TRANSPARENCY INTERNATIONAL GEORGIA

GEORGIA'S POLITICAL FINANCE IN 2023

REVENUES AND EXPENDITURES OF POLITICAL PARTIES AND FINANCIAL OVERSIGHT

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I. MAIN FINDINGS

As a result of analysis of financial declarations of 2023 submitted by 15 political parties, Transparency International Georgia (TI Georgia) has arrived at the following main findings:

Revenues and expenditures of political parties

- The 15 political parties studied received total revenues of GEL **26,452,373** (budget funding, donations, bank loans) and incurred the expenditures of GEL **14,856,671**; **62%** of the total revenues of all the parties (GEL 16,315,610) went to the **Georgian Dream;**

- **48%** of the total revenues of the political parties (GEL 12,742,941) came from public funding, and **52%** (GEL 13,138,636) came from private sources (donations, bank loans);

- 6 of the 15 political parties received a donation of more than GEL 1,000. The parties received donations of GEL **13,138,636** in total;

- **85%** of the total donations (GEL **11,170,000**) went to the **Georgian Dream**. **This is a record donation for a non-election year.**

Participation of companies connected with donors in public procurements and state programs

- In 2023, tenders were won by 15 companies connected with donors, **of which 14 companies were connected with donors of the Georgian Dream and 1 – with the Lelo party;**

- **In the reporting period, 14 companies connected with the donors of the ruling party won tenders with a value of up to GEL 1.1 billion. During the same period, these companies donated GEL 1.45 million to the Georgian Dream;**

- In the period before the grape harvest of 2023, donors connected with wine-producing companies donated up to GEL 1 million to the Georgian Dream;

- Alcohol-producing companies connected with the donors of 2023 have **received preferential credits of up to GEL 39 million** in the years 2013-2023, **while in the years 2021-2023, they have received grape harvest subsidies of more than GEL 30 million.**

Donations allegedly made through third persons

- In addition to directors and partners of large business groups, donors of the ruling party are often employees of companies who work in such positions as the financial officer, geologist, mechanic, head of workshop, etc. **This raises a doubt that they are fictitious donors, while the real donor is concealed, which is a violation of law.**

- The practice of using fictitious donors for donating money to the Georgian Dream was identified in connection with RMG group and Anagi group.

- **Doubts about fictitious donation are also raised by donations made by a single group within a brief interval of time**, which took place in connection with Lilo Mall LLC, when small interest holders of the company donated large amounts to the ruling party on the same day.

Oversight on political parties

- Since the mandate for the oversight on political parties was granted to the Anti-Corruption Bureau, it has been more difficult to obtain information about the activities for the monitoring of political finance.

- The process of monitoring on cases of direct and indirect funding of parties by the Anti-Corruption Bureau is not transparent, which poses a threat that the Bureau interprets the law unjustifiably broadly and is politically motivated.

- In 4 of the 12 cases forwarded by the Anti-Corruption Bureau to the court in 2023, the court applied a verbal warning as the sanction, in 1 case – the court issued a warning, in 1 case – the administrative proceedings were terminated, while in the remaining 7 cases – the parties were fined, with the total amount of the fine equaling GEL 25,700.

Legislative changes

- Legislative changes of December 2023 **made it illegal for legal persons to make a donation to a political party**; the changes also decreased the upper limit of expenditures to be incurred by parties during a year. **The changes are mostly formal, and they cannot eradicate a large financial inequality between the ruling party and other parties.**

II. RECOMMENDATIONS

- For years now, donations made to the ruling party have been raising a reasonable doubt that these donations are a part of a corrupt scheme related to large public procurement contracts and obtaining benefits from other budget-funded programs. The Anti-Corruption Agency of the State Security Service is obligated to investigate such cases.

- When exercising its powers, the Anti-Corruption Bureau should strictly observe political neutrality, be guided only by the law, and observe the principles of transparency. Observing these preconditions is critical for ensuring a fair electoral environment.

- The Anti-Corruption Bureau should be equipped with relevant investigative powers. To ensure political neutrality, opposition parties should also take part in the appointment of the head of the Bureau.

- The State Audit Office should add a separate form to the annual financial declaration template where parties will indicate the specific origin of the amount (if any) in the “other monetary revenues” category.

- Political parties should do more to raise donations through events and campaigns. In such a case, parties are usually less reliant on a handful of key donors, and the risk of possible corrupt deals is also smaller.

III. INTRODUCTION

Competitive and fair elections are one of the cornerstones of democratic states. The competitiveness of political parties is largely determined by their financial resources. Georgia's electoral history shows that the political group in power has always had far greater financial resources than its rivals, creating an unequal electoral environment. Besides, political money is always accompanied by risks of corruption, so transparency of finance and its effective oversight are important conditions for political competition to be fair and voter-oriented. TI Georgia has been studying and periodically publishing reports on political party finance for years now.

This time, TI Georgia presents a study that analyses Georgia's political finance in 2023. During this year, the system of monitoring of political finance underwent significant changes: on the basis of legislative changes adopted in 2022, the Anti-Corruption Bureau was created, which took over the powers for the oversight on political finance from September 1, 2023.

No general election was held in the country in 2023, which usually also reflects on the parties' finance. Non-election years are characterized by a decrease of the share of private donations in the parties' revenues and a high dependence on budget funding. This tendency would have also been maintained this year if it had not been for a large donation received by the Georgian Dream that was unprecedented for a non-election year, which changed the general picture. For the first time, the donations made in a non-election year amounted to 50% of the total revenues (GEL 13 million), whereas in 2022 their share had been only 16% (GEL 2.6 million). The structure of the parties' expenditures did not change, and they were incurred on the categories characteristic of non-election years, such as salaries and rent and office expenses.

Until February 1 of each year, political parties are required to submit annual financial declarations of the previous year to the State Audit Office (SAO). These declarations were published on the website of the SAO[1] until September 1, 2023, and on the website of the Anti-Corruption Bureau[2] after September 1. A large part of the present study is an analysis of the said financial declarations; therefore, the reporting period includes the time interval from 1 January through 31 December 2023. Information from other years was also used periodically to analyze various data and trends.

For the study, we selected those political parties that were either qualified parties[3] as of 2023 or raised a revenue of at least GEL 100,000 in the same year. These criteria were met by the following 15 political parties: Georgian Dream – Democratic Georgia (Georgian Dream), United National Movement (UNM), Movement State for the People (State for the People), Generations for Georgia, Republican Party of Georgia (Republicans), European Democrats of Georgia (European Democrats), Giorgi Vashadze – Strategy Aghmashenebeli (Strategy Aghmashenebeli), Law and Justice, European Georgia – Movement for Liberty (European Georgia), Alliance of Patriots of Georgia (Alliance of Patriots), New Political Center – Girchi (Girchi), Aleko Elisashvili – Citizens (Citizens), Lelo for Georgia (Lelo), Conservative Party of Georgia, Progress and Freedom.

In addition to the annual financial declarations of political parties, we have used the *Activity Report of the Anti-Corruption Bureau of 2023* for the study.[4] To ascertain the business connections of the donors of the parties and their interests in public procurements, we have used the websites of TI Georgia – www.politicaldonations.ge, www.tendermonitor.ge, www.companyinfo.ge, the website of the State Procurement Agency – www.procurement.gov.ge, and other open sources.

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1 https://monitoring.sao.ge.

2 https://monitoring.acb.gov.ge.

3 A political party that has obtained the right to receive public funding on the basis of the results of the previous parliamentary elections.

4 *Activity Report of the Anti-Corruption Bureau of 2023*, https://acb.gov.ge/public-info/tsliuri-angarishi.

The report was prepared on the basis of analysis of legislation, as well as qualitative and quantitative analysis of statistical data. Some parts of the research were taken from previous reports of TI Georgia on political finance.

At the beginning of the study, we give a brief overview of the general legal framework that regulates the issues of political party finance in Georgia and of legislative novelties that took place in 2023. The next sections of the report present a quantitative and qualitative analysis of the revenues received and expenditures incurred by the aforementioned 15 political parties.[5] The section on revenues puts an emphasis on both public and private funding. The section also presents donations received by the political parties in 2023 and related cases containing risks of political corruption. The section on expenditures provides an overview of data officially declared by the parties. And the last section deals with the issue of financial transparency and oversight.

5 The information about the revenues and expenditures of the parties was mainly taken from the declarations filled out by the parties themselves. For this reason, TI Georgia is not responsible for the accuracy of all the data. Besides, the figures were mainly calculated according to cash revenues and expenditures. Exceptions are bank loans and in-kind donations, which are included in the parties' actual revenues.

IV. CHANGES TO THE LEGISLATION ON POLITICAL FINANCE

The main legal grounds for regulating political finance in Georgia are determined by the Organic Law on Political Associations of Citizens and the Election Code, as well as by the General Administrative Code, the Code of Administrative Offenses, and the relevant order of the Head of the Anti-Corruption Bureau.[6]

At the end of 2022, the system of monitoring of political parties underwent substantial changes – the Anti-Corruption Bureau was created, which, along with other functions, was also given the function of financial monitoring of political parties. The Anti-Corruption Bureau started to exercise these powers from September 1, 2023.

Giving the anti-corruption functions to one institution should be welcomed and complies with international practice.[7] However, **the centralized model works only in the event of granting this institution real independence and relevant (investigative) powers**.[8] In Georgia, the Anti-Corruption Bureau was created without investigative functions and real independence, which, from the very beginning, restricts its ability to fight corruption effectively. Moreover, the absence of independence creates a risk that the Bureau will be used for political purposes, the signs of which can already be seen (see Section VII).

In December 2023, the Parliament adopted legislative changes to the Organic Law on Political Associations of Citizens[9], which, from December 29, 2023, made it illegal for legal persons to make donations for the benefit of political parties; the ceiling of the total amount of expenditures to be incurred by a party during a calendar year was also decreased from 0.05% to 0.04% of the country's Gross Domestic Product (GDP) of the previous year. The declared goal of the changes is to fulfill the recommendations of the Venice Commission and the European Commission.

The said restrictions do not apply to the reporting period of the present study. The new regulations will have an effect on the political finance of 2024. According to the new ceiling of annual expenditures, parties will be able to spend close to GEL 30 million during 2024.[10] Not a single party in the recent history of Georgia has declared expenditures of this amount during a year. Therefore, it is highly likely that the ceiling of 0.04% will remain a formal limit and is not going to fulfill the function of limiting the expenditures.

As for the prohibition of donations by legal persons, it is quite a common practice around the world. However, the role of donating legal persons has always been secondary in Georgia (for example, only 6 legal persons made a donation in the years 2022-2023), so it is not going to change the general picture.

Recommendation
• The Anti-Corruption Bureau should be equipped with relevant investigative powers. To ensure political neutrality, opposition parties should also take part in the appointment of the head of the Bureau.

6 Order No. 4 of the Head of the Anti-Corruption Bureau of 25 August 2023 on Regulation of Issues Related to the Transparency of Political Finance, https://matsne.gov.ge/ka/document/view/5900992?publication=0.

7 For years now, TI Georgia has been supporting the creation of an anti-corruption agency that will have relevant powers and independence. For details, see: *A new legislative initiative, if supported, to greatly improve anti-corruption capacity of Georgia*", TI Georgia, 01/09/2020, https://shorturl.at/FFoou.

8 See the evaluation of the law in detail: *Evaluation of the Law on the Anti-Corruption Bureau,* TI Georgia, 5/12/2022, https://shorturl.at/4luns.

9 The Organic Law of Georgia on Changes to the Organic Law of Georgia on Political Associations of Citizens, 29/12/2023, https://matsne.gov.ge/ka/document/view/6003219?publication=0#DOCUMENT:1.

