

REGULATING ONLINE CAMPAIGN FINANCE

Case Study on Latvia

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EXECUTIVE SUMMARY

Although evidence of online foreign interference in electoral campaigns in presidential elections in the United States in 2016 and France in 2017 raised concerns about similar influence during the most recent parliamentary elections in Latvia in 2018, the latter was relatively well prepared due to several factors:

- Continuously evolving campaign finance regulation over the last two decades has diligently conceptualized and addressed all major problems and loopholes in the campaign finance system.
- A strong independent monitoring culture heralded and initiated by civil society organizations and later pursued by the oversight agency has ensured that a substantial share of all campaign expenditure is ascertained and verified independently and consistently.
- There is a high degree of transparency of campaign income and expenditure.

Reporting, monitoring, and transparency requirements have addressed Internet campaigning since the 2006 elections. These rules initially applied to news portals and Internet sites, and were later, though not explicitly prescribed, extended to social media as platforms for distributing campaign materials.

In 2016, the Pre-election Campaign Law was amended to include a chapter addressing online advertising: it requires online media advertisers to publish price lists and discount policies or else refrain from participating in paid electoral advertising, and to keep all records of campaign advertisement

purchases. The amendment also obligates political parties to submit to the regulator information about all agreements they have signed with online media platforms to place advertisements. Parties must place all online and off-line advertisements themselves; no other legal person or individual (such as a public relation (PR) firm or media agency) can do so on their behalf.

The legal framework also includes a detailed concept of in-kind donations; reporting them has been required for almost 20 years. The law bans corporate donations and provides for detailed and tested regulation of third-party campaign spending. Although it may be difficult to apply these norms to social media posts originating outside the country, Latvia has a strong, systemic monitoring tradition and user-friendly anonymous avenues for reporting by public and political competitors. Therefore, the system is comparatively well placed to withstand the pressures associated with the online campaign environment. In general, as the law has addressed the most important campaign finance concepts, and legal and regulatory loopholes have constantly been closed, the early detection of 'unusual' campaign activity is possible within the regulatory framework and continuously strengthened oversight instruments.

Despite its well-honed system of general and online campaign finance regulation and rigorous checks, as a former communist country directly bordering Russia with a substantial Russian-speaking minority, Latvia is vulnerable to online disinformation and micro-targeting in social networks and other platforms (YouTube, online games and similar) that are presented as organic user-generated content or are direct products of official Russian propaganda. These online disinformation messages, however, cannot be uncontrollably used during election campaigns and amplified by paid online campaign ads to destabilize the political situation by promoting or slandering candidates and parties, as happened in the 2016 US presidential elections (Priestap 2017).

Latvia has benefited enormously from the continuous efforts to update its campaign finance system and test the new additions to the law in practice.

In sum, although online campaigning due to its fragmentation and the ability to obscure the origin of the content at first appears to be too decentralized and transient to be pinned down by legal norms, it in fact mirrors and augments the issues associated with more advanced campaigns. Latvia has benefited enormously from the continuous efforts to update its campaign finance system and test the new additions to the law in practice. It is therefore able to conduct meaningful online campaign finance oversight.

1. OVERALL REGULATORY FRAMEWORK

Latvia is a parliamentary republic with legislative powers rested in the 100-seat parliament (Saeima) and executive powers—in the Cabinet of Ministers. It indirectly elects the president of the republic who mainly has ceremonial powers. The Constitution of Latvia was adopted in 1922 after Latvia declared its independence in 1918. Latvia was occupied by Nazi Germany and the Soviet

Union during the World War II and remained under Soviet occupation until 1990/1991 when it declared its full independence and the legal force of the 1922 Constitution was restored.

In accordance with the Constitution, Latvia is divided into five electoral districts and has a proportional electoral system. The system allows voters to express their preference not only regarding the political party list, but also regarding individual candidates. In line with this system, each voter can express their candidate preference on a party list they have selected by crossing out the name of a candidate and thus giving the candidate one point less or putting a plus next to a candidate's name and thus moving the candidate up the list. Only political parties can present their candidate lists; no individual candidates can stand. In such a system, intensive, personalized negative publicity can play a crucial role in a candidate's election prospects and fosters intensive interparty as well as intraparty competition. The online environment provides for an especially fertile ground for that.

1.1. Evolution of campaign finance regulation

Latvia's campaign finance system is an ever-evolving regulatory regime that responds to emerging issues and constantly identifies and resolves problems that hamper meaningful oversight.

In the early 2000s, before Latvia joined the North Atlantic Treaty Organization (NATO) and the European Union, the international community identified high-level political corruption as a core problem, which it referred to as 'state capture' (Hellman et al. 2000). Latvia's civil society organizations (CSOs) began seeking ways to address the problem through systematic campaign finance data gathering, analyses and advocacy (see Open Society Justice Initiative 2005).

