licenses and concessions granted to companies or individuals
- Sales of state assets (for example, privatization contracts or sales of real estate)
- State subsidies and other public funds provided to companies or individuals
- State guarantees on loans issued to companies or individuals
- Discretionary decisions to write-off tax debts
- Regulatory decisions in specific sectors (for example, decisions to permit or reject mergers, pricing decisions for pharmaceutical products, or the supervisory framework for investment funds)

Information on these types of decisions can be found in public databases, by invoking existing legal or constitutional rights to information, or by conducting a survey of the media.

## The Quid pro Quo Monitoring Period

Monitoring income will often be a longer-term process than monitoring expenditure. This is clearly the case when identifying *quid pro quo* donations. While it is generally assumed that political decisions favoring donors take place *after* donations have been made, the opposite scenario is also quite common. In fact, the exchanges between donors and candidates, politicians, or political parties are generally not one-off events. Rather, they tend to be more complex, long-term relationships in which the timing of corrupt exchanges may be often the reverse of the “bribe then benefit” scenario. The monitoring activities of NGOs (particularly those in the United States) that track donations and political decisions to reveal possible links between them tend to be semi-permanent activities.



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## Following the money in the U.S.

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A number of NGOs in the United States compile and present information on contributors and spending in congressional and presidential races, presenting powerful examples of monitoring possibilities in practice. These organizations provide journalists, or anyone who wishes to analyze political donations, with virtually complete information on disclosed donations in federal and state elections, together with substantial information on the possible links between donors and candidates or parties. The most active of these organizations are profiled below.

**The Campaign Finance Information Center** ([www.campaignfinance.org](http://www.campaignfinance.org)) trains journalists in news-gathering and database skills to enable them to track political donations, and educates them on campaign finance and its influence on the allocation of contracts, jobs, and legislation, so that they can interpret their own findings effectively.

**The Center for Responsive Politics** ([www.opensecrets.org](http://www.opensecrets.org)) is a nonpartisan, nonprofit research group based in Washington, D.C., that tracks money in politics and its effect on elections and public policy. The Center conducts computer-based research on campaign finance issues for the news media, academics, activists, and the public at large.

**Common Cause** ([www.commoncause.org](http://www.commoncause.org)) is a pressure group that campaigns on key political issues, one of which is campaign finance and its links to lobbying. Common Cause regularly publishes investigative studies on the effects of money in politics and reports on a variety of ethics and integrity-in-government issues. For example, the organization published reports on the links between money provided by organizations that lobbied against stricter accounting regulations, an issue that came to the fore with the collapse of energy giant Enron (See “Accounting For Disaster: Congress, Arthur Andersen, And The \$60 Billion Enron Meltdown,” available at:[www.commoncause.org/news/default.cfm?ArtID=76](http://www.commoncause.org/news/default.cfm?ArtID=76)).

**The Center for Public Integrity** ([www.publicintegrity.org](http://www.publicintegrity.org)) conducts investigative research and reporting on public policy issues in the United States and around the world. It has published numerous reports on its monitoring of donations to election candidates and the favors that they appeared to provide in return after election.

**The National Institute on Money in State Politics** ([www.followthemoney.org](http://www.followthemoney.org)) tracks political contributions in all 50 United States states in an easily searchable format online. It has, for example, released reports on contributions to state politicians from alcohol, tobacco, and gambling interests.

The organizations listed above all obtain information on donors and donations from the Federal Electoral Commission (see [www.fec.gov](http://www.fec.gov)) and state electoral commissions. They present the data in an accessible fashion and use a combination of techniques—ranging from reviewing databases on public procurement to journalistic investigation—to determine what donors may have received in return.

## Creating a database of donors and decisions in Slovakia

*(continued)*

- A list of lobbying groups and their interests
- Analyses of public procurement procedures and contracts awarded
- A database of party foundations

The Fair Play Alliance hired two experienced journalists to work on the database project (full-time and part-time) and one programmer. The search engine was officially launched in May 2004, but even before it was fully operational, information from the databases helped to identify several cases of donors whose companies were awarded questionable public tenders.

## Public Databases

Information on the types of decisions outlined above is increasingly available to the public, especially on the Internet. Individual donors can often be checked against company registers in order to reveal all of the donor's corporate connections. These companies can then be cross-referenced against a register of public contracts or licenses awarded, or a public procurement register (all EU member states are required to maintain such a register in electronic format). Corporate donors, as well as companies associated with individual donors, can also be cross-checked with any pending or concluded antimonopoly legal proceedings, a record of which is also often publicly available on the Internet.

## Freedom of Information Provisions

In areas where information on political decisions is not made readily available by state authorities, NGOs can proactively seek it out. There are a number of possible legal provisions that can be invoked:

- Constitutional provisions guaranteeing a right of access to official documents, or general protection of the right of freedom of information
- Administrative provisions requiring disclosure of administrative acts and other documents and information held by the authorities
- Laws concerning petitions that may permit individuals to solicit information from certain authorities
- Freedom of Information or Access to Information laws

A law granting access to public information, such as a freedom of information (FOI) act, is the strongest tool for obtaining documents and information. It helps to ensure that the request meets the criteria specified by the law. For example, some laws state that the requestor need provide only his or her name and an address for delivery of the response. In other countries, the applicant may be asked to fill out a specific form. Identifying the person responsible for handling information requests and making sure that your request reaches them will also improve the chances of success. Note that an NGO should not be required to state the reason for the request, nor to provide any other information about the monitoring project.

If the initial request is rejected, or there is no response from the relevant author-

ity, an appeal may be filed. In the first instance this is likely to be an administrative appeal, followed by a court process. In some countries, an ombudsperson, public defender, or access to information commissioner can review the request and help challenge the refusal to provide information.

It is worthwhile to become familiar with the FOI laws in the country to be monitored. If there is an NGO specializing in FOI in the country, it is wise to consult them about the best way to request information.

## A Survey of the Media

Where there is effective investigative journalism, information on decisions that benefit donors can often be obtained from press or other media reports. However, it is important to treat such reports with caution and not to assume that the information they contain is necessarily true. Judgments about their trustworthiness are best made on a case-by-case basis, taking account of the extent to which reports are backed by verifiable evidence and the reputation of the journalist and media outlet in question.

## Using the Data

Where an NGO finds that a company donates money to a political party, and the party, in turn, makes a decision that is favorable to the company, a correlation has been found between the donation and the political decision. Such correlations, however, do not constitute direct evidence of corruption. It may be the case that the decision was legitimate, made in the public interest, and entirely uninfluenced by the donation. Absent further information, a monitoring NGO should document correlations between donations and political decisions without making assumptions about the nature of this relationship. Further investigation can be undertaken by responsible authorities, journalists, or other NGOs, or at a later date.

## Freedom of Information Advocates Network

There is a network of activists around the world promoting FOI, and they can provide a wealth of information and advice on how to access information of this kind. The Freedom of Information Advocates Network can be found at [www.foiadvocates.net](http://www.foiadvocates.net). The Justice Initiative's Freedom of Information Program ([www.justiceinitiative.org/activities/foifoe/foi](http://www.justiceinitiative.org/activities/foifoe/foi)) is another useful place to obtain links to such organizations and additional information.

## Researching political finance in Poland

Marcin Walecki's research provides an excellent example of an investigative approach to party finance. The research yielded rough but well-founded estimates of party income and was based mainly on the following sources of information:

- More than 200 reports and articles from the press
- Interviews with investigative journalists
- Approximately 50 one-to-one interviews with political party officials (former and present) and election candidates

The research and credibility of the study was considerably strengthened by cooperation with the Institute for Public Affairs (a respected Polish think tank), which contacted all the officials to be interviewed.

With respect to income, one of the more important findings of Walecki's research was that large donations from individual or corporate donors constituted approximately 8 percent of political party income in 2001, whereas, by contrast, official party financial declarations had shown a much lower share of donations as a proportion of total income (4.2 percent in 1999 and 4.6 percent in 2000), an indication that parties failed to report donations accurately.

# The Investigative Approach to Monitoring Income

An investigative approach to monitoring income is particularly well-suited to contexts where the Scoping Study indicates substantial or massive hidden or illegal activities in campaign funding, but where information cannot be obtained from Transparency Agreements, official sources, or independent monitoring of campaign outputs. Although interviews tend to yield subjective views on campaign finance, they can also uncover vital aspects of the mechanisms of party finance that may not be apparent from documentary evidence alone. An investigative approach is likely to be useful for obtaining estimates of total income and/or the proportion of income that comes from donations, but it is less likely to yield information on individual donors.

## Surveying the Media

The first step in an investigative approach should be to conduct a focused media survey based on the information collected in the Scoping Study. The survey should concentrate on suspect patterns of financing. Where the Scoping Study identifies press articles indicating that private interests are funding political parties, for example, a follow-up survey could then target such relationships directly. Media reports in Romania identified alcohol producers who made substantial contributions to political parties and then received massive tax exemptions or other favorable treatment. In the Czech Republic, too, the media proved to be a rich source of information on private financing of political parties.

## Building Credibility

Investigating party or candidate income can be a highly sensitive matter. Some sources may need to remain anonymous. The information obtained may be controversial and might not be as incontestable as data on spending on political advertising. An NGO embarking on a project of this type should, therefore, engage one or more public figures or institutions (preferably both) to help build credibility.

Former high-ranking politicians that command respect across the political spectrum are obvious candidates for this job, and an NGO should attempt to secure their

backing. This can be useful not only in building credibility, but also as a way of gaining access to the valuable contacts that such people have. A highly respected independent research institution is another good candidate from whom to seek support. The engagement of an institution widely regarded as professional, independent, and unbiased can both enhance the credibility of the project and provide useful input for the project itself.

## Conducting Interviews

On the basis of the information obtained in the focused press survey, a set of targeted interviews should be carried out with persons identified as knowledgeable on the specific phenomena identified, as well as with some or all of the following:

- Senior and former party officials who are regarded as trustworthy
- Current and former members of parliament
- Current and former party officials who have direct responsibility for campaign finance, such as treasurers, fundraisers, and campaign managers

Where useful interviewees are identified but are reluctant to cooperate, the monitoring NGO should offer them anonymity. For more information on conducting interviews, in the context of administrative resource misuse, see pages 117-121.

# 5: The Misuse of Administrative Resources in Election Campaigns

## At a Glance

This chapter introduces the misuse of administrative (i.e., state or public) resources for electoral campaign purposes as a target of monitoring. The material presented here is original and intended as an introduction to a new dimension of campaign finance monitoring. It draws heavily on monitoring experience in Russia. The first section is devoted to developing a definition of administrative resource abuse. The types of resources at issue are categorized as: coercive, regulatory, legislative, institutional, financial, and media. A following section examines the impact of administrative resource misuse on campaign financing and on the political system as a whole. The final section provides a detailed explanation of the three types of resources most directly involved with campaign finance: institutional, financial, and media resources. Techniques for monitoring administrative resource misuse are discussed in Chapter Six.

# The Misuse of Administrative Resources—An Overview

## What Constitutes Misuse of Administrative Resources?

Corruption in campaign finance is generally assumed to involve campaign contributions by private persons or companies in return for illicit benefits. Less attention has been paid to a related phenomenon, whereby political parties or officials use the resources attached to public office for electoral campaign purposes. Such misuse is a form of corruption, and it appears to be a major, if not the dominant, form of election campaigning in many countries.

We define the misuse of administrative resources for electoral campaign purposes as:

*the use of state and public sector powers and resources (including coercive capacities, personnel, financial, material, and other resources) by incumbent politicians or political parties to further their own prospects of election, in violation of legal and/or other norms and responsibilities governing the exercise of public office.*

A spotlight on “administrative resource” abuse emerged in Russia after the 1996 presidential elections, and the phenomenon has also been discussed extensively in Ukraine.<sup>1</sup> Since the mid-1990s, the use of the state apparatus for electoral purposes has also been noted in countries spanning different continents and levels of economic development, from Zimbabwe to the United States.

## Types of Administrative Resources

Incumbent politicians and parties in power have a wide range of resources at their disposal through which they can gain unfair and systemic advantages in the electoral process. Abuse of these resources goes beyond concerns with corruption *per se* to raise fundamental questions of democratic process.

Administrative resources can be classified in the following way:

## The OSCE on administrative resources

The OSCE has issued clear statements against the misuse of administrative resources in election campaigns:

“It is the responsibility of the government not to misuse State resources, both human and material, in support of the ruling party’s or parties’ own candidates. For example, government vehicles, office space, and telecommunications should not be used for partisan purposes unless equal access can be provided to the other contestants.

“Additionally, while the incumbent may get media coverage concerning State affairs, campaign events should not be confused with issues of State.

“Problems that can arise: defamation of candidates by State-owned media, exclusion of particular parties or candidates from State-owned media coverage or coverage only at times of low penetration, intimidation or harassing of media in the context of the elections, manipulation of paper and ink supplies, interference with distribution networks for printed media.”

Source: [www.osce.org/documents/odihr/1999/04/1558\\_en.htm](http://www.osce.org/documents/odihr/1999/04/1558_en.htm)

## Coercive Resources

Coercive resources include the police and other law enforcement institutions, as well as any bodies with direct coercive powers, ranging from customs to intelligence agencies. Coercive resources may be used to intimidate, harass, obstruct, or even eliminate political opponents. Typical examples include using the police or militia to arrest or assault opposition campaign workers or to physically prevent a candidate from holding an election meeting.

## Regulatory Resources

The abuse of regulatory resources involves the biased enforcement of existing regulations to benefit incumbent parties and candidates. Examples vary widely, from an election commission that “deregisters” an opposition candidate, to tax authorities imposing a sudden tax inspection on an opposition party in the middle of an election campaign.

## Legislative Resources

Incumbent political forces may use their influence in the legislature to pass laws to further their own political interests by, for example, hindering the participation of independent candidates in elections (as in recent amendments to Russian electoral laws), instituting a system for the appointment of electoral commissions that hands control to one political party (also Russia), or designing a system of state financing of political parties that benefits a single party (in Zimbabwe).

## Institutional Resources

Institutional resources are the material and human resources of the state. These include office space, office equipment, vehicles, and other infrastructure, all of which might be used by incumbent political forces for campaign purposes, such as staging events on public premises, using public offices, computers, and telephones to canvass voters, using state facilities to print and store campaign documents, or transporting citizens to the incumbent party’s campaign events in state vehicles.

Personnel employed by the state might be made to participate in campaign activities that directly benefit the incumbent. Ordinary public officials may serve as election campaign staff for a political party. Senior public officials who might themselves be affiliated with a political party might also use their position to support their party or its candidates. A key factor to be considered here is whether state employees or public officials engage in campaign activities during official working hours or in their capacity as employees of the state.



## Financial Resources

Money from public budgets may also be used to benefit incumbent political forces that might either siphon money directly from state enterprises to political parties or use budget money to finance election campaigns or to buy votes. Public funds might also be used to finance “quality of life” initiatives, such as pre-election increases in pensions, designed to boost the electoral prospects of incumbent parties or politicians.

