

Analysis of Donations to Colombia's Presidential Candidates in 2018¹

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Executive Summary

Information about the funding of campaigns during an election is just as important as the candidates' election platforms. If money from special interests funds a campaign, voters could use information on these donations to assess whether their candidates will be representing their interests or their donors' if elected (Asworth 2006 and Coate 2004). Voters should know how much money is donated to a campaign, how concentrated are these donations, whether the donors were contractors of the state, and whether they have a history of receiving contracts from those who received their donations in the past. We provide this information for the current -first round- presidential campaign in Colombia 2018.

Main findings:

- Two of the five leading candidates, Ivan Duque and Sergio Fajardo, have reported the identities and amount of donations of a large number of donors to their campaigns. Other candidates relied more heavily on loans with financial entities as the main source of funding and private donations constitute less than 1% of total campaign funds. Duque has the largest proportion of his campaign financed by donors.
- About 28% of donors to the Duque campaign have been awarded contracts by local governments before. For Fajardo this percentage is close to 17%. The amount of donations given by those with previous contracts with the public sector amounts to 34% of total donations in the Duque campaign and 33% in the Fajardo campaign. Out of the three donors reported by German Vargas Lleras, two of them have received contracts from local governments in the past and their donations are large compared to the average donations in the sample.
- Those donors who have been awarded contracts in the past tend to give more to the campaigns. Duque's donors who had contracts before with the public sector give on average COP 4.431.920 more than those without previous contracts. This difference for Fajardo's donors is much smaller, COP 251.437.
- About 16% of Duque's donors had donated to local campaigns in the past with an average donation of COP 14.705.882. Among Fajardo's donors, 2% have donated in the past and their individual contributions are smaller with an average donation of COP 3.347.400. Duque has more experienced donors.
- We find that those who receive public sector contracts and who had donated in the past to previous campaigns tend to give more donations than those who have not.

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Introduction

Information about the funding of campaigns during an election is just as important as the candidates' election platforms. If money from special interest funds a campaign, voters can use information on these donations to assess whether their candidates will be representing their interests or their donors' if elected (Asworth 2006 and Coate 2004). Voters should know how much money is donated to a campaign, how concentrated are these donations, and whether the donors have a history of receiving contracts from those who received their donations in the past.

The recent corruption scandal of Peru's ex-president Alejandro Toledo highlights these points. The Brazilian construction giant Odebrecht was an important donor of Toledo's campaign and, once in office, Toledo's administration awarded the company a major contract to construct a transcontinental road. The contract came under public scrutiny for its poor execution and cost overruns. Knowing that Odebrecht was a donor of Toledo's campaign could have increased public attention on whether the company was receiving contracts and their execution. Moreover, knowing that voters are aware of the details of campaign funding sources should incentivize politicians not to act purely in their donors' interest when those do not coincide with their constituents'.

Besides anecdotal evidence of the influence of donors in policy making and allocation of public resources, recent research has shown that donors do receive benefits from the politicians they financed (Boas 2014, Ruiz 2018). In Colombia, it was found that donors in mayoral campaigns who supported the donor-funded candidate are more likely to receive a contract by the administration of the elected candidate. Those contracts are of shorter duration (which guarantees they are paid during the politicians term), tend to be made without a committee that evaluates the bidders' proposals, and tend to be of higher cost compared to similar non-donor contracts (Ruiz 2018).

Despite the importance of a detailed description of sources of campaign donations, it is rare to see one during a campaign. This research note tackles this issue by describing campaign donations in the Colombian Presidential race of 2018⁴. For this, we use data from the National Electoral Commission on campaign revenue sources. The data include the donors' unique national ID numbers, which allows us to link candidates with publicly available information on contracting from SECOP⁵.

We find that only two of the five leading candidates, Ivan Duque and Sergio Fajardo, have reported the identities and amount of donations of a large number of donors to their campaigns. The rest of candidates, German Vargas Lleras, Gustavo Petro, and Humberto de la Calle, have so far reported the names of less than four donors each and private donations constitute less than 1% of the total amount of reported sources. These last candidates' campaigns almost exclusively rely on credit from financial entities to fund their campaigns.