10 Based on the rapid estimates of the GDP of 2023: https://shorturl.at/2S36l, https://shorturl.at/DE75z.

V. REVENUES OF POLITICAL PARTIES

1. REGULATORY FRAMEWORK

According to the Georgian legislation, political parties are allowed to receive revenues from the following sources: 1. public funding; 2. membership fees; 3. donations; 4. bank loans.

1.1. PUBLIC FUNDING

As noted above, one of the sources of a political party's funding may be funds received from the State. The amount and recipients of public funding are determined by the Organic Law on Political Associations of Citizens. The law establishes the following ways of receiving funding from the State:

- **Direct monetary contributions from the State Budget**

A political party registered with the Central Election Commission is eligible for public funding if it participated in the latest parliamentary elections and received at least 1% of the votes. The amount of funding is set at GEL 15 for each vote received as part of the first 50,000 actual votes, and GEL 5 for each subsequent actual vote received.[11]

- **Gender-based supplemental funding[12]**

A party funded from the State Budget will receive an additional 30% of its public funding if one of each three candidates on the party list submitted in the last parliamentary elections was of the opposite sex.

- **Free advertisement time**

In addition to direct budget funding, the law also provides for indirect funding of a political party. During the election campaign, the national broadcasters are obligated to allocate at least 7.5 minutes in every 3 hours free of charge for advertisements of qualified political parties, which should be distributed equally and without discrimination. The Georgian Public Broadcaster is required to allocate 5 minutes per hour for the same purpose.

Political parties are prohibited from receiving other kinds of public funding or in-kind public contributions that do not fall into the categories described above.

1.2. PRIVATE FUNDING

In addition to public funding, political parties have the right to raise funds from private sources. **Until December 29, 2023, both natural and legal persons had the right to make a donation, although, as a result of the changes of December 29, legal persons were prohibited from making a donation for the benefit of a political party.** As the regulations existing before the changes were in force for practically the entire reporting period, below we describe the situation before December 29.

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11 Paragraph 3 of Article 30 of the Organic Law on Political Associations of Citizens.

12 On May 15, 2024, on the initiative of MPs from the Girchi party, which was also supported by the Georgian Dream, the Parliament repealed mandatory quotas for women in the Parliament and municipal councils; the supplemental budget funding for the quotas was also repealed. As of the publication of this report, this funding has been abolished, although it was fully applicable during the reporting period.

The law establishes the following categories of private funding:

- **Membership fees**

The ceiling of the annual amount of membership fees is GEL 1,200.

- **Donations**

Donations are defined as follows:

  - Money deposited on the account of a political party by a natural or legal person;
  - Material or in-kind donation (including a preferential loan) or service (except for work performed through volunteering) secured by a party free of charge or on discount/ preferential terms from a natural or legal person.

The law imposes qualitative as well as quantitative restrictions on donations:

  - A natural person who donates must be a citizen of Georgia;
  - A donating legal person must be registered in the territory of Georgia, while its partners and end beneficiaries must be citizens of only Georgia;
  - A donor cannot be a legal person which in the last calendar year or until the polling day of the election year has received 15% or more of its actual income from simplified public procurements;
  - Donations received by a party from a single natural person should not exceed GEL 60,000 per year, while donations from a single legal person should not exceed GEL 120,000 per year.

Furthermore, it is forbidden to receive donations from:

  - Natural and legal persons of other countries, international organizations and movements;
  - State agencies, state organizations, legal persons of public law, societies with state stock ownership;
  - Non-entrepreneurial legal entities and religious organizations;
  - In an anonymous form.

- **Bank loans**

A political party also has the right to take a credit of up to GEL 1 million in total during a calendar year only from a commercial bank of Georgia.

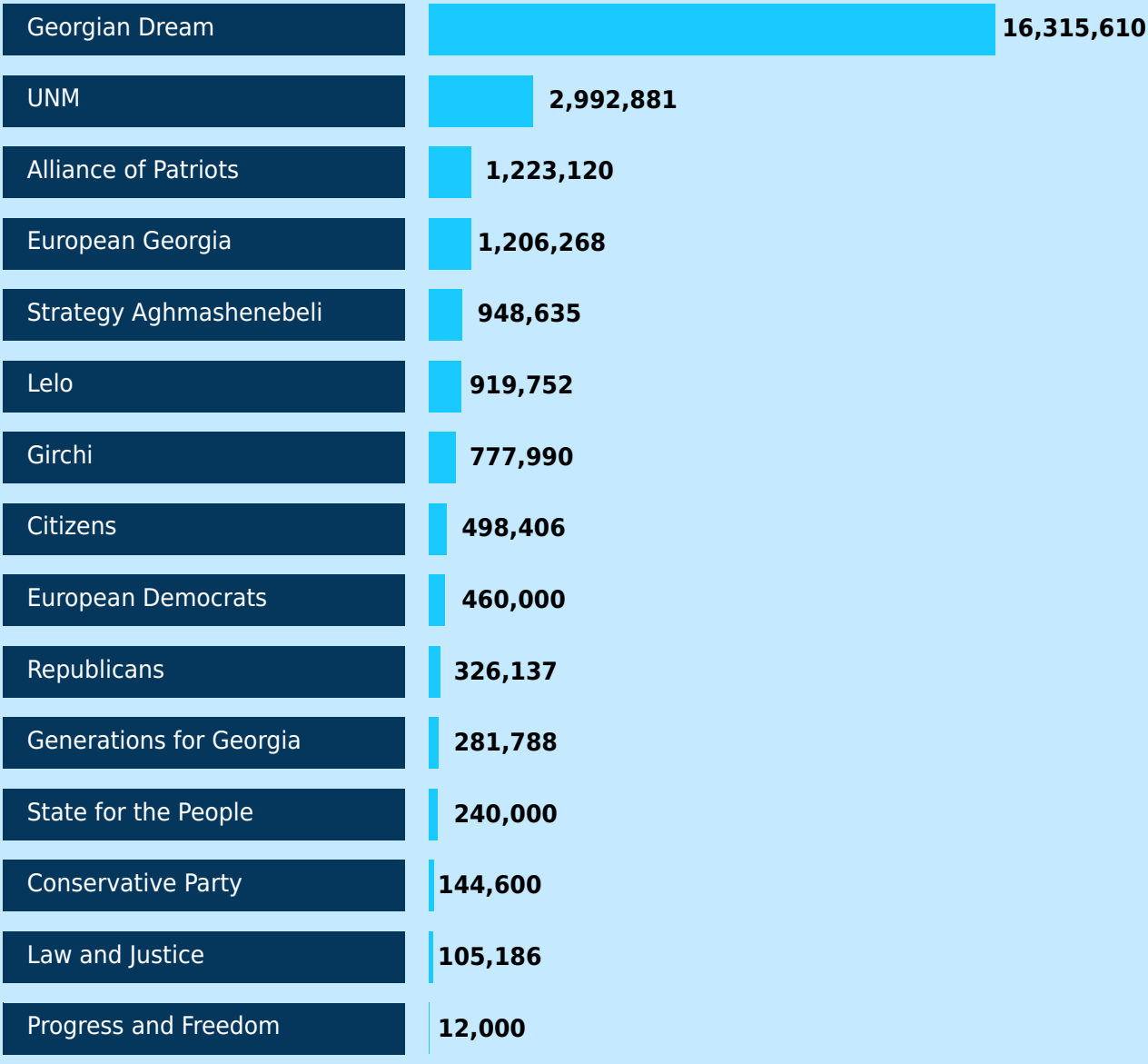
2. REVENUES RECEIVED BY POLITICAL PARTIES: OVERVIEW AND ANALYSIS

As already noted, the study analyzed the financial declarations of those political parties that had the status of “qualified” parties or had received a revenue of GEL 100,000 or more during 2023.

In 2023, the 15 political parties studied received revenues of GEL **26,452,373** in total, which is 1.6 times as much as the revenues received by the parties in 2022.[13]

Almost 62% of the total revenues – GEL 16,315,610 – went to the ruling Georgian Dream party. The UNM ranked second with GEL 2,992,881, and the Alliance of Patriots ranked third with GEL 1,223,120 (see **Figure 1**). These three parties had also led the list of parties with the highest revenues in 2022, with the difference that at that time the ruling party had received only 40% of the total revenues (GEL 6,191,423).

Figure 1. Total revenues received by political parties in 2023,GEL

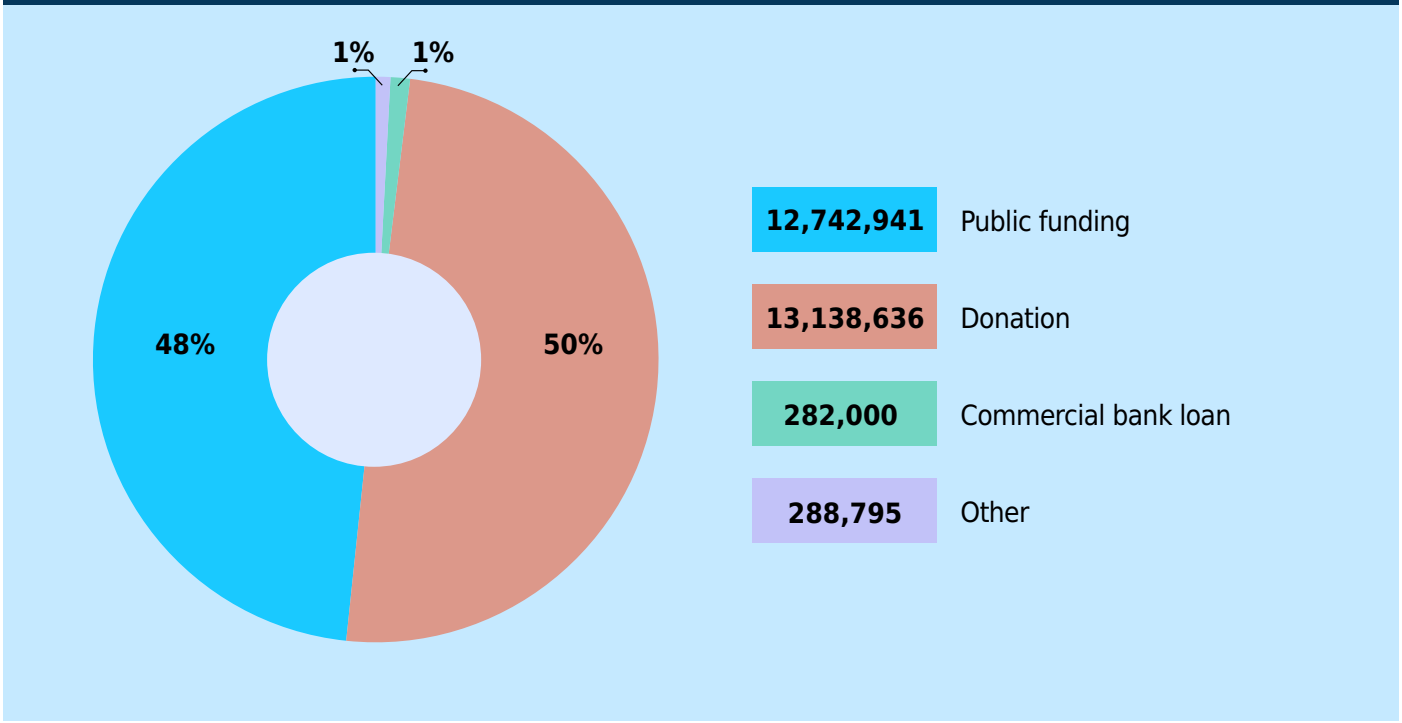


Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

13 In 2022, political parties received revenues of up to GEL 17 million in total.

In 2023, **50%** of the total revenues received by the political parties (GEL 13,138,636) came from donations, **48%** (GEL 12,742,941) was received from public funding, and **2%** – from other types of income, including loans from commercial banks (see **Figure 2**). As a rule, the share of private donations in the parties' revenues is always big in election years,[14] although the year 2023 was the first time when the share of donations in a non-election year exceeded that of public funding. The only reason for the change in the usual structure of revenues was the fact that the Georgian Dream received an amount of donations that has no precedent in a non-election year.

