

# Transparency of Financing of Election Campaign Participants – During and After Elections

Transparency Serbia

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## Reasons and methodology

Ahead of the June 2020 parliamentary elections and subsequently, Transparency Serbia conducted research on transparency of election campaign financing. The survey was conducted in co-operation with Transparency International Czech Republic, according to a methodology the organization has been regularly implementing in the country's elections for seven years, and has also been applied in the Slovak elections. The methodology is tailored to the legal framework, standards and practices in Serbia.

Transparency Serbia has opted for this research, to help the public better understand the scale of the problem of insufficient transparency of election campaign financing while it is ongoing, but also to comprehend that it is possible to increase transparency, either through legal requirements or through improved practices. To that end, TS has already made concrete proposals, the last time during the dialogue on election conditions in 2019/2020<sup>1</sup>, but regulations in this segment have not been improved. The problems were recognized in the findings of relevant international organizations (ODIHR)<sup>2</sup>, as well as in the 2013 anti-corruption planning documents<sup>3</sup>, but that was not enough to improve the regulations either. Amendments to the Law on Financing Political Activities are planned with a revised Action Plan for Chapter 23 of EU Integration<sup>4</sup>, namely for the end of 2020, but work on the amendments has not even begun by the deadline.

Before the elections, data was collected from questionnaires sent to all political entities that participated in this election, from their social media sites and profiles, as well as from the media. Six areas were evaluated: planned campaign expenditures, online presence and planned online attendance costs, incoming/ougoing payments on a special election campaign finance account, planned revenue structure, a list of campaign events and election teams, volunteers and engaged PR and marketing agencies.<sup>5</sup>

## The main findings of the polls ahead of the election

### General findings

The response rate to the questionnaire we sent was extremely low, which was somewhat expected, because not only was this survey conducted for the first time, but it also set extremely high standards. Therefore, Transparency Serbia will continue this practice in the next election cycles and try to make it an integral part of the elections.

Of the 21 lists, all received a score of between 1 and 2, except for the "For the Kingdom of Serbia" list, which was rated with 2.5 thanks to the fact that it was the only one with a published list and a structure of planned campaign expenses. A score above 1 (one) was mainly given to those parties that had an announcement of events during the election campaign, usually on social media. In several cases, other data was available too, but even then through officials' statements to the media.

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<sup>1</sup>[https://www.transparentnost.org.rs/images/dokumenti\\_uz\\_vesti/TS\\_glavni\\_problemi\\_u\\_vezi\\_sa\\_finansiranjem\\_izborne\\_kampanje.pdf](https://www.transparentnost.org.rs/images/dokumenti_uz_vesti/TS_glavni_problemi_u_vezi_sa_finansiranjem_izborne_kampanje.pdf)

<sup>2</sup>[http://preugovor.org/upload/document/predsedniki\\_izbori\\_-\\_sprovoenje\\_zakona\\_i\\_evropske\\_.pdf](http://preugovor.org/upload/document/predsedniki_izbori_-_sprovoenje_zakona_i_evropske_.pdf)

<sup>3</sup>[http://www.acas.rs/wp-content/uploads/2010/06/Nacionalna\\_strategija.pdf](http://www.acas.rs/wp-content/uploads/2010/06/Nacionalna_strategija.pdf)

<sup>4</sup><http://www.acas.rs/wp-content/uploads/2010/06/Revidirani-Akcioni-plan-za-sprovođenje-Strategije-usvojen-30062016.pdf>

<sup>5</sup>The entire questionnaire is available here:

[https://www.transparentnost.org.rs/images/dokumenti\\_uz\\_vesti/upitnik\\_za\\_sajt.pdf](https://www.transparentnost.org.rs/images/dokumenti_uz_vesti/upitnik_za_sajt.pdf)

Therefore, we believe it is important for the media to ask the parties these questions, in order to create an atmosphere for some of these standards to become legal obligations.<sup>6</sup>

We found campaign expenditure planning data only on the website of one election list. Likewise, in only one case, information was found about persons in charge of funding and about profiles to be used in the social media campaign. The fact that 13 of the 21 participants in the elections published at least some information about campaign activities and public events (i.e. that they will not to organize them), contributed to the majority getting a slightly higher rating than the unit for transparency. Similarly, one-third of participants have released at least some (usually very general) information about the type of income with which they plan to cover campaign expenses.

On the other hand, none of the participants in the elections offered the possibility of insight to voters in the balance and changes on a separate account used to finance the election campaign, or in contracted but still outstanding expenses for campaign purposes.

According to TIČR experience, there was also a poor response of the parties in the country at the start of this survey, but many standards became part of the law in 2016 and transparency has been shown to contribute to the success of parties. TIČR has also set new standards in subsequent election cycles, for example in relation to the publication of data on the use of social networks and associated expenses in the election campaign.

