



ELECTIONS FOR SALE?

Political-party funding – a necessary evil?

Elections for sale: Political-party funding – a necessary evil?

Judith February

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Introduction

'It is money, money, money! Not ideas, not principles, but money that reigns supreme in American elections,' Robert Byrd, a respected US senator, once said. Rahul Gandhi made a similar pronouncement about the Indian elections when he said, 'If you do not have money, a family, friends, you cannot enter politics. I want to change this.'

Both Byrd and Gandhi were talking about the influence that money seems to have on political systems and democratic outcomes all over the world, whether one is in the developed world and fighting an election – for instance, in the US – or in the developing world, such as Asia or Africa. Increasingly, we have seen the toxic impact that money can have on the political process and citizens' ability to have their voices heard. The problem is a Medusa-like head with several manifestations, depending on the context.

Recently, in South Africa, there have been dramatic allegations concerning the influence that wealthy Indian family, the Guptas, resident in South Africa, have over South Africa's president, Jacob Zuma. It has been alleged that they may go as far as influencing cabinet appointments. The Guptas have close links with the president and are known to have made donations to the governing ANC, as well as to opposition parties in South Africa.

Meanwhile, in Brazil, President Dilma Rousseff has been under fire for her role in several party-funding scandals. Reuters reported that executives from a large Brazilian engineering company, Andrade Gutierrez, testified that the firm paid suppliers off the books for Rousseff's 2010 electoral campaign. It was also reported that the company contributed more than five million reais (US\$1.27 million) under the table to pay campaign debts run up by Rousseff's Workers' Party. The money was allegedly transferred through a Brazilian-based media firm called Pepper Communications, which worked on Rousseff's campaign, using a false invoice, according to the report. The executives also revealed bribes paid to win contracts in public-works projects, including the Angra 3 nuclear power station, the Belo Monte hydroelectric dam and three stadiums built for the Soccer World Cup, held in Brazil in 2014.¹

So, if in places such as South Africa and Brazil untrammelled party funding in corrupt contexts is causing the state to be captured, some reforms might be called for – though it remains an uphill battle to slay this complex dragon. In some political contexts, capture

by those with deep pockets can take on sinister dimensions and undermine the voices of citizens, in particular when it comes to policy.

Daniel Kaufmann and Joel Hellman, writing for the International Monetary Fund, highlight state capture as follows:

In transition economies, corruption has taken on a new image – that of so-called oligarchs manipulating policy formation and even shaping the emerging rules of the game to their own, very substantial advantage.

Though this form of grand corruption is increasingly being recognised as the most pernicious and intractable problem ... we define state capture as the efforts of firms to shape the laws, policies, and regulations of the state to their own advantage by providing illicit private gains to public officials.

The authors continue:

Because such firms use their influence to block any policy reforms that might eliminate these advantages, state capture has become not merely a symptom but also a fundamental cause of poor governance. In this view, the capture economy is trapped in a vicious circle in which the policy and institutional reforms necessary to improve governance are undermined by collusion between powerful firms and state officials who reap substantial private gains from the continuation of weak governance.²

Anne Lugon-Moulin says that 'state capture can be further refined by distinguishing between types of institutions subject to capture (Legislative, Executive, Judiciary, regulatory agencies, public works ministries) and the types of actors actively seeking to capture (large private firms, political leaders, high ranking officials, interest groups).'³

It is against this backdrop that a discussion on money and politics, the link between corruption and development, and possible reform measures must take place.

State capture through political donations: The link between corruption and development

Corruption ... leads to inefficient economic, social, and political outcomes. It reduces economic growth, retards long-term foreign and

*domestic investments, enhances inflation, depreciates national currency, reduces expenditures for education and health, increases military expenditures, misallocates talent to rent-seeking activities, pushes firms underground, distorts markets and the allocation of resources, increases income inequality and poverty, reduces tax revenue, increases child and infant mortality rates, distorts the fundamental role of the government (on enforcement of contracts and protection of property rights), and undermines the legitimacy of government and of the market economy.*⁴

