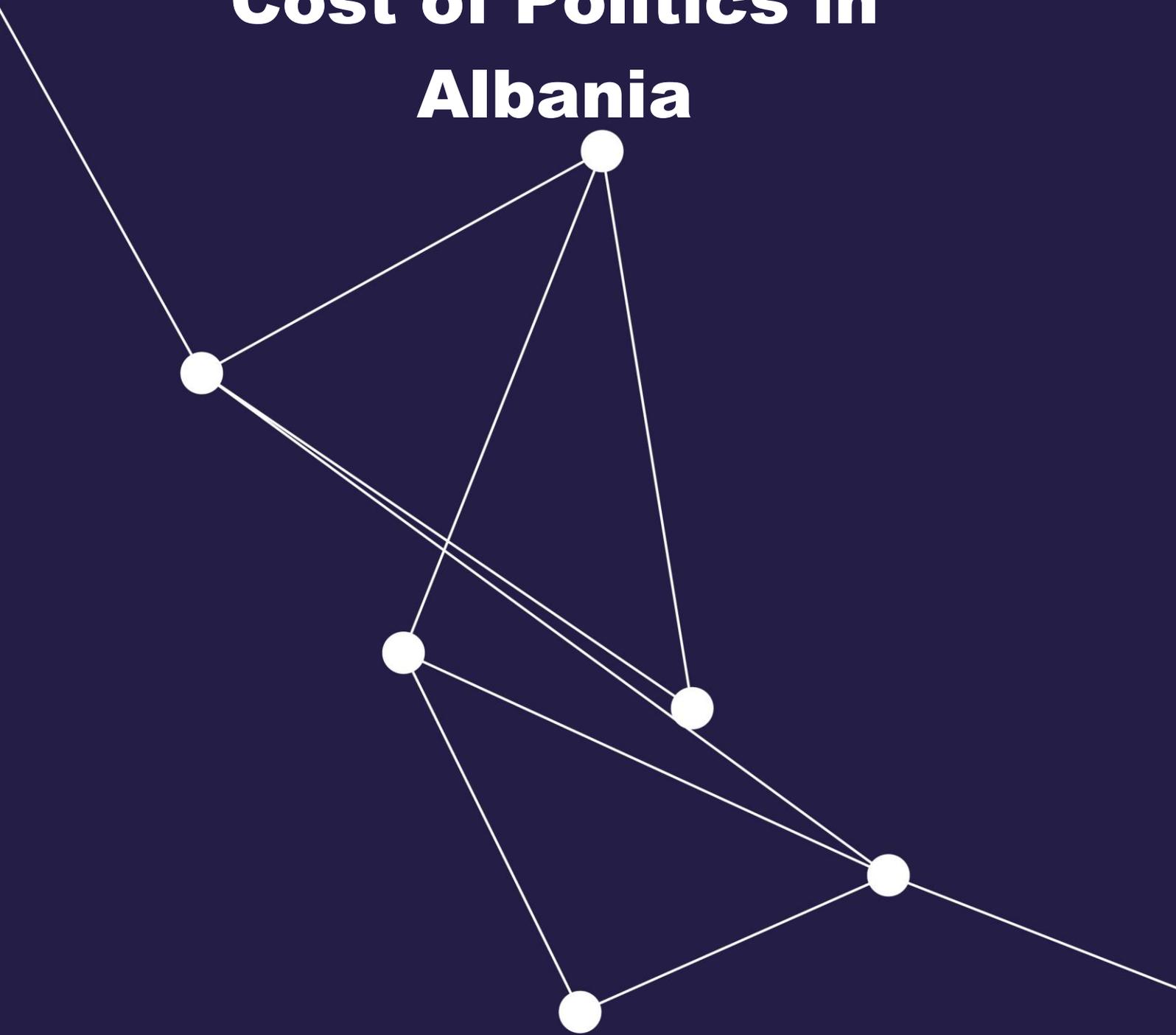




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Cost of Politics in Albania



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The Cost of Politics in Albania

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The views and opinions expressed in this booklet are of the authors and do not reflect those of the UK government or WFD.

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Introduction

Since the collapse of the communist system in 1991, Albania has undergone a tumultuous transition, and conducting democratic elections in the country has been one of the most important challenges. Even though in the 1990s many small political parties emerged and were able to win seats in parliament, in the last 20 years, the latter has been dominated mainly by two parties: the Socialist Party (SP) and Democratic Party (DP). Another party, the Socialist Movement for Integration (SMI) that split from the SP in 2004, has also emerged as a “kingmaker” in determining who will govern the country, as was the case in the 2009 and 2013 parliamentary elections.

The 2009 general elections took place under a regional proportional electoral system that replaced the previous mixed one. The new electoral code was the result of a compromise between the two major parties, SP and DP, in April 2008. Many smaller parties expressed dissatisfaction with the new electoral system, which they felt favoured the two largest ones. MPs from the small parties began a hunger strike in parliament to protest against the new electoral system and stated that under the regional proportional system, with some electoral constituencies returning a small number of seats, the threshold would be too high for smaller parties to have their representatives elected (Petrela, 2014).

Currently the Albanian parliament has 140 members (MPs), who are elected for a four-year term through a closed-list proportional representation system in 12 multi-member electoral districts that correspond to administrative regions. Parties and coalitions of parties that register to contest the elections must submit candidate lists for all districts. Parties and coalitions that surpass, respectively, the three and five per cent thresholds of votes cast in the corresponding district qualify for seat allocation. (OSCE, 2017)

Recent studies show that in the 2013 legislature around 33 per cent of the members of parliament were businessmen and during the 2017 legislature one in four members was from the business community (Instituti i Studimeve Politike, 2018). At the same time the Venice Commission claims that “the issue of close contacts of members of parliament or municipal councils or government officials with organised crime is a long-standing problem in Albania” (Venice Commission, 2018). As shown by the first results of the vetting procedure of the judiciary, the interrelation of the state institutions and organised crime appears to be very high. As a result, trust is shaken in state institutions, and their functions and commands are not authoritative.

Many observers believe that the closed party list proportional system has produced powerful party leaders and different MP “typologies” in parliament. According to Çlirim Gjata, Head of the Central Election Commission (CEC) from 2006 to 2009, “political leaders have willingly allowed people with criminal records to enter parliament” (Picari, 2019). Many MPs dissatisfied with their political party leader have also publicly expressed with outrage about how selections under and financing of the political process works in Albania. Such was the case of Eduart Ndocaj, the MP from the city of Lezha for the Socialist Party, who declared in 2015 that “I have spent €500,000 for the election campaign for the Socialist Party”. Another MP who resigned from the SP sent a public letter to the leader of the party declaring that during the 2013 elections “I paid €110,000 to the TV station you asked of me”. Tom Doshi who was also a representative of the SP during the 2013 to 2017 elections, said in a TV interview that during the opposition years he used to

fund expenses to bring people to Tirana that cost him up to ALL 25 million every day (Shqiptare, 2017).¹

No legal actions have been taken by the prosecution office or the CEC on the above comments on campaign financing made by the MPs. However, they do highlight a problem in the way political parties are financed in Albania and ultimately their impact on democratic representation. The lack of transparency and accountability in how parties are financed affects the trust that citizens have in political parties and therefore their incentive to engage in politics. If the costs of getting involved in politics become too high, the danger that candidates will fall prey to corruption is higher. Therefore, qualified candidates might not participate due to lack of finances. Accordingly, there is an open door for corrupt behaviour and greater influence on decision-making by the business community and organised crime. This study analyses the main drivers of political campaign costs in Albania. It provides a limited insight on how much it would cost to run for mayor, MP or Council Member in Albania. The focus for this study is to provide information and insight for new candidates trying to engage in politics. Many people, including women and younger people, might be excluded from the outset simply because they cannot afford the high costs involved. Research conducted by the National Democratic Institute (NDI) (NDI, 2016) on the impact finances have on woman participating in elections shows that women's unequal access to financial resources restricts their engagement and influence in many political activities.

