
**A Strategic assessment of the Development of Electoral Management Boards
through adequate Financing**

BY

Young J. LUKE, *Ph.D*
Department of Business Management
Faculty of Business Administration
University of Birmingham
United Kingdom

ABSTRACT

Electoral finance refers to the electoral budget or the costs that a country incurs as a result of the various activities undertaken by EMBs and other agencies to organize and conduct an electoral process. Some electoral costs may be easily identifiable EMB costs, while others may be difficult to quantify because they are contained within the general services budgets of other government agencies. Electoral cost comparisons between countries have proved difficult, largely because different items can be identified and quantified as electoral costs in different electoral environments using different models of electoral management. 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, such as transparency, integrity, efficiency and effectiveness, which are the basis of good-practice EMB financial policies and procedures.

KEYWORDS: Electoral Management Boards, Adequate Financing, Donor Funding, Budget Formulation

Introduction

The funding of elections may appear to be costly and has to compete with vital national services such as defense, health and education, which may yield greater immediate political returns. Inadequate or untimely funding of electoral processes may occur because governments are not able to appropriate sufficient funds or ensure the timely disbursement of approved funds. 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. That is why, according to Gilardi, Jordana, & Levi-Faur, (2006), regulation is vital.

Many EMBs, such as those in Afghanistan, Cambodia, Haiti, Indonesia, Iraq and Liberia have relied on international donors for substantial amounts of budgetary support, as well as technical assistance. Apart from the sustainability issues raised, the conflicting conditions that different donor agencies impose on EMBs, combined with the requirements

from their own governments may make it difficult for them to account properly and within a reasonable time for their funding. According to IDEA (2006), EMBs have had to deal with the question of whether and how to fund new technologies, particularly for voter registration, voting and vote counting, such as electronic voting. The increased emphasis on access issues such as the provision of mobile polling stations, facilities for absentee voting (within or outside the country), facilities for voters with disabilities and multilingual electoral information—has also had financing implications. In many established democracies, government policies of slimming down public sectors have reduced the certainty of funding for EMBs, particularly for staff costs.

What Electoral Costs Need to be financed?

The UNDP and IFES-sponsored Cost of Registration and Elections (CORE) Project divides electoral costs into three categories, IDEA, (2006):

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.

Who Finances EMBs and How?

State or Public Funding

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.

Method of Disbursing 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 of EMB Funding

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.

Budget Formulation Methods for EMBs

For permanent EMBs there are two distinct types of budgets: one for ongoing costs and one for events such as a voting registration update, a voter education campaign and an election. Different approaches may be taken to formulate the two types of budgets. An EMB's approach to budgeting tends to reflect that of the public sector in its country, especially if it is bound by general public sector financial rules.

All budget processes are, ideally, linked to the goals and projects identified in the EMB's strategic plan and related activity plan for the coming years. This linkage encourages a 'programme' or 'performance' approach to budgets, whereby EMB activities are separately cost and budgets are linked to specific output targets and objectives, as is done by the Australian EMB. Thus, instead of having EMB-wide, generic budget categories such as staffing, forms printing, transport, security, regional office costs—which makes it difficult to determine the cost of any EMB service or product—relevant costs are budgeted and attributed to a specific programme or project, such as ballot paper printing and distribution, staff training, or information programmes for political parties (Munck, & Verkuilen, 2002).

Basing budgeting on the strategic plan greatly improves an EMB's accountability for its use of public and other funds, and helps it focus on delivering cost-effective services. It requires all divisions within the EMB to have individual work plans that are tailored to its strategic goals, which identify the required outcomes, contain performance objectives based on measurable output targets and specify verifiable indicators that these targets are being achieved. Each work plan aims to achieve a particular objective that contributes to the EMB's overall strategic goals and has a specific budget structure. According to Ostrom, (1973), linking the budget to the strategic plan in this way makes it easier to determine how effectively funds have been expended to reach each objective, and to determine where and to what extent funding requests may be cut, or need to be increased.

Within the ongoing and election event budgets there will be many layers of details. The budget submitted for approval often contains high levels of amalgamation; one figure will be provided for an entire functional area, such as political party registration or voter education. For internal purposes more detail will be provided, for instance showing the costs of people, office costs and materials within the budget for the functional area.