We also see that about one third of donors to the Duque campaign and 17% of those donating to Fajardo are legal representatives of firms who have been awarded contracts by local governments. After exploring in more detail which donors have received contracts in the past, we find that only

⁴ <https://www5.registraduria.gov.co/CuentasClarasPublicoPre2018/Consultas/Candidatos/>

⁵ <https://www.contratos.gov.co/consultas/inicioConsulta.do>

two donors of the Fajardo campaign (out of 1231) have donated in the past to races in which the elected officials awarded them contracts. In only one of these cases the donor was awarded a contract during Fajardo's governorship. Out of the three donors reported by German Vargas Lleras, two of them have received contracts from local governments in the past and their donations are large when compared to the average donations in the sample. Regarding how concentrated are the donations of candidates, Fajardo and Duque have low concentrations. All other candidates have few donors that concentrate the majority of the donations. This high concentration, however, is affected by the fact that they have few reported donors to this date. Interestingly, we see that those donors who have contracted with the public sector in the past give significantly larger donations on average than those who have not.

Data

Our main source of information is the Colombian National Electoral Commission that receives reports from campaigns on the identity and amounts of their donations. The information was downloaded on May 18, 2018. The data have been collected using a new reporting system supported by US Agency for International Development in collaboration with Transparency International and the National Democratic Institute. Political Parties are required by law to submit information within two months of the election. We also use information on public contracting from SECOP⁶. All our sources are available online.

Analysis

We start by describing the overall amounts of donations and the size of the average donation for each candidate. Table 1 shows that Ivan Duque and Sergio Fajardo are the candidates with larger reported donations amounts to date, but Duque's donations are almost five times Fajardo's donations. The number of donors, however, is much larger for Fajardo with 1231 reported donors (Duque has 109). The Duque campaign relies on fewer larger donors, while Fajardo has a large number of smaller donors. The rest of the candidates have only reported few donors. In fact, Table 2 shows these candidates' private donations are less than 1% of reported sources. For Duque they are almost 15% and for Fajardo they are 5.12% of total revenues.

Table 1. Presidential election donations summary, 2018

Candidate name	Total donations	Donors	Mean	H-index
German Vargas Lleras	24'700'000	3	8'233'333	0.67
Gustavo Petro	4'000'000	2	2'000'000	0.63
Humberto de la Calle	8'000'000	2	4'000'000	0.53
Ivan Duque	1'504'150'016	109	13'799'541	0.02
Sergio Fajardo	271'296'736	1231	220'387	0.03
Total	1'812'146'752	1347		

Notes: H-Index is the Herfindhal index computed with individual donations per candidate
All donations are in Colombian pesos.

⁶ The national online system for reporting on contracts performed by the State.

Table 2. Campaign revenue composition

Type of financing	Sergio Fajardo		Ivan Duque		Gustavo Petro		German Vargas Lleras		Humberto de la Calle	
	Total	Share	Total	Share	Total	Share	Total	Share	Total	Share
Donations	272.152.730	0,05	2.090.150.000	0,15	4.000.000	0,00	24.700.000	0,00	8.000.000	0,01
Loans from financial institutions	5.000.000.000	0,94	10.000.000.000	0,71	12.000.000.000	1,00	10.000.000.000	1,00	1.500.000.000	0,99
Loans from individuals	-	0,00	-	0,00	4.000.000	0,00	-	0,00	-	0,00
Aid in kind valued at its commercial price	47.960.000	0,01	-	0,00	357.000	0,00	-	0,00	-	0,00
Party funds	-	0,00	2.000.000.000	0,14	-	0,00	-	0,00	-	0,00
Total	5.320.112.730	1,00	14.090.150.000	1,00	12.008.357.000	1,00	10.024.700.000	1,00	1.508.000.000	1,00

Notes: All donations are in Colombian pesos.

To assess whether campaign funding relied too heavily on a few donors, we computed a Herfindahl index of concentration. A high value of the index indicates that few donors are giving a larger share of the total donations to a campaign, while a small value indicates that all donors are giving similar amounts. Not surprisingly the highest index of concentration are those of Vargas Lleras, Gustavo Petro, and De la Calle who have reported very few donors. Duque and Fajardo have low concentration indexes, which suggests that no individual has a disproportionate weight in the donations relative to others.