Figure 2. Total revenues received by political parties in 2023 according to sources, GEL, %



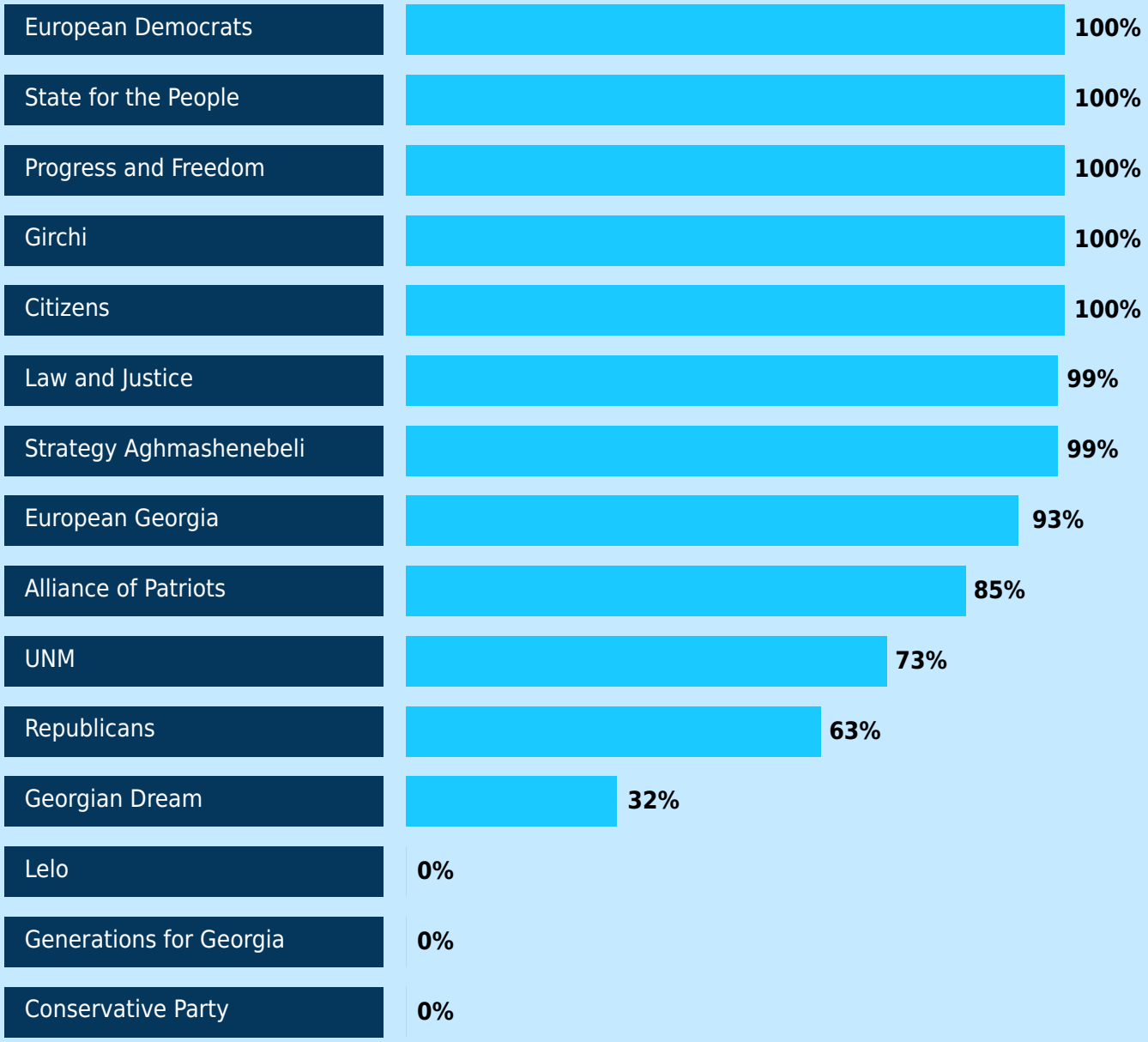
Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

A good illustration of the foregoing is **Figure 3**, which shows that in 2023 budget funding was the main source of revenue for most of the parties, with the exception of the Georgian Dream as well as those parties that do not receive public funding.[15] For the sake of comparison, in 2022, 83% of the total revenues of the Georgian Dream had come from public funding, while in 2023, this figure decreased to 32% as a result of drastically increased donations.

14 For example, the share of private revenues in 2020 amounted to 77%, see in detail: *Georgia's Political Finance in 2020: Revenues and Expenditures of Political Parties and Financial Oversight*, TI Georgia, pp. 17-18, https://shorturl.at/Z6pyn.

15 In 2022, the Lelo for Georgia party lost the right to receive public funding as a result of legislative changes that were harshly criticized both by local NGOs and the Venice Commission. At that time, the Labor Party of Georgia also lost the right to receive public funding on the same grounds. See in detail: *Georgia's Political Finance in 2022*, TI Georgia, June 2023, https://shorturl.at/RAfnG, p. 9.

FIgure 3. Share of public funding in the total revenues of political parties in 2023

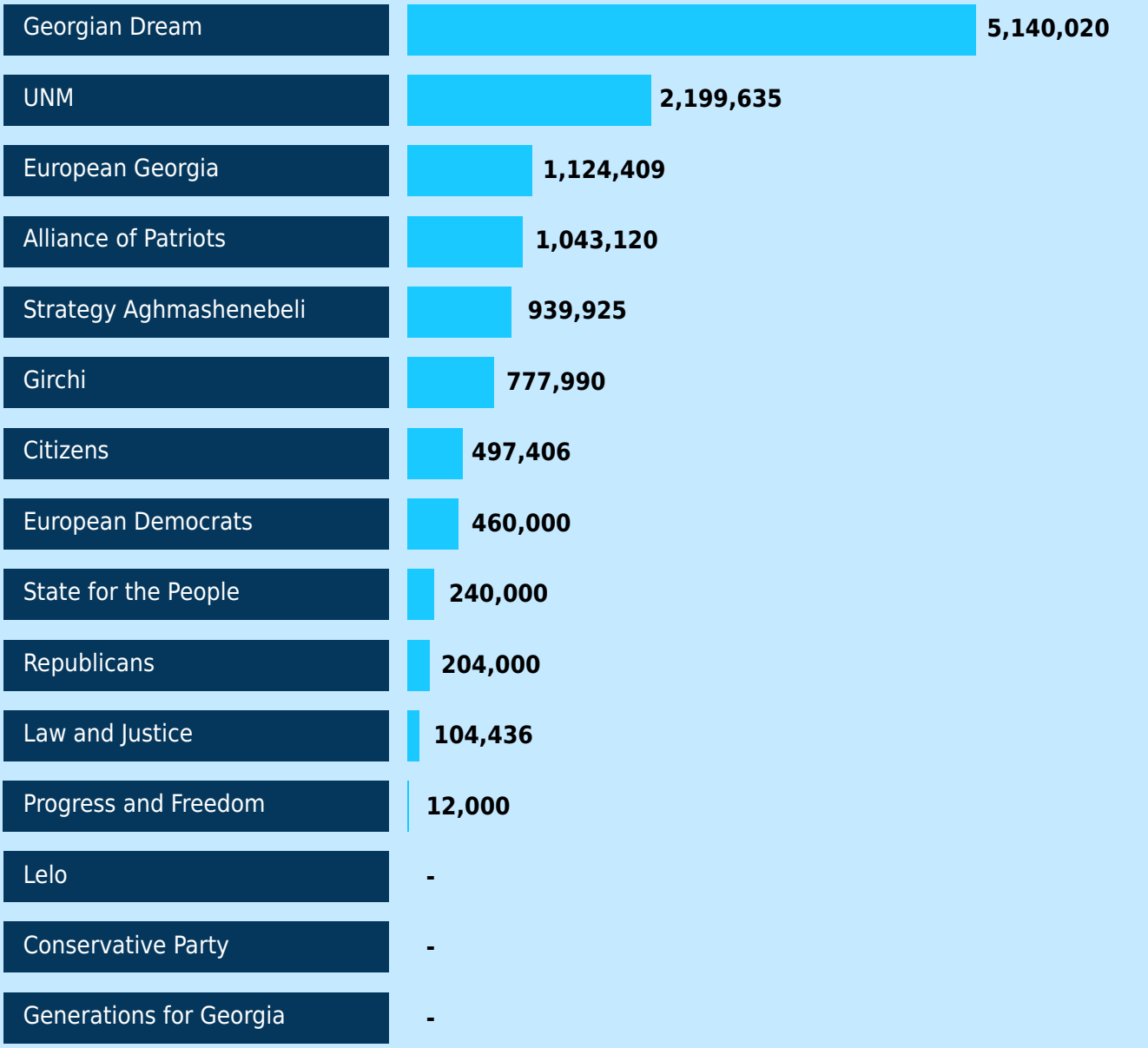


Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

2.1. PUBLIC FUNDING

As already mentioned, public funding amounted to **48%** (GEL 12,742,941) of the revenues of political parties during 2023. Of this, the ruling Georgian Dream – Democratic Georgia party traditionally received the largest amount – GEL 5,140,020 (**40%** of the total public funding), followed by the UNM (GEL 2,199,635) and European Georgia – Movement for Liberty (GEL 1,124,409) (see **Figure 4**).