## State Media

State-run or state-controlled media can also be used to promote incumbent political parties or candidates. The misuse of media in this way is a widespread feature of election campaigns in many countries. In Russia, for example, systematic abuse of state-controlled media was identified as one of the defining features of the campaign for the December 2003 Duma elections.

Different categories of administrative resources are often misused in parallel, as illustrated by the example from Mexico on page 104. In addition, most resource abuse can be interpreted as financial resource abuse, either direct or indirect. Public budgets finance the police who harass opposition supporters as well as the state employees who serve as election campaign staff and the public premises used for hosting campaign events. The above categorization is intended simply as a framework for organizing the range of abuses in question and the methodologies that can be applied to monitoring them.

# The Impact of Administrative Resource Misuse on Campaign Finance and the Political System

The misuse of administrative resources has a damaging effect both on the financing of election campaigns and on the political system in general. The misappropriation of public resources for campaign purposes constitutes a form of undeclared income and fundamentally undermines standard regulation of campaign finance. More generally, misuse of such resources may undermine civil liberties, the quality of democracy, the functioning of state institutions, and it necessarily involves a misallocation of public resources.

## Zimbabwe: 1995 parliamentary elections

John Makumbe’s research on Zimbabwe showed that the use of state resources to finance the ruling ZANU (PF) party and keep it in power had become so well developed by the 1990s that it shaped the basic legislative and institutional structures of the state. In November 1994, for example, all public sector and civil service employees were sent forms “requesting” that they donate 1 percent of their income to ZANU (PF). Further, Makumbe notes that the Ministry of Political Affairs is almost indistinguishable from the ruling party. It is located in the ZANU (PF) building, its staff are former party officers, and it functions almost like a secretariat for the party. The ruling party also advertised development subsidies (often financed from foreign aid) as “gifts” from ZANU (PF). These “subtle” campaign efforts were further supported by widespread intimidation and violence against opposition candidates.

## Ukraine, 2002 parliamentary elections

The OSCE concluded the following:

“The abuse of State resources (so called administrative resources) has been a common feature of election campaigns in Ukraine that, once again, created an uneven campaign environment. In over half of all constituencies visited, observers received allegations of improper or preferential use of State owned resources for campaign purposes.

“Some candidates benefited from office space and transportation directly deriving from their official position in local administrations. Also, local officials put State resources at the disposal of candidates who visited an area. The main, but not exclusive, beneficiary of such violations was FUU [For a United Ukraine], which took advantage of State officials to obtain meeting venues and use official events to promote the bloc. FUU campaign material was predominant and could be seen throughout the country, often in local administration buildings and even DEC [District Election Commission] premises. Furthermore, governors and other officials were seen campaigning in favor of some candidates in direct contravention of the Election Law. These failings demonstrate a political tradition that fails to adequately distinguish between State and party activities, and uses incumbency to gain undue campaign advantage.”

Source: OSCE Office for Democratic Institutions and Human Rights, Final Report on 2002 Ukraine Parliamentary Elections, 31 March 2002, p. 12. [www.osce.org/documents/odihr/2002/05/1293\\_en.pdf](http://www.osce.org/documents/odihr/2002/05/1293_en.pdf)

## Administrative Resources and Campaign Finance Regulation

Campaign finance regulations are designed to create a level playing field for competition between political parties and candidates. For example, disclosure requirements on income prevent certain parties from enjoying an unfair advantage from undisclosed donations to fund electoral campaigns. Likewise, restrictions on campaign spending are designed to prevent parties with greater financial means from translating their financial edge into electoral advantage. Bodies entrusted with enforcement should ensure that these provisions are, in fact, observed.

However, when government parties use the administrative resources at their disposal for electoral purposes, campaign finance regulations may be fatally undermined or rendered counterproductive. Standard disclosure statements fail to capture the extent of resources available to the incumbent party or candidate, and restrictions on income and spending become irrelevant, as actual income and expenditure remain undeclared and invisible. In fact, in this context, restrictions on income and spending will work to the disadvantage of nonincumbents, making the “playing field” less, rather than more, “level.” Where incumbent parties are willing to use the coercive and other enforcement capacities of the state for electoral purposes, an “effective” regulatory framework is likely to have exactly the opposite of the intended effect. Incumbent parties can enforce restrictions on a discriminatory basis, and use enforcement authorities (such as financial inspection agencies) to hinder their opponents. In this situation, campaign finance regulations can actually institutionalize the advantages of resource access enjoyed by incumbent parties.

Restricting the use of administrative resources should, therefore, be regarded as a necessary condition for the proper functioning of standard campaign and political finance regulations.

## Administrative Resources and “State Capture”

The abuse of administrative resources damages the political system and society by

- undermining **civil liberties** and/or **personal security** (e.g., the detention of campaign workers by the police);
- undercutting the **quality of democracy**, specifically the quality of political

rights and the ability of citizens to participate effectively in the political process by providing incumbent parties and candidates with systemic advantages that are not available to other participants;

- undermining the **integrity of state functions** by using them as a means for conducting electoral campaigns rather than for their established purposes;
- **diverting public resources** from their intended uses (presumably for the public interest) to serve private interests, imposing a financial cost on the public purse.

Each instance of misuse will have a different impact, but most will affect several areas of the political system and society at once. For example, the use of state employees to conduct campaign activities for the ruling party misallocates funds, weakens democracy, and undermines the integrity of state functions, but it may have no measurable effect on civil liberties or personal security.

If left unchecked, the misuse of administrative resources may lead to a structural monopoly of power that permanently benefits one party or political group at the expense of all others—in effect, “state capture” from within. Zimbabwe is a clear example of a monopoly of power by one party that maintains its position through the systematic misuse of a wide range of administrative resources.

## The Financial Impact of Misusing Administrative Resources

Although the overall impact of the misuse of coercive, regulatory, and legislative resources may be significant, their financial dimension is difficult to measure systematically or accurately. Monitoring of these categories is therefore probably best left to general election observers. Therefore, the focus in this handbook rests on the remaining three categories: institutional, financial, and media resources.

The definitions presented in the following sections are adapted from a typology originally developed to monitor election campaigns in Russia. As a result they are, to a significant degree, country specific and reflect the practices and electoral legislation of Russia. The methodology below is not intended to be applied “off-the-shelf” to other countries. Instead, it should serve as a guide to developing a specific typology to suit the

### Poland 2003

Marcin Walecki’s research on party financing in Poland concludes that “the misuse of state resources has constituted the principal source of funds for governing parties in Poland” since the early 1990s. The tradition of using state enterprises and banks to channel money to parties was highly developed under the communist regime, and although such practices were radically restricted in 1989, they have re-emerged as a system that includes the following:

- Rampant political party patronage in the state administration and in the management of state-owned enterprises, resulting in public contracts being awarded by state enterprises and agencies to public relations companies to carry out election campaign-related activities on behalf of parties or candidates.
- Money being channeled from state enterprises to parties: state enterprises would purchase the services of public relations companies at several times the market price, and the PR companies would transfer a cut to the parties or candidates with whom they were affiliated. Such contracts led to an estimated U.S. \$25–38 million in extra income for political parties between 1999 and 2001.

## Mexico, 2000 general elections

In Guerrero, Mexico, 16 violations of voters' rights were observed by monitors, including the following:

- Governmental bodies were used to induce, buy, and coerce votes; state-financed opinion polls were initiated to determine electoral preferences. Local and national media coverage was unequal for different parties.
- Voters were transported to special voting stations *en masse* by individuals identified as local leaders of the ruling party.
- The right to vote by secret ballot was violated by positioning (nonelectoral) public officials next to voting booths to “help orient” voters.
- The State Electoral Council refused to investigate a parallel counting center, which was discovered in government offices in the state capital, Chilpancingo.

Source: [www.globalexchange.org/countries/mexico/election2000/guerrero.html](http://www.globalexchange.org/countries/mexico/election2000/guerrero.html)

local circumstances where monitoring is to take place. As in the Russian case, the sub-categories for institutional, financial, and media resources should reflect the unique national context, including:

- The existing legal framework—activities proscribed in existing regulations should be monitored.
- Prior experience—an analysis of previous election campaigns can help determine which types of misuse are most common and/or important. These may also include types of misuse that are not covered by existing regulations.

Research on previous campaigns may point to areas of abuse for which there are no legal provisions. For example, there may be no law prohibiting a political party from using state budget money to fund its election campaign. Clear instances of abuse should be classified as such, despite any lack of regulations, and accompanied by a clear explanation of the reasons for their inclusion.

## Institutional Resources

Incumbent parties and politicians may use the institutional resources of the state agencies they control to promote their electoral interests. This includes the use of public premises, office equipment, and public employees for campaign purposes.

- Senior state officials, in their capacity as employees of the state, may publicly endorse a particular candidate or party.
- State employees may engage in campaign activities for one particular party or candidate during working hours.
- State and municipal premises may be used for campaign purposes (e.g., meetings with voters, rallies, or storage of campaign materials) by one party or candidate, where other parties or candidates are denied equal access.
- State enterprises, institutes, think tanks, and state-supported nonprofit organizations may be engaged in campaign activities on behalf of a particular party or candidate to conduct electoral research, develop and produce campaign materials, or pay for campaign activities.

- State employees or employees of publicly funded entities may be required to attend the campaign events of a particular party or candidate.
- One party or candidate may be granted sole access to the logistical infrastructure of public offices and agencies, such as telephones and fax machines, office supplies, computers, and Internet access.
- Public (state or municipal) vehicles may be loaned free of charge or at discounted rates to a particular party or candidate for campaign purposes, such as transporting candidates, attendees, and election materials to campaign events.
- Nonelection-related public events may be organized by state or municipal agencies at public expense, in order to promote a particular party or candidate. Such events might include official festivals, parents' meetings, or sporting events.
- Official reports on activities related to public office may be designed and/or timed in a way that clearly benefits one particular party or candidate. Reports of this kind are typically published at public expense immediately prior to elections.

## Financial Resources

Public funds are another category of administrative resource that may be used to promote the electoral prospects of incumbent parties and candidates. Russian legislation, for example, sets specific budget allocations for elections and prohibits publicly funded organizations from making political contributions. All budget allocations must be included in the annual federal or regional budget laws, which prohibit changes in budget items unless approved by the Duma. Typical misuses of budget resources for campaign purposes include the following:

- Direct distribution to voters of public funds or goods and services purchased with public funds
- Unauthorized overspending on a budget item legitimately earmarked for elections, without a clear explanation of the increase
- Expenditure of a component of the election budget for purposes that are not expressly authorized and legitimate

- Adding extra subcategories to election budget items without clear explanation
- Unplanned disbursement of public funds during an election campaign period without clear explanation—for example, increases in state employees' salaries, increases in social payments such as pensions, and discounts on public transportation or other public services and utilities
- Introducing new unplanned publicly funded investment projects, such as the construction or renovation of state or municipal housing, medical and social service facilities, schools, parks, or roads
- Unplanned, nonbudgeted allocation of public funds to state companies, institutes, think tanks, state enterprises, and state-supported nonprofit organizations
- Institutional advertising, i.e., boosting the image of incumbent parties or politicians by increasing advertising of government activities

Some instances of misuse of budgetary funds are clearly inappropriate, while others may be considered legitimate efforts by public officials to curry electoral favor in a democracy. Thus, while the direct transfer of budget funds to parties or candidates clearly constitutes abuse, cutting taxes, increasing social payments, or introducing public investment projects may be widely accepted as entirely legitimate.

It is important to establish clear criteria to distinguish *illegitimate* from *legitimate* pre-electoral spending and to apply them consistently. Such criteria might include

- whether the spending emerged from a normal policy process or not;
- whether the spending was consistent with the declared aims and objectives of the incumbent party or politician;
- whether the spending was officially and publicly justified in a persuasive manner;
- whether the public at large benefited, or only certain subgroups of the population.

## Media Resources

The abuse of media resources is typically manifested in two ways: through unequal amounts of coverage of candidates and parties in state-controlled media, and through

bias in individual items in the same media. Unequal coverage typically employs the following strategies:

- Censoring campaign news items
- Not providing equal advertising time or space to all parties and candidates, or their relatives
- Disproportionate amounts of news and programming featuring one party or candidate

Biased coverage may involve the following:

- A deliberately flattering portrait of a particular candidate or party
- Disproportionate coverage of a particular candidate's participation in social, cultural, and sporting events
- Extensive negative coverage of an opposition candidate or party, including negative analysis pieces

State-controlled media are usually owned directly by the state. However, examples of undue state control over private media can take the form of regulatory pressures, such as threats to withdraw a broadcasting license or the manipulation of ambiguous tax regulations to exert financial pressure. Private media may also be included in monitoring, but it is important to state clearly the criteria for their inclusion.

## The Interaction of Different Types of Resources

The relative importance of the three different categories of administrative resources outlined above will vary across countries. In a large country, where the media are the primary means of communication with voters, extensive misuse of media resources may prevail, whereas in smaller countries with limited media penetration, the misuse of institutional and financial resources at the local level may be more significant. The Scoping Study plays a key role in determining which resources to monitor.

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### Notes:

1. For a detailed discussion of the phenomenon of “administrative resource” abuse in Ukraine, see Ukrainian Center for Economic and Political Studies (Razumkov Center), National Security and Defense No. 12(24), 2001.

### Russia, 2003 Duma elections

In Russia, the OSCE notes:

“The improper use of administrative resources by political parties or candidates is commonplace. In particular, there are verified instances of public buildings being made available, including for use as campaign headquarters, solely to those candidates or parties supported by the local administration. In almost all instances, the beneficiary has been United Russia whose proportional list includes 28 federal subject heads, as well as numerous highly placed figures in the State and regional administrations. In several cases, such officials do not appear to have taken a leave of absence from their administrative functions, as required by law. . . . In a widely publicized case, cashiers in a national supermarket chain have been provided with United Russia paraphernalia to wear as part of ‘an advertising contract’ . . . . The State-owned TV channels have so far exhibited clear bias in favor of United Russia and against the CPRF [Communist Party of the Russian Federation]. . . . State-funded broadcasters have openly promoted United Russia outside of free airtime slots. . . .”

Source: OSCE Office for Democratic Institutions and Human Rights, Election Observation Mission Interim Report on December 2003 Duma elections, 3-10 November 2003. [www.osce.org/odihr/documents/reports/election\\_reports/ru/](http://www.osce.org/odihr/documents/reports/election_reports/ru/)

# 6: Monitoring the Misuse of Administrative Resources

## At a Glance

This chapter provides a framework for monitoring the misuse of administrative resources in an election campaign. The chapter begins by discussing how to select a monitoring methodology. It then reviews five recommended monitoring methods: media monitoring, direct observation, interviews, budget monitoring, and case studies. Finally, it discusses which monitoring method is best suited for the most common misuses of administrative resources and examines the advantages and limitations of each.



## Selecting a Monitoring Approach

The approach to monitoring the misuse of administrative resources presented here follows the general methodology advocated in this handbook: conducting preliminary research in the form of a Scoping Study, followed by the selection of a monitoring approach and its implementation. Some of the methods discussed earlier may effectively be applied here, especially those for monitoring campaign events and hidden advertising. These are supplemented by additional methods specifically targeting administrative resources, discussed below.