Of particular interest is whether donors have been awarded contracts by the government in the past and also whether they had donated to the races of those who, when elected, gave them the contracts. We see in Table 3 that 27.52% of Duque's donors have been awarded public contracts previously. This percentage is lower for Fajardo at less than 17%. It is worth pointing out that despite Vargas Lleras having reported only three donors to date, two of them had been awarded public contracts in the past and are giving large donations relative to the average donation in the sample. The two Vargas Lleras donors who were awarded contracts in the past are giving on average COP 11.350.000 in donations. Duque's donors who had public contracts in the past gave COP 17.011.667 and those of Fajardo gave COP 427.525 (on average). As for the donors of other campaigns, among the few reported donors, there are none with a record of having been awarded a contract by the government in the past.

Interestingly, we find that for Fajardo and Duque those donors who had received contracts in the past from the government give larger donations than those without this benefit. The average Duque donor who had not been awarded a contract gives COP 12.579.747 while those who had previous experience contracting with the public sector give close to five million pesos more. For Fajardo the difference is smaller. The average donation of a donor with experience contracting with the public sector is COP 427.525 while those who have not been awarded public contracts give COP 178.028 on average. As the last column of Table 3 shows, such differences are statistically significant at conventional levels.

Table 3. Donors with experience contracting with local governments

Candidate name	With previous contracts			Without contracts			P-value Difference of means
	Total donations	Donors	Mean donations	Total donations	Donors	Mean donations	
Sergio Fajardo	89'352'624	209	427'525	181'944'112	1022	178'028	0.017**
Ivan Duque	510'350'016	30	17'011'667	993'800'000	79	12'579'747	0.095*
German Vargas Lleras	22'700'000	2	11'350'000	2'000'000	1	2'000'000	-
Humberto de la Calle	-	0	-	8'000'000	2	4'000'000	-
Gustavo Petro	-	0	-	4'000'000	2	2'000'000	-

Notes: All donations are in Colombian pesos. *p<0.1 **p<0.05 ***p<0.01.

We also examined whether the current donors had already donated to previous campaigns. Table 4 shows that 16% of Duque donors had donated to local campaigns in the past with an average current donation of COP 14.705.882. Among Fajardo's donors, 2% have donated in the past and their individual current contributions are smaller with an average of COP 3.347.400. The rest of the candidates have at least one donor who had donated in the past to a political campaign.

Table 4. Donors who donated in the past.

Candidate name	Donated			Did not donate			P-value Difference of means
	Total donations	Donors	Mean donations	Total donations	Donors	Mean donations	
Sergio Fajardo	83'685'000	25	3'347'400	187'611'728	1206	155'565	0***
Ivan Duque	250'000'000	17	14'705'882	1'254'150'016	92	13'632'065	0.745
German Vargas Lleras	2'700'000	1	2'700'000	22'000'000	2	11'000'000	-
Humberto de la Calle	8'000'000	2	4'000'000	-	0	-	-
Gustavo Petro	1'000'000	1	1'000'000	3'000'000	1	3'000'000	-

Notes: All donations are in Colombian pesos. *p<0.1 **p<0.05 ***p<0.01.

If we look more closely at the current donors who have donated in the past and who have been awarded contracts by those they donated to, we find there are only two donors in our dataset that satisfy this description. They are donors of the Fajardo campaign. In only one of these cases the donor to Fajardo's campaign for governor received a contract from the elected Fajardo administration. It is important to note that this contractor does not have investigations or sanctions from any watchdog agency and that the contribution to the Fajardo campaign amounts to less than 0.04% of total contributions of private donors.

Discussion

Information about campaign sources is vital to keep elected officials accountable to their constituents. Such information allows voters to assess the risk of their elected officials becoming agents of their donors, which could be against the voters' wishes.

This document presents a description of donors to the leading candidates in the Colombian presidential race in 2018. Out of five candidates only two, Sergio Fajardo and Ivan Duque, have reported a large number of donors. Other candidates rely more heavily on loans from financial entities. It is important to note that the information used might still not reflect all the sources of campaign revenues as the reporting deadline has not passed yet. With these caveats in mind, we find that those who receive public sector contracts and who had donated in the past to previous campaigns tend to give systematically more donations than those who have not. The picture that emerges from our analysis is that Fajardo is financed by many small donors with a small fraction of them having some experience donating in the past or receiving public sector contracts. Duque on the other hand, has less donors but their contributions are much larger. Moreover, Duque's donors

who had contracts before with the public sector tend to donate more than those that did not donate and this difference is larger than that of Fajardo. For neither of these two candidates, however, do we observe a high concentration of donations.

References

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