Therefore, analysing the cost of engaging in politics in Albania opens a wider debate on the roles of the CEC, civil society and the state in financing political parties and strengthening democracy in Albania. It should also be noted that this study does not cover the phenomenon of vote buying.

Context: What is the Problem?

The Albanian constitution, the Law on Political Parties and the Electoral Code oblige parties to report on expenses of every campaign activity during official campaign times. The law assigns the CEC with the responsibility of financial control over political parties through independent auditors. However, the CEC itself notes that it lacks the financial means and human resources to investigate beyond the balance sheets that the parties declare. "The CEC does not have sufficient financial and human capacity to make further verifications regarding the funds received and spent by electoral subjects for the election campaign," the CEC declared for the 2013 financial reports.

Article 9 of the constitution of Albania requires that "the financial resources of political parties are always made public" (Qendra e Botimeve Zyrtare, 2016). Within this article, the Albanian constitution places special importance on transparency in political financing as an essential condition for the functioning of political contests and pluralism. However, this article is not respected by political parties in relation to how they declare expenditures. Disclosure of

¹ <http://www.gsh.al/2017/06/20/nga-kaubojisi-te-tom-doshi-dhe-frroku-pse-prokuroria-nuk-hetoi-deputetet-qe-dhane-miliona-per-partite/>

expenses by parties is done only during certain periods, thus making monitoring and controlling of funds more difficult. Thus, there are no legal instruments or mechanisms that force parties to declare their annual expenditures and resources in real time as they are only required to provide financial statements at certain times. Party official websites, even though they are updated and reflect their political activities, do not provide information about their expenditures and resources (the SMI has done it to some extent, but a search for financial expenditures reveals the latest published budget dates back to 2017).

As a rule, political parties are financed based on the latest result of parliamentary elections, therefore the system favours major political parties. This approach makes the participation of new political forces in the democratic process very difficult, consequently making it almost impossible to guarantee the right of every citizen to access the political process on equal terms as an essential condition of a pluralistic democracy. Similarly, for independent candidates, no funding or reimbursement of electoral expenses is provided. Democratic regimes based on popular sovereignty differ from other regimes precisely because they offer all citizens an equal and transparent political space to compete for elected posts. This condition is not met based on the way the parties are financed under the Albanian legislation.

Political parties in Albania have enjoyed a substantial increase in party memberships over the years. However, party funding through membership quotas is modest, making it vital to find other sources of financing. Funding from the state budget is insufficient to cope with the costs faced by parties during elections. This forces parties to seek finance from the private sector, which is quite difficult to supervise and regulate. This often creates an unclear relationship between socio-economic policy and the various interest groups, which are a source of economic clientelism, and therefore increases the potential for political corruption. This relationship violates the constitutional principles of competition and economic freedom.

The mechanism of controlling expenses during electoral campaigns has so far been ineffective. Despite some improvements and fines, political parties overall have never been sanctioned for their lack of financial transparency. Also, there have been no cases of the prosecution initiating investigations for such violations. It seems that in this regard there is a silent consensus among the main political forces not to reform or address the issue of financing political parties. The main reason for the inability of the system to reform itself lies in the fact that the institutions that manage elections are appointed by political parties. The Central Electoral Commission represents the perfect example of this situation, as political parties appoint the people who are supposed to control them.

Legal Framework: What are the Official Rules of the Game?

Political parties within the Albanian constitutional order have an essential role. They design their institutional framework and ensure its functioning. The Albanian constitution gives political parties the exclusive mission of political representation, ensuring democratic competition, and at the same time the role of national policymaking. Their role cannot be emphasised enough in the Albanian context where citizens' sovereignty is expressed only through voting for political parties. Of the three governmental branches in the Albanian constitutional order, the only branch that is formed through the voting process is the legislative one. In the current electoral system, popular votes are cast not for MPs but for party organisations. For these reasons, political party organisations, their functioning and especially their financing are matters of public interest and imperative for all Albanian citizens — they are not just an internal matter for political parties.

The funding of political parties in the transition years has seen little change from the legal point of view. The opposite has happened with the funding of electoral campaigns. From the first pluralistic elections of 1991 until the constitutional referendum of 1998, political money was not decisive in the results of these political events. Albania had only one state medium and political advertising on television was still unknown. The parties and the candidates communicated their electoral messages direct to their voters. Electoral rallies were merely gatherings of militants and supporters of political forces. Electoral offices and support infrastructure were almost unknown. Political parties and their political campaigns during these years were mainly funded by membership quotas, revenue from party economic enterprises, and public funding. The main contribution to this funding came from membership contributions. Private/business funding was almost non-existent.

Starting from the 2000 local elections, especially those held in Tirana, and up to the elections held in June 2009, the costs of electoral contests experienced a very rapid growth. During this period, six elections were held: three general elections (2001, 2005 and 2009) and three local elections (2000, 2003 and 2007) (ShtetiWeb 2017). Political funds became more and more an important factor in the results of these political races.

The new American style of electoral campaigns made the election infrastructure extremely costly. Copious political advertising in the media, numerous and modern electoral offices, rallies and spectacles, foreign companies specialising in electoral marketing, and periodic electoral polls were new ways of communicating with voters, influencing the electoral outcome in proportion to the amount of money spent. Political parties and their political campaigns in this period were funded mainly by private funds, public funds and membership fees. The main source in this funding was private funding, while membership contributions were very limited. Large and powerful businesses considered it profitable to fund political parties with substantial and undeclared funds, increasingly financing simultaneously the two main parties in the country.

Due to the lack of law enforcement and the strong demand of the international community, political parties drafted a new electoral code in 2008. The Electoral Code of 2008 preserved the previous components for electoral campaign funding, but also brought the following changes:

- Changed the formula for allocating public funds;
- Prohibited the use of public resources to support electoral subjects during election campaigns;
- Required clear identification of private donors for donations over ALL 100,000(approx. USD 1,000);
- Declared that the donation of non-public funds worth more than ALL 100,000 should be made to a special account opened in a bank by the electoral subject;
- Empowered the CEC to appoint licensed accounting experts to carry out audits of the funds received and spent for the election campaign.

Some of the negative phenomena observed in the implementation of this new Electoral Code during the June 2009 general elections were as follows:

- Audit reports of funds received and spent by political parties became known to the public six months after elections;
- Political parties did not publish any data on their funding during the electoral campaign until election day, thus denying voters the opportunity to express themselves through the vote on their stance towards dignifying funding to political parties;
- The audit reports published by the CEC were not unique, so they were not designed according to an agreed and useful template, making it impossible to understand and compare financing and spending of political parties from the media and the public; and
- Party reports simply respected the spending limit set by the Electoral Code.

The CEC, although noting a lot of shortcomings and disrespecting the law in financing political parties, did not make a single verification of the audit reports. The law paradoxically does not allow the CEC to investigate and verify press releases in the media about election financing scandals. The legal clause for the non-publication of donations up to ALL 100,000 allowed private financiers to finance political parties through family members and relatives, thus avoiding the publication of the donor's identity. Due to these shortcomings, despite the improvements made in the Electoral Code, the financing of political parties in the 2009 elections remained quite problematic. Even a monitoring exercise carried out by civil society produced evidence that the political parties in the June 2009 elections were not transparent, and furthermore concealed the real cost of their electoral campaigns (Institute of Political Studies, 2013).