Different approaches may be taken to create these different budget levels (Parks, 1984). For instance, the EMB may be told by the finance ministry or parliament that the total budget for ongoing costs will be the same as the previous year or will only rise in line with inflation (known as the incremental or baseline budget model). In such cases, the EMB then has to assess detailed costs related to the goals in the strategic plan and make choices that fit within the budget. In times of austerity, all state-funded bodies may be told that their budget will be cut by a certain percentage; again, the EMB has to choose between items in the strategic plan (Przeworski, 1991). In many stable democracies, the budget for an event such as a voter registration update or an election is calculated incrementally by increasing the previous

budget to allow for inflation, and in some cases population growth. Again, the EMB then has to decide how to manage the event within that total budget while meeting goals from the strategic plan and accommodating rising costs.

An alternative budget-setting approach is the zero-based model, in which each cost for an election, or election-related project, is estimated to find the total budget needed. A planning and finance section of the EMB secretariat may be responsible for these calculations, or it may be the task of each division to estimate the cost of performing its assigned tasks in the coming year. Costs for each area will then be checked for accuracy and justification against the strategic plan.

While the component costs of the previous year's work or the previous elections are often used to assist in this process, each component of the budget has to be assessed and justified in the current context. This approach is often used when there have been major changes since the previous election, or if major changes are proposed, such as the use of voting machines or a change in the electoral system. EMBs are rarely given an open money chest, and so will still have to make choices within the set budget once spending starts and actual costs are higher than estimated costs, or if unexpected costs arise. When donor funding is project based, then the budgets are often created using this model (Przeworski, 1991).

Budget Formulation and Approval Process

In Algeria, Botswana, Iceland, Lesotho, Niue and Tonga, the legislature determines the EMB's budget as part of the annual budget process, using past expenses and reports as the basis for setting the funding level. In the Philippines, the Department of Budget and Management determines the budget for public bodies (IDEA, 2006).

It is common for EMBs to create their own budget and then submit it for approval. In some cases, the budget goes to the government for approval (for instance Angola, Burkina Faso, Cameroon and Chad), while it more commonly goes to the legislature for approval (for instance Bolivia, Brazil, Gambia, Guam, Guyana, Mexico, Mongolia, Pakistan and Venezuela). The budget creation and approval process may include discussion with the finance ministry. For instance, in South Korea, the EMB creates the budget, which is then adjusted by the Ministry of Planning and Budget and considered for approval by the legislature. In some countries, such as Costa Rica, the legislature has no power to alter or reject any part of the proposed EMB budget. In other countries, only specified parts of the EMB's proposed budget (e.g. dealing with members' salaries and allowances) cannot be altered by the executive or its agencies.

In some countries, the EMB budget has two parts: the recurrent budget, which covers costs such as permanent staff and related material support; and the elections budget, which covers additional expenses directly related to an election or referendum. The recurrent budget may be altered by the government, while the elections budget may not. The EMB provides an annual estimate of its elections budget to the government but is allowed to spend more than this estimate. Following the election, the EMB accounts for these expenditures to a legislative committee. Such dual budgets are used in Cameroon, Georgia, Liberia, Madagascar and Rwanda.

In many countries the treasury releases funds to the EMB in a lump sum after legislative approval has been secured, or at the start of each financial year, as in Senegal. This applies where the EMB has autonomy over its finances, and often its own bank account, as in Gambia. In some cases, EMB funds are kept and managed by the Ministry of Finance, and

the EMB makes requisitions for the ministry to pay its creditors and staff, mainly by cheque. Office for National Statistics (2011). The EMB budget is charged directly to the Consolidated Fund in some countries, for example Bhutan, Ghana, Sierra Leone, Solomon Islands, Tanzania, Uganda and Zambia, but there may be significant legal and administrative barriers to be dealt with before such an approach can be implemented in other countries. For governmental EMBs under the Governmental or Mixed Models, funds for electoral processes may be released to the host ministry and disbursed through that ministry, or directly through the treasury's bank accounts.

Control of EMB Funding

During an election, availability of funds is vital so that temporary staff can be paid and logistics are not hampered. It is not feasible to delay election-day because the money to pay local staff has not been transferred to divisional banks. While it is common to have a delay of several months in settling bills, many election costs need to be covered before election-day. Therefore, making sure funds are available during this crucial time must be considered as part of the logistical planning for the election. Emerging democracies often fail to fund major election processes in an adequate and timely manner. Where EMB expenditure processes and cash flow are controlled by a government ministry and subject to government rules and procedures, there may be delays in disbursing critical funds.