Figure 4. Public funding received by political parties in 2023, GEL



Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

2.1.1. Gender-based supplemental funding

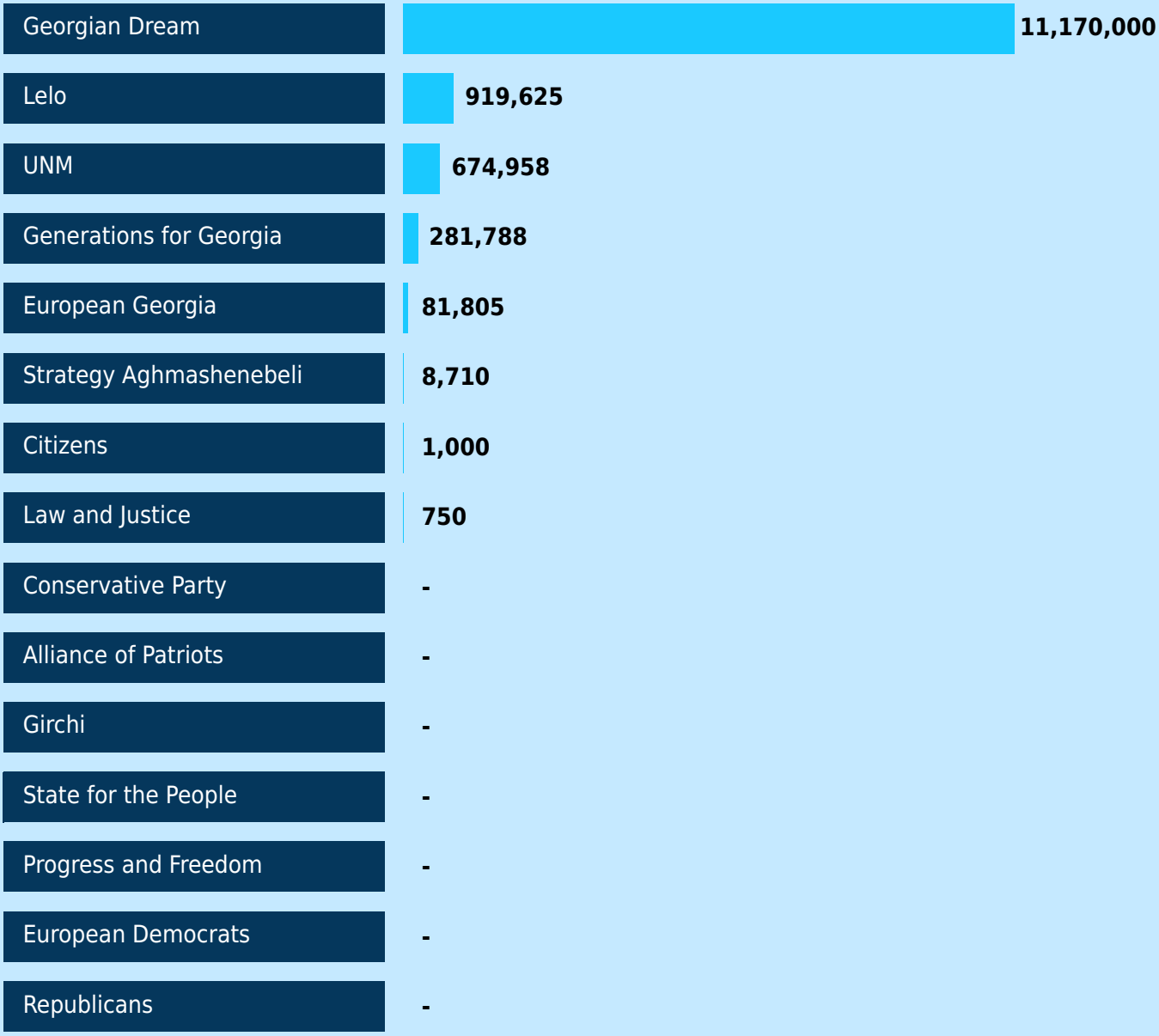
At the time of the 2020 parliamentary elections, the following 5 of the 15 political parties received the gender-based supplemental funding: Giorgi Vashadze – Strategy Aghmashenebeli, Law and Justice, European Georgia – Movement for Liberty, Alliance of Patriots of Georgia, and Aleko Elisashvili – Citizens.

These parties also received this amount in 2023. However, similarly to the previous year, from the 5 parties, only European Georgia indicated the amount of this funding (GEL 259,479) in the appropriate separate field of the financial declaration, while the rest of the parties only included these amounts in the total public funding.

2.2. DONATIONS

In 2023, the 15 parties studied received monetary and in-kind donations of GEL **13,138,636** in total, **85%** of which (GEL **11,170,000**) went to the Georgian Dream. Lelo ranked second with GEL 919,625, while the UNM ranked third with GEL 674,958 (see **Figure 5**).

Figure 5. Donations received by political parties in 2023, GEL



Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

Not a single party has ever received an amount of donation in a non-election year that the Georgian Dream received during 2023. Particularly productive for the party was the 4th quarter, when the party coffers were filled with up to GEL 10 million.

In 2023, 689 persons in total (only 5 of them were legal persons) donated money to the political parties 958 times, from which 345 persons were donors of the Georgian Dream, 106 donated to the UNM, and 45 – to Lelo for Georgia.

Among the donors, 213 persons donated more than the average annual nominal salary in Georgia in 2023 (approximately GEL 22,296[16]); 196 of these were donors of the Georgian Dream.

Recommendation
Political parties should do more to raise donations through events and campaigns. In such a case, parties are usually less reliant on a handful of key donors, and the risk of possible corrupt deals is also smaller.

2.2.1. Donations containing a high risk of political corruption

Political donations have always been a matter of great public interest in Georgia. The public often raises legitimate questions regarding the real individuals and entities behind these financial transactions and whether or not these donations are made as part of a corrupt deal.

Political corruption is a type of corruption that implies certain illegal actions committed by political decision-makers. Political corruption occurs when politicians or government officials use their powers to pursue personal gain or other private interests.[17]

Political corruption can take many forms in political finance, including the cases where a donor receives certain benefits from the State in exchange for money donated to the ruling party. Anti-corruption mechanisms provided for by the Georgian legislation are quite weak in this regard and envisage only one restriction, specifically, a party donor cannot be a legal entity that in the previous calendar year or until the polling day of the election year has received more than 15% of its actual income from simplified public procurement contracts. This regulation can be easily circumvented, for example, in this way: instead of a company that has received a simplified public procurement contract, its owner or another affiliated person can donate to a political party. This could be one of the reasons why a violation of this regulation has never been detected by the SAO/Anti-Corruption Bureau.

It is not easy to detect corruption and illegal schemes. Still, TI Georgia has long been trying to provide the public with as much information as possible on the donors of political parties and their business interests, as well as public procurement contracts awarded to their companies.

To detect these links more effectively, TI Georgia created a special website www.politicaldonations.ge, which brings together all donations made to political parties since 2011. What is more, the company affiliations of donors can also be viewed on the website.

Donations received by the ruling party are, naturally, more likely to be accompanied by particularly high risks of political corruption, because the authorities have the lever to make a deal with a potential donor in return for certain benefits. For this reason, in our research, we put a special emphasis on donations to the Georgian Dream – Democratic Georgia. With this purpose, we studied the donors to the ruling party who contributed money in 2023. In particular, we looked at how many of them were connected[18] with companies that received certain benefits from public procurements during the same period.[19]

16 National Statistics Office of Georgia, wages; available at: https://shorturl.at/JkkT5.

17 Political Corruption Topic Guide, Transparency International, 31/10/2014: https://shorturl.at/tQGJd

18 By “connected”, we mean the link of a donor, the total amount of whose donation exceeds GEL 500, with a legal person, which is manifested in the fact that the donor owns a stake in the company or has representative or executive powers of the company. In concrete cases, a “connected” person may also be interpreted on the basis of other circumstances, which will be indicated in the relevant part of the text.

19 For the purposes of this section, by “same period”, we mean the period from 1 December 2022 through 31 January 2024 (14 months), when companies connected with donors of the ruling party obtained public procurement contracts or other benefits.

Participation of companies connected with donors in public procurements

As noted in the previous subsection, in 2023 the Georgian Dream received an **amount of donations that is unprecedented** for a non-election year; **during this year, 345 persons donated a total of GEL 11,170,000 to the party.** TI Georgia published an overview of donors of parties, including the Georgian Dream, on a quarterly basis.[20] The present subsection will summarize the findings revealed in the quarterly newsletters and cases that contain the risk of corruption.

During 2023, the political parties had 684 donating natural persons in total. These persons are connected with more than 1,800 companies in various forms. However, **tenders were won by only 15 companies, 14 of which were connected with donors of the Georgian Dream and only 1 company had links with the Lelo party.**[21]

Fourteen companies connected with the donors of the ruling party won tenders with a total value of up to GEL 1.1 billion in the reporting period, and donated GEL 1.45 million to the Georgian Dream during the same period (in total, these companies have donated GEL 3.68 million to the ruling party).

Produce Investment LLC, a company connected with a donor of Lelo (Nika Khazaradze – in 2023, he donated GEL 60,000 to the party, and in total he has donated GEL 283,100), won a tender worth GEL 14,040,799 in 2023. **Table 1** shows the companies connected with donors of the Georgian Dream which have won tenders with a total value of more than GEL 1 million during the reporting period.

Table 1. The value of tenders won and donations made by companies connected with donors who donated to the Georgian Dream in 2023 (GEL)

Company name	Donor connected with the company/group	Value of tenders won (1/12/2022 – 1/02/2024)	Donation in 2023	Total donation*
Anagi	Davit Shalikadze, Irakli Gogolishvili, Davit Andguladze, Zviad Mukutadze, Malkhaz Tsakadze, Giorgi Chitashvili, Okropir Chkhikvadze[22]	685,824,705	390,000	700,000
Gza	Giorgi Chkonia, Malkhaz Dumbadze	312,890,911	75,000	555,000

20 See the political donations quarterly newsletters no. 3, 4, 5, 6, https://shorturl.at/z4ayU.

21 Viva Zhaluzi LLC won a tender worth GEL 280,000 in 2023, although it only donated GEL 100 to the European Georgia party, which is not a sufficient donation for establishing a connection between a party and a donating company according to the methodology of the present report. For more details, see Footnote 18.

22 Donors connected with the Anagi company included the directors and interest holders of companies comprising the Anagi group: Davit Shalikadze (Anagi Tbilisi, Anagi-Mechanization), Irakli Gogolishvili (Anagi-Batumi, Anagi, Anagi Betoni), Davit Andguladze (Anagi Construction, Anagi Tiz, Anagi Art House). In addition to the directors and partners, the donors also included employees of Anagi group working in various positions, including Head Site Engineering Manager, Zviad Mukutadze (donated GEL 60,000), the Chief Financial Officer, Giorgi Chitashvili (donated GEL 60,000), and the Director of the Technical Department, Okropir Chkhikvadze (donated GEL 35,000).

Bondi 2009	Nukri Dolidze, Otar Putkaradze, Davit Devadze	51,060,273	150,000	357,000
G&K Technology	Roman Abramishvili	16,654,413	60,000	300,000
Monoliti 2005	Nukri Dolidze	11,712,759	50,000	110,000
Highway LLC	Uta Molashkhia	8,990,899	60,000	60,000
Arsakidze-2000 LLC	Vazha Usanetashvili	4,448,475	60,000	346,000
Gazproeqti 2009 LLC	Koba Lomidze	1,422,019	60,000	120,000
Nova	Zviad Abuladze, Jemal Antadze, Ramaz Iremadze, Emzar Iremadze, Jemal Bolkvadze	1,271,751	300,000	300,000

**The total donation of those donors of the Georgian Dream and of Salome Zurabishvili in 2018 who donated money to the party in 2023.*

As for simplified procurements, companies connected with donors obtained direct procurement contracts worth GEL 3.3 million, from which GEL 3 million went to the companies connected with donors of the Georgian Dream. Among them, we should distinguish the following companies: **Nova LLC** with its contracts worth **GEL 1.7 million** (see **Table 1** for donors connected with Nova LLC); **Khalibi LLC with contracts worth GEL 311,000** (its interest holder, **Ramaz Gujabidze**, donated GEL 35,000 to the Georgian Dream in 2023, and he has donated GEL 263,000 in total); **Autochech LLC** – in 2023, **this company obtained direct procurement contracts worth GEL 269,000**, while its interest holder, **Zaza Vashakidze, donated GEL 30,000 to the Georgian Dream;** in total, he has donated GEL 110,000 to the ruling party.

Donors of the Georgian Dream who are connected with alcohol-producing companies

In the period before the start of the grape harvest in 2023 (July-September), the high number of donors of the Georgian Dream who are connected with companies producing wine or other alcoholic drinks became noticeable. In August and September, the "winemaker" donors **donated GEL 944,000** in total to the Georgian Dream; these donors have donated more than GEL 2 million to the ruling party since 2012 (see **Table 2**).

