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## Assessment of the Roles of Stakeholders in Financing as a Duty of Electoral Management Boards

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BY

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### ABSTRACT

*This study examined the roles of stakeholders in financing as a duty of electoral management boards. Electoral management boards must consider their concerns and interests when designing and implementing policies and activities. EMBs need access to the legislature to ensure that their views are considered in developing electoral legal frameworks and electoral resource allocations, and to obtain feedback on their performance from an important stakeholder. A clear legal framework for managing EMB finances ensures certainty, regularity and consistency, and fosters good governance within the EMB. Financial transparency raises stakeholder and public awareness of the EMB's structures and programmes, financial policies and challenges, and can bolster stakeholders' confidence in the EMB's capacities. The study concluded that EMB's stakeholders play very important roles in electoral management. EMB-initiated communication and consultation with stakeholders may be on issues such as strategic plans, election timetables and processes, electoral reforms, and voter education and information needs. And other conclusion. One of the recommendations made was that stakeholders need to control its own expenditure processes and cash flows and that they should be more credibly independent and better able to disburse electoral funds in a timely manner.*

**KEYWORDS: Stakeholders, Financing, Duty and Electoral Management Boards**

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### Introduction

It is quite obvious that EMB funding needs are dependent on the electoral cycle and will vary hugely between election and non-election years (Gilardi, Jordana, & Levi-Faur, 2006). Other significant factors include the range of functions and responsibilities, the model of electoral management used, the electoral procedures in place and the frequency of elections. EMBs have been regularly accused of procuring expensive goods and services, such as high-technology equipment, which is not put to effective use. Some EMBs have also been accused of printing more ballot materials and recruiting more election staff than necessary. The independence of some models of EMBs from the executive branch of government may lead to perceptions that they are not subject to the controls on spending that are applied to government agencies. For adequate funding of EMB the stake holders need to be quite brilliant and calculative in their roles.

Political parties and candidates are key stakeholders; EMBs must consider their concerns and interests when designing and implementing policies and activities. Unless the EMB enjoys a good relationship with, and the confidence of, political parties, its policies and programmes will attract criticism that will make it difficult for it to enjoy widespread stakeholder support. Where political party nominees are appointed as full members of an EMB, as in Georgia, or as non-voting members, as in Mexico, there is a permanent structure for EMB dialogue with the political parties.

### **Stakeholder and their Roles**

Where political party nominees are appointed as full members of an EMB, as in Georgia, or as non-voting members, as in Mexico, there is a permanent structure for EMB dialogue with the political parties. Political parties and candidates are more likely to have confidence in an EMB that maintains an open-door policy to them; treats all political parties and candidates with respect, impartiality and fairness; and considers their opinions and suggestions. It is important that all political parties believe that they are being treated equitably and are offered the same opportunities and information by the EMB. Regular meetings with political parties—possibly more frequently during an electoral period—can provide a framework for reciprocal communication and can promote acceptance of the EMB’s timetables, processes and outputs (Lijphart, 1984).

According to López Pintor, (2000), primary stakeholders include the following groups:

Political parties and candidates; EMB staff; The executive branch of government; Legislatures; Electoral dispute resolution bodies; The judicial system; Election monitors and citizen and international election observers; The media; The electorate: voters and prospective voters; CSOs; and The donor community and electoral assistance agencies.

In addition to these regular meetings, an EMB may be able to improve its relationships with political parties by including their representatives in EMB-sponsored events. Examples of joint activities are familiarization visits to voter registration facilities, participation in voter education and information workshops, joint media interviews or EMB-sponsored public debates between candidates. Equal opportunity to participate should be given to all political parties/blocs and candidates. It is important to involve political parties in consultations about setting an EMB’s strategic objectives and evaluations of its performance. As key EMB customers, political parties’ and candidates’ opinions on the EMB’s focus, priorities and service are a useful way to improve electoral management. After each electoral event, it is useful for the EMB to include political parties in general consultations with stakeholders on how to improve the electoral framework, and to consider them in any proposals for electoral reform.