According to Quintyn (2009), delayed disbursement of funds to an EMB can create major problems in electoral administration. It can delay decisions or leave insufficient time for the EMB to use high-probity tender processes or organize the supply of acceptable quality goods for electoral purposes. Late payment to suppliers can cause disruptions to supply in the time-critical election environment. Late payments to staff, as has happened in Papua New Guinea, can also threaten electoral processes. It may be to the advantage of both an EMB and the government to agree on a memorandum of understanding regarding funding disbursement arrangements.

If a ministry controls EMB payments, the EMB may be perceived as controlled by the government, which can threaten its credibility. Even where an EMB is constitutionally independent of the government, linking it to the government financial payments system can limit its autonomy. Giving EMBs control of their own payments procedures and systems enhances their credibility as being independent of the government and may lead to faster payment processes. However, it also places an additional workload and a significantly greater burden of control on the EMB to ensure that all payments are made correctly, on time and to the highest standards of probity. Before assigning control of payments to an EMB, it must have sufficient resources, skills and control systems in place to manage its own payments. Robust accountability systems—including internal and external audits and reporting to stakeholders, such as a legislative committee—are essential.

EMB Procurement Policies and Procedures

Governmental EMBs under the Governmental and Mixed Models are often bound by government procurement guidelines and practices. EMBs under the Independent Model, and independent EMBs under the Mixed Model, may be bound by governmental procurement requirements (such as those targeted at enhancing probity and effectiveness in procurement), or they may be able to determine some or all of their procurement policies and procedures.

Some EMBs have to use a generic government or public sector purchasing agency for all procurement. In some circumstances, the complexity of purchasing rules means that it is

often more effective for the EMB to use such an agency than to undertake this task internally. Where the EMB must use a government-wide purchasing agency, it may obtain post-purchase approval of expenses or have some purchases designated as exempt from purchasing agency rules. However, this practice is generally regarded as incompatible with the principles of good governance and efficiency (Salzberger, 1993).

Using government-wide purchasing agencies may not result in effective EMB procurement, as many government bureaucracies are not able to work to the very short and strict timelines that generally confront EMBs in acquiring electoral goods and services. EMBs can thus set up their own internal purchasing boards to manage their procurement independently; this increases an EMB's control over procurement decisions and timing but makes it accountable for all procurement.

Any public or government criticism of the probity or suitability of EMB procurement decisions can very quickly reflect on the EMB's overall credibility. EMBs need to ensure that their purchasing processes are fully transparent, meet the highest standards of probity, show no favouritism, include a genuinely competitive bidding process, determine the winning bidders on objectively provable grounds and are free from any taint of corruption (Salzberger, 1993). Before assigning control of procurement to an EMB, it must have sufficient resources, skills and control systems in place, including an enforceable code of conduct and conflict of interest provisions.

Robust checks and review procedures are required for major procurement decisions, as are control measures that are rigorous enough to withstand the pressures of any fast-tracked purchasing required due to late operational decisions or delayed release of funding. An EMB's procurement procedures may be streamlined with no loss of integrity if it sets up pre-qualification procedures that identify earlier in the electoral cycle those suppliers that meet its specifications for supplying specific goods or services, and who are invited to tender for these before an electoral event. Pre-qualification procedures must, however, be as transparent and strict as the procurement itself. It is good practice to require bidders for contracts to accept the EMB code of conduct.

EMB Financial Control Measures

There are four standard levels of control in EMB financial management: purchase and expenditure approvals processes, internal monitoring, internal review, and external review or evaluation. These controls are necessary to ensure that errors are corrected, and that corrupt or illegal practices are prevented (Sunde 2006). The basic level of control is of the EMB's procedures for approving purchasing and authorizing expenditures. Approvals of expenditure up to defined financial limits may often be effectively delegated to secretariat staff with appropriate seniority. The important factor is diffusion of control for example, by requiring transaction approvals from:

- The operational area that requests the financial commitment;
- The finance control area that checks that the commitment is in line with EMB strategic directions and financial policies; and
- The finance disbursement area that authorizes payment for the transaction.