These efforts coincided with international pressure to create an independent anti-corruption agency, which resulted in the establishment of the Corruption Prevention and Combating Bureau (KNAB). In 2002, parliament asked CSO activists whether they would prefer the Central Election Commission or KNAB to conduct campaign finance oversight, and they advocated the latter. Box 1

Latvia's campaign finance system is an ever-evolving regulatory regime that responds to emerging issues.

Box 1. Summary of factors leading to a strong campaign finance regulatory system in Latvia

From a 'wild jungle' in 2001 to a well-regulated system in 2021:

- Strong civil society involvement—first monitoring project in 2001, subsequent in 2002, 2005 and 2006.
- Strong media interest and several serious political finance scandals.
- Fighting corruption was a precondition for EU and NATO accession.
- Creation of an anti-corruption agency (KNAB), which was tasked with control and enforcement (rather than the Central Election Commission).
- Several politicians have championed a campaign finance system overhaul, seeing the broader context and implications for democracy's ability to protect itself through a well-regulated campaign finance system.
- Skilful usage of political 'windows of opportunity': post-scandal, pre-election context, media investigation.

provides a summary of the factors that have led to a strong campaign finance regulatory system in Latvia.

CSOs in Latvia conducted systemic campaign finance monitoring projects in 2001, 2002, 2005 and 2006. In the election years of 2010, 2011 and 2014, the regulatory regime was assessed by the civil society and electoral stakeholders as sufficiently developed and the oversight agency's capacities sufficiently strengthened; so no systemic CSO monitoring was deemed necessary. Laws on campaign conduct were consolidated during this period, which facilitated the inter alia definition of third-party campaigning and introduction of bans on administrative resource abuse, hidden advertisement, and paid TV advertising 30 days before elections. Figure 1 depicts the general evolution of the country's campaign finance regulatory system.

Figure 1. Evolution of campaign finance regulation in Latvia



Source: Compiled by the author.

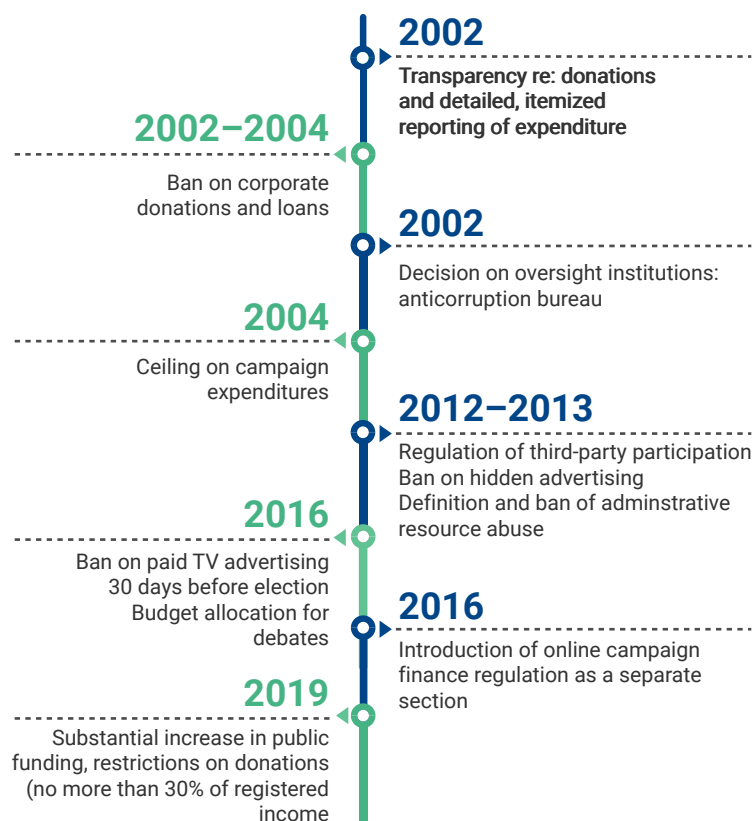
Latvia's detailed campaign finance regulation is stipulated in two main laws—the Law on Financing of Political Organizations (Parties)¹ and the Pre-election Campaign Law.² Figure 2 summarizes the key benchmarks of the development of the campaign finance system.

In many countries, civil society and the public are astonished by the many challenges that online political campaigns present. Such campaign practices are difficult to conceptualize in laws because of overlaps with the principles of freedom of speech in user-generated content, complications in monitoring of

¹ Available at <<https://likumi.lv/ta/en/en/id/36189>>.

² Available at <<https://likumi.lv/ta/en/en/id/253543>>.