Article 17 of the Law on Political Parties 8580, states: "The financial and material resources of political parties consist of membership quotas, from public funds, including financial assistance to the extent specified in the state budget approved by law by the Assembly, non-public funds, which are financial donations, donations in kind, services, sponsorships, loans or other guarantees, as well as any other financial transaction." Article 23 (amended by Law No. 10374, dated 10 February 2011) states:

Political parties submit financial reports once a year to the Central Election Commission, which should contain detailed information on:

- a) Funding sources based on the standardised format, approved by the Central Election Commission;

- b) Expenditures based on standardised format, approved by the Central Election Commission;
- c) Entities related, directly or indirectly, to political parties or controlled by them, which are declared by the political party itself;
- d) Acceptance of non-public funds with a value greater than ALL 100,000 and when the transaction is not performed through the bank account is punishable by a fine of 30 per cent of the amount donated.

What is the Reality on the Ground?

The three main political parties (SP, DP and SMI) reported to the CEC that they spent ALL 269,930,131 or €2.1 million in the past elections. Meanwhile, the Socialist Party and the Democratic Party have spent most of their budgets on the media, about ALL 26,892,290 (27 per cent of total spending) for the Socialist Party and ALL 23,172,181 (40 per cent of the total expenditure) for the Democratic Party. The Socialist Movement for Integration has its highest spending on administrative and operational costs in the amount of ALL 16,287,381 (26 per cent of total expenditure), followed by rallies costing ALL 13,036,024 (21 per cent of total expenditure).

Expenditures by political parties during electoral campaigns are significantly higher than the official statements made by the parties to the CEC. Numerous reports have highlighted the lack of transparency and the informal financing of political parties and electoral campaigns in Albania. In the elections of 2015, experts from the Office for Democratic Institutions and Human Rights of the Organisation for Security and Cooperation in Europe voiced doubts by saying "the high cost of the campaigns is not fully declared" (OSCE/ODHIR 2015). In April 2017, aware of the lack of transparency, the CEC adopted a new electoral campaign financial reporting template, drafted by NDI and Council of Europe experts. According to the CEC decision, this new template requires detailed data on funding and spending in the election campaign.

The CEC monitoring results in the 2017 campaign says in their reports about the Socialist Movement for Integration that "there is no complete transparency in reporting the expenditures incurred in electoral offices, in electoral activities and their sources of funding". The CEC also states that "the SMI has not submitted financial documentation for expenditures incurred for the sound system, lighting, event organisation, television director, decor and rental for some of its electoral activities during the campaign".

Another issue relates to reporting political rallies in Albania. A report from the Balkan Investigative Reporting Network, a network of local non-governmental organisations promoting freedom of speech, human rights and democratic values (BIRN, 2017), cited official police data to show that during the last electoral campaign more than 2,600 rallies were held in Albania. CEC auditors have provided a cost estimate for these rallies which shows a hidden cost that on its own is higher than the total costs reported by the three main political parties in Albania. Estimates by the CEC auditors said the cost for a single rally varied from €1,500 to €40,000. If each political rally cost at least €1,500, then in total, all political parties in

Albania spent at least €3.9 million on political rallies alone, which is higher than the €2.8 million reported by all political parties during the 2017 elections.

Political parties in Albania report their sources of income differently. Overall, all parties declared that 54 per cent of their income came from public funds, while funding from their own resources accounted for only 28 per cent. However, the largest opposition party (Democratic Party) reported 100 per cent of its funding came from public funds, while the Socialist Party reported that this source of funding accounted for only 30 per cent of its total income and the Socialist Movement for Integration reported 31 per cent. The three main political parties have varying distributions in sources of funding for their electoral campaigns. A good chunk of the revenue for the SMI party comes from non-public financing (33 per cent), followed by public funds (31%). The Socialist Party, on the other hand, has the largest share of its income from its own funding resources (60 per cent), while 30 per cent is public funds. Notice that none of the political parties has secured loans for the financing of their electoral campaigns.

Regarding the expenditures of political parties, Article 90 paragraph 3 of the Electoral Code provides that "the total expenditure that a political party, including its candidates, may incur for an election campaign, should not exceed 10-fold the largest amount that an electoral subject has received from public funds". Eligible expenses include rallies, promotional materials, media, surveys, publications, transportation, consultancy, outdoor advertising, and administrative expenses. In the last electoral campaign reports on political parties' expenditures it should be noted that political parties spent nothing for public opinion polls, while repeatedly they have said in public that they have conducted their own internal polls assisted by international companies.

The Cost of Politics

The cost of politics refers to the cost that a political party or a candidate faces from the moment when he/she decides to run for office until the moment votes are counted (Westminster Foundation for Democracy, 2010). The costs of involvement in politics are very diverse and they vary from organising meetings and office rentals to food and refreshments for staff, transportation costs and printing of various promotional material. The calculation of the political cost should be evaluated in the context of the national economic indicators. These indicators provide an approximation on whether political costs might deter citizens with average incomes from entering the electoral process. Currently, Albania has a gross domestic product per capita of US\$4,500 and an average monthly wage of US\$350. As explained in the introduction, many MPs have expressed in public that some of the costs they faced during elections were as high as €500,000, which is almost 100 years of yearly average income in Albania.

Referring to the Westminster Foundation for Democracy report on the *Cost of Politics Synthesis Report* (Meleshevych, 2017), the main costs for candidates and political parties are: electoral advertising, rallies, payments for organisational staff, and payments to voters. The way these costs are covered by this report include personal savings of candidates, support from various businesses, party funding, and public funds. Meanwhile, in Albania, referring to the financial statements of political parties in the country, the main costs include consultancy, rallies, media, and promotional materials. The funding sources that are allowed by the Electoral Code for financing election campaigns include state funds, political party donations from non-public sources, and loans.

Methodology

To provide detailed information about the political context in Albania and to identify the costs of engaging in politics, a study was commissioned by the Westminster Foundation for Democracy's Albania Office. Qualitative and quantitative methods were used to carry out this study. The methods used for collecting data for this research include:

- a) Desk research was done including a review of reports, studies, literature and laws that have been drafted in relation to the subject of the study.
- b) After a careful consideration of the available literature and analysis of published data regarding political parties in the country, a questionnaire was distributed to MPs, MP candidates, mayors and members of municipal councils. The questionnaire contained 19 questions and was organised into four main themes. The questionnaire collected demographic data and raised questions about experiences in recent electoral elections, campaign costs, and the support that candidates obtained from political parties. The questionnaire was randomly distributed to various council members across different municipalities in Albania. To ensure the reliability of the data, an analysis was undertaken of a sample of 40 candidates from both categories, those who were already MPs and those who did not gain such a status.
- c) At the same time, semi-structured interviews with MPs as well as mayors in Albania were conducted. In total, there were eight interviews conducted with MPs and four with MP candidates, as well as seven interviews with currently serving mayors and one mayoral candidate. From these interviews a better understanding was obtained on how much it costs to run for a political office and how the political party they represent assists them during elections.

Concerning the nature of the study, it is evident that the participants' responses to the questionnaire did not give an accurate picture of the costs to the political parties. This is a limitation of the study. Nevertheless, these interviews were cross-checked with other party officials that had been directly involved in running elections, although the aim of this study was to focus on interviews with candidates or incumbent representatives of the Albanian parliament, mayors and local councils.

The distributed questionnaire sought to support an analysis of four key elements in identifying costs of participating in politics: the experience of candidates, sources of income, expenditure, and support from political parties. It was based on questions that related to:

- The experience of candidates in the last electoral campaign;
- Sources of income for candidates;
- Main expenditures executed during election campaigns by candidates;
- The support provided to the candidates from the political parties they support.