Internal monitoring is conducted by the EMB staff who are responsible for managing its financial resources at all levels. This includes the heads of division, who are responsible for monitoring and reviewing staff performance and managing their divisional budgets. Overall financial monitoring is the responsibility of the division, usually the finance division, which

is responsible for managing EMB expenses and financial transactions through accounting records such as general ledgers, journals and suspense accounts. This division also usually controls the entire budget and produces regular financial reports, including cash projections (Sunde, 2006).

Some EMBs have a special members' subcommittee on financial matters, which advises the secretariat on financial issues and may also have the mandate to approve the proposed EMB budget and appoint its external auditors. This can be a wise method of controlling expenditure, although the EMB's work will be hampered if the limit is too low.

The EMB may also have an internal auditor, a member of the secretariat whose objective is to ensure financial regularity and the alignment of the EMB's budget and staff performance with its strategic direction. To maintain the independence of its internal auditing procedure, it usually reports directly to a member of the EMB or the head of the secretariat, rather than through a division of the secretariat. While a primary function of internal audit is to assure the EMB of the accuracy and integrity of its financial management, it can also play a broad internal development and evaluation role within the EMB (Sunde, 2006). It can advise on the audit requirements of various systems, especially those based on new technology, and provide an impetus for change through the reports of internal evaluations of the EMB's operational processes.

The financial control process also includes external audits, which are usually required at least annually, and often after significant electoral events as well. Audits of electoral processes in governmental EMBs under the Governmental Model and component governmental EMBs under the Mixed Model may be part of the external audit of the host department. External audits may be conducted by a government audit agency (if one exists) or by a private contractor, which examines the EMB's financial transactions for the relevant period and reports on whether they were free of irregularities, and also identifies areas of financial management that require improvement. The final stage of financial control includes public submission, often to the legislature, as in Guyana and Nigeria, of the EMB's election or annual reports and audited financial statements.

Asset Management

EMB assets are public property, so the EMB has a responsibility to protect their value by controlling all assets equipment, materials and other assets such as software after purchase. Responsibilities for asset management need to be clearly identified in the EMB's structure and staff job descriptions. Donors may also wish to ensure that an EMB has the capacity to manage all assets they provide.

According to Hyde (2004), basic controls on an EMB's assets include placing an EMB identification number on each item, maintaining comprehensive and up-to-date asset registers, ensuring that there are audit trails for transfers of assets, implementing regular inventory of assets, and investigating and enforcing appropriate sanctions if any discrepancies are found. Inventories need to be conducted at least annually. Asset registers need to record all relevant data, including asset name, serial and ID numbers, purchase date and cost, current location and location history, depreciation data, current value, current condition, last inventory date and disposal information.

When purchasing assets, EMBs need to fully understand their life cycle. Timing of asset purchases is critical for ensuring both the efficient use of funds and the availability of assets

for electoral events and needs to consider issues such as production lead times, storage costs and distribution facilities.

Records Management

Archiving of EMB materials is important to protect the institutional history and memory of an EMB, and to ensure that reference materials are available when required. Archiving policies need to include requirements for document security, for the structure and locations of current hard-copy and electronic file records (including electronic file back-up policies), for the preservation of historical records on or off site, and for the timing and manner of disposal of records that are no longer required. Clear archiving, disposal and/or destruction plans for all EMB equipment and materials are necessary and are especially important to ensure that electoral materials that could be used in future legal proceedings or for research to improve electoral processes are appropriately preserved. Environmentally sound methods of disposing of unwanted assets—for example, the packaging for used registration kits in Cambodia in 1998—are a good practice (Hyde, 2004).

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.

Transparency

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.

Prompt public disclosure of EMBs' financial audits, and of reports on the awarding of procurement contracts, guards against financial irregularity and corruption or patronage in contracting. The most fundamental way an EMB can promote financial transparency is by publishing its annual performance reports, including audited financial statements, and submitting them to the legislature and other stakeholders, including political parties and the general public.

Efficiency and Effectiveness

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.

Integrity

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. New technologies and demands for high integrity and widely accessible elections are placing new demands on election funding and reliance on donor funding in some emerging democracies. EMB funding needs vary significantly between years, requiring accurate budget estimations based on resource needs for planned strategic outcomes.