According to Makulilo (2009), there are many reasons for an EMB to promote sound relations with the executive branch of government. The treasury or Ministry of Finance is often responsible for the EMB’s budget. EMBs under the Governmental Model need to work within the confines of a line ministry, and may need to maintain close relationships with local authorities that implement electoral processes. In many cases, an EMB relies on government ministries (and regional EMBs similarly rely on local authorities) for transport and other electoral logistical support, such as premises for polling stations, and on staff seconded from various government agencies to serve as election officials. Approvals from government

purchasing agencies or import licensing agencies may be required for essential procurement. EMBs may be subject to audit by the state audit authority, and may also be required to respond to inquiries from the ombudsperson or the anti-corruption agency. An EMB relies on the police force for security and, in some countries, may rely on the armed forces for security and some transport services during electoral events.

Cooperation and coordination will be enhanced if an EMB strives to keep all relevant government ministries and agencies informed of its activities and to consult with them on a regular basis about the services and support it may require from them. It can be useful for there to be a permanent working group or liaison committee involving the EMB and the government agencies on which the EMB relies for the provision of resources for electoral events (Kelly, 2012). For independent EMBs, a ministry, such as the Interior Ministry or Ministry of Justice, may be its 'liaison' ministry for representations to the cabinet or the legislature. In Canada, the chief electoral officer communicates with the government through a minister appointed for that purpose.

The EMB must maintain good relations with whichever department is responsible for vetting its budget requests and releasing its funding in order to ensure that this department is familiar with the EMB's programmes and the time-critical nature of its funding requirements. For a good relationship, it is important that the treasury or Ministry of Finance has confidence in the EMB's budgeting, accounting, financial control and reporting systems. Arrangements for the EMB chair or members to make courtesy calls on government leaders, which may include the head of state, to create awareness about the EMB's programmes and challenges, such as legislative, financial or logistical constraints, will raise the EMB's profile with its executive branch stakeholders.

EMBs need access to the legislature to ensure that their views are considered in developing electoral legal frameworks and electoral resource allocations, and to obtain feedback on their performance from an important stakeholder. This access can be facilitated by having a formal point of contact in the legislature. In Australia for example, this is a special standing committee of the legislature, while in Namibia it is the speaker of the legislature. In the Solomon Islands, the speaker of the legislature is also the chair of the EMB (McMillan, 2012). As opined by Merloe, (1997), an EMB may have to deal with electoral dispute resolution bodies that have powers to deal with issues such as challenges to EMB decisions, disputes between the EMB and other stakeholders, the legality of the content of EMB regulations or challenges to election results. These may be judicial, quasi-judicial or less formal conciliation bodies. Their decisions can greatly affect the activities and public perceptions of the EMB.

General openness with these bodies—including ensuring that they are well informed on all EMB activities and decisions through regular meetings, receive all EMB publications and are invited to inspect EMB operations—can help maintain a good relationship. This needs to be done in a manner that does not, and does not appear to, impinge on the independence of decision-making of either the EMB or the dispute resolution body (Merloe, 1997). This is especially important if the EMB is also mandated to play a role in resolving disputes, which will often be the case (even if only in the sense that complaints might be made to the EMB in the first instance, and then escalated).

According to Mozaffar (2002), many components of the judicial system may interact with EMB activities. EMBs may need the cooperation of the police and prosecuting authorities in

investigating alleged electoral offences, and to appear before the criminal justice or administrative court systems for any resulting court action. The EMB, its members or its staff may be subject to judicial investigation or civil litigation, and EMB administrative policies and practices may be subject to challenges in tribunals. As with relationships with electoral dispute resolution bodies, it is extremely important that the EMB is professional, accessible and cooperative in its dealings with the wider judicial system.