Table 2. Donors connected with alcohol-producing companies who donated to the Georgian Dream in July-September 2023

Donor	Alcohol-producing companies connected with the donor	Donation in 2023	Total donation
Zurab Ramazashvili	JSC Telavi Wine Cellar; Vinoteki LLC	60,000	150,000
Kakha Zukakishvili		60,000	150,000
Archil Tkhilaishvili	Georgian Traditional Chacha LLC	15,000	15,000
Archil Gogelia	Pavilion Wines LLC	15,000	92,000

Giorgi Bubuteishvili	JSC Sarajishvili;	15,000	21,000
Davit Abzianidze	Brand Shop Sarajishvili LLC;	35,000	50,000
Giorgi Bubuteishvili	Sarajishvili Winery and Distillery LLC	60,000	230,000
Teimuraz Khaindrava		15,000	55,000
Zaza Kikabidze	Georgian Wine House LLC; Kiazo's Wine LLC; Wine and Dine LLC	7,000	67,000
Sergey Sumarokov		40,000	90,000
Kakha Tsiskarishvili	Mukuzani Winery LLC; Grape Tour Georgia LLC	40,000	40,000
Paata Tsiskarishvili	1000 Wines LLC	60,000	120,000
	JSC Telavi Wine Cellar; Enovino LLC		
Irakli Ugulava	Askaneli Brothers LLC	30,000	65,000
Irakli Naneishvili	Palavani LLC	30,000	30,000
Giorgi Pochkhidze	Kondoli LLC; Kiazo's Wine Traditions LLC	30,000	38,000
Irakli Kotetishvili		60,000	70,000
Tengiz Amonashvili	Chateau Nekresi LLC;	15,000	30,000
Vazha Tsigroshvili	Marniskari LLC	60,000	355,000
Lika Imnadze		7,000	7,000
Paata Buzariashvili		40,000	60,000
Koba Mkalavishvili	Georgian Vine Marani LLC	5,000	5,000
Archil Lobzhanidze	Company Besini LLC	40,000	40,000
Koba Tugushi		7,000	7,000
Nani Menabdishvili	Tsinandali Old Cellar LLC	60,000	180,000
Revaz Chigogidze	Besini LLC	10,000	10,000
Zurab Dekanozishvili	Chala's Wines; Batono LLC; Saamo LLC;	50,000	60,000
Giorgi Dekanozishvili	Dekanozishvili Cellar LLC	3,000	3,000
Nikoloz Urushadze	Urushadze Cellar LLC	15,000	15,000
Shalva Sharmanashvili	Tifliski Vini Pogreb LLC	60,000	60,000

Wine-producing companies connected with donors have **received preferential agro-credits of up to GEL 39 million** in the years 2013-2023**, while in the years 2021-2023, they received grape harvest subsidies of more than GEL 30 million** (see **Table 3**, which shows the companies that received large sums in the form of subsidies or agro-credits).

Table 3. Wine-producing companies connected with donors of the Georgian Dream in 2023 which received benefits in the form of a preferential agro-credit or a subsidy			
Company	**Preferential agro-credit in 2013-2023 (GEL)**	**Subsidy from the National Wine Agency in 2021-2023 (GEL)**	**Donation to the Georgian Dream in the years 2013-2023 (GEL)**
Kakhetian Traditional Winemaking LLC	11,378,606	8,599,648	240,000
Dugladze Wine Company LLC	6,660,485	1,622,571	272,000
Tsinandali Old Cellar LLC	3,847,627	1,466,512	190,000
JSC Telavi Wine Cellar	3,392,431	2,197,144	270,000
Askaneli Brothers LLC	3,155,821	5,275,426	65,000
JSC Sarajishvili*	2,708,118	8,928,708	811,000
Tifliski Vini Pogreb LLC	2,259,255	501,260	60,000
Marniskari LLC	1,175,008		422,000
Georgian Wine House LLC	1,140,918	998,666	203,000
Palavani LLC	809,745	366,085	70,000**
Vinoteki LLC	709,950		150,000
Batono LLC	533,697	56,460	63,000
Kondoli LLC	324,335		70,000**
Besini LLC	307,202		10,000
Pavilion Wines LLC	167,616		196,000

* *JSC Sarajishvili participates in the subsidy program through a subsidiary.*
** *The donor connected with Palavani LLC and Kondoli LLC is one and the same person.*

2.2.2. Risks related to donating through other persons

Following good international practice, the Georgian legislation imposes ceilings on political donations. In this reality, there is a risk that other persons will be used to circumvent such limits for donating large sums of money to a party.

It is difficult to detect donations made through other people by bypassing the law, although the likelihood of such cases increases when we see that individuals affiliated with the same business group have donated to the same party on the same day or within a few days.

Among the donors to the ruling party, we have identified **19 individuals employed** at the mining company RMG, who **donated GEL 524,000 in total to the Georgian Dream** in October and November; **in total, these individuals have donated more than GEL 1.6 million for the benefit of the Georgian Dream.**

The donors included both the Executive Director of the company (the Executive Director of RMG Gold LLC and JSC RMG Copper, Jondo Shubitidze) and other, average- and lower-rank employees of the companies comprising the RMG group, such as the **geologist**, **mechanic, financial controller**, etc.[23] This raises a reasonable doubt that **the company's employees are fictitious donors and do not donate their own money to the party, concealing the real origin of the donated amounts.**

Making a donation to a political party through another person is a violation of law; besides, the anonymity of the real donor makes it impossible to control the statutory limits on donations (GEL 120,000 for legal persons and GEL 60,000 for natural persons)**. There is a high probability that the amounts donated to the ruling party by the employees of RMG had the same origin, and the total amount (GEL 399,000) exceeded the statutory upper limit several times.**

Ten interest holders of Lilo Mall LLC donated a total of GEL 530,000 to the Georgian Dream on the same day, November 15, 2023.[24] In total, they have donated more than GEL 2 million to the ruling party. The fact of donation to the ruling parting by the partners of the company on the same day raises a doubt that their action had an organized character, while in the case of small interest holders, whose holdings are below 3%, there is a doubt that they are fictitious donors, i.e. that the amount was distributed to them with the aim of carrying out the transaction and that the real donor is concealed.

There was a similar situation in the case of Iberoil LLC, where five individuals connected with the company[25] (director and interest holders) donated GEL 200,000 to the Georgian Dream within an interval of two days – on December 19-20, 2023. In total, the same donors have donated more than GEL 900,000 to the ruling party.

Recommendation
For years now, donations made to the ruling party have been raising a reasonable doubt that these donations are a part of a corrupt scheme related to large public procurement contracts and obtaining benefits from other budget-funded programs. The Anti-Corruption Agency of the State Security Service is obligated to investigate such cases.

2.3. BANK LOANS

Two political parties used bank loans in 2023. On February 28, the **UNM** borrowed **GEL 102,000** from Liberty Bank with a 16% interest rate, for 12 months and without collateral. On February 9, the **Alliance of Patriots received a mortgage loan of GEL 180,000** secured by real estate – for 11 months, and with an annual interest rate of 16% – from Liberty Bank. The Alliance of Patriots had one more active loan contract with Liberty Bank: In July 2022, the party had borrowed GEL 700,000 from the bank for 18 months.

2.4. OTHER MONETARY REVENUES

The declaration form filled out by the parties includes the category of "other monetary revenues". During 2023, the total revenue of this category for all the parties was GEL 287,325, and it

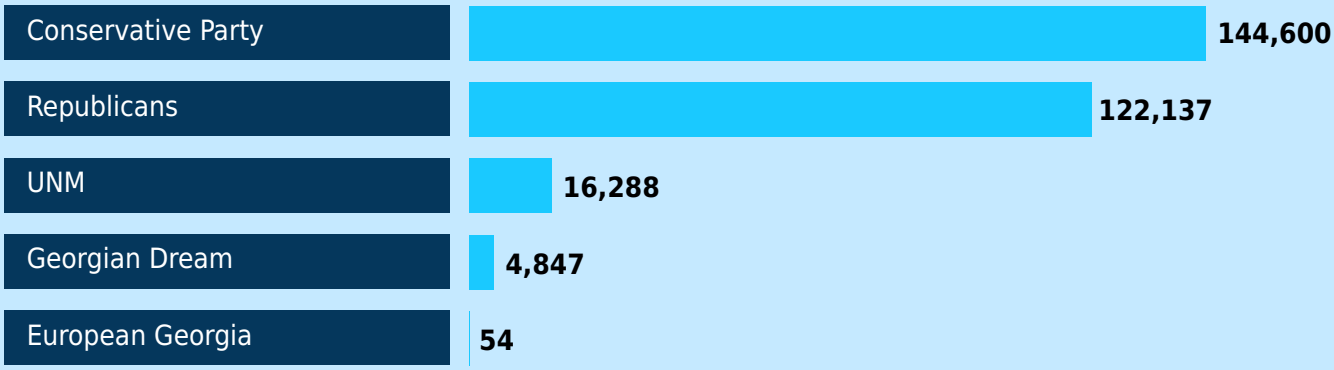
23 For details, see the table: *Donors of the Georgian Dream from 1 October through 31 December 2023, who are connected with RMG group*, https://bit.ly/4c5I7bT.

24 See the table: *Interest holders of Lilo Mall LLC who donated money to the Georgian Dream in the 4th quarter of 2023*, https://bit.ly/3z2BV5L.

25 Mikheil Nikoleishvili, Gocha Chokoshvili, Simon Gegelashvili, Davit Alibegashvili, Irakli Petriashvili.

was received by six parties in total (see **Figure 6**). The declaration form does not provide a definition of this type of income, which often makes the origin of these funds opaque. Without a special form, specifying the sources of such revenues depends on the goodwill of the parties, which is only displayed by a small part of the parties. The Republican Party has indicated, on its initiative, that this is revenue received from the rent of real estate, while the Conservative Party has indicated that the revenue was received from the sale of an office building.

FIgure 6. Other monetary revenues received by political parties in 2023, GEL



Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

Recommendation

The Anti-Corruption Bureau should add a separate form to the annual financial declaration template where parties will be able to indicate the specific origin of the amount (if any) in the “other monetary revenues” category.

VI. EXPENDITURES OF POLITICAL PARTIES

1. REGULATORY FRAMEWORK

According to the legislation, political parties are required to provide the SAO with detailed reports on their expenditures. The SAO, in its turn, is obligated to make this information public. The Organic Law on Political Associations of Citizens sets ceilings for political party expenditures: a total annual sum of all expenditures incurred by a political party cannot be more than **0.04%** of Georgia's GDP of the previous year, although, as we noted in Section IV, this legislative change has been in force since December 2023, and during the reporting period, the ceiling of expenditures was **0.05% of the GDP**. This figure includes the expenses of a political party and other individuals/entities who have made payments in its support. Expenditures include expenses for financing campaigning and other events, salaries, business trips, and other activities.

Apart from setting limits on the total annual expenditures of a political party, the organic law also stipulates limitations on specific types of expenditures: fees for experts and consultants should not be more than 10% of the ceiling set for annual expenditures of political parties.

2. OVERVIEW OF EXPENDITURES OF POLITICAL PARTIES

According to the annual declarations submitted by the parties to the SAO, the 15 political parties studied spent a total of GEL **14,856,671** in 2023. Unlike the revenues that exceeded the analogous figure of the previous year by GEL 9.5 million, the expenditures have decreased by GEL 2.8 million compared to 2022.