Findings Section: National Level and Local Level

Talking about money and finance in politics is difficult, and no accurate estimation is possible. Our findings show that there is no unique set of costs for each candidate and their relationship to party funding is not always clear and easy to establish. Overall, it is concluded that candidates bear the full responsibility to raise funds and to conduct their own campaign. They see the political party they represent as distant during elections, since they do not provide much financial support. Therefore, it seems that more efforts should be made in this direction to ensure transparency in fund-raising. Apart from the political parties, mayor and MP candidates should also independently report their campaign costs.

From the data that can be accessed by the statements declared by the political parties, it is difficult to identify the costs of a single candidate in a campaign, whether local or national. From this point of view, it is even more difficult to carry out a proper study of the costs of being involved in politics, as well as to identify the risks that a candidate carries whether he/she is part of a political party or an independent at the moment he/she decides to stand for election.

National Level

When interviewed, some of the party officials directly involved in political campaigns explained that “the cost of electoral campaigns is complex to calculate, thus it is difficult to provide an accurate estimate on how much would be spent during elections to become a member of parliament”. They explained that from their own experience the cost per vote varies in accordance with the size of the political party represented by the candidate. They explained that in past elections a candidate from a small political party would have had to spend €30 to €40 per vote while the bigger parties usually spent €10 to €15 per vote. For a small political party aiming to have 100,000 votes, the costs would amount to €3-4 million and €1-1.5 million for a bigger party. On average, party officials maintain that in Albania the cost for a vote is on average €15. By this account, given that 1,557,932 citizens voted in the last elections, it could be estimated that the costs of the electoral campaign in Albania are around €23,368,980. However, this is a rough rule of thumb explanation of electoral costs in Albania, which leads to a simple conclusion that the average cost for an election campaign to become a member of parliament is estimated to be around €166,000. This figure is 10 times higher than the official amount declared by political parties.

There are no facts to suggest that these costs are true or that they accurately reflect the true costs faced by MPs during elections. The researchers were unable to gather information on the total costs that parties spent during elections; as most of the candidates explained in their interviews, “they do not know how much the campaign cost in their regions for their party”.

To come up with a realistic estimation on the costs of running a campaign as an MP, eight MPs and four MP candidates representing different regions of Albania and four different political parties’ officials were asked direct. From their interviews, it was concluded that there is no “known” cost to become a member of parliament in Albania. Costs vary substantially depending on the profile of the candidate.

The current electoral system seems to create the fear of “free riders”, where people who have a safe position in the party list usually are not interested in spending money or be fully committed to the electoral campaign. Another MP said that “it is no wonder that the same positions are auctioned by the political party from the beginning. If they do not pay for that secured position the party has no way of forcing them to contribute financially towards the campaign. Therefore, I believe that is the reason we see many businessmen in the party lists. I do not have any proof as this is a behind-the-scenes deal between the party leader and the candidate, but rumours within the party are that such a position starts from €500,000”.

When cross-checked with other studies, this claim seems to reflect the real reason why 25 per cent of the current MPs have a successful business background and are not involved in parliamentary life at all. They are not active in parliament or in committees.

People involved first-hand in parliamentary elections in Albania explain that the business community approaches political parties before the elections and makes financial contributions to the party. This is a common practice, and due to the electoral system in Albania this practice encourages a direct relationship between the business community and the party leader, giving the latter the opportunity to decide on who will be on his list of party representatives. Therefore, “MPs whose campaign is covered by the party do not know who covers their financial campaign, or more importantly, how much their electoral campaign costs”.

For the above-mentioned reasons party officials maintain that it is impossible for them to provide an accurate cost on how much a campaign costs for their party, even if the “political will was to show all the expenses during elections”. We are not counting illegal vote buying, which is a phenomenon that is near to impossible to estimate or control. Party officials accepted that the costs were a lot higher than the official reports.

They also reported that “during the campaign, CEC auditors were asking questions on costs from rallies that even we had no understanding on who paid for what. For example, while water was distributed during a political rally, it was difficult for us to know whether it was the party, the MP candidate, a party official, a local businessman, or a party activist who had paid or distributed the water during the rally. While the auditor was correctly asking such questions, it was close to impossible for us to know in real time what was going on and how many bottles were being distributed”.

For this reason, party officials maintain that, even though the law requires them to record all expenses incurred during a campaign, it is difficult in the moment to provide an accurate number.

“In the future I believe that it might be best if parties are organised in 10 to 12 districts, where each district is seen as a separate entity, and therefore reports separately on the costs of the electoral campaign for the MP candidates that they represent,” said one of the interviewees.

Costs to Mayors

We conducted semi-structured interviews with mayoral candidates and current mayors. They offer a diverse picture on the nature of expenses during elections, and from their answers it is believed that the costs of local elections are higher than the official reported figures from the political parties in Albania. During the semi-structured interviews, the researchers had a chance to get a better understanding on the costs that a mayoral candidate encounters during elections. Seven current serving mayors and one mayoral candidate in Albania were interviewed.

All the serving candidates and the mayoral candidate explained that their party did not help them with financial support during elections. They explained that it was up to the candidate to raise money to fund the electoral campaign. A mayor of a small town in Albania states:

“unless you can **raise up to €300,000** before the elections it is not worth even starting your campaign”.

He then continues to describe the nature of costs he had dealt with during elections.

“Costs are high, and they include transportation of voters, transportation costs for campaigning for one month, costs for offices, running costs or per diems for your staff and, most importantly, media costs. On election day, I have to ensure food and refreshments for at least 500 people, who are either counting votes or are party representatives during counting.”

This is supported from interviews conducted with a mayor of another similar sized city. He explained that his costs during elections were **€200,000** and that the party did not support him during the campaign.

Another mayoral candidate reported that he spent **more than €200,000** during his campaign in a big city in Albania and that he spent most of the money from his own businesses and savings.

“I started the campaign not knowing the real costs and the party did not provide any financial support. I had to take care of fund-raising and ensure that I had enough financial capital to make it through the election. In my case I covered all the expenses myself.”

The mayoral candidate reflected that “costs for running a campaign in his city were high,” but despite this “he is willing to run again given the opportunity”.

Another mayor explained that the costs faced during his campaign were around **€60,000 to €80,000** and that the party did not help with the costs. From all the mayors interviewed, it was confirmed that “being an incumbent lowers the costs as the electorate knows you, and therefore costs are not as high as when one runs for office for the first time”.

Another mayor maintained:

“Running for office is not an easy task and you have to make a choice, either you finance your campaign through money received from businesses or other shady supporters and then take the risk of the pressure once in office, or you try to run the campaign with your own money which is more difficult. I have tried to run my own campaign and I am trouble-free now in office.”

However, he continued:

“We tend to forget that there are other opportunity costs in entering politics. In my opinion entering politics has other high costs apart from running for office. The salary that I get from being a mayor is a lot less than what I would be paid if I were to work in the industry. At the same time, if I am not re-elected, I will find it difficult to find a well-paid job as for a long time I have been out of the industry. This is the reason I believe that intellectuals and responsible citizens are not attracted to enter local politics.”

Two mayors from small cities maintained that they faced minimal costs during elections, and they varied between **€10,000 and €20,000**.

They maintained that their “costs were lower as being in office helps them use resources from the municipality and also [they] work with staff currently employed in the municipality”.

They expressed the fact that the political party they represented did not provide them with any financial support and most of the expenses were from personal saving or family contributions.

Not all mayors expressed the same experience in terms of political support. For example, another mayor representing a big city in Albania said that his campaign costs were around **€40,000 to €60,000** and the party covered half of the costs. He believed that the electoral costs were decreasing in Albania, because most of the campaigning now was conducted online.