Figure 2. Primary benchmarks in campaign finance regulation in Latvia, 2002–2019



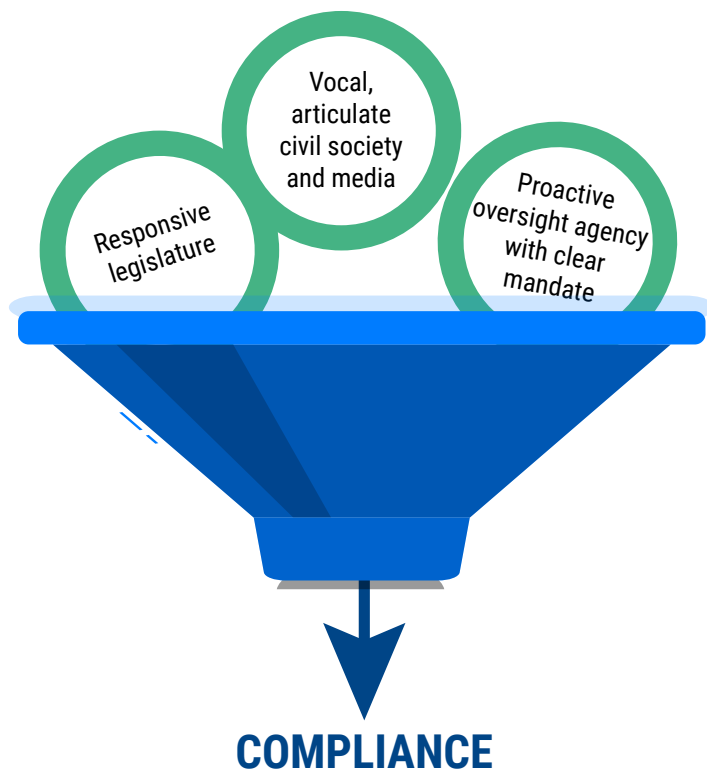
Source: Compiled by the author.

the frequency and content of online campaign ads, and challenges in ensuring the transparency of the origin of the ad and achieving meaningful reporting of online activities by political parties, candidates and third parties. Therefore, election watchers are sometimes discouraged from talking about or pursuing the regulation of online campaign finance because of the sheer number of unknowns tied to it (e.g. OSCE–ODIHR 2022). Latvia, however, over time has passed laws that define and address the most complicated campaign issues and campaign finance is now under comparatively strict and transparent oversight. This situation has been achieved through the constant interaction between the vocal, active and articulate civil society, supportive media, responsive lawmakers and proactive oversight agency. This combination has allowed online campaigning to be regulated at a comparatively early stage and has facilitated the creation of specific rules for online campaign finance regulation.

This process, however, has been characterized by peaks and troughs of activity and capacity on all sides (Box 2). Opportunistic individuals and organizations have challenged the newly agreed principles of campaign finance regulations; therefore, advances in regulation and response have been followed by setbacks.

Without consistent efforts over the past decade, Latvia's political system would have come under serious pressure from foreign financing and influence.

Figure 3. Main elements of compliance



Source: Compiled by the author.

Without these consistent efforts over the past decade, Latvia's political system would have come under serious pressure from foreign financing and influence through both traditional and online campaign means.


The law has required political parties to report all online campaign spending since 2006. Initially this referred to more traditional forms, such as advertising on Internet news portals, and later campaigns' presence on social media. Online campaigning is now mainstreamed in the itemized and detailed political party finance reports, which provide a clear picture of the importance and growth of online campaign expenditures. Deeper analyses of these party expenditures illustrate that political parties have been experimenting with this form of campaigning; the investment in online campaigning varies over time. For instance, Vienotība (Unity), one of the main political parties, spent almost EUR 40,000 on Internet advertising in 2011, only EUR 9,000 in 2014, and almost EUR 40,000 in 2018. Another large party, Harmony, spent approximately EUR 30,000 in 2010 and EUR 10,000 in 2014, but jumped to EUR 99,000 in 2018.


There was a considerable increase in online expenditures during the most recent parliamentary elections in 2018 (see Figure 4), but online advertising still constituted only 12 per cent of total campaign spending. In accordance with the assessment of the KNAB, expenditure on online campaign advertising

Box 2. Examples of 'ups and downs' in the campaign finance system evolution in Latvia

2002 Introduction of more transparency: disclosure and declaration 


2004 Introduction of campaign expenditure limits 

2006 Crude violation of expenditure limits by two party campaign managers posing as third parties 


2010 Personalized negative 'newspapers' that constitute negative campaigning against candidates abusing vulnerabilities of the electoral system, third-party negative participation 


2011 Serious fines imposed by KNAB, two parties bankrupt 


2012 Clear, consolidated definition of third-party status and limits on their expenditures 

2013 Additional amendments to the law (hidden advertising, administrative resource, ban on TV ads 30 days prior to election) 

2014 More negative attack 'newspapers' as campaign strategy, third-party negative campaigning 

2018 Circulation of a negative newspaper that has been 'taken over' for campaign purposes 

2018 KNAB stopped the circulation of the newspaper on the grounds that it violated third-party campaign regulations 

2018 Anti-corruption agency agrees with social media networks on information sharing, removal of illegal campaign material 

 = advances  = setbacks

Source: Compiled by the author.