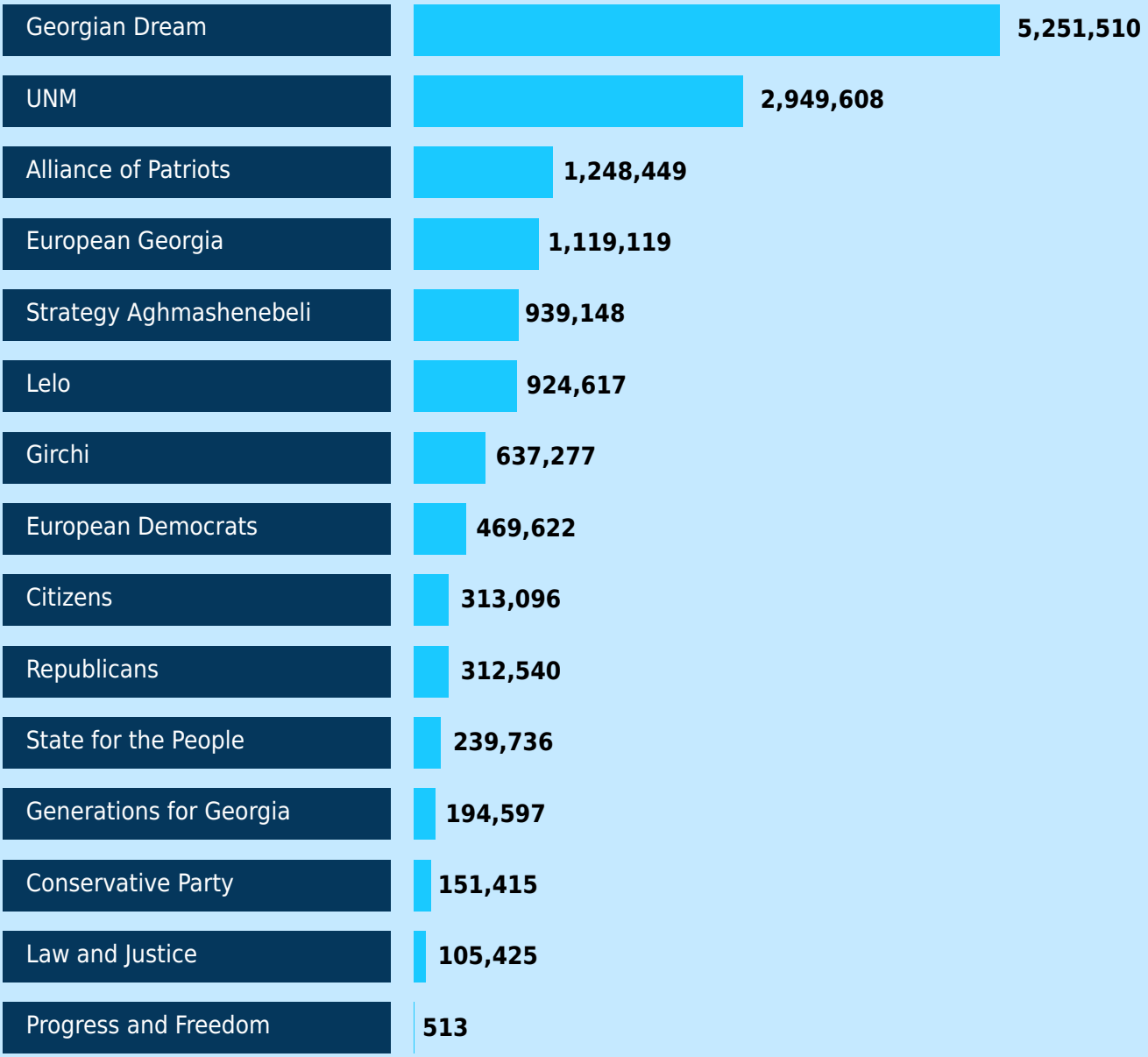
Thirty-nine percent of the total expenditures – GEL **5,251,510** – was spent by the ruling Georgian Dream – Democratic Georgia party. The UNM was second with GEL 2,949,608, and the Alliance of Patriots was third with GEL 1,248,449 (see **Figure 7)**.

Interestingly, during the year, the Georgian Dream only incurred an expenditure of GEL 5.2 million against the background of GEL 16.3 million received as revenues. On the one hand, this can be explained by the fact that a large part of the revenue was received in December, so, from the beginning, it was planned to spend it in 2024, which is an election year.

Despite the fact that the expenditures of the Georgian Dream were lower compared to the previous year, they still considerably exceeded those of the other parties. As for the statutory ceiling of expenditures, for 2023 it amounted to **GEL 36 million**.[26] Therefore, not a single party exceeded this limit.

26 0.5% of the nominal GDP of Georgia of 2022: https://www.geostat.ge/en/modules/categories/23/gross-domestic-product-gdp.

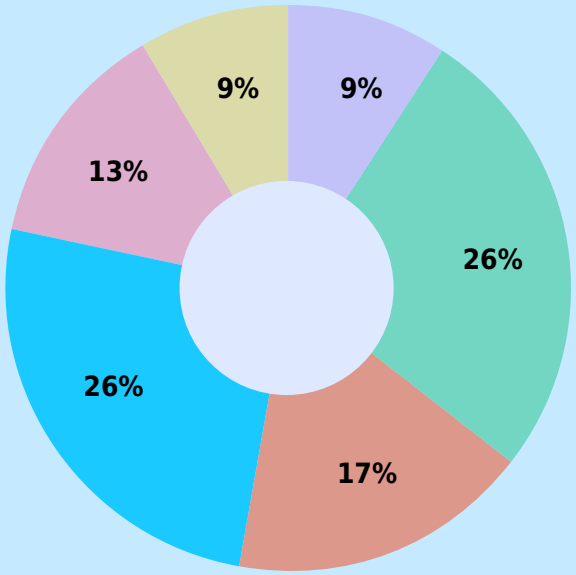
Figure 7. Total expenditures of political parties in 2023



Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

Unlike election years, when political advertising accounted for a large part of the parties' expenditures, in 2023 the largest expenditures fell under the following categories: a) rent of immovable and movable property, b) salaries, c) office expenses, d) advertising, e) costs of notarial, consulting, interpretation and translation services; 13% of the expenditures were other uncategorized expenditures on goods and services (see **Figure 8**).

Figure 8. Expenditures of political parties in 2023 according to main categories, GEL, %



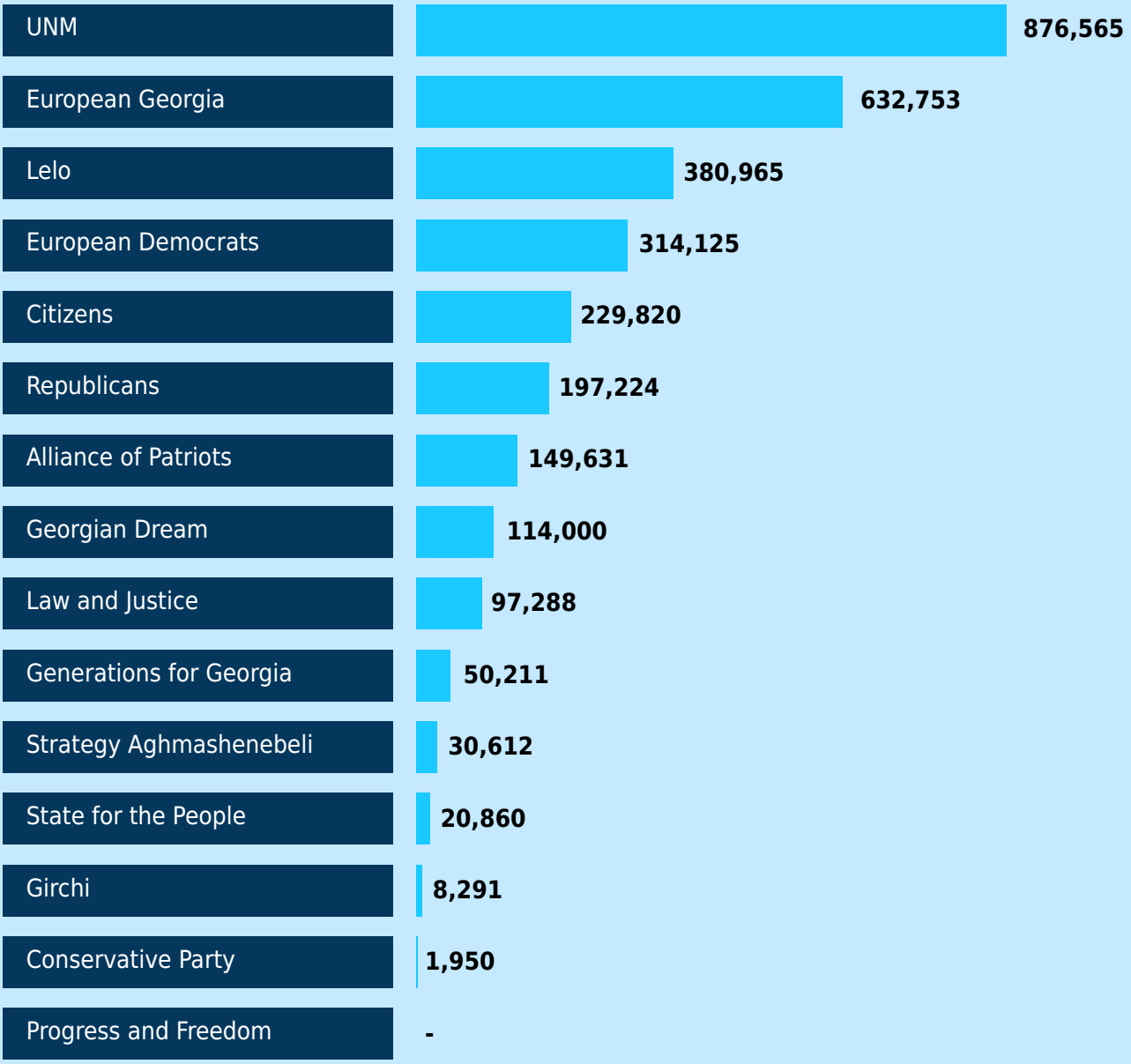
1,040,168	Consulting, notarial, interpretation and translation services
1,583,591	Other goods and services
3,104,295	Salaries
2,112,856	Office expenses
3,222,659	Rent expenses
1,125,057	Advertising

Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

2.1. SALARIES

The 15 political parties studied spent GEL **3,104,295** on salaries in 2023, which amounted to **21%** of their total expenditures. This category includes fixed salaries, bonuses, and remuneration of non-staff employees, which, as a rule, also includes salaries paid to party coordinators and activists during the election period. The UNM, European Georgia, and Lelo spent the largest sums from this category (see **Figure 9**).