‘Corruption related to financing political parties poses a grave threat to democratic development worldwide. Covert party funding streams, influence peddling and leveraging state resources for party purposes all compromise the single greatest asset of democracy: the faith and support of ordinary citizens in the political process.’⁵ ‘Corruption erodes some of the core values of a democracy, including the fundamental principle that governments are accountable to their citizens. Political corruption may even erode the very legitimacy of the state. When political leaders are perceived to be pursuing their personal interests excessively, citizens become disenchanted, questioning their legitimacy and that of the state.’⁶ There is a strong negative correlation between genuine wealth per capita – a direct measure of sustainable development – and corruption. Corruption and inefficient regulation are two sides of the same coin.⁷ ‘There has been increasing contempt for and general public disillusionment with parties and politicians, which, in turn, has an impact on attitudes to democracy as a whole. One main reason for this has, without a doubt, been what is perceived as an excessive intrusion of money into politics.’⁸

Over the last 50 years, Africa is estimated to have lost in excess of US\$1 trillion in illicit financial flows. This sum is roughly equivalent to all of the official development assistance received by Africa during the same time frame.⁹

Various types of corruption can result in skewed socio-economic development, and corruption reinforces and increases inequality within society. The idea that corruption is a sort of informal, supplementary tax payable in developing countries has now been entirely discredited. Instead, studies now caution that corruption is a tax on development. Political corruption interferes with the traditional core functions of government, namely allocating resources, keeping the economy stable and redistributing income. These functions influence income

distribution and poverty in varying degrees, both directly and indirectly. Consequently, the effects of corruption on an economy can be thought of in terms of distorting the allocation of resources and the extent to which ongoing economic activity is redirected and rendered less efficient. There are numerous studies showing this relationship, and all point to both economic inefficiency and distributional consequences.

The World Bank has identified corruption as the single greatest obstacle to economic and social development, and asserts that it undermines development ‘by distorting the rule of law and weakening the institutional foundation on which economic growth depends.’¹⁰ (IDASA, 2005).

The neopatrimonialist practices of the party in office since 2005 have relegated Burundi to the lowest governance rankings, reduced its appeal to foreign investors, damaged relations with donors and contributed to social discontent. Tensions with development partners have increased with corruption cases. The first case to provoke a reaction from donors was the sale of the presidential aircraft in 2006, which led the World Bank to request an audit. In 2007 the Interpetrol scandal broke, in which the Public Treasury was deprived of more than US\$10 million. These two cases had an effect on budgetary aid, which was postponed during the 2007 financial year. Although other cases of corruption and allegations of economic malpractice implicating government officials in the ruling party did not have as big an impact, the murder of the vice-president of Burundian civil-society group Olucome in April 2009 raised new questions in the donor community.¹¹

‘Lack of regulation ensures that conditions are ripe for political corruption in developing and transition countries.’ Accountability tends to be weak, principles of ethics are poorly developed and watchdog institutions that provide information on which detection and enforcement are based are also weak.¹² (IDASA, 2005) ‘Good governance is crucial to human development because, without it, power will almost certainly be used in ways that do not support and sustain overall human development.’¹³

The issue of accountability and probity among top government officials has always been a source of serious concern in Nigeria, particularly as the former president, Goodluck Jonathan, repeatedly refused to publicly declare their assets. When the issue surfaced during his third presidential media chat in 2014, Jonathan criticised those calling for the declaration, and said leaders should be allowed to

determine whether or not the decision to make their assets public was in line with their personal principles. The president emphasised his disapproval by infamously declaring that he did not give ‘a damn’ about publicly declaring his assets. ‘The issue of public asset declaration is a matter of personal principle. That is the way I see it, and I don’t give a damn about it, even if you criticise me from heaven,’ the president said.¹⁴

‘Laws demanding the disclosure of sources of party funds and audited accounts – the minimum regulation required to grapple with issues associated with the difficult relationship between political financing and liberal democratic governance – exist only in a tiny minority of African states. And even in those countries, implementation is usually a problem.’¹⁵ ‘In many developing democracies, accurate information about political spending practices is unavailable to the public. Reporting requirements are often non-existent, and where they do exist, enforcement agencies lack the skills and resources to collect the information.’¹⁶ (Bryan & Baer, 2005). Ghana, for example, ‘has disclosure provisions and bans on foreign donations, but the law is silent on other equally pertinent issues of political financing, such as’¹ ‘limits on campaign expenditure. On the other hand, South Africa has no provisions on general disclosure or bans on foreign donations but it does have legal provisions relating to substantial public funding and accounting requirements with respect to public funds.’¹⁷

‘Political-party financing means the financial resources or money that is provided to political parties between or during elections, to cover political activities, such as electoral campaign costs and day-to-day running operations’. ‘Political parties can use two types of sources of financing: public and private. Public financing consists of funds from the government budget in the form of public subsidies or non-financial resources. Political parties are among the few private associations that can benefit from public finance.’¹⁸ ‘In Africa the difference between the amount of money available to governing and to opposition parties tends to be far larger than elsewhere. This gap cannot be explained by differences in ideology, policies or the social bases of party support. Instead, the primary explanation is the advantages of incumbency. Kickbacks and the abuse of office, or corruption, play a large role in party financing.