From the evidence provided above, it is difficult to estimate the true cost of running for mayor as the costs vary due to several factors. It seems that being an incumbent has many advantages that lower the costs for candidates, such as name recognition as well as state resources that can be used during elections. On the other hand, some cities have their own “traditional voting behaviour” which affects the costs of running for office depending on the party the candidate represents. At the same time costs vary with the size of the city and the relationship the candidate has with his/her party. Apart from one case, all the other mayors and one mayoral candidate said that they covered all the costs of the campaign.

Top-Level Findings: Sources: of Funding and Ongoing Costs

The fact that not all candidates face the same costs is supported by the responses obtained by other MPs and high-ranking party officials interviewed. The rationale is that political parties usually require different types of candidates to ensure political representation as well as enough finances to run an efficient campaign.

For example, one interviewee noted

“a candidate with a high public profile is always needed in the list and they offer the candidate a safe position in the party list and also offer to cover all the electoral expenses”.

This is reflected from the experience of some current MPs and other MP candidates interviewed. They explained from their own experience that they did not face any major costs during elections as this was agreed previously with the party leader. Some claim that their party was

“very well organised and people were willing to volunteer, which reduces the costs of campaigns a lot. From my experience I did not have to spend more than €10,000 overall during the elections”.

Another MP candidate stated that he was aware that the costs of an election campaign were high

“as we had to travel every day and meet hundreds of people around the town. In my personal experience, the party that I represented covered the costs of my campaign. I made it very clear from the start that I do not have enough finances to cover the costs of my campaign and it was agreed that the costs would be covered by the party”.

However, when this claim is cross-checked with other candidates from the same party the costs of campaigns vary, and they do not have the same experience with campaign costs. Usually

candidates with political or economic weight are supposed to cover the expenses for other candidates as well.

“I had to look after some other candidates from the party list and, overall, I was not sure whether I was conducting just my electoral campaign or the campaign for the other candidates”, explained an MP who voiced a theme in common with three other candidates.

Discussion

Party Closed-List Proportional Representation Leads to Three Types of Party Candidates

There is a growing body of literature that analyses the impact that different electoral systems have on the prospects for corruption as distinct from pork-barrelling. This literature tends to argue that proportional representation (PR) systems, especially closed-list ones, are most susceptible to corrupt political rent-seeking. In her study on “The risks of closed-list proportional representation”, Rose-Ackerman (Rose-Ackerman, 2002) shows that closed-list proportional representation systems are most susceptible to corruption compared to open-list proportional representation and plurality systems. Also, other studies show that under closed-list PR, candidates must appeal to the party leadership for a high ranking on the list. In this case, as the number of seats in a district increases, intraparty competition and fragmentation decrease. Political parties also tend to be internally more coherent because party discipline is essential to further a politician’s career (Menocal, 2010). In closed party lists, although the party benefits from having popular members, no direct measure exists of a party’s dependence on a specific member’s electoral strength.

Different parties apply varying candidate selection rules, which are likely to affect the outcome of candidate selection. Hazan and Rahat (2006) distinguish four dimensions of candidate selection: (i) candidacy (who can run), (ii) the inclusiveness of the electorate (who can vote/choose), (iii) decentralisation (whether candidates are selected at local, regional, or national level), and (iv) voting vs. appointment (whether all candidates are selected by a voting procedure).

The current electoral system therefore seems to allow the party leadership to have a strong hold on the political representation process. It also leads to the fear of “free riders” where people who have a safe position in the party list are usually not interested in spending money or being fully committed to the electoral campaign. This is a known fact even among MPs. During the interviews, one of them stated that the political positions are auctioned by the parties from the beginning of the campaign. From the interviews conducted, a common theme seems to emerge on the types of MPs that a closed party list has produced in Albania.

Type 1: The High-Reputation Candidate

Type 2: The Deep-Pocket Candidate

Type 3: The Career Politician

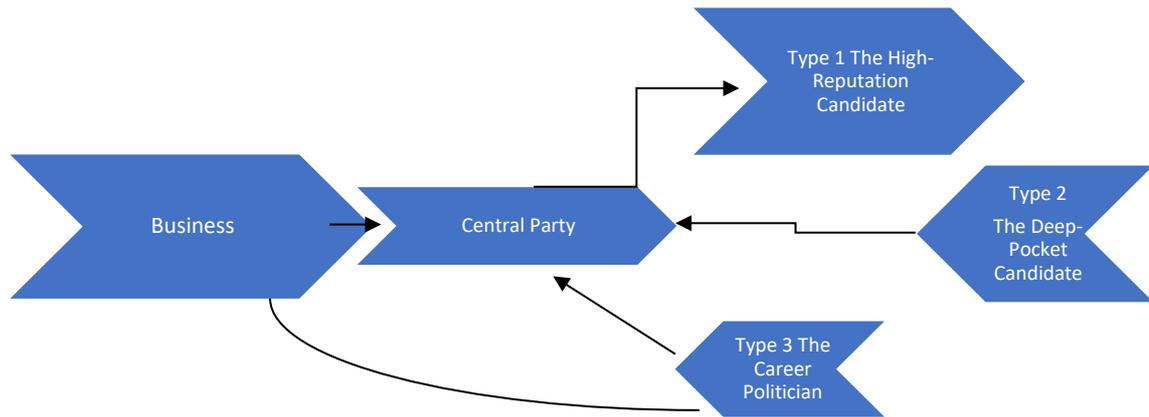


Figure 1.

The chart shows the cycle of campaign funding for political parties in Albania. From the interviews conducted with MPs and high-ranking party officials, it is concluded that there are three types of MP in the Albanian parliament.

Type 1: The High-Reputation Candidate

The party closed-list proportional system entrusts a lot of power to the leader of the party. The selection process in Albania is not institutional and the political procedures the party leader follows when he draws up the list of candidates are not clear. However, from the interviews conducted, it was observed that most parties selected candidates with a high reputation in the electorate. This fits Hazan and Rahat's study that candidates are chosen on "the inclusiveness of the electorate (who can vote/choose)" (Hazan and Rahat, 2006). Therefore, the candidate usually is unaware of the costs of the electoral campaign and is not directly involved in financing his/her campaign. This type of candidate expects the party to cover the expenses and therefore does not provide an accurate estimation on the costs of his/her campaign. They have minimal personal costs usually ranging between €10,000 and €20,000.

Type 2: The Deep-Pocket Candidate

The Type 2 candidate is seen as someone who buys his/her seat up front from the party, and therefore is not directly involved in the electoral campaign. They keep a very low profile and do not engage in public debates either. This is also supported by another study from the Institute of Political Studies that shows that in a six-month period more than 35 MPs out of 140 never spoke in parliament (Institute of Political Studies, 2019). Most of them are "businessmen from the local community". These candidates are usually seen as coming from a business background and, as shown with the decriminalisation process, they usually have a criminal past. Furthermore, having very little political experience and no intention of becoming involved in economic and development policies for the region they represent, it is obvious that these candidates' relationship with politics is only based in their personal interest, which is related with the welfare of their own business companies.

Type 3: The Career Politician

On the other hand, the Type 3 candidate is usually involved in the political process and is a political representative. This type of candidate does not require any support from the central political party, but instead establishes a personal relationship with national or local businesses to finance the campaign. The party most of the time does not even know the real costs that these candidates face in elections given that they deliver on their commitment to ensure a certain number of votes. They do not report to the party, and therefore the party cannot report back on the expenses incurred by this type of candidate. In the interviews, they reported to have spent at least **€100,000** during their campaigns.

