



## Certain regulations on party finance need to be improved

The results of the parliamentary elections of 2016 have revealed problems related to funding of political parties, which need to be resolved. The problems are mainly related to the funding of political parties from the state budget – specifically, some components of the formula for calculating the amount of state funding are vague and problematic, and, also, the existing regulations create incorrect incentives for creating electoral blocs whose main goal is to obtain additional state funding and other undeserved privileges.

At the meetings of the Constitutional Commission, representatives of the Georgian Dream cited this problem as one of the main reasons for abolishing electoral blocs.

We, civil society organizations working on electoral issues, believe that – considering the Georgian political context – the institution of electoral blocs should be retained. For this reason, we started work to eradicate the main shortcomings relating to funding of political parties. While working on the recommendations, we didn't aim to fundamentally change the system of party finance; instead, we put the main emphasis on eliminating the existing vague norms and resolving the most severe problems. We think that if the present recommendations are taken into account, the reason for the abolition of electoral blocs will no longer exist.

### I. Financial and other benefits for electoral blocs

The existence of electoral blocs has one legitimate goal, specifically, to help parties with a low rating combine their efforts and overcome the electoral threshold. In our

opinion, in addition to this legitimate goal, the regulations that now exist in Georgia also give political parties unjustified incentives related to receiving additional benefits from the State. The last parliamentary and local government elections are a case in point. We have witnessed the creation of [ ]A electoral blocs through which parties comprising the blocs [ ] unlike parties that participate in elections independently [ ] undeservedly receive additional benefits, such as obtaining additional funding by manipulating components of the formula for receiving budgetary funding, more free advertising time, more funding for representatives in election commissions, appointment of members in election commissions, etc.

We believe that in order to eliminate the problem related to electoral blocs, it is necessary to ensure that parties participating in elections independently receive the same benefits as electoral blocs.

## Recommendations

- Recipients of all types of budgetary funding [ ] both direct and indirect funding [ ] should technically become electoral subjects, which means that one electoral subject, regardless of whether it is a party or an electoral bloc, should receive one equal portion of funding. This will involve no essential changes for parties participating in elections independently, while electoral blocs will be required to indicate in the statute at the time of registration in the CEC how they distribute direct budgetary funding, the funding from LEPL *Electoral Systems Development, Reforms and Training Center* (foundation), and the funding for representatives in election commissions, as well as the electoral number, the right to appoint members of election commissions, and free advertising time among political parties that are members of the bloc.
- Electoral subjects should receive funding based on the results of the last parliamentary and/or local government elections. The so-called mixing of components should only be allowed if the electoral subject concerned overcame the 3% threshold in both elections. It is also necessary to establish temporary restrictions:
  - a) Electoral blocs should only be allowed to mix the components of the formula if they participated in both of the last elections with exactly the same composition;
  - b) If a party participated in one election as part of a bloc and in another election [ ] independently, only the results of the latter election should be

taken into account when making a decision on the funding.

- Seven electoral subjects that received the best results in the last general elections should be given the right to appoint a member in election commissions. If an electoral subject is an electoral bloc, the right to appoint a member should be given to the party determined by the bloc's statute.

## II. Funding for creating a faction

The 2016 parliamentary elections showed that one of the most problematic issues was related to which party should receive the additional funding of GEL 300,000 for creating a faction in the Parliament. In our opinion, due to insufficient clarity of the existing regulations, the CEC misinterpreted them, as a result of which the party **„Will Save Georgia A** received GEL 300,000, whereas it had failed to overcome the necessary 3% threshold, received 0.78% of the votes, and only managed to get one majoritarian MP elected. Besides, even if the regulations were not vague, we believe that the principle of funding of parties for creating a faction is also incorrect. Creating a parliamentary faction is not an additional achievement of a party; it is automatically related to its entry into the Parliament and, accordingly, parties should not receive additional funding for creating a faction. This funding is not related to reimbursement of a faction **expenses**, because these expenses are reimbursed from the Parliament's budget anyway.

## Recommendations

- Component H in Paragraph 4 of Article 30 of the Law on Political Unions of Citizens should be abolished and the formula should be formulated as follows:  
„ $Z=B+(M*600*12)+(L*100*12)+(V*1,5)+(W*1)$ “;

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- In return, for abolishing this component, we believe it will be much fairer and logical to double the amount of basic funding in the case of overcoming a 5% threshold, instead of the 6% threshold that is provided for by Paragraph 6 of the same article. Currently, electoral subjects have to overcome a 6% threshold to have the basic funding doubled. This number seems to have been selected mechanically, because it is twice as much as the 3% threshold necessary to receive basic funding, which is illogical. The 5% threshold that we propose is related to a party's entry into the Parliament and, at the same time, it will partly compensate for the removal of component H from the formula.

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*International Society for Fair Elections and Democracy (ISFED)*

*Public Movement "Multinational Georgia" (PMMG)*

*International Center for Civic Culture (ICCC)*