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As explained by Orozco-Henríquez (2010), the range of secondary stakeholders of an EMB is likely to be diverse, and includes the following:

1. EMB suppliers;
2. The public at large; and
3. Regional and international networks.

An EMB relies on many suppliers for products such as technology, equipment, vehicles and election materials as well as services such as consulting, cleaning, security and transport. Unless an EMB maintains good working relations with these suppliers, its performance may be adversely affected by, for example, suppliers' not keeping deadlines or supplying substandard products and services.

To maintain good relations with its suppliers, an EMB should ensure transparency, professionalism and efficiency in the invitations for expressions of interest to supply goods and services; share information with suppliers and prospective suppliers on the EMB's values, such as strict adherence to integrity, dignity, professionalism and efficiency; pay suppliers within the deadlines agreed; and arrange suppliers' information forums to discuss their concerns and formulate agreed solutions.

The general public is also an EMB stakeholder. As an organization promoting democratic values and improved governance, an EMB has the responsibility to be a good corporate citizen. In its activities it needs to consider the community's health and safety, and be environmentally safe. In its external and internal working relationships, an EMB has the responsibility to be a good practice model of the values it represents, such as democratic decision-making processes; respect for the rule of law; non-intimidator practices; honesty and incorruptibility; transparency; accessibility for all societal groups, including those marginalized through disability, illiteracy or remoteness; and promotion of gender balance. An EMB can seek to develop programmes of social responsibility by ploughing back into the community the skills, knowledge and other resources at its disposal.

### **Stakeholders' attempt in solving the financial need of Electoral management**

As stated by IDEA, (2006), electoral costs into three categories,

1. *Core costs* (or direct costs): routinely associated with implementing an electoral process in a stable electoral environment;
2. *Diffuse costs* (or indirect costs): electoral-related services that cannot be disentangled from the general budgets of agencies that help implement an electoral process; and

3. *Integrity costs*: over and above the core costs, which are necessary to provide safety, integrity, political neutrality and a level playing field for an electoral process.

In transitional and developing democracies, integrity costs are often largely sponsored outside EMBs, mainly by the donor community: for example, the sophisticated, internationally-funded electoral register data processing and production activities in the transitional elections of Afghanistan and Iraq. Such additional costs may not be included in analyses of EMB budgets, although they relate to functions within EMB mandates (Hyde, 2004). According to the CORE Project, core costs are proportionally highest in stable democracies, as progress toward democratic consolidation tends to lead to a decrease in integrity costs and an increase in core costs. The increase in core costs results from demands for increased participation to be fostered through more widely accessible electoral operations, and from the use of technology to expedite voter registration, voting and the transmission of election results.

The CORE Project further shows that diffuse costs tend to be higher in stable democracies, especially in Western Europe, where electoral processes are more likely to be implemented by governmental EMBs under the Governmental or Mixed Model, and where several government agencies may be used to implement electoral services. Where, for example, a national civil registration agency is responsible for providing electoral register data, as in Hungary and Norway, it incurs costs related to electoral events that may be difficult to separate from overall civil registration costs. Even where governments have a policy of cost recovery for governmental agency electoral services, the true cost may not be charged.

Lijphart, (1999) noted that EMBs under the Independent Model are more likely to have sole responsibility for electoral functions, and thus have a higher level of readily identifiable direct costs and a lower level of diffuse costs than EMBs under the Governmental or Mixed Models. A higher level of readily identifiable costs may give a false impression of higher actual costs.

### **The Financiers**

Electoral events are a core function of a democratic state. The state thus remains the primary source of funding for the core costs of most EMBs. The electoral budget forms part of the consolidated annual national budget, yet different models of EMBs may receive their funding by different methods and routes from the budget.

#### ***State Funding***

Funding for many EMBs under the Independent Model, for example in Albania, Ghana and Kosovo, is a separate line item in the national budget, released directly to the EMB by the treasury. For others, the EMB budget is released through a government ministry.

Budgets for EMBs under the Governmental Model are usually part of the budget of the government ministry responsible for implementing electoral processes, as in Cook Islands, Denmark and Singapore. Where the Mixed Model is used, the budget of the component independent EMB may be channeled through a line ministry, such as the Ministry of the Interior in France IDEA (2006).