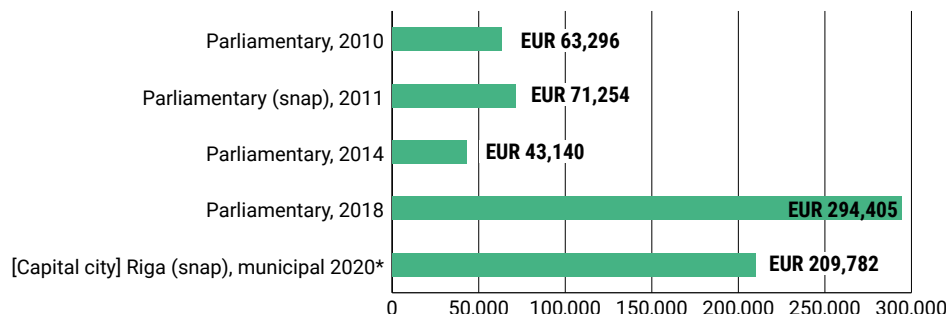
by political actors is proportionally smaller. Moreover, political parties are disincentivized to manipulate the playing field in this way (e.g., by hiding the identity of the source, or attempting to exceed the limit), and would not encourage the participation of third parties and in-kind donors through online activity.

Table 1 provides a detailed overview of campaign finance regulation in Latvia and its relevance to the online campaign finance regulation. The broader purpose of this table is to prove the point that if the legal framework sufficiently addresses the campaign finance in general, it has more ability to also guide the regulatory ideas and approaches for the online environment. This table also serves as guidance for ideas of how some of the more complex campaign finance concepts could be tackled.

1.2. Specific online campaign finance regulation

Table 1 illustrates how online campaigning activity regulation is mainstreamed throughout the law on campaigning, which treats online as an equal medium along with the TV, radio, print and outdoor advertising.

Figure 4. Online spending trends, 2010–2020



Source: Korupcijas novēršanas un apkarošanas birojs (KNAB), Political party finance database, <<https://info.knab.gov.lv/lv/db/deklaracijas>>, accessed 3 May 2022.

Note: Figure displays absolute values.

*Riga, the capital, is the largest and most prosperous municipality; it is generally indicative of campaign trends throughout the country. The volume of online advertising, constituting 13.7 per cent of the total expenditure, may have increased in 2020 due to the Covid-19 pandemic.

However, Latvia also has had specific regulations related to online campaign activities since 2016. In the USA, for instance, despite evidence that paid as well as coordinated unauthentic online content activity from abroad influenced the 2016 election results (Priestap 2017), any mention of Internet campaigning dates back to 2006 when the practice was in its infancy (OSCE 2021: 23). Sections 18–19 of the Pre-election Campaign Law contain specific regulations pertaining to online election campaigning.

- A direct contract is required between the campaigner (political party) and their authorized persons and providers of advertising services. This prohibits intermediation, for instance, by an advertising or PR agency.
- All entities that offer advertising services online at least 150 days before election day must notify KNAB of their price lists for placing election campaign materials, including planned discounts and criteria for their application that will be used for the duration of the campaign. This information is immediately published on the KNAB website and made available to the public; prices and policies cannot be amended after this time.
- If an online advertiser does not supply a price list, they cannot place election material during the 120-day campaign period.
- When placing campaign materials online, the campaigner who paid for the ad must be clearly and unambiguously indicated.

Table 1. Legal basis of online campaign finance regulation

Category	Formulation	Connection to online oversight
Income	A donation is any benefit that a political party receives free of charge or below the market price, including entitlements or releasing from obligations such as debts. An encompassing definition of in-kind donations. LFPO, section 2.2	Any campaign advertising content in any media (including online) is defined as one of the following: <ul style="list-style-type: none"> • paid publicity of a political party/candidate; • third-party participation; or • in-kind donation of a publicity benefit.
	Ban on corporate donations, which can obscure a donation's origin, including the possibility of foreign financing. LFPO, section 2	No corporate in-kind donations in the form of online publicity campaigns are allowed.
	A donation to a political party can constitute only 30 per cent of an individual's registered income. KNAB can request an explanation of the origin of the donation. LFPO, section 2.3	An individual cannot receive large financing from third parties (e.g. from abroad) and then place large-scale advertising online (as an in-kind donation), as the origin of the money must be verifiable.
	Political parties must receive timely notification that KNAB has started an in-depth investigation into any of its reported donations. LFPO, section 4.3 ¹	Constant communication signals systemic oversight to political parties.
	A ban on intermediation in donations: the actual financier's identity must be disclosed. LFPO, section 6.3	Money received from third-party sources cannot be used to place online advertising or launch social media campaigns.
	Definition and ban on 'hidden advertising'—i.e. paid-for or otherwise compensated campaign publicity that is not accordingly marked and disclaimed. PCL, section 3	The law requires all campaign material that advertises a political party or candidate in the mass media or includes a direct or indirect invitation to vote for or against a political party or candidate to be marked accordingly. Paid online campaign advertising that is not marked as such raises suspicions and in most cases is immediately reported to KNAB through the anonymous reporting application (see below) or appears in the independently sourced monitoring.

Table 1. Legal basis of online campaign finance regulation (cont.)