FIgure 9. Expenditures of political parties on salaries in 2023, GEL



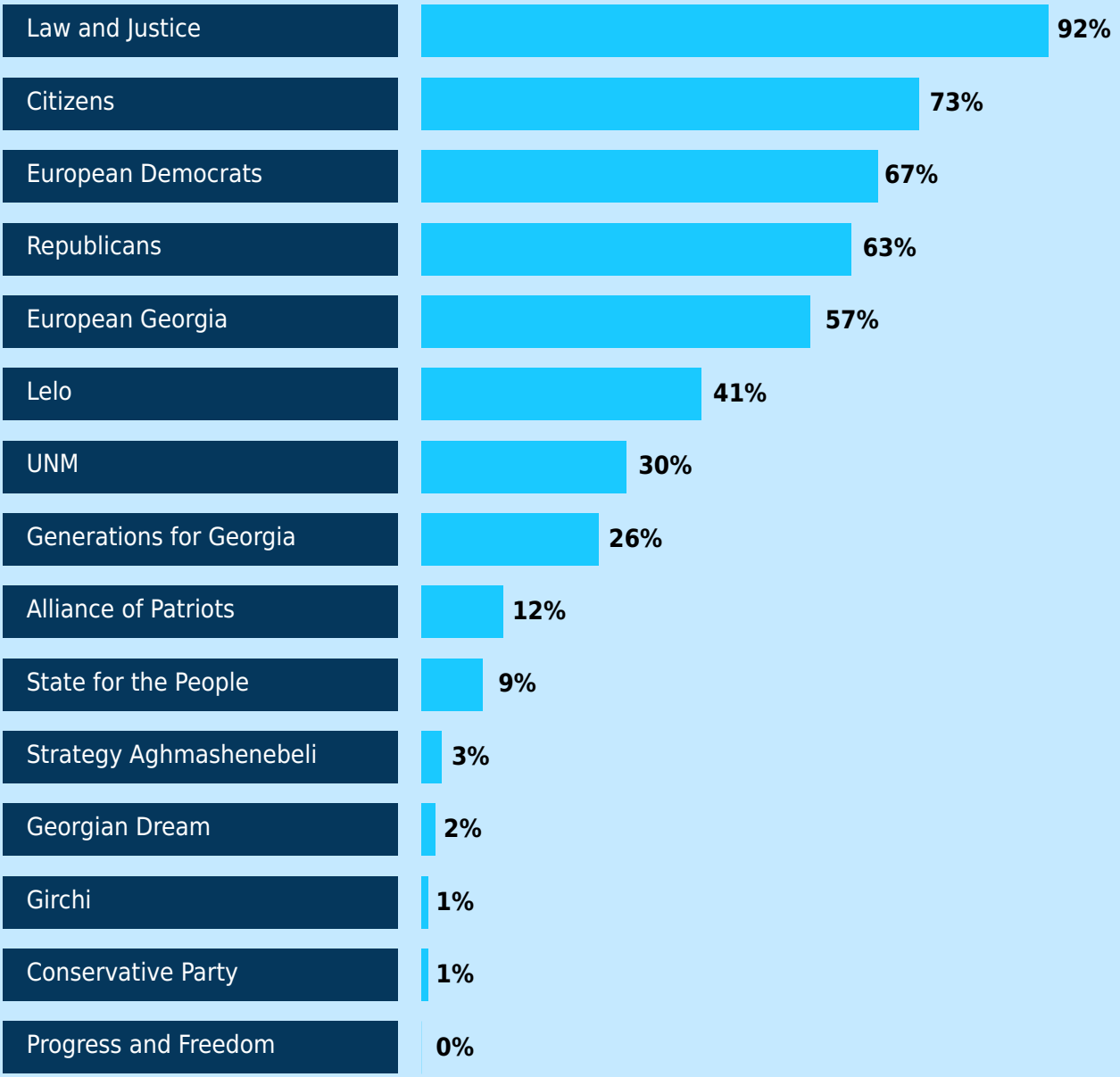
Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

Figure 10 shows the share of salaries in the parties' total expenditures. Interestingly, the ruling party's expenditures on salaries are small (GEL 114,000, 2% of the expenditures). The Georgian Dream had also spent an absolutely identical sum on salaries in 2022.[27] There was also a similar situation in 2021, when the ruling party spent up to GEL 26 million during the year, but salaries accounted for only 2% of its expenditures (GEL 506,493).

The Georgian Dream distributed the GEL 114,000 spent on salaries during the year to only four persons – the Election Fund Manager, the IT Specialist, the Accountant, and the Lawyer.

27 For comparison, in the previous non-election year of 2019, the Georgian Dream spent more than GEL 500,000 on salaries, which amounted to 10% of its total expenditures.

Figure 10. The share of expenditures of political parties on salaries in their total expenditures in 2023, %



Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

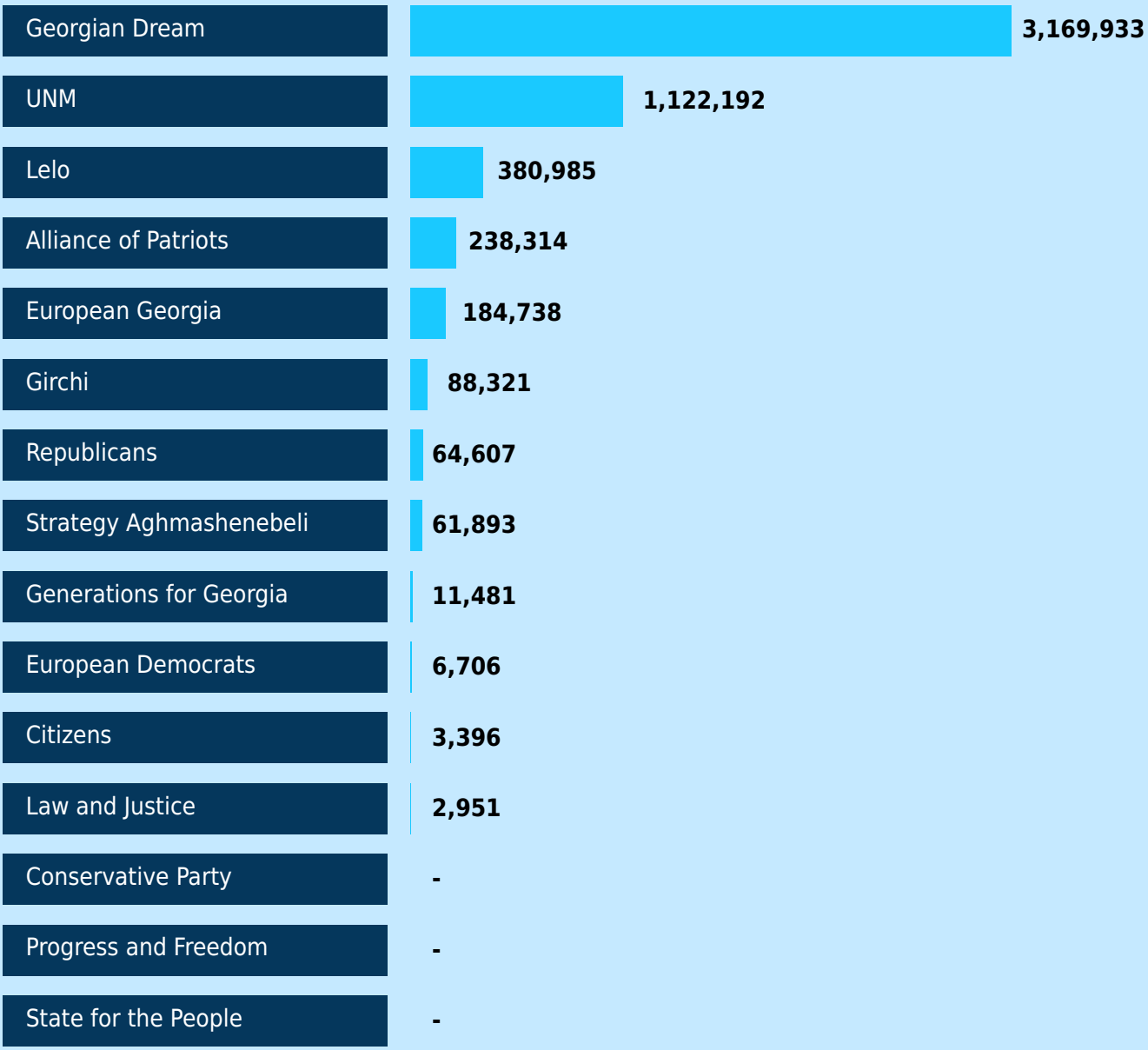
Generally, considering the existing legislative and executive framework, transparency of the expenditures incurred by parties on salaries is problematic, as external monitoring on these expenditures is quite difficult. Accordingly, this category of expenditures is accompanied by particularly high risks of political corruption.

2.2. EXPENDITURES ON RENT, OFFICE AND ADVERTISING

Expenditures on advertising are traditionally small in non-election years. During this period, the parties mainly incur expenses related to the functioning of offices. In 2023, too, expenses on the rent of movable and immovable property was the largest category (26%) of the total expenditures. Of the expenditures on rent, the most noticeable are those of the Georgian Dream and the UNM. The ruling party spent GEL 1.8 million on the rent of 163 offices of the party, while the UNM spent GEL 721,000 for using 84 offices.

The political parties studied also incurred 17% of their total expenditures on office expenses, which include expenses on stationery, office equipment, renovation of buildings, communications, and similar categories. **Figure 11** shows the combined expenditures of the parties on office and rent.

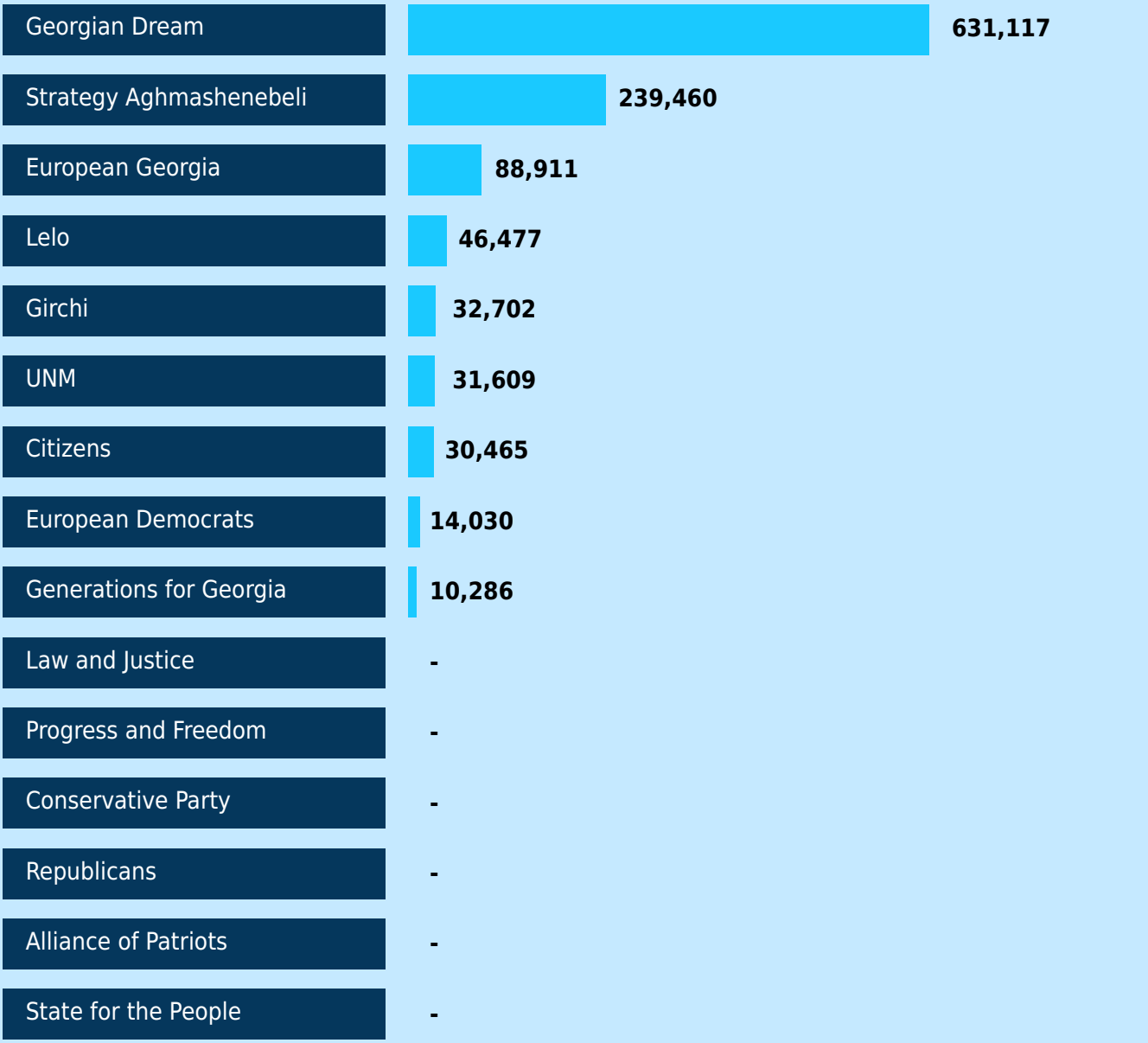
Figure 11. Expenditures of political parties on office and rent in 2023, GEL



Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

In 2023, 9 of the parties studied spent a total of GEL 1,125,057 on advertising. More than half of these expenditures – GEL 631,117 – was incurred by the Georgian Dream (for full data, see **Figure 12**). In 2023, Internet advertising was dominant in advertising expenses; 82% of the total advertising expenses fell into this category.