Only governing parties are in a position to award contracts, grant other favours or divert state funds illegally to themselves. African governments exploit the opportunities of office to “bankroll” their parties without many of the political constraints and restraints that operate in mature democracies.’¹⁹

Political financing tends to be under-regulated in Africa, with fund-raising by parties and candidates generally being a matter of unregulated self-help.

Theoretical frameworks: Understanding the problem

The discussion of political-party funding centres on two main areas – public spending and private donations. This section examines two papers, *Political corruption and electoral funding*, by Nubia Evertsson,²⁰ and *The state and the parties*, by Ingrid van Biezen and Petr Kopecky.²¹ Each article illuminates the debates between private- and public-sector funding. These papers provide the backbone to the analysis undertaken in the present paper, such as whether private-sector funding obfuscates the proceedings of a true democracy and whether limits to public expenditure are necessary for a true democracy?

Various types of corruption can result in skewed socio-economic development, and corruption reinforces and increases inequality within society

Evertsson’s paper aims to study the suspect nature of private campaigns and questions whether donors’ hidden intentions skew election results. In fact, in her cross-national analysis Evertsson argues that private party financing actually reduces corruption. Importantly, she provides a working definition of corruption – the misuse of power for private gain – and frames it as a primarily rent-seeking activity.

Evertsson’s model, which tracks 78 countries, reports that there is less political corruption in nations characterised by longer and uninterrupted periods of democracy lasting at least 46 years. This indicates that stable democracies are less prone to political corruption. Thus, Evertsson’s article points to two juxtapositions: although privately financed campaigns (i.e. donations to parties from non-government entities) reduce corruption, they also simultaneously have an impact on policy outcomes. Electoral donations do not necessarily have

1 Masunungure, Eldred, Rindai Chipfunde-Vava, and Tsungai Kokerai. “The Regulation of Political Parties in Zimbabwe: Registration, Finance and Other Support.” *Harare: Unpublished position paper prepared for ZESN (2006).*

direct effects on policy. Rather, they are realised more in the long term through the shaping of competitive conditions of the market and the restructuring of political relationships. Although regulatory measures are intended to prevent corruption, these measures do not impose constraints on the donor's anticipated reciprocity. Therefore, because South Africa has not been a stable democracy for the modelled 46 years, corruption in the government continues to impede democratic processes. Although the private sector may indeed have strong political sway, Evertsson suggests that this may have more to do with historical context and a lack of governmental structures than private-sector impositions. For this paper, it is important to keep in mind that private-sector donations do have some wiggle room in electoral politics, replacing some of the burden placed on the state and taxpayers in strictly publicly funded and regulated funding systems.

The second framework, presented by Van Biezen and Kopecky, focuses on the relationship between political parties and the state, and illuminates the dependence of parties on the state, party management and party control. Another cross-national empirical analysis is employed by the authors, who argue that these different types of linkages are useful in understanding party-system development and for the overall nature of democracy. The authors argue that public funding is a relatively recent phenomenon – most European political parties traditionally depended on private contributions. The switch to public funding avenues has affected the development of political parties in general. Political parties are no longer seen as solely independent organisations and must now acknowledge and be accountable to the state and, arguably, the taxpayers. This type of regulation has resulted in the constitutionalisation, or legal entrenching, of political parties.

It is critical to promote an effective system of public disclosure that provides voters with information on the finances received by political parties

This paper ranks countries according to three indicators: dependence on the state (i.e. available public funding); management by the state, articulated by whether a system of regulation for party finances and constitutional recognition exists; and control of the state, indicated by level of corruption in political parties. These three indicators are useful launching points for the various cases studied in the paper. For instance, the

Netherlands does not constitutionally recognise political parties and yet shows a very low level of party corruption. What does this indicate? How do mainly public funding systems, like Sweden's, avoid corruption? The paper is central to understanding the way forward for African countries, as these indicators illustrate how electoral systems, electoral funding structures, democracy and corruption are linked with one another. Both these suggested theoretical frameworks provide a baseline understanding to help evaluate electoral funding systems and the potential impacts they have on policy recommendations.