## Individual findings and ratings per list

### **POKS (Movement for the Restoration of the Kingdom of Serbia)**

**2,5**

The site published planned campaign expenses and their structure (<http://poks.rs/donacije/>), as well as data on received donations.

The website and social media announced that there would be no debates. Information was found (in the coalition's gazette) about the fact that Vice President Jelic is in charge of marketing.

### **UDS (United Democratic Serbia)**

**1,8**

A statement from an official of SMS, a member of the coalition, was found saying that small donations would cover the cost of billboards, leaflets, flyers (without an estimate of the amount) and that the campaign would be based on visits across Serbia and TV stations appearances, with no funds available to buy air time. One statement said the campaign was expected to be financed primarily with budget money, that about 100,000 euros are expected before the elections and then, if they enter parliament, another 200,000 euros. "Small donations" were also expected. On the SMS website, there is an invitation to donate funds, but no data about donors. There's a calendar on the same website, but in it, for the period 11 May - 19 June, for each day it is only said "Promotional activities within the UDS coalition". There's information from 11 June that all major rallies that had been planned were cancelled until the end of the campaign due to the virus outbreak.

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<sup>6</sup>Detailed results of the Survey of Transparency Serbia can be found on the TS website at: <https://transparentnost.org.rs/index.php/sr/projekti/189-transparentnost-finansiranja-izborne-kampanje>

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### **SPS-JS (Socialist Party of Serbia - United Serbia)**

**1,8**

There is no coalition website. According to comments made by Vladan Zagrđjanin, chairman of the SPS Executive Board, as of 23 May, budget funds are planned to be used, including funds obtained for routine activities, and perhaps a donation, but without assessing the amount and structure of expenditures. SPS Director Djordje Cabarkapa's statement was also found that the campaign would not be expensive and would only use funds from the budget. The SPS website regularly publishes and updates the received donations. Both the SPS and JS publish announcements and reports from campaign events on the home page of the website and on social media, but announcements are made for the next day and not in advance for the long term.

### **SVM (Alliance of Vojvodina Hungarians)**

**1,5<sup>7</sup>**

There is a list of FB profiles used in the campaign on the website. No data was found on the planned advertising cost structure. Elvira Kovacs' statement that advertising on Facebook is planned was found, and that the campaign would be funded from the budget.

### **Metla 2020 (Broom 2020)**

**1,5**

Statements were found that the DSS "relies on local boards and budget funds, and will not take loans" and "will not organize rallies, will focus on media and advertising on billboards", as well as statements in May that the campaign would be primarily a media-centered one and not a field campaign.

### **Zavetnici (Oathkeepers)**

**1,5**

On the website, there are announcements of certain events and reports of previously held events in the "Activities" section.

### **Suverenisti (Sovereignists)**

**1,5**

There are event announcements and reports from these events on the website (in the EVENTS category, not in the ANNOUNCEMENT category), as well as on social media.

### **Koalicija za mir (Coalition for Peace)**

**1,5**

No coalition webpage was found. Announcements related to pre-election activities are published on social media.

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<sup>7</sup>TS shall not be not responsible for possible omissions caused by Hungarian translation, which would have been avoided in case the party responded to the questionnaire.

## Levijatan

1,5

The Levijatan movement has nothing about the elections on its website. On social media, there have been detailed announcements about collecting signatures and announcing TV interviews.

## 1 od 5 miliona (1 of 5 Millions)

1,5

There is a "Donate" link to the account numbers on the site, but no data on the donations received. Announcements of specific pre-election activities have been made on social media.

## PSG (Movement of Free Citizens)

1,5

The home page of the website has a "Donate" banner with an account number, but there is no information about the donations received. On social media are announcements of the movements of PSG's election caravan, details on conversations with citizens and media appearances, as well as the information that no rallies will be organized.

## Nek maske padnu (Let the Masks Fall)

1,3

No joint coalition website has been found. It was announced that due to the pandemic, they have not been holding campaign rallies. On websites and social networks you can find announcements of individual events (conversations with citizens, media activities).

## SNS (Serbian Progressive Party)

1,3

There was no answer from the SNS to the questionnaire, but a response arrived from a member of the coalition (SDPS), which refers to the SNS as in charge of financial affairs. Data was searched for on the list's website (which is actually at the regular party address), on the SNS website (a special website was created where the regular SNS site was transferred), FB pages and media.

Although the party had a huge number of individual donations in previous campaigns, no information was found on the site on how to donate, or a list of donations for this campaign. A statement was found from 19 May that "while the experts believe it would increase the risk of the spread of the coronavirus" the party will conduct a "remote" campaign, without gathering supporters, as well as perform door-to-door campaigning. The party's statement contains information on numerous activities of officials (state and/or party), volunteers and local committees. No activity announcements.