A clear and detailed methodology defining the categories and instances of abuse to be monitored is critical to a well-designed project. This chapter focuses on the two most important stages:

1. Identifying the types of administrative resources to be monitored
2. Selecting and implementing the monitoring methods

### Identifying Categories for Monitoring

Preparation for a project to monitor the abuse of administrative resources should include (a) an analysis of previous election campaigns to determine which categories of administrative resources to monitor and (b) a survey of the relevant laws and regulations.

#### Analyzing Previous Electoral Campaigns

Where prior knowledge exists that administrative resource abuse is a significant problem, a typology of abuses may be developed as part of the Scoping Study. If the significance of the problem emerges from the Scoping Study itself, an additional stage of preliminary research is necessary in order to identify the specific categories for monitoring. Useful sources of information include the following:

- Reports from other election monitoring organizations
- Literature on the use of administrative resources in the country in question, such as reports, academic books and journal articles on previous elections, and relevant press articles

- Interviews with experts on electoral campaigns and political finance, including academics, election monitors, and campaign managers

The information collected should be used to produce as detailed a list as possible of the types of administrative resources that warrant monitoring. The list should be organized according to the broad categories of institutional, financial, and media resources.

### **Conducting a Survey of Existing Laws and Regulations**

An analysis of relevant laws and regulations, as well as the enforcement framework, follows. Provisions designed to prevent the misuse of administrative resources should be sought, as well as any loopholes. This task may be time consuming since, unlike other areas of monitoring, the relevant laws needn't apply explicitly to campaign finance. Other laws that are likely to be relevant include the following:

- Media regulations
- Budget regulations
- Codes of administrative procedure
- Regulations governing the conduct of public officials and state employees
- Public procurement legislation
- Regulation of the management of state-controlled enterprises

### **Defining the Monitoring Methodology**

Once an organization has identified which categories to monitor, the next task is to decide how to monitor them. A combination of approaches is usually required. The following lists a number of possible methods from which an NGO may choose or combine:

1. Monitoring the media
2. Direct observation of election campaign activities
3. Targeted interviews
4. A case study approach
5. Monitoring the budget

## The Scope of Monitoring

As each of the monitoring approaches and categories to be monitored will require considerable resources, NGOs may find it necessary to limit the scope of their effort to specific categories of administrative resources, or to specific constituencies, parties or candidates. Administrative resources can also be tracked as part of a broader election monitoring exercise, as done by OSCE election observers in the Russian elections.

## Monitoring the Media

The media monitoring methods presented in Chapter Three may be applied for the purposes of monitoring the misuse of administrative resources, although the context and objectives of monitoring will change. Media are monitored for three purposes:

- State-controlled media are monitored to track media coverage for direct evidence of bias, i.e., misuse, particularly in the form of **hidden advertising**.
- All media, but particularly nonstate media, are monitored to collect reports of **all types of administrative resource misuse**.
- All media are monitored for **institutional advertising**.

Hidden advertising—material that appears in the media as objective reporting or analysis but in reality promotes one candidate or party or attempts to discredit another—is described in depth on p. 68-71. When it occurs in state media, it amounts to a form of media resource abuse. “Institutional advertising” refers to promotional materials produced and placed at public expense by the state or public sector to raise awareness about government agencies and services. When such publicity actually promotes incumbent or other favored parties or candidates, particularly in the run-up to an election, it qualifies as an abuse of financial administrative resources.

The following sections take a closer look at these three targets of media monitoring: hidden advertising (media resource abuse), other kinds of administrative resource abuse reported in the media, and institutional advertising (financial resource abuse).

## The legal framework in Russia

Russian legislation requires the media to treat political parties and candidates equally, both in terms of political advertising that may be placed in the media and the coverage of the election campaign. The laws further require state and municipal authorities to provide all parties or candidates with premises for campaign events, either at no cost or on equal terms. All individual campaign activities must be paid for from the legally established electoral funds of each party or candidate. State financing of campaigns is thus effectively prohibited.

The Political Parties Law and electoral laws prohibit the use of public office for electoral campaign purposes. The following are specifically forbidden:

- Engaging public and municipal employees during working hours in activities that facilitate a candidate or party’s nomination and/or election
- Using state or municipal premises for activities that facilitate a candidate or party’s nomination or election, unless other candidates are granted use of the same premises on equal terms
- Using state or municipal telecommunications, information services, and office equipment for campaign purposes
- Using state or municipal transportation facilities on gratuitous or preferential terms to facilitate the nomination or election of a particular candidate or party

## Monitoring Hidden Advertising (Misuse of Media Resources)

When monitoring for media resource abuses, state-controlled media should be the focus. Hidden advertising in state-run or state-controlled media can be monitored in terms of qualitative or quantitative bias in coverage, using the standard monitoring methods discussed in Chapter Three. In monitoring the abuse of media resources, the *collection* of media materials may be outsourced to an agency that monitors coverage of the election campaign. However, the *analysis* of the media coverage should be conducted in-house, that is, the monitoring NGO should decide which items qualify as instances of hidden advertising and estimate their financial value.

## Monitoring Media Reports of Administrative Resource Misuse

In addition to monitoring the state-controlled media for direct evidence of misuse of media resources, both state and private media can be an important secondary source of information on all types of misuse. Such reports should be monitored in-house by a special project team, who can select media items containing evidence of misuse using the typology developed for the project. Monitoring can focus on the following:

- Standard reports that capture instances of abuse—for example, media coverage of a municipal press conference that the local mayor treats as a campaign event, or reports of unplanned, pre-election increases in pension payments or discounts on utility bills
- Investigative pieces that specifically target and report on instances of abuse

Where the press and broadcasting media are all controlled by the state, it is unlikely that the media will provide useful information on the misuse of institutional or financial resources, and priority should be given to other monitoring methods.

## Monitoring Institutional Advertising (Misuse of Financial Resources)

Institutional ads may appear in either public or private media—the crucial point is that advertising time and space is purchased with public funds. Monitoring institutional advertising can be done from a qualitative or quantitative perspective, or a combination of the two. Examples from Latin America (see page 116) proceeded by monitoring all institutional advertising during a two-year period, noting significant increases in the pre-election period, and arguing that such increases reflect an intention to assist the incumbent party's re-election efforts. This approach does not attempt to judge whether individual ads are biased specifically toward a particular party or candidate; the mere fact that the total volume of advertising increases is evidence that state money is being used more intensively during the election period to advertise government activities that are likely to be associated positively with incumbents.

This type of institutional advertising might be tracked either through media monitoring methods, as described in Chapter Three, or through analysis of government agency budgets or financial reports, if these are sufficiently itemized and publicly available.

Some increases in government spending on advertising can be explained by ordinary seasonal factors. Therefore, if using this approach, NGOs must also monitor government advertising in the most recent nonelection year in order to provide a point of comparison to determine whether the election-year increases are, in fact, seasonal or not. If sharp increases in spending occur only during an election year, this would be a strong indicator of election-related institutional advertising.

As always, the results of monitoring should be presented cautiously. Rather than claiming an observed increase in *election-related* government advertising, project organizers can simply demonstrate an otherwise unexplained increase in government advertising prior to the election.

Institutional advertising may also be misused for electoral purposes where individual ads directly associate public policies or activities with incumbent parties or candidates. This can be monitored by tracking all instances of institutional advertising during the monitoring period, and then identifying any cases among them designed to promote incumbent parties or candidates. Government advertisements constitute election-related institutional advertising in cases where:

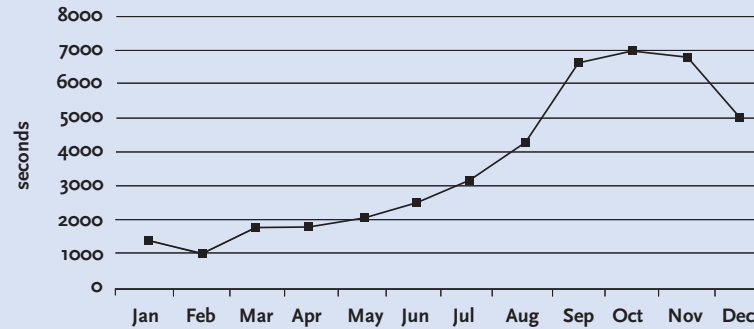
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## Guess the election month: institutional advertising in Latin America

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### Government Television Advertising in Uruguay in 1999

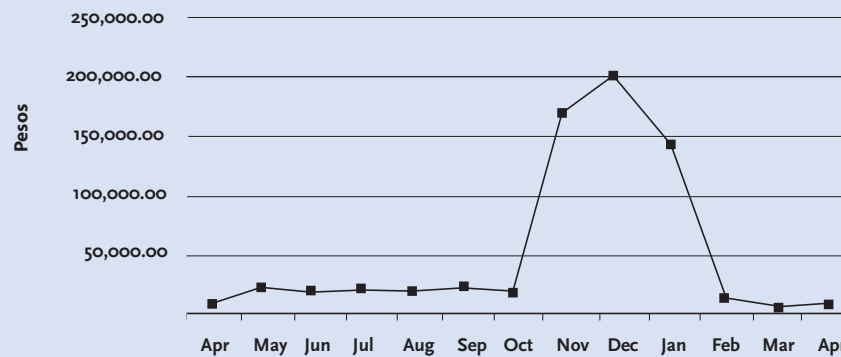
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Source: IBOPE. Graph provided by Christian Gruenberg

### Advertising by the Ministry for Public Works in Chile in 1999

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1 U.S. \$ = 650Psos

Source: Mega Time S.A.. Graph provided by Christian Gruenberg

- a party or candidate holding office is credited with a particular public policy or measure, rather than the public institution that introduced or implemented it;
- the rationale for launching an institutional ad campaign lacks justification other than promoting a positive image of the incumbent. For example, advertising a social benefits policy introduced two years prior suggests that the campaign is deliberately timed for electoral purposes rather than to inform citizens about the program.

The value of institutional advertising identified above may be estimated in the same way as standard political advertising (see pages 61-68).

## Recording the Findings of Media Monitoring

The information collected from monitoring the media should be recorded systematically to facilitate further analysis and reporting. Findings should be divided into *primary data*, or direct evidence of media or financial resource abuse (i.e., hidden or institutional advertising), and *secondary data*, or indirect evidence of abuses of all types of administrative resources.

The findings can then be stored in a database for easy analysis and reporting on

- the types of misuses observed;
- the number of cases of each type of misuse observed;
- instances of misuse that were observed directly (hidden advertising or institutional advertising);
- instances of misuse that were observed indirectly;
- the party or candidate that benefited from each case of misuse.

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## A record of media monitoring in Russia

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*In Russia, scorecards were used to record the results of media monitoring documenting instances of the misuse of administrative resources during the 2003 Duma election campaign. The example below features hypothetical entries for purposes of illustration only.*

### Administrative Resource Scorecard

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Date	Description	Source 1	Source 2	Source 3	Party/ Candidate Involved	Form of misuse	Follow-up Remarks
November 15, 2003	Campaign event held in municipal premises	Channel One, News 6 pm	Channel Three, News 8 pm	"Mayor Kicks off Youth Celebration," <i>The Daily Times</i> , p. 6	United Russia (UR)	Institutional, Media	Event supposed to be official youth celebration. Mayor present and campaigned for UR
November 18, 2003	Unplanned increase in pension payments	Channel One, News 6 pm	Moscow Radio, Morning News	"Bigger Pension Checks in December," <i>The Daily Times</i> , p.6	United Russia (UR)	Financial, Media	Increase in pensions was unplanned and not budgeted

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## Direct Observation of Electoral Campaigns

Monitoring the use of institutional or financial resources is best performed through direct observation of campaign activities in selected electoral districts, especially in cases where the media is not a useful source of information either due to state control, a low level of professionalism, or a lack of investigative spirit. The approach to monitoring events and campaign activities outlined in Chapter Three can be applied here in observing the following categories of administrative resources:

- Engagement of state employees in campaign activities during working hours
- Use of public (state and municipal) premises for campaign purposes by one particular party or candidate, where other candidates are denied equal access on equal terms
- Engagement of state enterprises, institutes, think tanks, and state-supported nonprofit organizations in campaign activities
- Organization of campaign events with the mandatory attendance of employees of the state administration, other state institutions (such as medical facilities), state-controlled enterprises, institutes, or think tanks
- Use of the physical or logistical infrastructure of public offices and premises for campaign activities
- Use of public (state or municipal) vehicles for campaign purposes free of charge or at discounted rates
- Campaigning by state officials during the course of work-related appearances or business trips
- Use of public events organized by state or municipal government for campaign-related purposes
- Direct distribution of budget money to voters
- Distribution of goods and services purchased with public funds to voters
- Payment for vehicles to transport voters to elections

Special attention should be paid to the following issues:

- Event locations (are the premises state-owned?)
- Individuals involved in campaigning (are public officials campaigning?)

## Ask fellow monitors

Other organizations that monitor elections can also provide useful data on administrative resource abuse, especially at the local level. It is a good idea to establish contact and ask them to incorporate categories of administrative resources into their project, or simply to share their results and findings. They may have come across evidence of abuse even where this was not a specific objective. Other organizations engaged in elections monitoring were given the project typology and asked to record instances of abuse of administrative resources encountered during their own monitoring.

- Attendees at campaign events (is there forced/mandatory attendance for public employees?)
- Ownership of vehicles used for transportation of attendees to political events (are state vehicles being used for campaign purposes?)
- Goods, services, or cash distributed to voters (are they paid for from the state budget?)
- Campaign materials (who paid for printing them, where are they stored?)

## Interviews

Monitoring based only on surveying the media and direct observation of previously selected categories of administrative resources may miss other significant instances or categories not represented in the typology. Interviews are an excellent way to gain more general knowledge about a relatively new issue in campaign finance and to identify new categories of resources and the way in which they might be misused. Interviews can be used to

- obtain information on the use of administrative resources in general, when other monitoring instruments are unavailable or of limited value;
- highlight the role of administrative resource abuse in parties' or candidates' overall campaign strategies;
- provide first-hand accounts on the use of administrative resources from those who actually use them;
- test preliminary hypotheses or conclusions based on findings from other monitoring methods;
- compile case studies.

## Whom to Interview

Interviews should target two broad categories: experts and practitioners.

**Experts** include the following:

- Representatives of electoral commissions or bodies that officially administer and supervise elections
- Monitors from other organizations
- Experts from research institutes and other institutions, such as polling agencies
- Academic observers

**Practitioners** are individuals who are, or have been, directly engaged in campaigning:

- Former or current representatives of winning parties or candidates
- Former or current representatives of losing parties or candidates
- Campaign managers
- Campaign staff or volunteers
- Employees of state or local administration

## General Interviews

Interviews can be general or targeted. The purpose of general interviews is to obtain information on the types of administrative resources used for campaign purposes and the ways in which they are used. When conducting general interviews, an effort should be made to interview as many experts and practitioners as possible. Interviews could cover the following questions:

1. Which parties or candidates are in a position of incumbency and which state or public resources do they control or have access to for electoral purposes?
2. What is the best estimate of the breakdown (overall or for a specific party or candidate) of campaign income?
3. What is the best estimate of the breakdown (overall or for a specific party or candidate) of campaign spending?
4. Which campaign strategies do parties or candidates pursue and how?