#### ***Integrated or Distributed Electoral Budgets***

An electoral budget may be a single integrated item in the national budget, or may consist of many components that are spread across the budgets of various government agencies. National, regional and local governments' budgets may each provide funds to EMBs. In the unitary state of Indonesia, the national budget fully funds the EMB to conduct presidential elections and elections to national and regional legislatures, but regional and local authorities provide most of the funding for elections for provincial governors and local mayors. Such arrangements are more common in federal states. Funding for the EMB in Bosnia and Herzegovina is provided by all four levels of government; their respective shares vary according to the type of elections being held. In India and Mexico, the national government funds the EMB to conduct national elections, but regional governments contribute funds when their elections coincide with national ones. In the UK, the costs of elections are funded by local authorities and reimbursed by the central government according to fixed scales (Lipset, 1959).

### *Donor Funding*

Some countries emerging from conflict have relied on donor assistance, through the UN or other agencies, to fund the whole or a significant part of their electoral budget. Examples include Cambodia (1993), Mozambique (1994), Bosnia and Herzegovina (1996), Timor-Leste (2000), Sierra Leone (2002), Afghanistan (2004), Iraq (2005) and Palestine (2005–06) (IDEA,2006). In post-conflict elections, donor assistance can be essential, especially if a breakdown of state institutions has destroyed their ability to collect revenue. Donor assistance from the UN, the European Commission, the United States Agency for International Development (USAID) and other sources has made a significant contribution to funding electoral processes in many other countries. There is a growing pattern of regional donor assistance. For example, South Africa and other SADC countries offer electoral support to EMBs of other SADC member countries, and the OAS has provided regional assistance in countries such as Haiti.

In emerging democracies such as Libya, assistance may be necessary to implement electoral processes that meet international obligations. Assistance may also be necessary to allow fledgling opposition parties to contest elections in a comparatively competitive manner. In countries wishing to upgrade their electoral services, such as Papua New Guinea, general institutional capacities and awareness may not be sufficiently developed to deal with the 'intangibles' in electoral costs—such as training and education. Even in relatively consolidated democracies, flagship projects in fields such as data processing and communications may require donor assistance. Some emerging democracies rely heavily on foreign donor assistance to fund their core election budget.

Mozaffar & Schedler (2002) noted that the availability of donor funding will be affected by donor funding cycles, which may be difficult to coordinate with the timing of EMB needs. Donor assistance is usually channeled either directly to the EMB or through a government ministry. Channeling it directly to the EMB facilitates easier disbursement and provides a direct line of accountability. In Cambodia, the EMB has a dedicated account in the National Treasury established for electoral management funding from all sources. Different accounting requirements from multiple donors may complicate the EMB's financial reporting mechanisms. Yet, exposure to these different requirements can encourage EMBs to review and improve their own financial accountability systems.

Control of donor funds can be a contentious issue. Channeling donor funds through government ministries may lead to delays or diversions in the disbursement of funds due to government bureaucracy or corruption, but host countries may insist on this to ensure that *their* funding priorities, rather than those of the donor, are followed. Steering committee mechanisms—involving representatives of all donors, the EMB and possibly the government—can be an effective solution, and can prevent duplication of funding. Formal or informal use of an agency such as the UNDP to coordinate all donor funding for an EMB can also be effective. In Indonesia in 2004, a significant proportion of multiple donors' electoral assistance funds was disbursed through a UNDP trust fund under priorities established by the EMB.

EMBs need to be careful that donor assistance meets their priorities and is not driven by the interests of consultants provided by the donors or by equipment providers from the donor country. Technical assistance provided by donors needs to include training and skills transfer to EMB counterpart staff so that the EMB can assume full ownership of future electoral processes. Donors may prefer to directly contract suppliers of products or services for an EMB, but this can raise public questions about foreign interference. Donors may also require that systems, equipment and other tangible items they provide be purchased from their home country suppliers. Yet experience shows that externally driven equipment solutions, such as the choice of equipment for voter registration in Timor-Leste in 2000, may be inappropriate for the local environment.