Emerging norms

In Africa (and around the world), a system of public disclosure has become the generally accepted way of limiting political corruption. Many understand that where political parties are perceived to be among the most corrupt domestic institutions, it is critical to promote an effective system of public disclosure that provides voters with information on the finances received by political parties. Disclosure is the cornerstone of a transparent political system and the foundation for a strong democratic state where those in power can be held accountable by their constituents.

In the context of the need to address corruption in its various forms, Article 10 of the African Union (AU) Convention on Preventing and Combating Corruption, which was ratified by South Africa in 2005, establishes that:

Each state party shall adopt legislative and other measures to:

- a) proscribe the use of funds acquired through illegal and corrupt practices to finance political parties; and
- b) incorporate the principle of transparency in the funding of political parties²²

Regionally, Article 6 of the Southern African Development Community's (SADC) Norms and Standards for Elections recommends that a country's 'electoral commission should be empowered to ensure that proper election expenses returns are submitted on time, to inspect party accounts, and for parties to have properly audited and verified accounts'.²³

Yet while there is growing consensus at the continental, regional and national level on the need for full disclosure of party funding, South Africa and many other African countries have yet to legislate and implement effective laws to ensure transparency. From a global comparison, Africa has the lowest share of countries requiring

disclosure of party funding. The closed-list proportional representation system in South Africa, as well as the ANC's dominance in party elections, has stifled the presence of private party regulations, as the private sector has a vested interest in funding political parties. Meanwhile, the government, through tenders and other forms of charitable donations finds a strong degree of financial support essential to achieve the party's objectives and fill the coffers of certain leaders.

It is critical to note that money in itself is not the problem. Political parties need access to funds to function and play their part in the democratic process. However, as money can have a corrupting influence, it is important to regulate these types of unaccounted financial flows if one is to combat corruption. Creating a mechanism for disclosure that does not put an onerous burden on political parties, is easily accessible to the public and can be effectively enforced by a regulatory body, such as South Africa's Independent Electoral Commission (IEC), is critical for promoting transparency and accountability in the political system.

As James R Hollyer et al ask, are democracies more transparent than other types of political regimes?²⁴ Their article suggests that governments have incentives both to restrict and facilitate the flow of information. Moreover, in many instances the government is the sole repository of this data and therefore has the discretion to release or withhold information. Moreover, electoral competition is modelled to illustrate greater transparency in governments. Despite electoral incentives for obfuscation of information, truly democratic governments are obliged to release poverty-relevant data if they are to remain valid and valued in their voters' opinions. It is important to note for South Africa that the most transparent democracies are maintained through heavy contestation of elections. In other words, it is not democracy itself that is transparent, but rather that the incentive for transparency is created by contested elections.

A critical question to ask when conceptualising an effective system for disclosing political-party funding is, who discloses what and to whom? The key findings of a 2005 NDI/APPFI study of 22 emerging democracies highlight the complexities and intricacies of party financing and corruption in Africa and around the world. The findings include the following issues:²⁵

- Recognition by all players that many problems relating to political corruption stem from within the parties
- How little is actually known, even by the key players themselves, about the details of money in politics

- Often money is raised from legitimate sources and spent on legitimate activities
- Vote-buying represents the smallest category of party and candidate expenditure
- Often political accountability is for sale to the highest bidder
- Legal frameworks are essential but form only a partial solution

African countries have, in some formal ways at least, committed to combating corruption at the international, regional and national levels with differing levels of success. In June 2000, for example, the eight-member Economic and Monetary Union of West Africa signed a Transparency Code for the Management of Public Finances, calling for a 'qualitative change' in the conduct of public finances. The Economic Community of West African States (ECOWAS), for its part, held the first meeting of a new Inter-Governmental Action Group against Money Laundering, in Dakar in November 2000. In May 2001 Attorneys-General and Ministers of Justice of ECOWAS Member Countries issued the Accra Declaration on Collaborating against Corruption, as part of the growing regional concern with corruption. Member states have also begun to develop a Community Protocol on Corruption, and have called for international assistance in the recovery of national wealth that had been stolen and deposited abroad.²⁶ There are several other African anti-corruption agreements and instruments that have been signed, including:

- The Regional Anti-Corruption Programme for Africa (2011–2016), an initiative of the UN Economic Commission for Africa, Addis Ababa, Ethiopia, undertaken in collaboration with the AU Advisory Board on Corruption
- The SADC Protocol Against Corruption, which provides for provisions dealing with corruption at trans-boundary level in SADC
- The AU Convention on Preventing and Combating Corruption (Maputo, Mozambique, July 2003)
- The ECOWAS Protocol on Democracy and Good Governance
- The Bamako Declaration
- The Constitutive Act of the AU (Lomé, Togo, 11 July 2000)
- The New Partnership for Africa's Development (NEPAD) (Abuja, Nigeria, October 2001)

- NEPAD's Declaration on Democracy, Political, Economic and Corporate Governance (Assembly of Heads of State and Government, 38th Ordinary Session of the Organisation of African Unity, Durban, South Africa, AHG/235 (XXXVIII), Annex 1, 8 July 2002)
- The Conference on Security, Stability, Development and Cooperation (CSSDCA) Solemn Declaration, Declaration and Decisions adopted by the 36th Ordinary Session of the Assembly of Heads of State and Government (Lomé: AHG/Decl.4 (XXXVI), 12 July 2000)
- CSSDCA Memorandum of Understanding (Durban, OAU, July 2002)

But, although these continental commitments are necessary to fight corruption, the battle should also be fought from non-legal fronts.²⁷ In addition, it is worth noting that while instruments are useful as a platform for future cooperation and commitment, implementation of many of the above declarations and conventions has been problematic. Many countries have well-crafted anti-corruption laws that are widely ignored.

Case studies: South Africa, Ghana, Burundi

South Africa

South Africa is among the few African countries that provides public funding for political parties, and the expenditure of public funds by political parties is carefully regulated and closely monitored. By contrast, private funding of political parties is almost wholly unregulated, and public disclosure of party incomes and expenditures is entirely discretionary.²⁸ In a country with such levels of inequality as South Africa, the impact of buying influence is even greater, as the voices of the poor, already marginalised, are drowned out by those who are able to donate big money and have undue influence on policy.

The ANC has been wrestling with this issue and it is no coincidence that at its 2007 policy conference a resolution was passed regarding transparency and political donations, whereby the ANC committed itself to promote effective regulation of private political funding. Yet although the resolution was passed, the ANC has been slow to initiate legislation in Parliament on this matter. The impact that money has had on the ruling party in particular also serves to tell us a great deal about the state of the ANC as a party and the erosion of values

that comes with access to power, resources of the state, and the ability to extend patronage.²⁹ (February, 2012)

In September 2015, allegations arose that the Gupta family, close friends of President Zuma, through its company Tegeta Exploration and Resources, had managed to procure a contract to supply coal to state-owned enterprise Eskom for a period of 10 years. This happened despite serious concerns regarding the poor quality of the coal in question. Employees of Eskom raised the alarm. It was not the first time the family was involved in a tender scandal. The inevitable conclusion that was drawn was that the family now has influence over the awarding of state tenders in exchange for favours to the president in the form of funding to the ANC. The Guptas have admitted funding political parties in the past.³⁰

The 2015 case involving Chancellor House, Medupi and Hitachi resulted in Hitachi agreeing to buy the stake in Hitachi Power Africa Ltd held by the investment arm of South Africa's ruling party despite criticism that the shareholding constituted a conflict of interest, as the Hitachi unit has won business from state companies. Delays and errors by contractors, including Hitachi, have held up the start-up of the R105 billion Medupi plant, Africa's biggest power facility, by at least two years, stifling economic growth in electricity-constrained South Africa. Chancellor House stood to make R50 million in profit over eight years from its interest in the Hitachi unit, though this money has been 'ring-fenced' for redistribution to disadvantaged black citizens, such as women, youth, the disabled and the aged, Hitachi said in 2010. The company also said it couldn't guarantee that the ANC itself will not benefit from the funds.³¹

Going further back to the Marais & Malatsi corruption case, in 2004 the former Western Cape Environmental Affairs Member of the Executive Council, David Mickey Malatsi, was on trial in the Bellville Regional Court on corruption, theft and fraud charges. With him in the dock was former Western Cape premier Peter Marais. Both pleaded not guilty to two counts of corruption, relating to donations amounting to R400 000 that they had received on behalf of the New National Party from Italian Count Riccardo Agusta in April 2002. It was alleged that the donations were meant to 'lubricate' Agusta's application to rezone farmland for the count's proposed Roodefontein golf estate development near Plettenberg Bay.³² (IOL News)