## Preparing for interviews

Preparing well for an interview is half the battle. Being able to ask specific and relevant questions and explore issues in-depth requires prior knowledge. In addition, the more you know about a subject, the more obvious it becomes what you *don't* know, and, therefore, what you need to ask about. Finally, the interviewees themselves will appreciate your effort and take the interview more seriously if they see that you have “done your homework.”

For each category of administrative resource, ask specific questions designed to elicit information on the use of resources:

5. Where is the party's or candidate's campaign headquarters located? Are the premises rented and at what cost?
6. Who works on the party's or candidate's campaign, and how much are they paid?
7. Where and how are a party's or candidate's program and manifesto prepared?
8. Who conducts polling and market research, and who pays for it?
9. Does the party's or candidate's media strategy rely on paid advertising or other types of media coverage?
10. Which media are used in the campaign and why?
11. What is the approximate cost (in terms of space/time) of advertising in the selected media?
12. Can the party or candidate secure positive coverage in certain media outlets without paid advertising? If so, how and in which outlets?
13. How many events, rallies, and meetings are scheduled during the campaign?
14. Where are the events, rallies, and meetings held and at what cost?
15. How many people typically attend meetings, and how is sufficient attendance ensured?

### **Targeted Interviews**

Targeted interviews should be conducted to obtain more detailed information on specific instances of misuse, especially for in-depth case studies. The targets of such interviews will depend on the category of administrative resource being addressed. For example, a case study on the use of financial resources in one constituency will require interviews with representatives of the local authorities in charge of budget allocation. A study on the use of media resources will be well served by interviews with representatives of the election commission responsible for supervising the media during election campaigns, as well as editors and journalists from media outlets.

The questions posed in targeted interviews should be detailed and precise, which will, naturally, require some prior knowledge of the subject of the interview. Examples of precise questions include the following:

- Does the candidate of the governing party use a state vehicle for campaigning?
- Do any members of the mayor's staff on the public payroll campaign for the candidate of the governing party while on the job?
- Is the campaign for the governing party's candidate run from the mayor's offices?
- Do the assistants of the governing party's candidate use mobile phones provided and paid for by the mayor's office?

The status of the interview as “on the record” or anonymous will naturally affect the responses that can be expected, so this should be settled up-front. “On the record” interviews will add credibility to the project findings, but the sensitive nature of the issue at hand may justify conducting some interviews anonymously or “off the record.”

## Monitoring the Budget

Monitoring the budget, i.e., detailed monitoring of public spending and changes in spending on individual budget categories over time, should be a key component of any project that aims to monitor abuses of financial resources. However, there is very little experience with such monitoring to date—the following merely outlines how budget monitoring might be organized and conducted in this context.

Many categories of financial resource abuse should appear as budget spending items, and they ought to be identifiable through detailed monitoring. This is the case for institutional advertising, for example, but also for campaign-motivated change in budgetary allocations in pre-election periods.

Monitoring misuses of financial resources should be performed in two phases: first, examining budgets to record how much is spent in which categories. Second, analyzing the actual expenditure, to determine which items constitute abuse. Monitoring the budget needs to be a long-term exercise if findings are to be useful. Many categories of abuse, including institutional advertising and pre-election changes in budget alloca-

tions, will only be positively identified by comparing the pre-election period to a similar period in the previous year or years. The expertise of organizations with previous experience in budget monitoring will almost certainly be required in interpreting the budget data in areas identified as likely targets of financial resource abuse.

The monitoring organization can then conduct further analysis to identify actual instances of misuse. Clear criteria for identifying misuse are critically important to the validity of budgetary monitoring. The typology in Chapter Five suggests criteria for identifying misuses of financial resources, as opposed to legitimate pre-election spending.

This is an area in need of further methodological development—the monitoring community will benefit greatly from the lessons and experience of future efforts to tackle this issue.

## Case Studies

Based on the data and anecdotal evidence acquired using the methods described above, an NGO may decide to compile one or more case studies in order to provide a detailed analysis and explanation of specific cases of administrative resource abuse and to demonstrate why they qualify as such. Typically, case studies can be used to do the following:

- Describe a particular instance of abuse in detail
- Illustrate a form of abuse identified as prevalent
- Analyze the financial impact of a particular instance of abuse
- Highlight violations of existing laws, regulations, or procedures
- Reveal loopholes in the existing laws, regulations, and procedures that make administrative resource abuse possible
- Make recommendations for reform

### Structuring a Case Study

A case study of a specific instance of misuse of administrative resources should incorporate media monitoring, direct observation, budget monitoring, and/or interviews. The

data collected using these various methods should provide the following information:

- A definition and description of the specific instance of misuse
- The main sources of information on the case
- The party or candidate involved
- The role of specific incidents of misuse in the party's or candidate's overall campaign
- An estimate of the frequency of similar misuses of administrative resources in the election campaign
- Other types of misuse that tend to occur together with the specific instance in question
- Any information about the identified abuse from other monitoring groups, the electoral commission, experts, and/or the media
- An analysis of applicable laws and regulations, noting laws or procedures that were breached, or identifying loopholes in laws or procedures that render the specific instance of misuse legal
- An estimate of the "minimum cost" of the identified abuse (if feasible)
- Conclusions resulting from the case study

## The Case Study Analysis

### Legal Analysis

A legal analysis identifies the laws regulating the specific instance of abuse in question, i.e., laws that were breached and those containing significant loopholes. Enforcement problems should also be identified. This analysis should, as well, cover other standards adopted within the public administration sector, whether or not they are legally binding. Such standards might include codes of conduct, guidelines on ethical behavior, codes of administrative procedure, such as the procedure for the use of public premises or vehicles by private organizations, and so on.

Case studies allow both detailed analysis and targeted recommendations. In practice, effective restriction of each type of administrative resource will require different laws and regulations. For example, transportation of citizens to political rallies using public vehicles is best regulated in the charter or statute establishing the transport company,

specifying the vehicles' uses and the procedure for renting them out. Likewise, *ad hoc* budgetary allocations to benefit particular groups of citizens prior to an election are most effectively curbed by detailed budget regulations and effective auditing mechanisms.

The aim of the analysis is to establish the “legal minimum,” i.e., to define which regulations, if properly enforced, are required to prevent this particular kind of abuse.

### **Analysis of Financial Impact**

Where possible, an analysis of the financial impact of the abuse in question should also be conducted. The aim of this analysis is to calculate the “minimum cost” of a resource used in the campaign, should the party or candidate have had to pay for it at market or regulated prices.

- The minimum cost of the appearance of a party representative in a news program on state-controlled TV would be calculated at the standard advertising rate per second (or the standard rate minus the maximum published discount, where discounts are permitted) multiplied by the length of time the person in question appeared in the clip.
- The minimum cost of the use of public vehicles to transport party supporters to election rallies would be calculated using the regulated rates that an ordinary citizen would be charged to rent the same vehicles.
- The minimum cost of a meeting with voters held on state premises may be calculated using the official declared price for renting the facilities. If the meeting was held during office hours and the audience included state employees, the cost of their time would be calculated by multiplying the number of employees present by the minimum salary for state employees by the number of hours spent at the meeting, and this would be added to the estimated minimum cost of the premises.

## **Choosing a Methodology**

The choice of monitoring method will depend on the categories of administrative resource targeted. Each type of administrative resource is used for different campaign



activities. The table on pages 127-128 outlines which methods are most suitable for monitoring some of the most common categories.

## Findings Produced by Different Monitoring Methods

The choice of methods used to monitor the misuse of administrative resources will in part determine how findings are presented.

- The findings of media monitoring and direct observation of local campaigns are likely to be amenable to presentation in statistical form, e.g., listing the number of instances monitored according to each subcategory of the typology.
- Interviews tend to produce anecdotal evidence or qualitative findings that are primarily of orientational value.
- Information presented in the form of case studies is primarily of use in formulating recommendations for reforms to legal, procedural, and enforcement frameworks. On occasion, they may yield sufficient information on specific violations to initiate litigation or other attempts to seek redress.

Each of the monitoring methods outlined in this chapter has its advantages and limitations. The Russian monitoring project relied heavily on monitoring the media because the media is widely regarded as playing a dominant role in Russian election campaigns. But while monitoring the media may yield comprehensive findings on the misuse of media resources, it is unlikely to provide thorough data on the misuse of institutional and financial resources. Nevertheless, the media may provide good anecdotal accounts of financial and institutional misuse, depending on the quality of investigative reporting and the level of media independence in the country.

Direct observation of election campaigns, if conducted diligently, is likely to be the best method for monitoring local misuses of administrative resources, as the results are usually objective and quantifiable. However, this requires significant human and financial resources.

Case studies allow the presentation of in-depth findings on a more selective basis, but their significance will depend on their relevance to the campaign as a whole.

Interviews provide first-hand responses from individuals directly involved in the election campaign. To the extent that interview responses are accurate, they are a highly effective way of obtaining a snapshot of an election campaign as a whole, and of assess-

ing whether the findings of media monitoring and case studies are in accordance with events on the ground. However, the number and range of interviews conducted will determine the degree to which the results can be considered representative. In addition, while interviews can provide a useful overall snapshot, they are unlikely to produce findings that can be characterized as objective.

NGOs need to be very careful not to make claims that their findings cannot fully support. For example, indirect evidence of institutional or financial resource abuse collected from media monitoring should be presented not as *actual* occurrences of abuse, but simply as those *reported in the media*. On the other hand, if a project monitors a local campaign comprehensively, the findings may be suitable for presentation as an *actual* breakdown of instances of abuse of administrative resources in that location. Similarly, a finding that the ruling party's use of public premises for campaign purposes far exceeds that of nonincumbent parties does not immediately constitute evidence of institutional resource abuse—it may be that the opposition was not denied access to state premises, but simply never requested it.

A final cautionary note—findings on the misuse of administrative resources are likely to identify the ruling party as the main beneficiary. It is, therefore, strongly recommended that the findings be **depersonalized** to the extent possible in order to avoid allegations of targeting selected parties or candidates. Support for reforms is often needed across the political spectrum. Such support is more likely to be won when findings are presented as evidence of systemic problems that ultimately disadvantage everyone (since all parties may potentially find themselves in opposition) and undermine democracy itself.

## Methods for monitoring selected types of administrative resources

<i>Administrative resource</i>	<i>Examples of misuse</i>	<i>Recommended monitoring method(s)</i>
<i>Institutional resources</i>		
Engagement of state employees in campaign activities	<p>Collecting signatures</p> <p>Working as campaign staff</p> <p>Conducting electoral research</p> <p>Preparing campaign materials</p>	<p>Media monitoring</p> <p>Direct observation of campaign activities</p> <p>Interviews with candidates or party representatives, campaign managers and staff</p> <p>Case studies (legal and cost analysis)</p>
Use of public (state and municipal) premises for campaign purposes	<p>Use of offices as campaign headquarters</p> <p>Meetings with voters</p> <p>Rallies</p> <p>Storage of campaign materials</p>	<p>Direct observation of campaign activities</p> <p>Interviews with candidates or party representatives, campaign managers and staff</p> <p>Case studies (legal, procedural, and cost analysis)</p>
Campaign events with organized or mandatory attendance of state employees	<p>Attendance of a significant number of people from same (state or public) institution at a political event</p>	<p>Media monitoring</p> <p>Direct observation of campaign activities</p> <p>Interviews with candidates or party representatives, campaign managers and staff</p> <p>Case studies (legal, procedural, and cost analysis)</p>
Use of public (state or municipal) vehicles for campaign purposes	<p>Candidates' short- or long-distance travel</p> <p>Staff members' travel</p> <p>Transportation of campaign materials</p> <p>Transportation of citizens to meetings and rallies</p>	<p>Media monitoring</p> <p>Direct observation of campaign activities</p> <p>Interviews with candidates or party representatives, campaign managers and staff</p> <p>Case studies (legal, procedural, and cost analysis)</p>
Production and use of reports or analyses of activities related to public office for campaign purposes and/or as campaign materials	<p>Reports on government activities that criticize particular parties or directly associate government activities with a particular party</p>	<p>Media monitoring (observation of central and local print and electronic media)</p> <p>Case studies (legal analysis)</p> <p>Direct observation of campaign materials</p>

## Methods for monitoring selected types of administrative resources

<i>Administrative resource</i>	<i>Examples of misuse</i>	<i>Recommended monitoring method(s)</i>
<b>Financial resources</b>		
Distribution to voters of goods and services purchased with public funds	Distribution of food, free medicine, education materials, etc.	Direct observation of campaign activities Targeted interviews Case studies (legal and cost analysis)
Spending beyond the allocated amount on budget items legitimately earmarked for elections without a clear explanation of the reasons		Media monitoring Budget monitoring Expert and targeted interviews Case studies (legal, procedural, and cost analysis)
Disbursements from the public budget during the course of an election campaign without a clear explanation or justification	Increases in pension/maternity/child support/welfare payments Discounts on transport services/housing services/utilities/telephone	Media monitoring Budget monitoring Expert and targeted interviews Case studies (legal, procedural, and cost analysis)
Introduction of budget-supported projects of social importance that were not announced in advance and not included in a state or municipal development plan or other plan.	Building/renovation of public housing/roads/public premises/health services/schools/premises/social service facilities Introduction of ecological/health service projects Organization of public festivals/cultural events	Media monitoring Budget monitoring Direct observation of campaign activities Expert and targeted interviews Case studies (legal, procedural, and cost analysis)
State purchased "institutional advertising"	Advertising by specific government agencies	Media monitoring Budget monitoring
<b>Media resources</b>		
Direct misuse of media resources in order to provide advantages to incumbent parties or candidates	Unequal coverage of parties and candidates Biased coverage of parties and candidate Censorship of campaign materials	Media monitoring Expert and targeted interviews Case studies (legal, procedural, and cost analysis)
Hidden advertising	See Chapter Five for definition and examples of hidden advertising	Media monitoring Case studies (legal, procedural, and cost analysis)

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## Monitoring the misuse of administrative resources in Russia

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The Russian project to monitor the misuse of institutional, financial, and media resources during the December 2003 Duma election campaign consisted of three main components:

1. Monitoring the media for instances of media bias, as well as reports of the misuse of institutional and financial resources.
2. Compiling case studies of five instances of misuse: two cases of misuse of state-controlled media, one at the national and the other at the local level; two cases of misuse of public premises, one in Moscow and another in a provincial city; and, finally, a case of pre-election discounts on electricity tariffs without prior announcement or clear justification.
3. Conducting interviews with 12 current and former campaign managers, electoral candidates, and experts from polling agencies, research institutes, and the media, to gain a better understanding of campaign methods in general, as well as a detailed description of the use of administrative resources for electoral purposes in practice.

Reports from other monitoring organizations were also taken into account. The following were among the project's conclusions:

- All three types of administrative resources (institutional, financial, and media) were misused during the election campaign.
- Media resource abuse played a pivotal role in the campaign, both as a method of campaigning in its own right and as a means of maximizing the impact of misuse of other resources, by covering local campaign events of the incumbent party on

state premises, attended by public employees, and by publicizing pre-election “quality of life” changes in budget spending.