### ***Other Sources***

According to IDEA, (2006), some EMBs receive income in the form of nomination fees, lost deposits, or fines imposed following breaches of electoral campaigning or other regulations. It is important that this income is fully and transparently accounted for.

EMBs may also receive funds and donations in kind from large corporations, the business community and philanthropists. EMBs need to be careful that the manner of raising funds from the corporate sector does not affect perceptions of their financial probity, impartiality or credibility.

Some EMBs, as in Australia, raise some funds through the administration of elections on behalf of bodies such as professional associations or trade unions. Others, as in Mauritius, charge a fee to recover the costs of printing copies of the electoral register that are distributed to political parties.

### **Principles of EMB Financial Management**

The requirements for key EMB financial processes—such as budgeting, procurement, expenditure authorizations, financial reporting and auditing— may be contained in law, accounting and financial reporting codes, or in EMB or government regulations Hyde, (2004). A clear legal framework for managing EMB finances ensures certainty, regularity and consistency, and fosters good governance within the EMB. As well as the legal framework, there are fundamental principles that are the basis of good-practice EMB financial policies and procedures.

Financial transparency raises stakeholder and public awareness of the EMB's structures and programmes, financial policies and challenges, and can bolster stakeholders' confidence in the

EMB's capacities. Financial transparency also promotes good governance and serves as a strong deterrent to corruption and fraud within the EMB. When there are allegations of bad or dishonest practices, the EMB can better protect its credibility by rigorously exposing such practices, rather than seeking to hide them, including ensuring that whistle-blowers are protected (Gilardi, Jordana, & Levi-Faur, 2006).

Transparency in the preparation, justification and approval of an electoral budget builds public confidence in the EMB's management. Rigorous public scrutiny and legislative accountability give the EMB the opportunity to publicly demonstrate its commitment to financial integrity. It is good practice for the EMB to be transparent in its procurement practices, especially where fast-track methods have to be used to meet electoral deadlines.

As a guardian of public funds, the EMB has an obligation to expend these responsibly and to be efficient and effective in managing its financial, human and material resources. An outcome-based approach to the EMB's budgets, regular monitoring of staff performance, and regular auditing of financial records help promote efficiency and effectiveness in the use of its funds, which can enhance public confidence in its management of electoral processes.

The commitment of all EMB members and staff to integrity in their conduct is the basis of the organization's integrity. Strong codes of conduct and policies on conflicts of interest promote integrity. Integrity in financial management covers monetary transactions as well as issues such as respect for intellectual property (Gilardi, Jordana, & Levi-Faur, 2006). The development of integrated financial management systems with clear audit trails enables breaches of financial integrity standards to be discovered and reported. A strict regime of sanctions for breaches of integrity requirements, and fearlessness in using them, will enhance public confidence in the EMB.

## **Conclusion**

1. EMB's stakeholders play very important roles in electoral management.
2. EMB-initiated communication and consultation with stakeholders may be on issues such as strategic plans, election timetables and processes, electoral reforms, and voter education and information needs.
3. EMB funding needs vary significantly between years, requiring accurate budget estimations based on resource needs for planned strategic outcomes.
4. Election costs are measured with different levels of comprehensiveness and under different circumstances in various countries, making cost-effectiveness comparisons difficult.

## **Recommendations**

1. Stakeholders need to control its own expenditure processes and cash flows and that they should be more credibly independent and better able to disburse electoral funds in a timely manner.
2. It is quite obvious that an EMB's culture needs to be responsibly sensitive to stakeholder needs and expectations.

3. Relationships with stakeholders require active management by the EMB to promote goodwill and credibility. The attention that an EMB pays to a particular stakeholder will vary depending on its importance and power.
4. There is need for sufficiently rigorous controls on expenditure and payments to prevent error and fraud.

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