Category	Formulation	Connection to online oversight
Expenditure	Detailed, itemized reporting in accordance with the expenditure categories, including all advertisement platforms, preparation of advertising material, etc. The itemized reporting includes a category '[advertising placed] on the Internet, except for the website of the political organization (party)'. LFPO, section 8. ²	Allows KNAB to cross check the reported vs. monitored expenditures, detecting any discrepancies, including for online advertising.
	Ceiling on total campaign expenditures (no specific ceiling for online advertising): No. of voters x average monthly salary x 0.0004 LFPO, section 8.4	The ceiling is enforced and sanctions for violating it are imposed, which makes political parties more responsible in their allocation of resources. In accordance with the previous declarations, monitoring results and KNAB analyses, expenditures for online advertising are comparatively low, constituting some 12 per cent of total expenditures.
	Parties must account for and report campaign expenditures by individual candidates on their lists. Otherwise, KNAB calculates candidates' monitored expenditures and counts them towards the campaign expenditure ceiling; parties are sanctioned if the ceiling is exceeded. LFPO, section 8. ⁴ 4 ¹	Although it is possible to purchase advertising and launch individual electoral campaigns by candidates online parallel to a political party campaign strategy, all these expenditures count as being incurred by the party. Therefore, parties are motivated to discipline their candidates to ensure their campaigns do not exceed the limit. Sanctions for violations include stopping political party campaigns before elections if the expenditure limit is violated.
	Regulation of third-party participation: a ceiling for third-party campaign expenditures, obligation to include disclaimer, obligation to refuse to place the campaign material by the platform if it exceeds the defined level of expenditure, obligation to notify KNAB of signed agreement by the third party. The definition of third-party campaigning includes both positive and negative campaign messages. Permissible third-party expenditures = 15 minimum monthly salaries for any advertising that is purchased (regardless of time) and placed during the campaign period of 120 days inter alia online. PCL, section 5	No undefined third-party activity online is possible; cases raise immediate suspicions. The provider of advertising services, inter alia online, has to refuse the contract with the third party if the payment for the intended advertising exceeds the permissible limit.

Table 1. Legal basis of online campaign finance regulation (cont.)

Category	Formulation	Connection to online oversight
Reporting	Electronic Data Input System (EDIS). LFPO, section 15	Given that there is a constant communication and reporting between political parties and KNAB, EDIS was developed to facilitate reporting. It facilitates an early detection of any unusual phenomenon, including unauthentic coordinated or uncoordinated behaviour online.
	Reporting of donations within 15 days of their receipt. LFPO, section 4.3	Increases overall transparency, making it possible to expediently verify whether a person who places, for instance, a visible online advertising campaign, appears as an in-kind donor on a political party donor list, is a third party or is acting on behalf of another (possibly foreign) entity, which is against the law.
	Although the campaign period is 120 days, political parties must account for all funds spent on placing advertisements during this period, regardless of when the payment was made or the invoice issued. LFPO, section 8. ² 2	This measure increases overall campaign expenditure transparency and accountability. Initially the campaign period was 280 days but it was concluded that 120 days are sufficient. However, there is usually some campaign activity prior to the 120-day period that allows parties to circumvent the campaign expenditure ceiling and report such expenditures only in the annual declaration.

Table 1. Legal basis of online campaign finance regulation (cont.)

Category	Formulation	Connection to online oversight
Sanctions	Removal of state funding for exceeding the expenditure limit by more than 10 per cent. LFPO, section 7. ³ 1.1.	This punishment incentivizes parties to oversee all campaign expenditures and to address any occurrences that might endanger their compliance with the campaign expenditure limit.
	Removal of state funding for failing to report received donations (above 100 minimum salaries). LFPO, section 7. ³ 1.2	Parties are motivated to check and account for all donations, including in-kind donations of online advertising.
	Warning of potential exceeding of the limit of campaign spending. PCL, section 28	Since receiving such a warning immediately before elections generates negative publicity, political parties are discouraged from using any campaign methods, including online, that might risk violating the expenditure limit.
	Prohibition of further campaign activity for violating the expenditure limit; this sanction can be appealed in accordance with an expedient procedure and has to be decided within 3 working days. PCL, section 29	Prohibition of further campaign activity generates negative publicity; political parties are discouraged from using any campaign methods, including online, that might risk violating the expenditure limit. No political party or third-party advertiser violated the permissible campaign expenditure limit during the 2018 parliamentary elections (KNAB 2019).
	Any amount over the permissible limit is transferred to the state budget. PCL, section 31.2	
	Administrative fines/criminal sanctions. LFPO, section 8. ⁵⁴	No later than a year after elections, KNAB publishes an overview report on all sanctions and fines that it has applied to political parties for violating political party financing regulations. The most recent relates to snap elections in Riga City municipality in 2020.

Table 1. Legal basis of online campaign finance regulation (cont.)