- Public premises were frequently used for campaign purposes.
- The United Russia party and its candidates benefited from the vast majority of the observed instances of misuse of institutional and media resources.
- The estimated value of the media resources used to benefit United Russia alone exceeded the total party spending limit for the campaign as a whole, which underlines not only the scale of the problem but the inefficacy of standard campaign finance regulations in Russia.
- Significant misuse of coercive resources was observed (although this was not specifically identified as a target of monitoring).
- Russian electoral laws were clearly violated, as demonstrated by the case study findings of illegal campaigning, including the illegal use of public office for campaign purposes.
- Electoral commissions at all levels failed to enforce electoral laws, despite numerous complaints by parties and candidates, as well as complaints and reports by other monitoring organizations.
- The courts were an ineffective tool for enforcing campaign regulations, mainly because candidates and parties failed to file suit against violators and because court decisions upholding provisions of the electoral laws were not enforced.

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## The misuse of institutional and financial resources in Poland

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Marcin Walecki's research included estimates of political parties' income received from the use of state employees, financial resources of state enterprises, and official subsidies provided to members of parliament. Initial research was based on ten articles from the national press, which were used to select and organize interviews with political fundraisers, electoral candidates, and representatives of the major political parties and of all institutions with a role in regulating political finance.

Walecki included estimated costs of maintaining political advisors as a category of political party income (and misuse of institutional resources). He interviewed individuals in various ministries to determine the total number of political advisors employed within

the public administration—estimated at approximately 1,000. Interviews with some of these appointees indicated that, during a campaign year, a majority of their working time was spent on party matters. The cost to the state—and the *de facto* income to the governing parties—was estimated by multiplying the number of advisors by their estimated wages (U.S. \$500–1,250 per month), plus the cost of office facilities (space, computer equipment, mobile telephones, etc.), estimated at \$1,000–2,000 per year. Walecki arrived at a figure of \$18 million captured by the governing parties in the year 2001. Walecki estimated that, in Poland, various forms of misuse of administrative resources accounted for about 67 percent of total party income in 2001.

# 7: Using the Results of Monitoring

## At a Glance

Using the results of monitoring efficiently and effectively is crucial to the success of a monitoring project. This chapter provides guidance on how to do so. Following discussion of the presentation of monitoring results, the chapter looks at the uses to which they can be put—public dissemination, advocacy, seeking redress, and as input for further monitoring. A section is devoted to the issue of reform, which is the substance of advocacy.

# How to Use Monitoring Results

Monitoring results can be used in different ways:

- **Dissemination** refers to publicizing the project findings.
- **Advocacy** involves using the results of monitoring to promote targeted reforms that will reduce the likelihood of corruption in campaign finance. This, too, involves the media, but invariably (and perhaps primarily) also requires the support of official institutions with the authority to initiate or influence reform.
- **Seeking redress** involves initiating legal action or filing formal complaints with courts or other enforcement agencies, based on observed breaches of legislation or other legally binding regulations. The primary aim of litigation might also be to highlight a problem and set legal precedents, rather than to seek redress in a particular case.
- Monitoring results can also serve as **input for further monitoring**, to identify appropriate additional monitoring targets, and to refine and improve monitoring methodologies.

## Presentation of Project Findings

Typically the first task that follows completion of monitoring and analysis of the results is to prepare the findings for the public.

### Presentation Format

The presentation format will depend on the nature of the results, the specific project objectives, and the expected reaction of the various stakeholders. Monitoring results, or “outputs,” can be presented by means of

- **printed materials**, including reports, summaries, press releases, case studies, training manuals, and other similar documents;
- **organized events or activities**, such as press conferences, roundtable discussions, seminars, and meetings with relevant institutions.

In most cases, the materials produced can serve as a basis for events and activities. Likewise, the information collected for a case study may provide the raw material for a formal complaint to an enforcement institution. The table on page 135 shows the kinds of materials that may be used in generating different events on behalf of the various objectives.

## Rules of Presentation

Results should be presented with two basic rules in mind:

- 1. The findings should be comprehensible and relevant.** The public is unlikely to be interested in raw data showing parties' daily spending on advertising for a 60-day campaign period, broken down by media outlet. On the other hand, a summary of the same data—indicating, perhaps, that spending in the 60-day period alone exceeded spending limits for the entire campaign—would likely draw attention. Data should, therefore, be processed to address the specific objectives of monitoring and be presented in a form that the media and the general public can easily understand.
- 2. Do not make unfounded claims.** In order for monitoring results to have an impact, they must be presented in a way that is difficult to discredit:
  - Clearly state how accurate you believe the results to be and why.
  - Do not overstate your case. For example, results on hidden advertising should be presented as **possible** rather than **definitive** cases.
  - Do not confuse correlation with cause and effect. A relationship between two phenomena does not prove that one caused the other. For example, if findings indicate that the parties or candidates who received the most in campaign contributions were also the most successful in the elections, do not argue that the contributions affected the election results; contributions, especially corrupt ones, may go to parties or candidates that are already most likely to win.

## Dissemination of Results

At a minimum, the results of a monitoring exercise should be posted on the monitoring organization's website and made available in printed format to serve as a permanent



record and source of information for interested parties. Beyond this, active circulation of results constitutes the first stage of an advocacy strategy. An NGO's relationship with the media plays a crucial role here. Results may be disseminated to the following:

- The media
- Other monitoring organizations and NGOs
- Political parties or candidates
- Enforcement bodies (e.g., electoral commissions, supreme audit institutions or anticorruption bureaus, prosecutors and courts)
- Legislative bodies (e.g., parliament)
- International organizations such as the World Bank, the United Nations

Where a monitoring project uncovers evidence of corruption, or carries the potential to generate public support for reform, it will be helpful to develop a **media strategy**. The target audience will depend on the nature of the results: the more surprising and controversial they are, the wider the audience they might reach. In Romania, for example, the report on election year 2001 indicated that parties spent up to ten times more than they had declared in income, and the findings drew extensive media coverage. An effective media strategy will involve organizing press conferences, contacting journalists with a known interest in the issues, and building media alliances.

If a clear breach of regulations has been uncovered, the results might first be distributed to the relevant enforcement body. In this case, the media should be approached only after ascertaining that there is no risk of undermining a possible investigation. When monitoring reveals breaches of international standards or when corruption might affect the policy of international organizations toward the country, the relevant international organizations should be alerted.

Timing the dissemination of results is another important consideration. The decision to release results prior to or following the elections is likely to depend on whether the information is intended to inform the voting decisions of the general public or to seek longer term reforms that rely on the support of the political parties being monitored. In either case, any party or institution mentioned in the report should be given the opportunity to review the findings and respond to them before they are made public, in order both to bolster credibility and address any potential errors or weaknesses.

## Make it interesting

The dissemination of monitoring results can be made more interesting or appealing by using innovative presentation methods that will themselves draw attention. For example, if Transparency Agreements were initiated as part of the project, parties or candidates might be awarded “transparency scores.”

# Advocacy

In order to build support for recommendations for reform, a monitoring organization should take great care in presenting its case and building relationships with stakeholders.

## Presenting the Case for Reform

Recommendations for reform should be formulated in a simple, clear, and compelling message. Uncomplicated reform proposals are more likely to succeed because they are

- accessible to the broader public;
- easy for the media to cover;
- difficult for opponents of reform to manipulate or misrepresent.

In addition, each assertion should be supported with strong arguments and concrete examples or data. Invoking public opinion in advocacy efforts can also be a very effective strategy. The Latvian monitoring project conducted an opinion poll and used the results as an argument for reform.

## Building Relationships with Stakeholders

A basic paradox facing advocates of reform is that the support of politicians elected under the current regulations is required in order to push through reforms of those same regulations. For this reason, it is crucial to build relationships with important stakeholders from the very beginning. Involving stakeholders in a continuing dialogue from the onset of the project dramatically increases the probability that the recommendations will be accepted. Whenever possible, stakeholders should be

- given the opportunity to comment on the monitoring methodology during its development;
- informed regularly of the project’s development and results as they emerge;
- asked to participate in events organized during or after the monitoring to encourage debate on the findings and recommendations

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## The forms and uses of campaign finance monitoring results

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	Materials	Events and Activities
<b>Dissemination of findings</b>	<p>Presentation and interpretation of monitoring findings</p> <p>Press releases and articles</p>	<p>Press conferences</p> <p>Seminars/roundtables</p> <p>Meetings with parties</p>
<b>Advocacy</b>	<p>Analysis of campaign finance regulations and enforcement</p> <p>Identification of weaknesses in regulations and institutions</p> <p>Report on regulations and institutions in other countries</p> <p>Proposed laws or amendments to existing laws</p>	<p>Press conferences</p> <p>Seminars/roundtables</p> <p>Meetings with government officials/legislators</p> <p>Attendances at meetings of legislative initiators (government bodies, parliamentary committees, etc.)</p>
<b>Seeking redress</b>	<p>Preparation of a case indicating the grounds on which an observed action constitutes a violation of existing regulations</p>	<p>Filing suit or a formal complaint with the courts or electoral commission</p>
<b>Input to further monitoring</b>	<p>Monitoring methodology</p> <p>“Baseline” data for future comparison.</p> <p>Results identifying specific categories for focus of future monitoring</p> <p>Training materials</p>	<p>Building coalition of NGOs with long-term interest in campaign and political finance monitoring</p>

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The relevant stakeholders may vary considerably across countries, but they generally include the media, political parties or candidates, enforcement institutions, and officials from the legislative or executive branches of government responsible for campaign finance issues. International organizations can also prove to be important partners in advocating reforms, especially in countries that rely on international aid. A joint statement from the NGO and international donors can lend a project and the resulting recommendations much credibility and leverage. On the other hand, in some countries, the involvement of international organizations or donors may carry implications of bias or neo-colonialism, and such cooperation should be publicized with some caution.

## Seeking Redress: Litigation and Other Complaint Procedures

Where monitoring reveals clear violations of existing regulations, litigation and other forms of formal complaint can be used to do the following:

- Test the enforcement framework
- Encourage better enforcement of the regulations in question
- Draw public attention to the violations

The main rule where litigation is concerned is quite simple: don't be wrong! A reputable, experienced lawyer should be consulted before submitting any complaints, in order to ensure that the complaint is factually correct and rests on solid legal ground.

Complaints should be filed with the relevant institution: either a court or the agency responsible for supervising and enforcing campaign finance regulations, such as the electoral commission, the supreme audit institution, a parliamentary committee, a special anticorruption agency, or the prosecutor's office.

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## Developing a media strategy in Slovakia

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The Fair Play Alliance's media strategy, prepared at the outset of the project, included three basic components:

- Forming media partnerships
- Organizing regular press conferences
- Passing on important information or offering interesting topics to journalists

The Alliance formed formal media partnerships with Twist (a private radio station), *Sme* (a leading daily), and *Trend* (a leading economic weekly). The first two partners visited the Alliance's press conferences regularly and published articles or broadcast programs on the issues raised by the Alliance's work. They also provided free space for advertising, interviews, or columns. Close contacts were also established with TA3 (a news channel) and Radio Free Europe, which regularly invited Alliance representatives for on-air discussions and reported extensively on their monitoring activities.

The Fair Play Alliance organized two press conferences before the elections and two more afterwards. Partial media monitoring results were published every two months, accompanied by criticism of the loopholes in restrictions on political party expenditure, inadequate state controls, low transparency of political financing, and other problematic issues. The NGO focused media attention on conflict-of-interest issues and pointed to several instances of political parties receiving

uncommonly high discounts or inexpensive advertising space from individuals who appeared on their candidate lists, including one candidate who himself owned several media outlets.

The press conferences generally focused on party spending, specifically the data received from political parties, the published rates for media advertising, and estimates of the minimum costs incurred by parties. Experience showed that journalists preferred to focus on one issue at a time, and that presentation of more than one type of information tended to be confusing.

Two weeks before the elections, a seminar was held to evaluate political party financing in the pre-election period, including the existing framework and its flaws. Two months after the elections, a press conference was held to identify the political parties that had signed Transparency Agreements but failed to comply with them. As the conference was held on Saint Nicholas' Eve (December 5), parties that had disclosed their income and spending were given sweets (traditionally given to children who were "good" in the previous year), while parties that failed to fulfill their obligations received detergent (to signify becoming "cleaner," i.e., more transparent) and coal (traditionally given to "bad" children). The press conference also criticized the government for failing fully to investigate possible breaches of the legal expenditure limit.

## Building Support for Reform

A primary aim of advocacy is to promote improvements in, and/or enforcement of, the laws and regulations affecting campaign finance directly or indirectly. The specific focus of advocacy efforts will depend on the objectives of monitoring and on the nature of the findings.

### Campaign Finance Regulations

Recommendations for reform may focus on one or more of the following areas of campaign finance regulation:

- Disclosure requirements on income and expenditure
- Restrictions on donations and other aspects of income
- Restrictions on campaign expenditure
- State subsidies
- The powers and sanctions of institutions that supervise and enforce campaign finance regulations

### Other Relevant Regulations

Other types of regulations may have an impact on campaign finance and represent legitimate targets for reform. Laws and regulations that only indirectly address campaign finance are likely to be targeted when the monitoring project focuses on phenomena where a number of different laws and regulations apply, such as the misuse of administrative resources. Recommendations for reform may focus on any of the following:

- Media regulations that apply during election campaigns
- Electoral laws (e.g., defining which types of campaign activities are permitted)
- Anticorruption laws
- Freedom of information provisions

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## Presenting results and advocacy in Latvia

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Dissemination and advocacy strategies are so closely linked that they should, whenever possible, be incorporated into all events organized in connection with the project. The Latvian monitoring project provides a very good example of how to do this in practice. A striking characteristic of the Latvian strategy was the extensive effort devoted to gaining advance support from important actors leading up to and following the elections to the Saeima (parliament).