## SRS (Serbian Radical Party)

1,3

There is an "Announcements" column on the website, containing announcements of Vojislav Seselj's 2015 TV interviews. The latest entries in the "Activities" column are from 2018. "Statements" and "News" columns contain only one report from an event --Vojislav Seselj handing over his books in

downtown Belgrade. Vojislav Seselj's statement that the SRS would not hold rallies and debates during the campaign was found.

### **SPAS (Serbian Patriotic Alliance)**

**1,2**

Before the elections were called, it was announced that the campaign would be funded by donations. Aleksandar Sapic's statement on 23 May was also found that he was "counting on money from the budget".

### **Zdrava Srbija (Healthy Serbia)**

**Rating: 1,2**

Milan Stamatovic's statement was found that the coalition would not rent billboards or TV air time and that the campaign would be based on field work, but without estimating the costs. In another statement, Stamatovic argues that the money they will receive from the state will be enough for the campaign. On the Bolja Srbija website, there is an invitation to donate funds, but no data on received donations. Veroljub Stevanovic's statement was found that the coalition would not organize large rallies. Nevertheless, the announcement of a "pre-election concert" in Topola on 16 June was found on the Facebook page of Bolja Srbija.

### **SPP, SDA, Narodni blok, ADA<sup>8</sup>, Ruska (Justice and Reconciliation Party, Party of Democratic Action, People's Block, Albanian Democratic Alternative, Russian Party**

**Rating: 1**

## **Main findings of analysis of campaign expense reports**

### **General findings**

Although the June 21st elections were held on 21 June 2020, data from the campaign expenses report was only released in early September. Initially, reports were released for 14 electoral lists, and four more appeared in the following weeks. Reports were not submitted or at least not published for the coalition "Let the Masks Fall", "Leviathan Movement – I live for Serbia" citizens group and "1 of 5 Million" citizens group. Data in the report was published only by the Anti-Corruption Agency and not by the election participants, except for POKS.

The transparency of campaign financing data is to some extent limited, regardless of the willingness of parties to present information about their expenses to the public. Namely, the reporting form alone does not provide an opportunity to write down individual costs in certain categories. This is most visible in the "Other Expenses" section, where it is possible to name only one service provider, but not all whom payments were made to. Similarly, the form does not foresee a special column for entering advertising costs on social media, so the conclusion that a party had advertised in this way can only be done if this is highlighted in a note. It is also obvious that certain columns were filled in by election participants in different ways and that the report therefore does not give the right

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<sup>8</sup>TS shall not be responsible for possible omissions in translations from Albanian, which would have been avoided in case the coalition responded to the questionnaire

picture. An example of this are ads, videos, and billboards, where the costs are mainly grouped per different suppliers and not per specific advertising messages, as they should.

For certain categories of expenditures, it is also certain that reports do not provide a complete picture. Such a conclusion can be reached primarily by comparing reports issued by various parties. For example, when looking at the cost of promotional material, there is no doubt that everyone had to have costs related to procurement, printing and distribution, or that they received some of these services for free. However, while some election participants classify costs across all of these categories, other reports state only one or two. It is a similar situation with communication costs – although all campaigners had to bear such costs, they are listed only in some of the reports. Comparing the reports also reveals a number of illogicalities – that similar costs are paid in very different amounts. In the case of some parties, it could be an indication of hiding the expenditures and the revenues from which they were financed, while in other cases it raises suspicions that some campaign expenses have been inflated, so that the party does not have to repay unspent funding back to the national budget.

The main problem when it comes to income transparency and campaign expenditures is the fact that some participants in this election have reported expenses that have been left unpaid without seeing from the reports how they will be settled. This uncertainty is particularly high when it comes to lists that have not met the threshold and will therefore not be able to repay debts with money allocated to finance routine party activities.<sup>9</sup>

Campaigning in June's parliamentary elections cost about 30% less than the one in 2016, Transparency Serbia's survey showed.

According to data from 18 published reports, it was worth 1.224 billion dinars, or 10.4m euros. The political promotion of SNS, which has the most available funds and opportunities to collect them, however, was worth only six per cent less than four years ago, despite pandemic-imposed restrictions on running a campaign, the sheer certainty of a overwhelming election victory and opportunities for promotion through the activities of public officials. Other election participants, including the ruling SPS-JS, had significantly fewer opportunities to raise funds for their promotion, which, amid the boycott of a significant part of the opposition, has lowered the costs.

Advertising on TV stations remains the most prevalent in the expenditure structure, 60%, followed by the cost of promotional material (nearly 11%), print ads and other expenses with more than 7%. The share of Internet advertising remains at a modest six per cent, while slightly less was spent on billboards. This data should be taken with a grain of salt, because many costs are listed in the wrong categories, as well as due to exaggerating certain expenditures, so that parties would not have to repay the funds received back into the budget.