Two MP candidates who were in the margin zone explained that they had to work harder in order to pass the threshold and the costs were higher. One said that he spent more than **€200,000** during the election campaign, while the other reported that his campaign cost him personally **€120,000**. They were both successful businessmen.

The closed-list system gives the party leadership more say and more negotiating power in determining its political representation. To ensure the maximum number of votes and, at the same time, ensure finances to run elections, political parties end up using a mixture of all three candidate types. It also becomes evident that the position within the party list is a bargaining chip with the party leader. The MP candidates have no say in their position in the party list as the list is mainly seen as part of an overall political strategy. As observed from interviews, most MPs said that they worked harder than other candidates given that they were in the margin of the expected number of MPs in their area. This means that their harder work is translated into spending more during elections. This makes the closed party list a system that leads to mistrust in the party and to disagreements amongst MP candidates during elections.

Women's Political Expenditures as Council Members at the Local Level

Council Members

There are 1,595 council members representing all the parties registered in Albania's 61 municipalities. In order to understand their costs during elections we conducted semi-structured interviews, as well as 40 quantitative questionnaires with current council members. Ten were selected randomly and 30 were specifically targeted to be female councillors to better understand the representation of men and women at the local decision-making level.

Council representatives explained that it was up to the candidate to decide how much they wanted to spend during the campaign and that they were not directly involved in covering any expenses of the campaign. Therefore, they explained that the costs that they faced were minimal as more than 60 per cent declared costs that varied between **€500 and €1,000**. Costs included transport to political rallies, refreshments for supporters, or banners and other promotion materials that they wanted in order to promote themselves. Therefore, even though

not generally accounted for, it could be said that councillors spent around **€800,000** during the elections (1,595 x €500 for each councillor.)

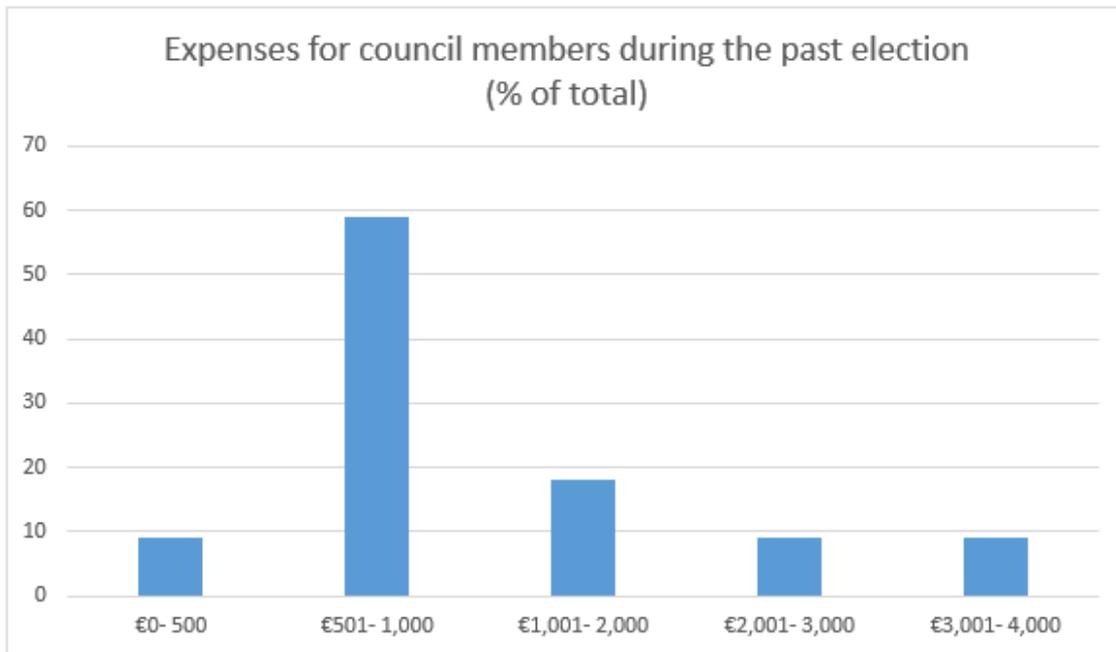


Figure 2.

Even though these costs seem to be minimal, women councillors believe that expenses faced during campaigns are high and therefore it might affect their willingness to participate in politics. All of them suggested that the party did not compensate them for any of the costs and they had to bear all these costs. More than 52 per cent responded that expenses made political participation difficult or very difficult. Other studies by the NDI suggest that a significant degree of women candidates with previous political experience reported having knowledge of different aspects of campaigning and party operations, with the strong exception of fundraising know-how (only 18 per cent reported they had this knowledge). This lack of knowledge about fundraising explains in part the reliance on political party funding and/or self-financing of campaigns.

Many people, including women and younger people, might be excluded from the outset simply because they cannot afford the high costs involved. Research conducted by the NDI on the impact finances have on women participating in elections states that women’s unequal access to financial resources restricts their engagement and leverage in many political activities. According to the research, women’s exclusion from certain circles of power and money networks, in addition to their own actual economic status — which is documented to be inferior to men—affects their nomination and recruitment as candidates.

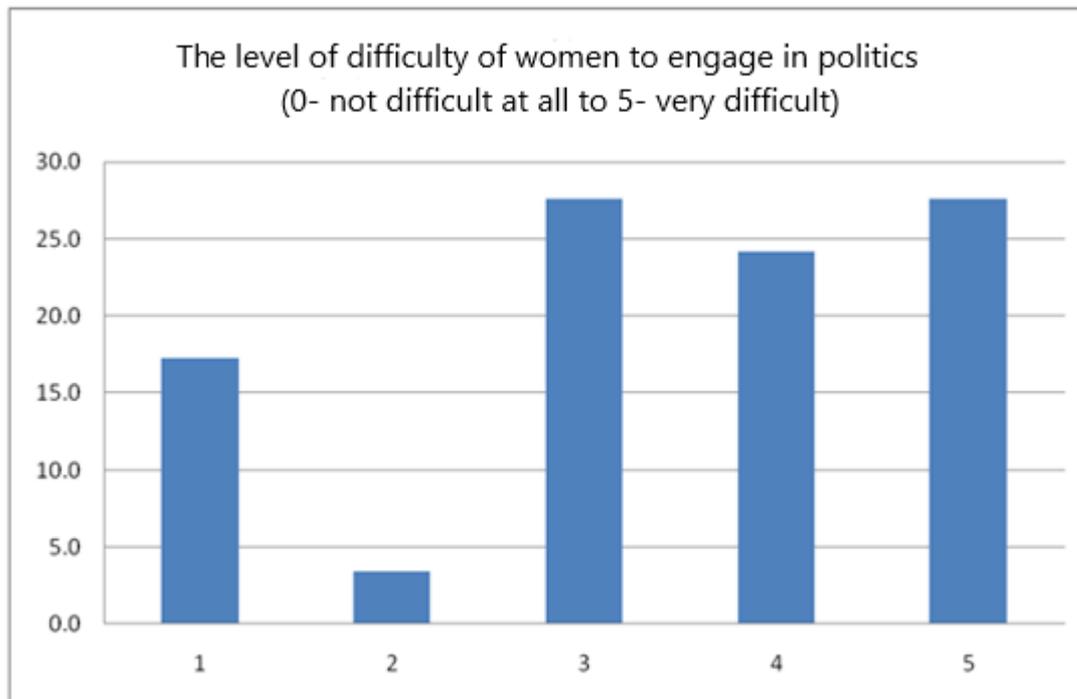


Figure 3.