Figure 12. Expenditures of political parties on advertising in 2023, GEL



Source: Annual financial declarations submitted by political parties to the Anti-Corruption Bureau

2.3. OTHER EXPENDITURES

In this subsection, we will provide an overview of the expenditures of those parties that had indicated the largest sums in ungrouped expenditures. Such expenditures mainly include the expenses of parties that are indicated in the categories of “various expenditures” and “all other goods and services” of the declaration. The total amount of such ungrouped expenditures for all the parties equaled about GEL 3.5 million.

Georgian Dream – According to the financial declaration, in 2023 the party spent GEL 150,145 to organize events and GEL 24,852 to produce photos and other materials

UNM – In the declaration, the party has registered an expenditure of about GEL 400,000 in the categories of “various expenditures” and “all other goods and services”, which are broken down

in a special form. The largest categories of expenditures include an amount paid to the National Bureau of Enforcement (GEL 87,000), the cost of a voting platform (GEL 67,000), the cost of creation of a website (GEL 52,000), and the services of call center operators (GEL 49,000). In addition, the party paid GEL 84,000 to cover a loan taken from a commercial bank.

Girchi – The party has indicated more than GEL 400,000 in the category of "all other goods and services", which included such expenses as administrative services (GEL 153,000), IT services (GEL 134,000), and web development services (GEL 120,000).

Strategy Aghmashenebeli – The party has spent more than GEL 300,000 on ungrouped expenditures, from which the largest expenditures were analysis of social media/advertising (GEL 85,000), public opinion poll/survey (GEL 82,000), and software support services (GEL 66,000).

Alliance of Patriots – According to the declaration, the party spent GEL 187,000 for organizing an opinion survey of the population. In addition, the party paid up to GEL 647,000 to cover a loan taken from a commercial bank.

Generations for Georgia – Of the ungrouped expenditures, the largest expenditure for the party was GEL 119,000 paid as an advance payment for an opinion poll.

VII. TRANSPARENCY AND OVERSIGHT OF POLITICAL FINANCE

REGULATORY FRAMEWORK

The requirement for political associations to prepare financial reports and their oversight are important preconditions for ensuring their transparency and public confidence in political parties. At the same time, it is crucial that these accountability processes allow for effective oversight but do not inadvertently create an unnecessary burden on political parties.

Previously, the Georgian legislation had granted the mandate to monitor the lawfulness and transparency of political finance to the SAO, although, as mentioned above, as a result of the legislative changes of 2022, from September 1, 2023, this mandate was taken over by a new agency – the Anti-Corruption Bureau.

Due to the foregoing, in the first eight months of the reporting period, oversight on political parties was carried out by the SAO, and in the last four months – by the Anti-Corruption Bureau.

The applicable legislation provides for the requirement to submit both periodical reports and those related to specific electoral processes. Until February 1 each year, parties send financial declarations of the previous year to the SAO together with the conclusion of the auditor (audit firm). The financial declaration reflects the party's annual revenues and expenditures, as well as its assets and liabilities. Each declaration includes several report forms to be completed in accordance with Order No. 4 of the Head of the Anti-Corruption Bureau of August 25, 2023.[28] In addition, the Anti-Corruption Bureau has established forms for submitting information on donations and withdrawals from the account.

The law also provides access to declarations submitted by political parties. The Anti-Corruption Bureau publishes financial declarations of parties on its website http://monitoring.acb.gov.ge,[29] where the list of donors is also public, including the full name and personal number. Declarations are available in the formats of Microsoft Excel and scanned PDF document.

Article 34^2 of the Organic Law on Political Associations of Citizens prescribes sanctions for various cases of violation of reporting procedures, when the authorized persons of the SAO draw up a protocol on an administrative offense and send it to the court for consideration:

- In the case of a prohibited donation, the law envisages a fine of double the amount and an obligation to transfer the received amount to the budget;
- In the case of violation of general requirements of the law, a fine of GEL 5,000 is envisaged;
- A fine of GEL 1,000 is imposed on individuals and GEL 2,000 – on legal entities if they fail to fulfill the obligation to provide the information required by the SAO and determined by the law.

1. SUPERVISORY ACTIVITIES OF THE STATE AUDIT OFFICE AND THE ANTI-CORRUPTION BUREAU

As noted above, oversight on political finance was carried out by two agencies during 2023 – until September 1 – by the SAO, and after that – by the Anti-Corruption Bureau. On April 1,

28 Until August 25, 2023, the procedure of completing the declaration was determined by Order No. 012036/21 of the Auditor General of August 5, 2021.

29 Until September 1 – https://monitoring.sao.ge .

2024, the Anti-Corruption Bureau submitted the Activity Report of 2023,[30] which obviously also covered the period of last year when the oversight was carried out by the SAO.

2.1 TRANSPARENCY OF OVERSIGHT CARRIED OUT BY THE ANTI-CORRUPTION BUREAU

TI Georgia systematically studies political finance and the oversight carried out on it by the SAO/Anti-Corruption Bureau. The findings of the studies are published in the form of quarterly newsletters on political donations. As part of the research, the organization systematically requests detailed information from the body that conducts oversight on political parties. The information requests contain questions about measures taken in terms of the oversight on the lawfulness of donations, violations revealed, and sanctions imposed.[31] TI Georgia never had problems related to receiving full information from the SAO within a time frame determined by law. Unfortunately, we cannot say the same about the Anti-Corruption Bureau. **Since the mandate for the oversight on political parties was given to the Bureau, it has become more difficult to obtain information on the activities for the oversight on political finance.** The replies to the information requests are incomplete; they refer to websites that do not contain the requested information.[32]

2.2 RESEARCH INTO CASES OF DIRECT AND INDIRECT FUNDING OF POLITICAL PARTIES

Together with the issue of transparency, questions are also raised by a subsection of the *Activity Report of the Anti-Corruption Bureau of 2023* titled "*Cases of direct and indirect funding of political parties by legal persons, both from within the country and abroad*".[33]

In this subsection, the Bureau argues that the monitoring revealed "legal persons connected with the activities and leaders" of various political parties,[34] which, according to the Bureau, "are actively engaged in activities of political nature in support of the parties" and that "it is impossible to separate the activities of the said legal persons and those of the political parties connected with them". The Bureau also adds that the main source of income for these legal persons is foreign funding. Of political nature

The report does not indicate the norm of the law on the basis of whose possible violation the Anti-Corruption Bureau launched the administrative proceedings. We can assume that we are facing an unjustifiably broad interpretation of the norm on indirect donation,[35] which poses an acute danger of the application of this norm for political goals.

It is even more vague and unclear by what criteria and normative acts the Anti-Corruption Bureau was guided for establishing a connection of the indicated legal persons with the activities and/or leaders of the party.

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30 Activity Report of the Anti-Corruption Bureau of 2023, the Anti-Corruption Bureau, 2024, https://bit.ly/3VG2yWZ.

31 For example, see the questions sent by TI Georgia to the Anti-Corruption Bureau: a copy of the letter of January 10, 2024: https://bit.ly/3wbx8h1.

32 For example, see the reply to the information request made in the letter indicated in the previous footnote: the reply of 22/01/2024: https://bit.ly/3uCUpIa; the information provided even after additional communication with the Bureau was very general: the reply of 1/02/2024: https://bit.ly/3usf9lW.

33 Activity Report of the Anti-Corruption Bureau of 2023, the Anti-Corruption Bureau, 2024, https://bit.ly/3VG2yWZ, pp. 42-44.

34 The list included 21 different legal persons, including the international foundation, European Endowment for Democracy (EED), established by the European Union.

35 Here we mean donation as defined by Subparagraph "b" of Paragraph 2 of Article 25 of the Organic Law on Political Associations of Citizens.

For further clarification, TI Georgia sent the Anti-Corruption Bureau questions on the legal grounds on which the said administrative proceedings were underway, the answers to which would have enabled us to make a more detailed assessment.[36] The Anti-Corruption Bureau failed to provide us with information on the legal grounds and notified us that the results of the monitoring would be made public after its completion.

The lack of transparency and the vague and, at the same time, very broad and dangerous interpretation of the law indicates that the Anti-Corruption Bureau uses its powers for achieving the political goals of the ruling party, trying to cast a shadow on an EU-supported international non-governmental organization (EED). By doing so, the Bureau practically becomes a part of the media outlets under the control of the ruling party whose main narrative is directed at discrediting EU-supported projects in Georgia and which have prepared the grounds for repeated initiation of the "Russian law". It is noteworthy that the publication of the aforementioned report of the Anti-Corruption Bureau preceded the initiation of the "Russian law" by four days.

2.3 MEASURES TAKEN AS PART OF THE MONITORING OF FINANCIAL ACTIVITIES OF POLITICAL PARTIES

In the period from January 1 to September 1, 2023, the Political Finance Monitoring Department identified 13 facts with signs of an administrative offense in relation to 11 political parties. The proceedings were conducted in 12 cases of administrative offense, which were forwarded to the court (2 offenses in relation to the Girchi – More Freedom party were considered in the court as a single administrative case). All the proceedings concerned the failure to submit the annual declaration, the financial report of the election period, or information about donations. In 4 of the 12 cases, the court applied a verbal warning as the sanction, in 1 case – the court issued a warning, in 1 case the proceedings were terminated, while in the remaining 6 cases, the parties were fined, with the total amount of the fine equaling GEL 25,700.

With the aim of studying the lawfulness and transparency of donations made to political parties, the Anti-Corruption Bureau is studying the lawfulness and transparency of donations made to 11 parties, for which it is verifying information on the finance of 571 natural persons who have donated to political parties. Among these persons, 337 are donors of the Georgian Dream.

The Anti-Corruption Bureau is also studying the financial declarations of 2023 submitted by political parties. According to the Bureau, on the basis of comparison of the submitted declarations, information about the parties' finance requested from banks, and the data collected about the activities of the parties of the previous year, the Bureau has revealed that the parties carried out public activities the expenditures related to which were not included in the submitted declarations and bank statements. According to the Bureau, such circumstances were detected in the cases of the following parties: European Georgia, Lelo, UNM, Strategy Aghmashenebeli, European Socialists, For Georgia, Droa, Girchi – More Freedom, Alliance of Patriots, Girchi, Conservative Party, Conservative Movement, Georgian Dream. Administrative proceedings are underway in relation to the parties listed above.

Recommendation

- When exercising its powers, the Anti-Corruption Bureau should strictly observe political neutrality, be guided only by the law, and observe the principles of transparency. Observing these preconditions is critical for ensuring a fair electoral environment.
- The Anti-Corruption Bureau should be equipped with relevant investigative powers. To ensure political neutrality, opposition parties should also take part in the appointment of the head of the Bureau.

36 See the letter of TI Georgia to the Anti-Corruption Bureau of April 4, 2024: https://bit.ly/4c52cPB.