## Monitoring timeline of the 2002 Latvian parliamentary election campaign

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Date	Event	Goal
February 4–8, 2002	Consultations with political parties	Foster support for extensive changes in regulations
February 11–28	Consultations with political parties about the project methodology and approach	Begin negotiations about possible Transparency Agreements to be used in the event that legislation requiring declarations of income and expenditure could not be passed
February 13	Press conference with the participation of Christian Gruenberg of Poder Ciudadano, Argentina	Introduce the project and inform the public about the Argentinean experience
March 18–April 30	Work with the parliamentary commission responsible for legislative reforms	Monitor, comment on, and influence the work on party finance legal reform
April 17	Presentation of report on the legal shortcomings made evident by 2001 party declarations	Additional push for changes in party finance regulations
May 7	Roundtable discussion with elected representatives, media, and advertising agencies	Raise awareness and advocate reforms Secure promises of support from members of parliament
May 27	Agreement signed with the National Council for Radio and Television on joint project for monitoring hidden advertising	Boost project legitimacy and ensure prompt use of monitoring results by the National Council for Radio and Television

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## Monitoring timeline of the 2002 Latvian parliamentary election campaign *(continued)*

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Date	Event	Goal
June 11	Press conference on political party expenditure in first quarter of the year and poll conducted to clarify discount rates	
June 14	Discussion with media representatives to invite media: <ul style="list-style-type: none"> <li>• to provide information about their receipts from political advertising</li> <li>• to voluntarily avoid hidden advertising</li> </ul>	Inform media representatives about the project and neutralize their opposition
June 18	NGO forum. 51 NGOs signed an invitation to all media to: <ul style="list-style-type: none"> <li>• provide information about their receipts from political advertising before the election</li> <li>• voluntarily avoid hidden advertising</li> </ul>	Raise public awareness on issues of political party financing and hidden advertising Engender public sense of ownership over political issues Involve the media and make them responsible for improvements in reporting on election processes
July 8	Media gathering one month prior to start of monitoring: presentation of initial strategy for monitoring hidden advertising	Introduce project and obtain feedback on methodology from media
August 5	Media gathering: presentation of final methodology of hidden advertising project	Raise awareness, strengthen sense of involvement in the monitoring process among the media
August 14–30	Eight regional seminars dealing with: <ul style="list-style-type: none"> <li>• legislative changes in political party finance regulation and the possibilities for control they provide</li> <li>• the concept of hidden advertising</li> <li>• political party expenditure on political advertising</li> </ul>	Raise public awareness, generate broader societal support for project activities, encourage more civic engagement in political party monitoring

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## Monitoring timeline of the 2002 Latvian parliamentary election campaign *(continued)*

Date	Event	Goal
August 28– September 30	Weekly meetings of the journalists' working group to review and comment on cases of hidden advertising	Encourage consensus among journalists on the damaging nature of hidden advertising  Secure their participation in monitoring outputs
September 12	Seminar on hidden advertising for regional media, analyses of specific publications inviting comments by journalists	Improve coverage of campaign in regional media, particularly raise awareness of improved journalistic standards
October 1	Presentation of main report: "Analyses of Parties' Income and Expenditure Before the 8th Saeima Election"	Present analysis of parties' income  Summarize and analyze the results of monitoring campaign expenditure compared with parties' declarations  Present and analyze data on advertising receipts provided by public TV and radio  Draw first conclusions on cost of electoral campaign for each party in comparison with other democracies' cost per voter
October 5	8th Saeima elections	
October 31	Presentation of the report on hidden advertising: "Analyses of Occurrences of Hidden Advertising in the Media Before the 8th Saeima Election"	Analyze dynamics of hidden advertising and instances of hidden advertising across parties and media outlets  Comment on individual cases, offer recommendations of how issues of hidden advertising should be tackled before the next election
January 28, 2003	Expert roundtable on the results of the report "Analyses of the 8th Saeima Electoral Campaign Expenditures"	Introduce wider audience of recognized experts to project conclusions  Invite comments on recommended amendments to party financing regulation prepared for parliament

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## Monitoring timeline of the 2002 Latvian parliamentary election campaign *(continued)*

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Date	Event	Goal
January 28–31	Consultations with political parties about the conclusions of the “Analyses of the 8th Saeima Electoral Campaign Expenditures” report	Invite comments from parties regarding discrepancies between their financial declarations and the monitoring results  Ask for parties’ comments on further changes in regulations
February 3	Roundtable discussion with political parties about project conclusions	Introduce parties to project conclusions  Make parties aware of the published information so that they can be familiar with the original monitoring data when approached by the media
February 4	Visit the Latvian parliament’s anticorruption committee	Introduce recommendations to MPs  Outline alternative scenarios for reform
February 19– March 4	Sponsor essay competition for university students: “Political Advertising and Our Right to Choose,” in cooperation with public policy portal <a href="http://www.politika.lv">www.politika.lv</a> .	Broaden debate on political party expenditure and link it to the issue of political advertising  Raise societal awareness on these issues
March 19 (Postponed to April 9)	Societal forum: “Political Advertising and Our Right to Choose”	Draw together a wide coalition of NGOs to sign an invitation to political parties to amend legislation in order to stop escalation of political party expenditure  Broaden debate on political advertising, introduce broader spectrum of views

*The initial project in 2001 recommended stricter disclosure requirements. Proposed amendments to the party finance law were accordingly submitted by one political party. The head of the monitoring project then attended the meetings of the parliamentary commission responsible for the amendments to ensure that they were not neglected or diluted, and the media were immediately notified of any efforts to do so. The Latvian monitors indicate that nearly 100 percent of their original recommendations were accepted.*

*A second set of recommendations also emerged from the 2002 monitoring. These were published in February 2003 and were considerably more radical than the first set, including a ban on political advertising in the electronic media. A public opinion poll was also conducted in order to promote understanding and support for the recommendations.*

- State budget regulations
- Codes of conduct for public servants
- Rules of appointment of upper management of state institutions and agencies, as well as state-controlled enterprises
- Codes of administrative procedure
- Regulation of public procurement

## Enforcement

The laws and regulations governing campaign finance are often less problematic than their enforcement. This applies not only in less-developed or transitional countries, but in the most advanced democracies as well.<sup>1</sup> Several Central and Eastern European countries stand out as having relatively advanced campaign finance legislation, which remains ineffective due to inadequate or nonexistent measures of enforcement. In such situations, advocacy should focus as much on enforcement as on the regulations themselves, and recommendations for regulatory change should be put forward only if there is a real possibility that they will be enforced.

Advocacy to improve enforcement might recommend reforms such as the following:

- Establishing an agency responsible for supervising parties' adherence to campaign finance regulations, or relegating such supervision to an existing agency, such as a central election commission.
- Changing the status of an agency to improve its enforcement capacity, e.g., increasing independence of electoral commissions by changing the rules of appointment.
- Widening the enforcement authority of existing agencies, e.g., by giving tax authorities full access to all political party accounts.
- Introducing adequate sanctions for violations of campaign finance regulations, such as substantial fines or deregistration of a party or candidate, coupled with clear powers of the relevant agencies to impose them.

## The Importance of Local Circumstances

Needless to say, recommendations for reform must be tailored to local circumstances, especially when dealing with the following issues:

- **Disclosure requirements:** Disclosure is a prerequisite for transparency in campaign finance and is a relatively noncontroversial target for advocacy. Transparency in campaign finance is *a priori* desirable under a very wide range of circumstances. However, if disclosure requirements are enforced on a discriminatory basis, or if disclosure might put donors in physical danger, (stricter) disclosure requirements may very well have the opposite of the intended effect and serve to preserve existing power structures.
- **State funding of election campaigns:** Different countries may have different priorities relating to political finance. In some countries, such as Sweden, state funding of election campaigns aims to minimize parties' dependence on potentially corrupt private interests. In other countries, however, regulations governing state funding may be designed specifically to support incumbent powers, such as in Zimbabwe, where only the ruling ZANU (PF) party receives state funds. In others still, such as the United States, state funding of election campaigns may be perceived as undermining individuals' rights to freedom of expression by barring them from supporting the candidate or party of their choice. In sum, the desirability and impact of state funding will vary widely according to the nature of the political system itself.
- **Spending restrictions:** Restrictions on campaign expenditure may seem like a good way of “leveling the playing field” and preventing campaign costs from becoming prohibitive (which increases the potential for corruption, as parties and candidates scramble to secure funds). However, in countries where incumbent parties have sole access to state resources for campaign purposes—ranging from state-controlled media to state employees and infrastructure—restrictions on spending will only give incumbents an even greater advantage. Paradoxically, unrestrictive spending provisions may then be a means of allowing newcomers to challenge incumbents more effectively.

When reforms are well-targeted and designed with local circumstances in mind, the results are encouraging. Reforms of the disclosure laws in Poland in 2002, calling for stricter disclosure requirements and a stronger enforcement framework, have had a significant positive effect. Likewise, increases in state funding for political parties in the

Czech Republic appear to have curbed the incidence of corrupt links between political parties and private donors. The progressive reform of Latvian party finance legislation has resulted in radical improvements in disclosure.

## Input for Further Monitoring

Campaign finance reform is not a one-off event but a permanent process. Given the likelihood that compromises will be made and imperfections will arise, and given parties' and candidates' skill in circumventing established rules, no single monitoring project can hope to achieve permanent and far-reaching reforms single-handedly. Providing input for new monitoring exercises will help accelerate the reform process and thus constitutes an important component of any monitoring project.

The experience gained and **lessons learned** in the course of a monitoring project may also provide important lessons for the local and international monitoring communities. A monitoring project, by exposing the potential pitfalls of particular strategies and methodologies, can help to identify what works best and thereby contribute to the development of sound monitoring tools with broader applications. For example, different projects implemented in several countries to monitor campaign spending on media advertising have highlighted the importance and difficulties of estimating advertising discounts accurately.

A **methodology** that proves successful in one monitoring exercise can be replicated in others, allowing for meaningful comparison of results and the tracking of a given situation over time.

The **data and findings** gathered during one monitoring project can provide a basis for continued oversight. For example, donor lists obtained for one project can serve as input to another project aiming to track political decisions by elected candidates in order to identify correlations with previous campaign donations. In addition, the specific findings of a monitoring exercise will invariably yield valuable information that can be used to better focus future monitoring projects. The Ukrainian findings on political parties' spending on media advertising served as the basis for designing a follow-up project to be carried out in cooperation with the Ukraine Ministry of Economy and the World Bank, with the aim of pushing through changes in party finance regulations to enable monitoring of a broader range of categories of expenditure (see [www.vybory.org.ua](http://www.vybory.org.ua)).

The **implementation of specific reforms** adopted as a result of one monitoring exercise can be monitored during a future project.

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### Notes

1. See Michael Pinto-Duschinsky, “Financing Politics: A Global View,” *Journal of Democracy*, Vol 13 No. 4, October 2002, p.80.

# 8: Project Evaluation

## At a Glance

This chapter looks at how the success of a project to monitor campaign finance can be evaluated. The first section discusses campaign finance monitoring projects, using standard project management terminology (inputs, activities, outputs, and outcomes). The final section is devoted to the logistics of the evaluation process, i.e., who should conduct the evaluation and when.

## Criteria for Measuring Success

The success of a project to monitor campaign finance should be measured against the objectives it was designed to pursue, not merely by whether it was carried out as planned (often the only formal measure of success required by donor organizations). A proper evaluation process provides a focused account of the effects of monitoring and the lessons learned. Before carrying out a project evaluation it is worth considering what criteria to use, when to do it, and who should do it.

In standard project management language, any project has four basic components:

- **Inputs:** materials and resources used to execute the project (e.g., staff, equipment, facilities, funding)
- **Activities:** the actions or processes undertaken to conduct and complete the project (e.g., collecting and analyzing data, collecting information for reports, organizing a press conference)
- **Outputs:** the “products” delivered by the project (e.g., data collected through monitoring, reports produced, media coverage, draft of a new campaign finance law)
- **Outcomes:** changes resulting from the project (e.g., reform of campaign finance legislation, improved enforcement, improved disclosure, improved methodology)

## Project Inputs: Evaluating the Allocation of Project Resources

The aim of this stage of project evaluation is to assess whether the materials and resources allocated for a project were sufficient for its effective realization by asking the following questions:

- Were enough people employed to implement the project?
- Were the technical facilities and equipment used for the project sufficient (for example, TV sets used for media monitoring, number of video cassettes allocated to record media content)?



- Were sufficient funds allocated to implement the project as planned?
- Was the quality of inputs adequate (for example, were staff and volunteers sufficiently able and qualified to carry out the various monitoring tasks)?
- Was sufficient time allocated to plan and prepare the project adequately?

Where inputs were insufficient (or, by contrast, superfluous), the difference between allocated and necessary inputs should be stated or estimated.

## **Project Activities: Evaluating the Implementation of Monitoring**

The second part of project evaluation uses questions to focus on the actual implementation of monitoring:

- Was the monitoring carried out as planned?
- Were any changes in the methodology carried out during the course of monitoring?
- Which additional changes would be desirable if such a project were to be repeated?
- Did the findings support the selection of targets for monitoring? In other words, were the findings of the Scoping Study consistent with the project results, or did monitoring reveal that other areas should have been targeted in place of, or in addition to, the ones actually monitored?

## **Project Outputs: Evaluating the Products of Monitoring**

Evaluating success in terms of outputs is relatively straightforward and consists of comparing actual with planned outputs. The outputs of a campaign finance monitoring project generally include (but are not limited to) the following:

- Data collected from monitoring
- Press conferences

- Press articles and other publications
- Seminars, conferences, roundtable discussions, and public meetings
- Recommendations for reform
- Meetings with legislators, government officials, and/or political parties
- Collaboration with law making and drafting institutions

These outputs may be assessed in both quantitative and qualitative terms. For example, evaluation may take into account the number of meetings held with legislators as well as assess how productive these meetings were. Although outputs may be used as an indicator of project success, they are of little use on their own. Outputs are, instead, a pre-condition for achieving positive outcomes, which is how the ultimate success of a project should be measured.

## **Project Outcomes: Evaluating the Project Results**

An NGO monitoring campaign finance is ultimately interested in outcomes: changes in campaign finance practices that contribute to establishing an environment more resistant to corruption. The success of outcomes can be measured in terms of the following:

- Benefits to the campaign finance system overall that ultimately correspond to the general objectives of promoting greater transparency, exposing areas vulnerable to corruption, and assessing the legal and enforcement framework
- Benefits to the monitoring organization that improve an organization's capacity to monitor campaign finance (e.g., number of monitors trained, useful data generated, methodologies and tools developed, expertise gained, etc.)
- Benefits to the wider monitoring community, such as developing new monitoring methodologies or tools, publishing training manuals, and sharing experiences that might help other NGOs conduct more successful projects in the future

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## Successful outcomes of a campaign finance monitoring project

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Benefits	Quantitative	Qualitative
To the campaign finance system	Opinion poll findings Indicators of change in campaign practices	Improving transparency in campaign finance Influence on the legislative process: reforms adopted Drawing public attention to corruption in campaign finance
To the monitoring organization	Number of monitors trained Monitoring tools developed Partnerships with other organizations (e.g., media, other NGOs, regulators)	Capacity building: methodology, experience of staff, ability to conduct in-depth monitoring Developing expertise in monitoring techniques and campaign finance issues
To the monitoring community	Building coalitions Number of requests from other monitoring organizations for methodological assistance	Providing results as a basis for future monitoring efforts Use of methodology in different countries

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The basis for evaluating outcomes lies in **initial project preparation**. In essence, the specific objectives defined at the outset should correspond to measurable outcomes. An objective whose fulfillment is impossible to detect should not be part of a monitoring project.

The degree to which outcomes are successful according to these criteria may be measured in quantitative and qualitative terms, as outlined in the following table.

## The Logistics of Conducting Evaluations

In addition to identifying the criteria for measuring the success of a monitoring project, it also needs to be decided when the project should be evaluated and by whom.