And the ruling party isn't alone in corruption scandals. The opposition Democratic Alliance (DA) was embroiled with a German conman and, later, his estate. In 2002 trustees of German fugitive Jürgen Harksen's insolvent estate set about to reclaim a

sum of 99 000 Deutschmarks, which they believed the German had donated to the DA. There were rumours about bagfuls of cash being handed over to politicians, of how DA mayor of Cape Town Gerald Morkel's rent and rates bills were being paid by Harksen, and of lavish lunches at Cape Town's best restaurants. The DA paid an undisclosed amount to the trustees who were entrusted to recover money spent by Harksen – just days before they were due to take the party to court.³³ (IOL News)

Public party financing is governed by Section 236 of South Africa's Constitution, which states: 'To enhance multiparty democracy, national legislation must provide for the funding of political parties participating in national and provincial legislations on an equitable and proportional basis.'³⁴ Additional details are outlined in the Public Funding of Represented Political Parties Act 103 of 1997. Under this law and in line with the constitution, political parties represented in the National Assembly and in provincial legislatures qualify for public funding, the budget for which is set annually. Of this funding, 90% is distributed in proportion to each party's share of seats in the National Assembly and the provincial legislatures jointly. The remaining 10% is shared equally among the nine provinces and is subsequently divided among the parties in each provincial legislature.

Private funding of political parties is almost wholly unregulated and public disclosure of party incomes and expenditures is entirely discretionary

The fund is managed by the IEC, which disburses the allocated amounts to the political parties quarterly. Parties are prohibited from using public funds for electoral campaigns: 21 days before an election, they are required to close their books and return any unspent funds to the IEC. Political parties are also prohibited from using state funds for business ventures, to purchase property or to supplement the salaries of public officials. They are required to submit audited accounts and to provide the name of an accounting officer who is personally liable for the validity of the reports submitted. There have been only a few cases of problematic financial reporting. In response to these cases, the IEC withheld the next tranche of funds until all outstanding issues had been resolved. Political parties represented in the National Assembly also

receive funds to facilitate their parliamentary work. These funds are administered by Parliament.

South African political parties inevitably seek private donations. Matlosa highlights the problems that are attached to this form of funding, namely that the donations often come with strings attached, they are never disclosed publicly and they are not regulated in the same way as public funding.³⁵ Setting up 'rules of the game' will therefore be a useful starting point in terms of limiting political corruption. Although legislation regulating private political donations can never be a panacea for all ills, it is nevertheless a crucial first step in creating an environment for transparency and accountability in public life.

To limit the influence of big donors on political parties, South Africa should look into reforming the current unregulated private funding system in the following ways (February, 2012):³⁶

- There should be limitations on the sources and types of funding (options include cash, in-kind contributions and shares as a means to source funds).
- Donations from foreign interests should be limited to government or parliamentary groups, registered expatriate voters and endowment funds.
- Foreign funding should be to the benefit of all parties and the principle of proportionality and equity should be achieved.
- All domestic and foreign funders should be identified at all times. The type and amount of their funding should also be disclosed.
- Funding of operational costs for political parties by local private donors should be outlawed.
- Certain types of donations and donors should be excluded, such as anonymous donations beyond a certain threshold.

Ghana

In contrast to South Africa, the Ghanaian legal system does not make provision for public funding of political parties. Instead, the legal framework for political-party financing leaves the political parties free to raise contributions for their operations and election campaigns through donations from well-wishers and party members, from the sale of party paraphernalia, from membership dues and levies, and from donations from domestic businesses. There are no limits and no disclosure requirements for the identities of donors; the

law does not establish limits as to how much a party or candidate can spend; and there is no disclosure obligation for what they spend their funds on.³⁷

Legislative campaigns are primarily funded through the efforts of the candidate, using a combination of personal resources, loans, and funds raised through family, friends and other contacts. Political parties typically pay the registration fees and make other limited contributions. The main political parties are also able to subsidise their candidates with cash or in-kind assistance. Business support for political parties, although permitted by law, is frequently kept secret – a practice both the beneficiaries and the donors prefer. It is widely suspected that the larger political parties receive funding from foreign sources, in contravention of Ghana's Constitution.³⁸ (Bryan & Baer, 2005: 61)