The budget is reported as a source for nearly 60% of the costs. However, another quarter was paid from the so-called "own means" of political parties, that is, with money transferred from their permanent accounts, and previously received from the budget, but for a different purpose – to finance their routine activities, i.e. anything other than an election campaign. The next source of

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<sup>9</sup>A detailed analysis of the campaign finance reports was published in a separate document: [https://www.transparentnost.org.rs/images/dokumenti\\_uz\\_vesti/Analiza\\_izvestaja\\_o\\_troskovima\\_izborne\\_kampanje\\_na\\_parlamentarnim\\_izborima\\_2020.pdf](https://www.transparentnost.org.rs/images/dokumenti_uz_vesti/Analiza_izvestaja_o_troskovima_izborne_kampanje_na_parlamentarnim_izborima_2020.pdf)



income too, the loan, which accounts for nearly 8%, will also almost certainly be paid from the budget of the Republic of Serbia, as it will be repaid by parties that have gained the right to benefit from significant budgetary grants in the coming years on the basis of representation in the Parliament. Unlike previous election campaigns that were significantly more expensive, contributions from natural and legal persons have now been used at around 5.5% and have been completely absent in the case of the largest political player - SNS, which had resorted to them in several past election cycles.

Given the numerous omissions and inconsistencies in filling out the election campaign expenses reports, TS urged the Anti-Corruption Agency to ask applicants to submit and publish supplementary reports, or for ACA itself to publish campaign expenses reports after the proper corrections have been made, based on data obtained or determined during the audit<sup>10</sup>.

### Comparison of previously and subsequently published information

Some of the transparency standards that participants in the June elections failed to meet during the campaign were subsequently observed through compliance with the legal obligation. Thus, after the campaign, it became known which expenses were paid from the party account and which sources financed that account, how much was paid for advertising on online media (but not information as to which profiles had been used on social media), which accounts were used to finance the campaign, information about some public events during the campaign (many parties showed them in aggregate form) , as well as the names of the persons responsible for lawful campaign financing.

Because pre-released information was scarce, the possibilities for comparison with data in the final reports are limited. Such comparisons can be firstly made in the case of POKS. That party planned costs of 475,000 euros, while the reported expenditure was close to 45M dinars, or 383,000 euros. In the case of billboard advertising, 1.9 million dinars (over 50,000 euros) were reported, while 30,000 euros were planned; advertising in the media was paid about 40 million dinars, so the spending plan (200,000 euros) was exceeded by close to 60%; various promotional materials and promotional costs cost less than 900,000 dinars, which is less than 8,000 euros, while as much as 175,000 euros had been planned for these purposes. Office space was estimated at 10,000 euros, fuel 20,000 euros and certification of signatures 30,000 euros. In the category of other expenses, approximately that much was paid - 1.9M dinars, but the cost structure differs significantly – certification of signatures was paid nearly 60,000 euros, and rents and fuel are not mentioned.

Before the campaign, a list of about 20 donors was published (mainly from abroad and in euros, a total of about 5,000 euros). The campaign finance report cites dinar donations totaling as much as RSD 14.5 million (natural persons) and nearly RSD 23 million (legal entities). **However, there are no donors on that list<sup>11</sup> whose names were published before the campaign!**

The UDS **announced funding through smaller donations, but in the end none were reported.** Billboards and other promotional materials have been reported, as announced, as well as **advertising**

<sup>10</sup><https://www.transparentnost.org.rs/index.php/sr/aktivnosti-2/konferencije/11700-skupa-kampanja-otrosku-gradjana-mnogo-podataka-koje-treba-proveriti>

<sup>11</sup><http://poks.rs/wp-content/uploads/2020/09/47-REPUBLIKA.pdf>

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**in the amount of 17.5 million on TV stations, despite the announcement that there will be no money for such purposes.**

The SPS-JS coalition **announced it would resort to budget funds, but in the end close to half was paid with loans, and significant contributions from natural persons were also collected.** The SVM has financed its campaign announcement from the budget as announced. The monitoring found that a Facebook's campaign was carried out, but its value is not clearly visible from the report. METLA respected its announcement that it would not use the funds of the loan, and that it would spend the money on advertising and billboards. On the other hand, the campaign was officially worth as much as RSD 13M more than the revenues collected.

The Oathkeepers and the Sovereignists have announced the events, but one cannot see the costs associated with the former. The Coalition for Peace has not reported costs related to any activity. PSG reported the cost of the events that had been announced. SNS fulfilled its announcement that it will not organize public events. SPAS announced funding to be sourced from the budget and donations. However, donations were not collected at all, and nearly **RSD23M of "own funds" were transferred on the campaign finance account and it is not clear, from previous financial reports, what is their origin.** Healthy Serbia did not respect its announcement that it would not resort to TV advertising, and in addition to the budget funding, contributions were also collected.