–The UNDP- and IFES-sponsored CORE Project divides electoral costs into three categories: core (direct) costs: 'normal' directly attributable electoral costs; diffuse (indirect) costs: support costs hidden in budgets of organizations other than the EMB; and integrity costs: additional costs required to secure the integrity of fragile electoral processes.
2. Election costs are measured with different levels of comprehensiveness and under different circumstances in various countries, making cost-effectiveness comparisons difficult.
3. State budget funding for elections may be from a single source or multiple sources or proposed by the EMB. Funding must in most cases be approved by the legislature and disbursed to the EMB through a government ministry, though this may affect perceptions of the EMB's ability to act independently and in a timely manner.
4. Especially in emerging democracies, a large proportion of electoral funding may come from donor agencies. While donor assistance can have a positive impact on election technical standards and integrity, it needs to be carefully targeted at the EMB's priorities, coordinated between donors and the receiving country, promote sustainability rather than donor dependence, and be subject to appropriate controls to allow the EMB to effectively use the funds.

Recommendations

1. EMBs variously use baseline budgeting (based on historic funds allocations) or zero-based budgeting (based on future activity required to meet strategic objectives) to create electoral budgets. Zero-based budgeting may initially require more skill and effort, but it more effectively allocates resources and more accountably ties EMB activities and performance to its strategic plan outcomes.
2. An EMB that controls its own expenditure processes and cash flows is more credibly independent and may be better able to disburse electoral funds in a timely manner. However, it requires sufficiently rigorous controls on expenditure and payments to prevent error and fraud.
3. In some complex purchasing environments, it may be preferable for the EMB to use a public sector-wide procurement agency. In most cases, however, the EMB can better meet the tight deadlines for electoral procurement by managing its purchasing independently, provided it has sufficient resources, skills and internal controls to ensure integrity and value for money in procurement. Necessary controls include enforceable conflict of interest polices and codes of conduct, and measures to ensure that purchases are not vendor driven.

REFERENCES

- Gilardi, F., Jordana, J., & Levi-Faur, D. (2006). *Regulation in the age of globalization: The diffusion of regulatory agencies across Europe and Latin America*. In H. Graeme (Eds.), *Privatisation and Market Development: Global Movements in Public Policy Ideas* (pp. 127–147). Cheltenham: Edward Elgar.
- Hyde, S. D. (2004). *Foreign democracy promotion, norm development and democratization: Explaining the causes and consequences of internationally monitored elections*. Dissertation Prospectus.
- International Institute for Democracy and Electoral Assistance. (2006). *Electoral management design*. The International IDEA Handbook: Publications Office International IDEA.
- Lijphart, A. (1999). *Patterns of democracies: Government forms and performance in thirty-six countries*, New Haven: Yale University Press.
- Lipset, S. M. (1959). Some social requisites of democracy: Economic development and political legitimacy. *American Political Science Review*, 53(1), 69–105.
- Madison, J. (1788). *Federalist Papers*, No. 51, London.
- Majone, G. (2001). Nonmajoritarian institutions and the limits of democratic governance: A political transaction-cost approach. *Journal of Institutional and Theoretical Economics*, 157(1), 57–78.
- Mozaffar, S., & Schedler, A. (2002). The comparative study of electoral governance—introduction. *International Political Science Review*, 23(1), 5–27.
- Munck, G. L., & Verkuilen, J. (2002). Conceptualizing and measuring democracy: Evaluating alternative indices. *Comparative Political Studies*, 35(1), 5–34.
- Office for National Statistics. (2011). *International Migration in England and Wales*. London: Office for National Statistics.
- Ostrom, E. (1973). 'The need for multiple indicators of measuring the output of public agencies'. *Policy Studies Journal*, 2(1), 85–91.
- Parks, R. B. (1984). 'Linking objective and subjective measures of performance'. *Public Administration Review of International Political Economy*, 44(1), 118-127.
- Przeworski, A. (1991). *Democracy and the market*. New York: Cambridge University Press.

Quintyn, M. (forthcoming). *Independent agencies: More than a cheap copy of independent central banks?* In this volume. doi: 10.1007/s10602-008-9064-2.

Salzberger, E. (1993). A positive analysis of the doctrine of separation of powers, or: Why do we have an independent judiciary? *International Review of Law and Economics*, 13(1), 349–379.

Sunde, U. (2006). Wirtschaftliche Entwicklung und Demokratie–Ist Demokratie ein Wohlstandsmotor oder ein Wohlstandsprodukt? *Perspektiven der Wirtschaftspolitik*, 7(1), 471–499.