Category	Formulation	Connection to online oversight
Monitoring	All providers of election campaign platforms are required to keep records of advertisements that have been placed with them, which must identify each campaigner, the amount of funds acquired, as well as persons who have been authorized to enter into a contract on behalf of the campaigner. PCL, section VIII	These provisions apply to all campaign platform providers, including all online services. If a mass campaigning activity is observed, by cross checking the reported amounts by political parties and campaign platforms, as well as the results of independent monitoring, KNAB can develop a good grasp of online expenditures.
	All campaign platforms, including online, must notify KNAB about any contract to place campaign materials within 3 working days of entering into or amending the contract. PCL, section VIII	
	Political parties or candidates that have reached an agreement on the placement of electoral campaign materials are obliged to send a detailed notification to KNAB within 3 working days of entering into or amending the contract. PCL, section VIII	

Source: Compiled by the author.
Notes: LFPO = Law on Financing Political Organizations/Parties; PCL = Pre-election Campaign Law.

2. MANDATE OF THE OVERSIGHT AGENCY

The prime role of KNAB is to serve as a pre-trial investigative body with traditional police powers. Its mandate includes conducting criminal investigations of corruption offences (in the public sector), preventing conflicts of interest, and conducting risk assessments, awareness raising and educational activities. In addition, it also conducts political and campaign finance oversight.

Campaign finance and annual finance reports and declarations submitted by political parties are published and made available to the public through the political parties’ financing database (KNAB n.d.). KNAB has to regularly (at least once a year) inform the public of any violations of these regulations by political parties and the steps it has taken. This is an effective tool for preventing violations of campaign finance regulation. In its oversight function, KNAB can apply to the chief justice of the Supreme Court to access bank account information, to get approval for wiretapping and to obtain search warrants. It may also call and interrogate witnesses.

2.1. Appointment

KNAB is headed by an executive director (ED) who is nominated after an open competition and the work of the selection committee. A commission chaired

by the director of the State Chancellery selects the applicants for ED. The prosecutor general, the director of the Constitution Protection Bureau and the chief of security policy are part of the commission.

The parliament appoints the ED of KNAB upon the proposal of the Cabinet of Ministers. The parliament can only appoint or reject a candidate; it cannot propose an alternative. The ED is appointed for a maximum of two consecutive 5-year terms by a simple majority vote and can be removed by a parliamentary vote upon the suggestion of an evaluation committee; the decision must be supported and passed on to parliament by the Cabinet of Ministers. The ED organizes the selection and recruitment of all KNAB employees.

All administrative decisions are taken by the ED, her or his deputies, the heads of departments of the central headquarters and territorial branches, investigators and other persons who ensure the fulfilment of the functions of KNAB and are responsible for them. The ED determines the jurisdiction of examination of matters and decisions taken by KNAB.

2.2. Accountability

KNAB is an independent public administration institution under the supervision of the Cabinet of Ministers. The supervision, executed by the prime minister, is limited to the lawfulness of KNAB's decisions.

All administrative decisions taken by KNAB can be first appealed to the ED and then in the respective administrative court. Criminal investigation decisions can be appealed in accordance with the procedure set out by the respective laws applicable to all institutions that have similar mandates.

KNAB publicly reports the results of its investigations into political party financing and campaign financing at least once a year. It submits a report to the Cabinet and parliament on the fulfilment of its functions and informs the public of pre-election campaign violations and the measures undertaken to address such violations.

2.3. Independence guarantees

Although the prime minister supervises KNAB, this oversight is limited in scope. The prime minister (herself or himself a political party nominee) cannot revoke 'administrative acts', which include KNAB decisions regarding political party financing, such as a decision to impose an administrative fine on a party or order it to return illegally acquired funding. The prime minister has no authority to supervise KNAB's criminal investigations.

2.4. Organization

KNAB is staffed with approximately 150 people, 10 of whom serve in the political party finance control unit. Although KNAB has operative and investigative powers, citizens and political party representatives are estimated to supply approximately 80 per cent of the evidence it evaluates regarding potential campaign finance violations, including online violations. KNAB attributes this high degree of interest and involvement to the fact

that political and campaign finance issues due to intensive media and civil society attention have been in the public discourse since 2001. Therefore, the public is sensitized to the importance of campaign finance issues and their relevance to the quality of democracy (KNAB 2021). The easily downloadable and user-friendly 'Report to KNAB' application was developed in 2018 in the context of serious concerns about potential foreign electoral interference online. In connection with the 2018 election KNAB received 1,179 reports of potential campaign violations through this application (KNAB 2018). Another explanation for this high number is the fact that the information can be easily submitted—photo, audio or video evidence can be added without identifying the source. KNAB reports that it has sufficient capacity to process this information, and it serves as an important monitoring tool during elections. In contrast to the political culture in other former communist countries, KNAB maintains that the public as well as political parties and candidates are eager to report the suspicious campaign finance activities (KNAB 2021). This is especially important for the decentralized and fragmented online campaign world in which algorithms work to micro-target small groups and even individuals.

In sum, the fact that KNAB is a general anti-corruption agency that has campaign finance oversight as one of its functions has increased the gravitas of this role and facilitated more consequential and consistent oversight. Nevertheless, as the previous discussion attests, there are plenty of tools that an oversight institution that does not have investigative powers as part of their mandate can use to develop methodologies to address the campaign finance challenges of the online environment.