### The Benefits of Independent Evaluation

Evaluating project outcomes is not just a matter of measuring simple indicators, but also of making judgment calls that are inevitably subjective. Ideally, an evaluation should be carried out by someone who does not have a personal interest in the success of the project, such as representatives of other anticorruption or campaign monitoring NGOs, or academic experts on campaign finance. Where peer review is impossible or unfeasible, the monitoring organization will have to conduct its own evaluation. In both cases, the objectivity of evaluation will be maximized by defining clear criteria according to which the project should be evaluated.

A roundtable discussion or similar event involving peers, a sample of relevant election participants (political parties, elected or nonelected candidates), and representatives of relevant enforcement institutions (such as a central election commission), organized specifically to comment on the success of the project, may also be a valuable tool in the evaluation process.

### Timing: The Problem of Long Term Outcomes

Timing the evaluation of a monitoring project will depend on several factors. Donors generally require projects to be evaluated shortly after completion. The NGO may also

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## An evaluation of monitoring projects in Latvia, Romania, Slovakia, and Ukraine

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*The Case Studies provide excellent examples of different outcomes of campaign finance monitoring projects, as well as of failures to realize certain pursued objectives.*

Country	Project outcomes	Unrealized objectives
Latvia	Reduced hidden advertising Legislative input Legislative change Drew public attention to campaign financing	
Romania	Drew public attention to campaign financing Received extensive media coverage Developed a methodology for future monitoring Produced usable data for future monitoring (e.g., prices of campaign activities) Proposed party finance law	Failed to push through proposed reforms
Slovakia	Produced large amount of systematic quantitative and qualitative data on campaign practices and the legal and institutional framework Recommendations for reform of party finance regulations	Failed to estimate total cost of campaign
Ukraine	Produced information to support reforms of campaign finance regulations	

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want an immediate evaluation in order to demonstrate its effectiveness and to be able to plan further monitoring. However, outcomes may be difficult to evaluate definitively because their ultimate effects may not be evident for some time. Outcomes may be short or long term. Long term outcomes may not be visible if projects are evaluated too soon. In particular, the time required to see an actual reduction in levels of corruption in campaign finance may make it impossible to include this as a criterion for evaluation. The full impact of a project may not be felt for several years, and an evaluation carried out immediately upon its completion will, by definition, be incomplete.

Certain outcomes are, by their very nature, subjective and unpredictable. In particular, the introduction of new campaign finance legislation may initially be regarded as a successful project outcome, but this assessment may change if the legislation has unforeseen negative effects or if the new laws are not enforced. Furthermore, it may be difficult to gauge whether observed outcomes are a result of the project alone or a number of other factors operating independently. The conclusions of a project evaluation should, therefore, generally not be considered final, lending further support to the idea that monitoring should not be a one-off event. Repeated monitoring of campaign finance will not only help create a permanent “watchdog” in the community, but also enable the NGO to improve the monitoring methodology through experience and to refine evaluations of past monitoring projects.

# Concluding Remarks

Corruption in the financing of electoral campaigns is a complex issue. The covert nature of the relationships involved makes it difficult to identify corrupt transactions, and even more difficult to prove them in court.

Yet we have seen that it is possible to curb corruption despite these challenges. Civil society watchdogs can effectively fill the gaps that official enforcement bodies leave behind due to a lack of will, resources, or simply the unflagging creativity of individuals intent on illicit gains. Examples abound of dedicated NGO activists and journalists disrupting “business as usual” through careful and sustained vigilance.

In corruption involving campaign finance, NGOs from Argentina to Zimbabwe have had notable success at different stages of this process: first in identifying and understanding the mechanisms through which corruption takes place, then in elaborating recommendations for improving the regulatory framework and its enforcement, and, finally, in advocating that the recommendations be implemented. Progress on all these fronts may not come at once, and NGOs should not be discouraged—reform is a long-term process, and the fight against illicit campaign finance practices is a permanent one. We urge you to put the practices suggested in this handbook to the test, to apply them to your local environment, to modify them and improve on them. Each well-designed and conducted monitoring project represents a vital step toward winning the battle against corruption.

# Appendix 1

## Council of Europe Committee of Ministers

**Recommendation Rec (2003)4 of the Committee of Ministers to member states on common rules against corruption in the funding of political parties and electoral campaigns.**

*(Adopted by the Committee of Ministers on 8 April at the 835th meeting of the Ministers' Deputies)*

The Committee of Ministers, under the terms of Article 15.b of the Statute of the Council of Europe,

Considering that the aim of the Council of Europe is to achieve a greater unity between its members;

Considering that political parties are a fundamental element of the democratic systems of states and are an essential tool of expression of the political will of citizens;

Considering that political parties and electoral campaigns funding in all states should be subject to standards in order to prevent and fight against the phenomenon of corruption;

Convinced that corruption represents a serious threat to the rule of law, democracy, human rights, equity and social justice, that it hinders economic development, endangers the stability of democratic institutions and undermines the moral foundations of society;

Having regard to the recommendations adopted at the 19th and 21st Conferences of European Ministers of Justice (Valetta, 1994 and Prague, 1997 respectively);

Having regard to the Programme of Action against Corruption adopted by the Committee of Ministers in 1996;

In accordance with the Final Declaration and the Plan of Action adopted by the Heads of State and Government of the Council of Europe at their Second Summit, held in Strasbourg on 10 and 11 October 1997;



Having regard to Resolution (97) 24 on the twenty guiding principles for the fight against corruption, adopted by the Committee of Ministers on 6 November 1997 and in particular Principle 15, which promotes rules for the financing of political parties and election campaigns which deter corruption;

Having regard to Recommendation 1516 (2001) on the financing of political parties, adopted on 22 May 2001 by the Council of Europe's Parliamentary Assembly;

In the light of the conclusions of the 3rd European Conference of Specialized Services in the Fight against Corruption on the subject of Trading in Influence and Illegal Financing of Political Parties held in Madrid from 28 to 30 October 1998;

Recalling in this respect the importance of the participation of non-member states in the Council of Europe's activities against corruption and welcoming their valuable contribution to the implementation of the Programme of Action against Corruption;

Having regard to Resolution (98) 7 authorising the Partial and Enlarged Agreement establishing the Group of States against Corruption (GRECO) and Resolution (99) 5 establishing the Group of States against Corruption (GRECO), which aims at improving the capacity of its members to fight corruption by following up compliance with their undertakings in this field;

Convinced that raising public awareness on the issues of prevention and fight against corruption in the field of funding of political parties is essential to the good functioning of democratic institutions,

Recommends that the governments of member states adopt, in their national legal systems, rules against corruption in the funding of political parties and electoral campaigns which are inspired by the common rules reproduced in the appendix to this recommendation—in so far as states do not already have particular laws, procedures or systems that provide effective and well-functioning alternatives—and instructs the “Group of States against Corruption – GRECO” to monitor the implementation of this recommendation.

## **Common rules against corruption in the funding of political parties and electoral campaigns**

### **I. External sources of funding of political parties**

#### **Article 1 Public and private support to political parties**

The state and its citizens are both entitled to support political parties.

The state should provide support to political parties. State support should be limited to reasonable contributions. State support may be financial.

Objective, fair and reasonable criteria should be applied regarding the distribution of state support.

States should ensure that any support from the state and/or citizens does not interfere with the independence of political parties.

#### **Article 2 Definition of donation to a political party**

Donation means any deliberate act to bestow advantage, economic or otherwise, on a political party.

#### **Article 3 General principles on donations**

- a. Measures taken by states governing donations to political parties should provide specific rules to:
  - avoid conflicts of interests;
  - ensure transparency of donations and avoid secret donations;
  - avoid prejudice to the activities of political parties;
  - ensure the independence of political parties.
- b. States should:
  - i. provide that donations to political parties are made public, in particular, donations exceeding a fixed ceiling;
  - ii. consider the possibility of introducing rules limiting the value of donations to political parties;
  - iii. adopt measures to prevent established ceilings from being circumvented.

#### **Article 4 Tax deductibility of donations**

Fiscal legislation may allow tax deductibility of donations to political parties. Such tax deductibility should be limited.

### **Article 5 Donations by legal entities**

- a. In addition to the general principles on donations, states should provide:
  - i. that donations from legal entities to political parties are registered in the books and accounts of the legal entities; and
  - ii. that shareholders or any other individual member of the legal entity be informed of donations.
- b. States should take measures aimed at limiting, prohibiting or otherwise strictly regulating donations from legal entities which provide goods or services for any public administration.
- c. States should prohibit legal entities under the control of the state or of other public authorities from making donations to political parties.

### **Article 6 Donations to entities connected with a political party**

Rules concerning donations to political parties, with the exception of those concerning tax deductibility referred to in Article 4, should also apply, as appropriate, to all entities which are related, directly or indirectly, to a political party or are otherwise under the control of a political party.

### **Article 7 Donations from foreign donors**

States should specifically limit, prohibit or otherwise regulate donations from foreign donors.

## **II. Sources of funding of candidates for elections and elected officials**

### **Article 8 Application of funding rules to candidates for elections and elected representatives**

The rules regarding funding of political parties should apply *mutatis mutandis* to:

- the funding of electoral campaigns of candidates for elections;
- the funding of political activities of elected representatives.

### **III. Electoral campaign expenditure**

#### **Article 9 Limits on expenditure**

States should consider adopting measures to prevent excessive funding needs of political parties, such as, establishing limits on expenditure on electoral campaigns.

#### **Article 10 Records of expenditure**

States should require particular records to be kept of all expenditure, direct and indirect, on electoral campaigns in respect of each political party, each list of candidates and each candidate.

### **IV. Transparency**

#### **Article 11 Accounts**

States should require political parties and the entities connected with political parties mentioned in Article 6 to keep proper books and accounts. The accounts of political parties should be consolidated to include, as appropriate, the accounts of the entities mentioned in Article 6.

#### **Article 12 Records of donations**

- a. States should require the accounts of a political party to specify all donations received by the party, including the nature and value of each donation.
- b. In case of donations over a certain value, donors should be identified in the records.

#### **Article 13 Obligation to present and make public accounts**

- a. States should require political parties to present the accounts referred to in Article 11 regularly, and at least annually, to the independent authority referred to in Article 14.
- b. States should require political parties regularly, and at least annually, to make public the accounts referred to in Article 11 or as a minimum a summary of those accounts, including the information required in Article 10, as appropriate, and in Article 12.

## **V. Supervision**

### **Article 14 Independent monitoring**

- a. States should provide for independent monitoring in respect of the funding of political parties and electoral campaigns.
- b. The independent monitoring should include supervision over the accounts of political parties and the expenses involved in election campaigns as well as their presentation and publication.

### **Article 15 Specialised personnel**

States should promote the specialisation of the judiciary, police or other personnel in the fight against illegal funding of political parties and electoral campaigns.

## **VI. Sanctions**

### **Article 16 Sanctions**

States should require the infringement of rules concerning the funding of political parties and electoral campaigns to be subject to effective, proportionate and dissuasive sanctions.

# Appendix 2: Sample Transparency Agreement

## Transparency Agreement

This transparency agreement is signed between:

**Civic association:**            **Aliancia na podporu fair play**  
Šafárikovo nám. 7  
811 02 Bratislava  
Represented by:  
Executive Director Zuzana Wienk

**And**

**Political party:**            \_\_\_\_\_

**Represented by:**            \_\_\_\_\_

## Article I

Civic association Aliancia na podporu fair play (hereafter: APFP) and political party (hereafter: Party) ..... sign this agreement, through which the Party guarantees transparency and free access to information about its finances during the pre-election period.

## Article II

The pre-election period, for the purposes of this agreement, is the period defined by Act number 239/1994 (coll.) about the limitation of expenditure of political parties on promotion before the elections to the National Council of the Slovak Republic; that specifically means the time period from June 13, 2002 to September 21, 2002.

## Article III

The Party agrees that APFP will execute the monitoring and control of financing of its activities, operations, and the origin of sources used for these activities and operations in the period specified in Articles I and II of this agreement.

#### **Article IV**

The Party is obliged to submit reports stating its income and expenditures for the months of June 2002, July 2002, August 2002, and September 2002. These reports will also include the review of income from public and private sources and expenditures, the origin of sources, details about types of usage of these sources, quantity and prices of ordered services and products, in the structure mutually agreed by both signatories.

#### **Article V**

Reports for the months of June 2002 and July 2002 must be delivered to APFP at the latest by August 30, 2002; report for the month of August 2002 at the latest by September 30, 2002 and report for the month of September 2002 at the latest by October 30, 2002.

#### **Article VI**

The Party is obliged to explain to APFP any numerical inaccuracies that might occur by comparing submitted reports with data resulting from APFP's monitoring.

#### **Article VII**

APFP accepts its duties stated in this agreement and attests that, with the help and cooperation from partnering non-governmental organizations, independent experts and professional independent agencies, it will monitor expenditures of political parties during the pre-election period and that it is obliged toward the Party to clarify all inaccuracies that might occur. APFP is also obliged to withhold this information and reports from the political competitors of the Party.

#### **Article VIII**

APFP will, on a monthly basis, publish its monitoring report, compare this report with the data submitted by the Party, and submit this report to the Party and the mass media. Reports will be published in August 2002, September 2002, and October 2002.

#### **Article IX**

After the Central Election Committee announces results of the parliamentary elections, taking place on September 20 and 21, 2002, APFP will prepare a final report and discuss the text of this report with each signatory political party and will subsequently publish this report in the mass media.

## Article X

APFP is obliged to monitor and evaluate monitored data objectively, truly and professionally, using all available sources of information. APFP is also obliged not to publish false, distorted and uncompleted monitoring results as well as unverified information and must explain all possible misunderstandings that may occur.

## Article XI

The report submitted by the Party to APFP must include the following items and categories:

### I. Costs related to parliamentary elections:

- a) Costs of outdoor advertisement (advertisement on billboards, big boards, mega-boards, city posters, city lights, posters, and other small outdoor advertisements), expenditures related to production, material, staff, printing, creative design and distribution of this advertisement
- b) Costs of other advertising types and costs of promotional items and presents, separated into different types (leaflets, travel tickets, invitations, stickers, cups and glasses, pens, coins, washing powders, T-shirts, coupons, lighters, hats, beer mats, balloons, political parties' newspapers, badges, bags, can openers, product covers—for example, for sugar, key rings, umbrellas, books, postcards, etc.), expenditures related to production, distribution, obtaining promotional items and presents and other advertising types
- c) Costs of advertisements in print media, costs of producing these advertisements, printing, creative design
- d) Costs of advertisements in electronic media, costs of producing these advertisements, material, creative design, purchasing the broadcasting time, honoraria for actors
- e) Costs of legally permitted advertising of political parties in public media, costs of producing these advertisements, material, creative design, purchasing the broadcasting time, honoraria for actors
- f) Costs of advertisements on the internet
- g) Costs of activities related to parliamentary elections, political rallies, meetings, meetings with citizens, events, conferences, and all other organizational costs related to stated events
- h) Costs of research and surveys, legal services
- j) Costs of PR, media, advertising agencies, consulting and creative activities
- k) Costs of renting premises, technical equipment, vehicles, etc.