Women's Representation

As can be seen from the above results, it is very difficult for young people and especially women to enter politics — practically because they cannot provide the high costs involved. Thus, having unequal access to financial resources not only influences women not to participate in elections but also restricts their engagement in many political activities. Women's exclusion from certain circles of power, in addition to their own actual economic status, means they are considered to be inferior to men and this affects their recruitment as candidates. This confirms the findings in the NDI study that women do not have the same access to campaign resources and as a result they cannot claim different positions within the party. These unequal positions make the situation very difficult for women who want to participate in political affairs.

Women's lack of knowledge about fundraising and their inability to self-cover the expenses of an electoral campaign explain why there are fewer women on the political scene than men.

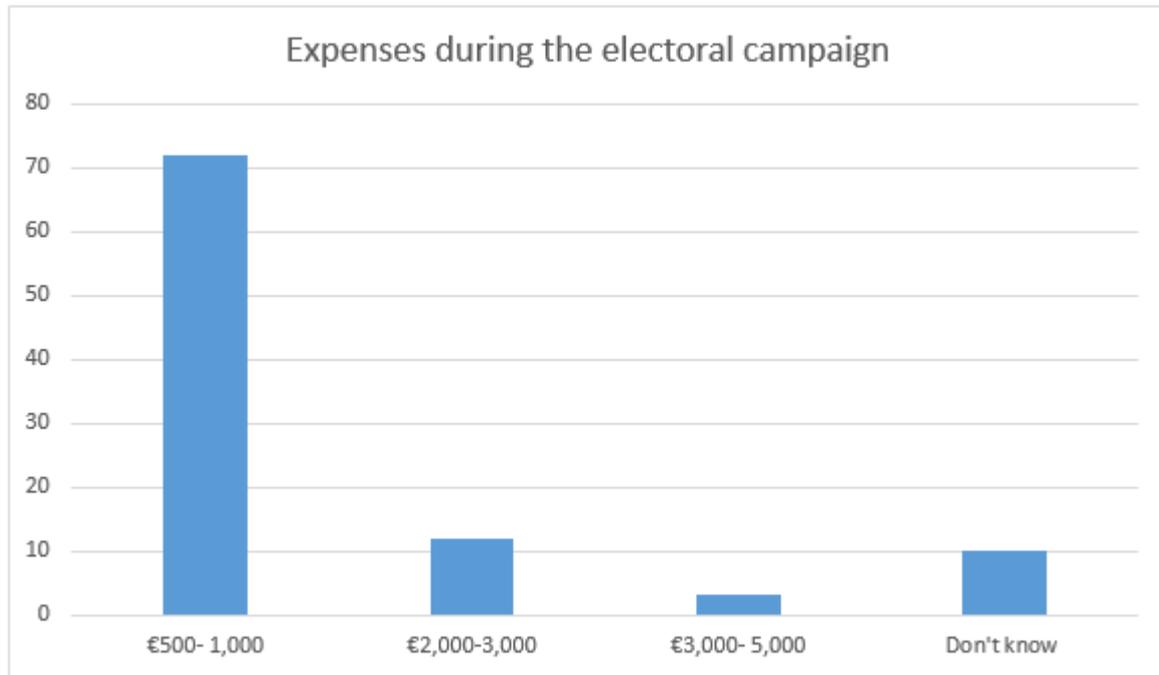


Figure 4.

From 29 women who participated in completing the questionnaire, 28 were members of a city council and only one councillor did not belong to any political party. Forty-one per cent of respondents claimed that the source of funding for their electoral campaign was from personal contributions, 34 per cent argued that the funding sources came as a combination of personal accounts, contributions from private businesses, various party funds and donors, and seven per cent had funds from political parties as sources of funding. Regarding the question of who covered most of the expenditure, 59 per cent of respondents claimed that these expenses were covered by the candidate and 41 per cent claimed that they were covered by the party. The second answer is inconsistent because they claimed that almost half of financial sources came from the party, while when asked about this differently one question earlier, they claimed an accumulative total of more than 70 per cent of sources were a combination of personal, private, business and party. We conservatively interpreted this inconsistency as based on funding complexities and fears of expression during the interviews.

The women interviewed as part of this study stated that the most important expenditures in campaigning were related to rallies and related expenses and less important were the consultancy costs or those directly related to voters.

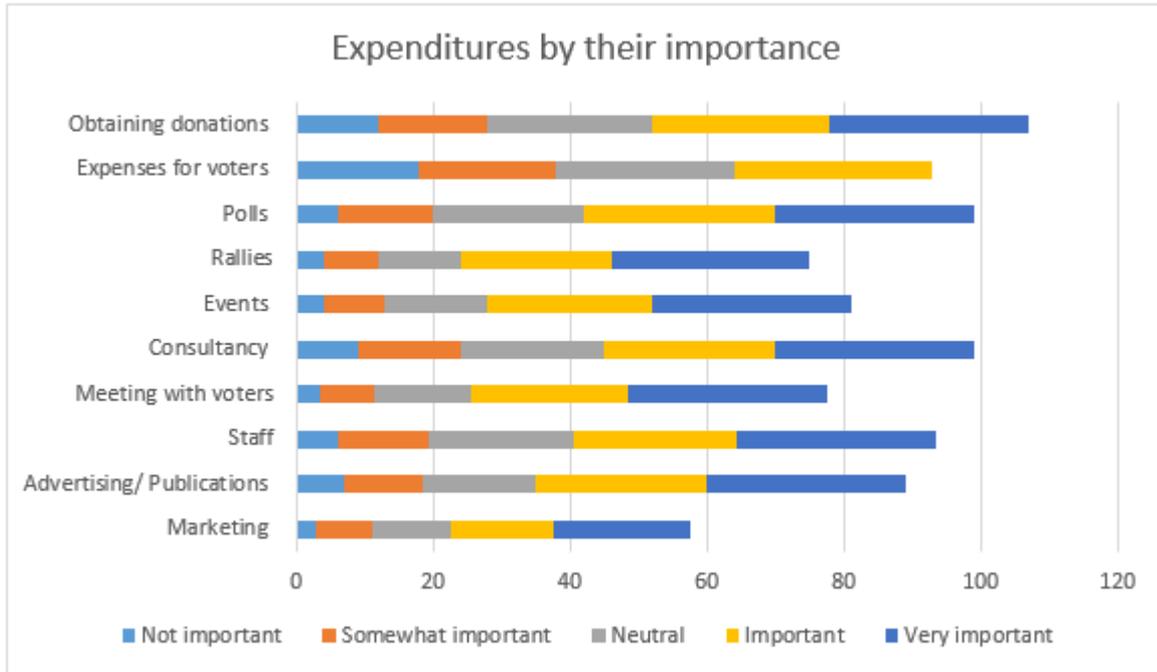


Figure 5.

When asked about average campaign spending, 77 per cent of respondents said that these costs were in the range of €500 to €1,000, while 15 per cent declared that these expenditures were on average €2,000 to €3,000, and four per cent of respondents said that the average spending of their electoral campaign was in the range of €5,000 to €10,000, numbers that seem reasonable for a seat that usually is undervalued. The rising values of a few are those who are engaged with personal ties to the party.