3. APPLYING GENERAL CAMPAIGN FINANCE OVERSIGHT TO ONLINE CAMPAIGNING

After revelations of foreign influence in the US and French presidential elections in 2016 and 2017, respectively, involving the unrestricted purchase of online advertising, there were fears that a similar scenario would be repeated in Latvia, especially given its geopolitical vulnerabilities. In addition, in an opinion poll conducted just before the 2018 elections, support for the statement 'any change is better than no change' was very high, indicating a high degree of openness to last-minute voting decisions, i.e. a high degree of voter volatility (Providus 2019).

CSOs and investigative journalists initially raised the alarm about potential foreign influence in the 2018 election and the lack of preparedness on the part of the oversight agency (Krutaine 2018). KNAB was prepared to take a narrower approach, concentrating on the practices it had developed for previous elections, even though the global examples had highlighted new vulnerabilities posed by the online environment. CSOs concluded that, 'although with strong mandate and powers, the regulator initially was unaware

Box 3. Identified risks and context of 2018 parliamentary election in Latvia

Foreign interference would consist of:

- Highly targeted use of social networks to distribute fake information and undisclosed political advertisements.
- Attempts to discredit mainstream political parties/candidates while encouraging populist voting.
- Attempts to circumvent campaign restrictions via divisive issue-based campaigning.
- Attempts to discourage part of society from participating in elections while encouraging others to vote.
- Large percentage of 'any change is better than no change' respondents: last-minute voters (made their voting decision during the last week of election campaign).

Global and local contextual conditions that would make foreign influence through social networks more likely:

Global

- High troll activity and interference in 2016 US presidential election, amplified by paid advertising of often unknown origin, credibly linked to Russia.
- Attempts to interfere in 2017 French presidential election, credibly linked to Russia.
- Reports of foreign interference in the 2016 Brexit referendum, credibly linked to Russia.

Latvia

- 38 per cent of population are native Russian speakers.
- 90 per cent of population can speak and understand Russian.
- 300 km physical border with Russia.
- Strong permeation of online space by official and unofficial Russian propaganda materials.
- In a 2018 opinion poll, 50 per cent of the population reported that they had received some election campaign information via Facebook; the same proportion agreed with the statement that in the 2018 election 'any change is better than no change'.

that they should and could do something about campaign in social media' (Stafecka 2019). Civil society activists proposed the following:

- Public authorities, especially KNAB, should urgently prepare guidelines for political advertising on social media, and obtain the necessary Internet tools to monitor political ads on social networks.
- Activities both on traditional media and online should be monitored.

3.1. Special task force

A special task force on election security coordination was created in response to civil society advocacy. It was chaired by the State Chancellery—a government institution under the direct supervision of the prime minister. The task force sought to ensure election integrity and to protect the public space from undue foreign influences. The group, headed by the prime minister's advisor on strategic communication, consisted of representatives of the secret services, KNAB and several ministries. The task force worked in several directions: it monitored the media space, established cooperation between all public authorities with a role in securing elections and elaborated action plans related to different election risks (Stafecka 2019). The task force, both on its own and together with other state institutions, cooperated with the largest social media platforms—Facebook and Google. This cooperation was needed to agree on a swift reaction in case harmful or fake content appeared. Several Facebook pages, including a fake account of a minister, were closed as a result of task force activities. Earlier cooperation had not been successful, when

Table 2. Approach to online campaign monitoring

	State institutions	NGO/media
Monitoring of advertising on social media	KNAB (permanent)	Re:Baltica
Monitoring of fakes/disinformation on social media	Special task force (ad hoc)	Re:Baltica, Atlantic Council

Source: Stafecka, L., *Protecting Election Integrity in the Age of Social Media: Best Practices* (Riga: Providus, 2019), <https://providus.lv/article_files/3531/original/ElectionIntegrityBestPractices.pdf?1550844509>, accessed 5 April 2022.

Latvia sent Facebook 12 information requests about 11 accounts in the first half of 2017 (Krutaine 2018).

A significant part of the task force's work involved organizing trainings/seminars for editors representing national and regional media. Media editors are important electoral stakeholders that can block false information from being amplified and disseminated. Their awareness of this gatekeeper role constitutes an important safeguard against amplifying false information. For instance, during Germany's 2021 Bundestag election campaign, mainstream media reported scandals involving Green Party candidate Annalena Baerbock that seriously damaged the party's approval ratings. While the origins of the smear campaign were not fully ascertained, the German affiliate of Russia Today, known to spread official Russian propaganda, was the third-most viewed news channel online at the time (Berzina et al. 2021).

The task force served as the main cooperation body between all involved state institutions; it held strategy, response and coordination meetings and received and shared updates. A clear chain of command was established in case of emergencies. The task force's main conclusion was that it could not prove that a foreign country had tried to interfere in a coordinated manner in the 2018 parliamentary elections.