**II. Costs of regular activities:**

- |                              |                                    |
|------------------------------|------------------------------------|
| a) Energy and material costs | f) Insurance costs                 |
| b) Transportation costs      | g) Rental of premises              |
| c) Representative costs      | h) Costs related to political work |
| d) Costs of services         | i) Administrative costs            |
| e) Salaries                  |                                    |

**Article XII**

APFP's monitoring will be based on common market prices of products and services listed in Article XI of this agreement, as well as on market discounts imposed on stated products and services and the official value of products and services.

**Article XIII**

APFP will monitor compliance with Act number 80/1990 (coll.) concerning the elections to the Slovak National Council, Act number 424/1991 (coll.) concerning association in political parties and political movements, and Act number 239/1994 (coll.) concerning the limitation of expenditure of political parties on promotion before the elections to the National Council of Slovak Republic, and will inform the public about results of this monitoring.

**Article XIV**

The Party will also complete the questionnaire (Appendix A) and allow APFP to contact its suppliers in accordance with the permission enclosed in this agreement (Appendix B).

**Article XV**

This agreement is prepared in two identical copies, one copy for each signatory party of this agreement. Signatory parties announce that they are acquainted with this agreement, agree with it and therefore sign it.

Bratislava, \_\_\_\_\_ date \_\_\_\_\_

\_\_\_\_\_  
Representative of political party

\_\_\_\_\_  
Representative of Aliancia na podporu fair play

# Appendix 3: Materials for Monitoring Campaign Events

## Questionnaire on Election Campaign Events

Party/Candidate: \_\_\_\_\_ Date: \_\_\_\_\_

Elections: \_\_\_\_\_

1. Which person or agency suggested and organized the following campaign activities for you? (please list agency name)

	Organizer	Cost
Events:	_____	_____
Competitions:	_____	_____
Meetings:	_____	_____
Shows:	_____	_____

2. Please list any space or premises rented for campaign events, including the location and the terms of rental.

Event	Space	Location	Rented From	Period of rental	Cost
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

## Questionnaire on Election Campaign Events (continued)

3. Which of the following were used at your events? (Please check and specify information for all that apply)

	Provided by:	Cost:
<input type="checkbox"/> Fireworks or laser show	_____	_____
<input type="checkbox"/> Promotional materials and treats	_____	_____
<input type="checkbox"/> Ushers/Hostesses/Wait staff	_____	_____
<input type="checkbox"/> Translation/interpreting services	_____	_____
<input type="checkbox"/> Security	_____	_____
<input type="checkbox"/> Photographers/Videographers	_____	_____
<input type="checkbox"/> Other (e.g., antique cars, flowers, decorations)	_____	_____
<input type="checkbox"/> Tables and chairs	_____	_____
<input type="checkbox"/> Live entertainment	_____	_____

4. How were campaign events promoted and publicized, and by whom? \_\_\_\_\_  
\_\_\_\_\_

## Template for Monitoring Campaign Events

The following table provides a sample template that monitors may use to record the details of election campaign events.

**Monitor:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Party/Candidate:** \_\_\_\_\_ **Location:** \_\_\_\_\_

**Type of Event:** \_\_\_\_\_ **Number of attendees:** \_\_\_\_\_

**Meeting**

- |   |   |   |  |
|---|---|---|--|
| <input type="checkbox"/> open space     | <input type="checkbox"/> town square                          | <input type="checkbox"/> cultural venue     | <input type="checkbox"/> outdoor stadium         |
| <input type="checkbox"/> indoor stadium | <input type="checkbox"/> meeting room of local administration | <input type="checkbox"/> hotel meeting room | <input type="checkbox"/> restaurant meeting room |

**Reception**

- |   |   |  |   |
|---|---|--|---|
| <input type="checkbox"/> cultural venue | <input type="checkbox"/> hotel meeting room | <input type="checkbox"/> restaurant meeting room | <input type="checkbox"/> meeting room of local administration |
|---|---|--|---|

**Seminar or Lecture:**

- |   |   |  |   |
|---|---|--|---|
| <input type="checkbox"/> cultural venue | <input type="checkbox"/> hotel meeting room | <input type="checkbox"/> restaurant meeting room | <input type="checkbox"/> meeting room of local administration |
|---|---|--|---|

**Politicians and important personalities (list of those present and their functions, if known)**

- |             |                       |
|-------------|-----------------------|
| Name: _____ | Function/Title: _____ |
| Name: _____ | Function/Title: _____ |
| Name: _____ | Function/Title: _____ |
| Name: _____ | Function/Title: _____ |
| Name: _____ | Function/Title: _____ |

**Entertainment: identity of musical performers/comedians etc and length of performance**

- |             |                              |
|-------------|------------------------------|
| Name: _____ | Function/Title/Length: _____ |
| Name: _____ | Function/Title/Length: _____ |
| Name: _____ | Function/Title/Length: _____ |
| Name: _____ | Function/Title/Length: _____ |

## Template for Monitoring Campaign Events *(continued)*

**Technical equipment** (if yes, describe in detail) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Stage** (if yes, describe) \_\_\_\_\_

**Electricity** (if yes, specify source) \_\_\_\_\_  
\_\_\_\_\_

**Transportation provided**

Cars \_\_\_\_\_ Number: \_\_\_\_\_ Owned by: \_\_\_\_\_

Buses \_\_\_\_\_ Number: \_\_\_\_\_ Owned by: \_\_\_\_\_

Vans \_\_\_\_\_ Number: \_\_\_\_\_ Owned by: \_\_\_\_\_

Limousines \_\_\_\_\_ Number: \_\_\_\_\_ Owned by: \_\_\_\_\_

**Refreshments** (if yes, describe) \_\_\_\_\_

**Promotional materials/Treats** (if yes, approximate quantity)

t-shirts: \_\_\_\_\_  caps: \_\_\_\_\_  lighters: \_\_\_\_\_

balloons: \_\_\_\_\_  pens: \_\_\_\_\_  stickers: \_\_\_\_\_

printed materials: \_\_\_\_\_  other: \_\_\_\_\_

**Promotion of event**

posters \_\_\_\_\_  public announcements \_\_\_\_\_  media announcements \_\_\_\_\_

other (e.g., hot-air balloon, bus) : \_\_\_\_\_

**Provide a brief description of the event** (length, activities, attendance)

\_\_\_\_\_  
\_\_\_\_\_

**Additional comments:** \_\_\_\_\_

\_\_\_\_\_

## Rules and Guidelines for Regional Monitors of Campaign Events

*Developed by the Fair Play Alliance, Slovakia*

The project worker must:

- be acquainted with the pre-election code of ethics;
- attend all campaign events assigned to him/her for monitoring;
- fill out a report according to the attached sample;<sup>1</sup>
- include a brief additional report outlining the most important aspects of the attended event;
- take two pictures of the event;
- take samples of all promotional materials handed out at the event;
- attend each event from beginning to end;
- obtain information about what happened prior to his/her arrival if the event began earlier than announced;
- not accept any rewards, compensation, or help from representatives of political parties;
- complete the questionnaire fairly and impartially.

If the worker knows in advance that he/she will not be able to attend a certain event, he/she must find a substitute and inform the project managers. The substitute monitor will also have to sign a copy of these rules. Monitors' work will be checked via telephone, the pictures provided, and direct check-ups at events.

## Suggested Responses to Typical Questions from Event Organizers

1. **Who are you?** – A regional worker of the Fair Play Alliance.
2. **What is the Alliance?** – The Alliance is an apolitical, non-governmental organization that monitors political parties' expenditure, behavior, and ethics during the election campaign.
3. **Why do you monitor?** – We monitor the election campaign so that the public can know how parties conduct their campaigns and how much the campaigns cost.
4. **What is the point of this?** – We want to initiate public debate about the election campaign and to provide the public with information about political parties, as is their right according to the Freedom of Information Act.
5. **If representatives of the political parties object to your presence**, refer to the code of ethics that the political parties signed with the Alliance, and according to which they have agreed to cooperate with the Alliance. The Alliance's analysts regularly communicate with parties' headquarters, and they should, therefore, know that we monitor their activities and events.
6. **If party representatives object to pictures being taken at the event**, point out that the event is being held publicly and attended by the public. The Slovak Constitution and the Constitutional Court directly guarantee the right to photograph public events. Explain that the pictures will primarily be used as proof of attendance at the event
7. **In case of any other questions**, refer party representatives to the Alliance's Executive Director or the regional monitoring coordinator.

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### Notes

1. Similar to the template for monitoring events in Appendix 3.

# Glossary

<b>Analysts</b>	Project staff who classify and process data to produce findings
<b>Campaign expenditure</b>	Expenditure incurred by or on behalf of a registered political party or candidate to promote the party or candidate at an election or in connection with future elections, including expenditure that has the aim of damaging the prospects of another party or candidate
<b>Campaign finance</b>	The resources acquired and spent by electoral candidates and political parties in election campaigns
<b>Campaign income</b>	The sources of income used to finance an election campaign, in particular direct donations, loans, third-party and in-kind contributions, and the use of administrative resources
<b>Campaign outputs</b>	Campaign-related activities, including advertising and staged events, organized and paid for by candidates, political parties, or independent third-parties
<b>Coordinators</b>	Project managers who provide overall direction, oversee monitoring, and supervise project staff
<b>Disclosure requirements</b>	Regulations requiring parties or candidates to officially declare received income and/or expenditure
<b>Donation</b>	Any deliberate act to bestow advantage, economic or otherwise, on a political party
<b>Electoral bloc</b>	A coalition of parties and/or other movements competing together in an election
<b>Hidden advertising</b>	Material that appears in the media as objective reporting or analysis but in reality promotes one candidate or party or attempts to discredit another



<b>In-kind donations</b>	Goods and services offered to candidates or campaigns free of charge or at a discount
<b>Institutional advertising</b>	“Public service” advertising, placed and produced at public expense by the state or public sector, whose true purpose is to promote incumbent or other favored parties or candidates
<b>Interconnected donors</b>	Multiple individuals, such as family members, used to conceal a large donation from a single source
<b>Majoritarian electoral system</b>	An electoral system where citizens vote for and elect individual candidates
<b>Market value</b>	The price that would be charged for a service or good on the market
<b>Misuse of administrative resources</b>	The use of state and public sector powers and resources (including coercive capacities, personnel, financial, material, and other resources) by incumbent politicians or political parties to further their own prospects of election, in violation of legal and/or other norms and responsibilities governing the exercise of public office
<b>Monitoring</b>	The systematic and objective observation and documentation of a particular process over time
<b>Monitoring methodology</b>	An account of the components of campaign finance to be monitored, how each component will be monitored, and the sources of information available to carry out the monitoring
<b>Monitoring strategy</b>	The general and specific objectives of a monitoring project
<b>Monitors</b>	Project staff who collect raw data

<b>Project activities</b>	The activities or processes undertaken during the course of a project (e.g., collecting and analyzing data, collecting information for reports, organizing a press conference)
<b>Project inputs</b>	Materials and resources used to implement a project (e.g., staff, equipment, facilities, funding)
<b>Project outcomes</b>	Changes resulting from a project (e.g., reform of campaign finance legislation, improved enforcement, improved disclosure)
<b>Project outputs</b>	“Products” delivered (e.g., data collected through monitoring, reports produced, media coverage, draft of a new campaign finance law)
<b>Proportional representation electoral system</b>	An electoral system whereby seats are allocated proportionally to votes received. In one variant, citizens vote for parties whose candidates are then allocated seats according to the percentages of votes won by their parties
<b><i>Quid pro quo</i> donations</b>	The provision of financial or other resources by private interests in return for favorable treatment by elected representatives
<b>Real-time monitoring</b>	Monitoring that takes place as the campaign is happening, i.e., daily monitoring of new information and events
<b>Representative sample</b>	A portion of the whole that is believed to accurately represent the characteristics of the total “population” of persons, activities, or locations monitored
<b>Sampling</b>	The process of selecting a representative or targeted portion of a total “population” for monitoring; samples typically consist of locations, voters, donors, media outlets, etc., depending on the objectives of monitoring

<b>Scoping Study</b>	A brief, preliminary piece of research performed in order to assess the local circumstances, identify the areas of campaign finance most suitable for monitoring, and set general objectives
<b>State capture</b>	The corrupt influence of individuals or groups on the formation of laws, regulations and other government policies. The World Bank defines state capture as “the actions of individuals, groups or firms both in the public and private sectors to influence the formation of laws, regulations, decrees, and other government policies to their own advantage as a result of illicit and non-transparent provision of private benefits to public officials.”
<b>Targeted sample</b>	A portion of the whole selected deliberately, not at random, and used to illustrate a specific aspect or component of a broader phenomenon
<b>Third-party contributions</b>	Goods or services paid for on behalf of a political party or candidate
<b>Transparency</b>	The degree to which an institution’s finances, policies, methodology, and operations are made available or known to the public
<b>Transparency agreement</b>	An agreement between a monitoring organization and parties/candidates, who agree to provide information on all or certain aspects of their finances
<b>Unlikely donors</b>	Private or corporate donors whose status cannot be confirmed or who are not likely to possess the funds required to make the contributions for which they are credited on party or candidate declarations of income
<b>Vote buying</b>	Providing money or other benefits to voters in order to persuade them to vote for a particular party or candidate

## Open Society Justice Initiative

The Open Society Justice Initiative, an operational program of the Open Society Institute, pursues law reform activities grounded in the protection of human rights, and contributes to the development of legal capacity for open societies. The Justice Initiative combines litigation, legal advocacy, technical assistance, and the dissemination of knowledge to secure advances in five priority areas: national criminal justice, international justice, freedom of information and expression, equality and citizenship, and anticorruption. Its offices are in Abuja, Budapest, and New York.

The Justice Initiative is governed by a Board composed of the following members: Aryeh Neier (Chair), Chaloka Beyani, Maja Daruwala, J. 'Kayode Fayemi, Anthony Lester QC, Juan E. Méndez, Diane Orentlicher, Wiktor Osiatyński, András Sajó, Herman Schwartz, and Christopher E. Stone.

The staff includes James A. Goldston, executive director; Zaza Namoradze, Budapest office director; Kelly Askin, senior legal officer, international justice; Helen Darbishire, senior program manager, freedom of information and expression; Julia Harrington, senior legal officer, equality and citizenship; Stephen Humphreys, senior officer, publications and communications; Katy Mainelli, administrative manager; Chidi Odinkalu, senior legal officer, Africa; Darian Pavli, legal officer, freedom of information and expression; and Martin Schönteich, senior legal officer, national criminal justice.

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## Open Society Institute

The Open Society Institute, a private operating and grantmaking foundation, aims to shape public policy to promote democratic governance, human rights, and economic, legal, and social reform. On a local level, OSI implements a range of initiatives to support the rule of law, education, public health, and independent media. At the same time, OSI works to build alliances across borders and continents on issues such as combating corruption and rights abuses.

OSI was created in 1993 by investor and philanthropist George Soros to support his foundations in Central and Eastern Europe and the former Soviet Union. Those foundations were established, starting in 1984, to help countries make the transition from communism. OSI has expanded the activities of the Soros foundations network to other areas of the world where the transition to democracy is of particular concern. The Soros foundations network encompasses more than 60 countries, including the United States.

[www.soros.org](http://www.soros.org)