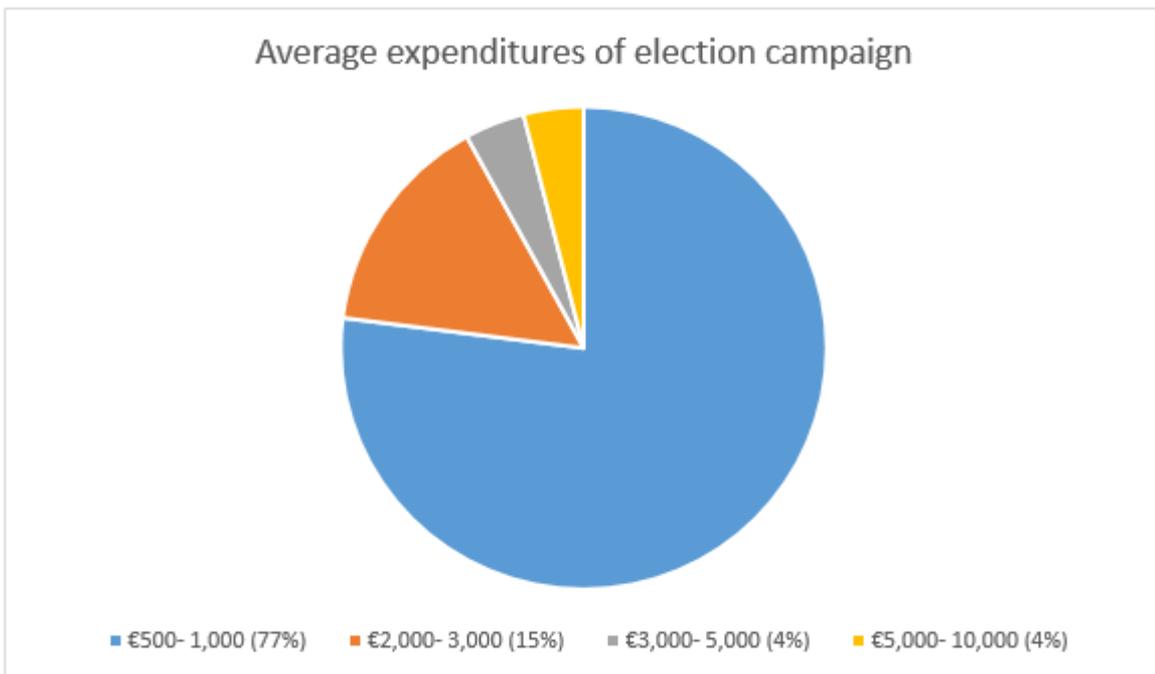


Figure 6.

As to how difficult it is for a woman candidate to run in elections, 29 per cent say it is very difficult and 17 per cent say it is not difficult at all.

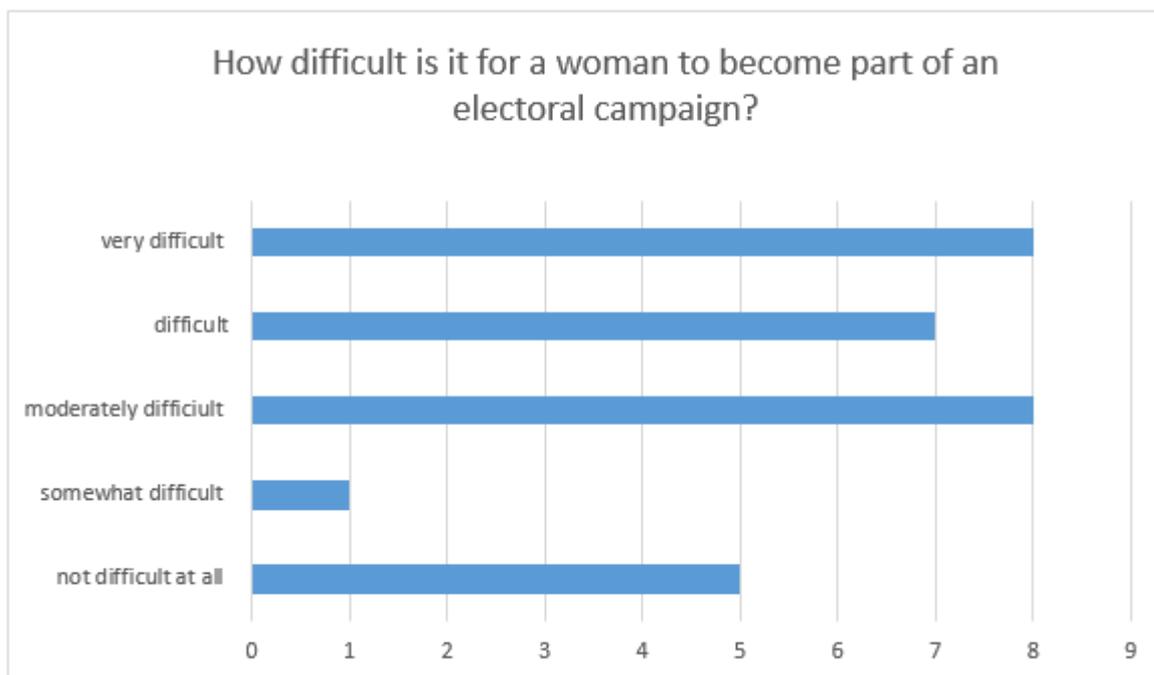


Figure 7.

Conclusions and Recommendations

Political parties will always need financial support to run in elections. Given that they are essential to the Albanian political system, it is important to point out that crucial institutional reforms are needed to overcome how the elections are funded. Financing political parties should be transparent and accountable, and supervising institutions should be empowered. This would ensure a fair political competition and uphold democratic values in Albania.

- It is important to change the law that organises the functioning of political parties in Albania. The current law does not have enough power to force political parties to declare their expenses and income during election campaign. Political parties in Albania are public organisations but behave as if they are private ones, which makes it difficult to supervise them through constitutional mechanisms. Therefore, it is important to change the law on political parties to minimise their statutory autonomy in favour of public accountability and constitutional principles.
- The current system favours the financing of big parties and this is a deterrent to new political parties or independent candidates. To ensure that no citizen is discriminated against in seeking to run for office, the new law should at least guarantee the same airtime on public television for all political parties and enough finances that would ensure an equal opportunity that the political message of new parties or independent candidates reaches the electorate. Also, the state should ensure that small and new political parties have access to public venues and other state logistics during the campaign.
- Even though substantial improvement has been made by the Central Election Commission in auditing political parties' financial statements and making them available to the public for scrutiny, there still is a mismatch on what political parties report and what they really spend during elections. It could be argued that funds received from the state budget should be related to the financial reporting of political parties. Therefore, parties that report fundraising from private donors should be paid based on a matching funds principle. As a result, for every amount of money reported from private donors there should be a percentage match from public funds. This not only improves the financial reporting of the political parties but ensures that they are involved in a fair competition, as the amount of money they will profit from the state budget is calculated according to official expenditures.
- Another approach would be to finance political parties through foundations (NPO) each linked to its respective political party. This might be an efficient way of controlling finances and encouraging professional standards in administrating and reporting of financial activities. Foundations would then have a greater role in promoting an improvement in the political culture, and it would encourage more political participation and competition based on political values and competitive ideas and less around finances.
- A new institutional structure should be envisioned that would be autonomous from political control in order to supervise the finances of political parties. In the Albanian situation, a new institution attached to the High Court would be a sensible approach. The authority that monitors and supervises the cost of politics should not be linked to the administrative institutions but rather operate as a judicial branch of the High Court,

monitoring the financial activity of the political organisations. This would be an effective approach based on judicial reform and the vetting of the financial activities.

- Political parties may benefit from direct or indirect financial support dependant on their respect, compliance and performance regarding financial accountability (as verified by independent auditors or certified institutions).
- It is time to adopt a new law on lobbying that fits the Albanian reality and that would inform the public on the relationship that different interest groups have with political parties. This would encourage a more transparent political system and would minimise political clientelism. It is currently very easy for a wealthy candidate to buy a seat in parliament, having no interest in public affairs. It is preferable to encourage the participation of activists or members of civil society who may have the ability and the interest to develop policies for the country but currently find it almost impossible to enter politics, not having money to fund political parties or electoral campaigns.

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