3.2. The role of KNAB

KNAB bought the licences of election campaign spending monitoring tools on the largest Internet platforms. This monitoring covered paid advertisements by political parties and affiliated persons as well as other political messages (Stafecka 2019).

Cooperation with the social media platforms improved following several public diplomacy activities, including the president of Latvia visiting the Facebook HQ in Silicon Valley as part of his visit to the USA. Facebook provided all the requested information regarding campaign spending on its platform. The advertising expenses declared by the political parties and disclosed by

Facebook were similar (Krutaine 2018). The successful cooperation with Facebook and Google continued in the 2019 European Parliament election (KNAB 2018).

CONCLUSION

Although it is tempting to attribute the success of online oversight in Latvia to KNAB's investigative and operative powers, these parts of its mandate, although helpful, play a lesser role in its relatively successful oversight. A concise and coherent approach to systemic monitoring and constant improvements in regulatory framework have played a larger role.

Although online campaigning is more difficult to capture due to its decentralized, fragmented and individualized nature and the fact that most popular social networks originate abroad, some countries have developed rigorous campaign oversight traditions and regulatory frameworks that facilitate the ability to oversee the process online as well.

CSOs and the media have played a critical role in observing, monitoring and advocating the constant update of campaign finance rules.

CSOs and the media have played a critical role in observing, monitoring and advocating the constant update of campaign finance rules in response to the changing nature of campaign means and approaches since before Latvia joined the EU and NATO. These efforts have been met with comparatively responsive and understanding lawmakers and an oversight agency that generally implements its mandate meaningfully and consistently.

Social networks have now introduced safeguards against foreign electoral influence, and societies and regulators are more aware of the dangers such influence poses to the quality of democracy. Most widely used social networks now take precautions to sell campaign advertising only to users that originate in the country where the elections are held. In addition, there appears to be an early warning system in place to root out unauthentic coordinated behaviour of online trolls and bots. In addition, for instance during the Bundestag elections in Germany in 2021, most political parties deployed disinformation and misinformation detection and combating teams that served as an early warning system for harmful content (OSCE-ODIHR 2022).

KNAB insists that future cooperation with social media should not rely solely on gentlemen's agreements between state institutions and social networks. The agency also seeks more guarantees that it will receive rapid replies from social networks in case of campaign law violations (Stafecka 2019).

Since the unrestrained online foreign interference in campaigns in 2016, many more safeguards have been put in place to vet the origin of user-generated content as well as paid advertising online—especially in social networks. However, in many places it remains the responsibility of social network companies. The US Congress, for instance, despite massive interference in the 2016 elections did not manage to regulate online and social network conduct

before the 2020 presidential elections, leaving it to the discretion of online media outlets; some adhered to stricter internal regulation than others (OSCE-ODIHR 2021). In countries where the domestic legislation is stricter and clearer and oversight is consistent, regulators seem to be better able to obtain access to information on paid advertising (in addition to publicly available information) and remove harmful content. Latvia, as shown above, has been relatively successful at this. However, such ad hoc strategies and bilateral contracts should evolve into more systematic regional and even global responses given that an increasing number of people are using online content and the further fragmentation of the online space with algorithms that permit the highly personalized targeting of small groups of users or individuals is likely.

Table 3. Main success factors for the effective oversight of online campaign finance in Latvia

Required condition	Main actors	Examples
Continuously evolving campaign finance regulation	KNAB CSOs Media Parliament	A series of timely revisions of the legal framework. Consolidation, codification and modernization of campaign conduct legislation.
Strong independent, systemic monitoring culture, initially developed by CSOs, then foreseen in the law and adopted as a regular practice by KNAB	CSOs KNAB Media	Long tradition of active CSO monitoring. Regulator's clear vision of the benefits of independent monitoring. Regular dialogue between political parties and KNAB: in 2018 KNAB responded to 85 queries about the application of campaign finance regulation. Establishment of a special task force for the 2018 elections.
High degree of transparency of campaign income and expenditure	KNAB CSOs Political parties Private sector	Real-time online reporting of all received donations (no later than 15 days after receipt) from 2002. Publication of price lists by social media platforms. Timely online reporting and publication of political finance information.
Sufficient legal bases for meaningful oversight, i.e. tools that allow KNAB to obtain encompassing overview of all campaign activities	KNAB CSOs Media Parliament	Clearly defined and tested third-party campaign regulation. Sufficiently detailed and applied definition of in-kind donations. Bans on corporate and legal entity donations.
Strong, independent and consistent oversight	KNAB	Accountability mechanism—regular reporting and requirements. Political independence and mandate. Devoted unit. Innovative tools such as mobile reporting application.
Nuanced, proportionate (from mild to severe) sanctions tailored to prevent campaign violations	KNAB Parliament	Ability to first warn and then stop campaigns that violate the permissible campaign expenditure limit. Obligation to inform political party when an in-depth investigation of its donations is launched. All donations that violate the campaign finance provisions or campaign expenditure ceiling are turned over to the state.

Source: Compiled by the author.

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