According to the 2010 Global Corruption Barometer, political parties are perceived to be among the most corrupt institutions in Ghana, scoring 4.1 on a scale of 1 to 5, where 1 indicates 'not corrupt' and 5 is 'extremely corrupt'. The weaknesses of Ghanaian political parties are usually attributed to inadequate funding, weak internal structures, lack of transparency and low organisational capacity. As a result, political parties are often dominated by strong individual personalities, usually referred to as 'founding fathers', who tend to use the parties as their personal fiefdoms.³⁹

The legal framework for political parties is codified in the 1992 Constitution and the Political Parties Law Act 574 of 2000. Cabinet approved a Right to Information Bill, which has not yet been passed into law. The Constitution provides that parties have to 'declare to the public their revenues and assets and the sources of those revenues and assets'.⁴⁰ They also have to 'publish to the public annually their audited accounts'.⁴¹ Under the Political Parties Law Act (Article 13), information on assets, expenditure and donations must be submitted to the Electoral Commission of Ghana shortly after registration. The Political Parties Law Act Article 21 also provides for details that must be included in annual reports, including membership dues, sources of funding, properties, and in-kind and cash donations. Reports are submitted to the Electoral Commission. (Bryan & Baer, 2005: 62)

Political parties in Ghana are prohibited from receiving foreign funding. Under the provisions of the Constitution, Article 55, Paragraph 1 states: 'Only a citizen of Ghana may make a contribution or donation to a political party registered in Ghana.' This provision is

supplemented by the provisions of the Political Parties Law Act, Article 23, Paragraph 1, which states: 'Only a citizen may contribute in cash or in kind to the funds of a political party.' Article 23, Paragraph 2 of the Act specifies: 'A firm, partnership, or enterprise owned by a citizen or a company registered under the laws of the Republic at least seventy-five percent of whose capital is owned by a citizen is for the purposes of this Act a citizen.' According to Article 24:

*A non-citizen shall not directly or indirectly make a contribution or donation or loan whether in cash or in kind to the funds held by or for the benefit of a political party and no political party or person acting for or on behalf of a political party shall demand or accept a contribution, donation or loan from a non-citizen.*⁴²

In short, the legal framework for political-party financing in Ghana leaves the political parties substantially free to raise private, domestic funds for their operations and electioneering campaigns. Though political parties in power are able to raise larger amounts than opposition parties, this cannot be attributed to either the legal framework or its implementation. The current law allows corporate financing of political parties without any limit to the amounts and there are no requirements for the identities of very large financiers to be disclosed. However, the current debate around reforming the system calls for greater public control of private political-party financing in Ghana by introducing legislation requiring disclosure of the identities of large contributors or donors to political parties beyond a certain threshold.⁴³

Business support for political parties, although permitted by law, is frequently kept secret – a practice both the beneficiaries and the donors prefer

National anti-corruption policies have focused on establishing an institutional framework against corruption by establishing and strengthening a number of anti-corruption bodies and committees, such as the Commission on Human Rights and Administrative Justice, the Serious Fraud Office, which recently became the Economic and Organized Crime Office, and the now disbanded Office of Accountability, the Auditor-General, etc.⁴⁴ Ghana entered and supported NEPAD, and was one of the first countries in the region to participate in the African Peer Review Mechanism. In

apparent recognition of its anti-corruption record, Ghana was elected at the beginning of 2011 to serve on the AU Advisory Board on fighting corruption. According to Kututwa:

*While remarkable progress has been made in Ghana, the country still needs to improve the level of confidence among structures responsible for implementing anti-corruption programmes. Remuneration for public servants needs to be improved to raise their levels of motivation. Access to government information also needs to be improved. The repeal of the Criminal Libel and Section Laws would be an important step in this direction. The plans to enact the Freedom of Information Act are a welcome step and constitute an important initiative on the part of the government.*⁴⁵

Despite Ghana's anti-corruption credentials, Ghanaian political life, according to the literature, is characterised by a deeply entrenched culture of patronage and clientelistic patterns of relations.⁴⁶ Paul Mensah states the following:

*While regulatory frameworks exist for political party financing, the laws do not provide adequate guidelines and limits to parties' fundraising. Political parties therefore manipulate the system and abuse the laws with impunity. Parties are supposed to file financial reports with the Electoral Commission within six months of the end of every year, declaring the sources of their income, how much was raised, and how the money was spent. The Electoral Commission is mandated to audit parties' accounts and to sanction parties that do not conform to the law. [However,] Ghanaians have yet to witness any political party which has ever fully conformed to the laws or any sanctions applied to any political party by the Electoral Commission ... Data from recent corruption surveys show high public perception of corruption among politicians. Indeed, the public perception of political corruption is bolstered by numerous corruption charges leading to government establishment of commissions of enquiry.*⁴⁷

Political corruption continues to be a problem, despite the existence of robust legal and institutional frameworks to combat it. In 2013 the media, non-governmental organisations, and opposition parties criticised the National Democratic Congress (NDC) administration for its inability to reduce

corruption and prosecute officials suspected of malfeasance. In April that year, a ministerial committee was established to investigate government officials affiliated to the Ghana Youth Employment and Entrepreneurial Development Agency (GYEEDA), which allegedly granted interest-free loans worth US\$100 million to several private companies without parliamentary approval.

In November, President Mahama announced a raft of initiatives to address the GYEEDA controversy, including the suspension of existing GYEEDA contracts, the recovery of misappropriated funds, and the development of legislation to enhance GYEEDA's transparency and accountability. By the end of the year, the Economic and Organized Crime Office interrogated over 30 government officials, including current and past government ministers implicated in the scandal, while three companies made commitments to refund about 55 million cedis to the government.

The GYEEDA scandal followed on the heels of another major corruption scandal, known as the Woyome scandal, involving NDC financier Alfred Woyome, who was arrested and charged with fraud in 2012. The case continued to the end of the year.⁴⁸ (Freedomhouse.org)

The ongoing call for the introduction of public funding of political parties in Ghana is based on two points: firstly, the belief that unless the public invest in the financing of political parties through public funding there will be no basis upon which to introduce stringent laws for public control of political-party financing and, secondly, the understanding that public funding can be used as a tool to fight corruption in the financing of political parties.⁴⁹ However, Mensah again points out that

*Ghanaians do not support state funding of political parties. A CDD-Ghana survey on 'Political Parties Financing in Ghana' in 2004 revealed that over 80% of Ghanaians think that parties could perform their functions effectively if they were well-resourced. However, only 53% of them agreed to state funding of parties. Nam-Katoti, Quartey, Abor and Doku (2011) conclude that political party executives are more inclined to state funding of parties than the civil society. However, Aryee, Anebo and Debrah (2007) uncovered increasing public support for state funding of political parties. Even though there are strong arguments for state funding of political parties, the present economic situation in Ghana besets any move or discussion on the subject.*⁵⁰

Burundi

In Burundi, political-party financing is embedded in the context of a post-conflict democracy, where the institutional development and functioning of political parties still face challenges. Burundi's political climate has consistently been marked by a sense of polarisation that has endured since 2010, when the ruling National Council for the Defense of Democracy-Forces for the Defense of Democracy won by a wide margin, and opposition parties boycotted the four elections that followed.

According to the International Foundation for Electoral Systems, the situation has since deteriorated as political space has shrunk, opposition parties have become marginalised, and the nation's previously active press and civil-society organisations have suffered from increasing government interference in, or prohibitions of, their activities. Tensions were exacerbated, however, by the incumbent president, Nkurunziza's bid to run for a third term, and reports that party youth have received combat training raised fears of electoral violence

Political parties in Burundi are legally entitled to receive public funding, which is limited to the election period. However, funding is not reliable: 'Funding is not provided on a regular basis; for example, no funding was provided for the 2005 and 2010 elections because the government did not include any line to cover election expenses in the annual budgeting.'⁵¹

The legal framework for political parties in Burundi is codified in the Constitution and Loi No. 1/006 du 26 juin 2003 portant Organisation et Fonctionnement des Partis Politiques (Law No. 1/006 of 26 June 2003 relating to the Organisation and Operation of Political Parties). The constitutional definition of political parties as non-profit associations allows parties to accumulate property and fixed assets intended for party operational use.⁵² Parties are free to set contributions required of members without hindrance, Burundian nationals are free to contribute gifts and legacies as they wish, providing that the legitimate origins of these donations can be established and parties are required to ensure that resources acquired are legal and that they are used for the ends for which they were intended.⁵³ Within a month of receiving a gift or legacy the party concerned must make a disclosure of it to the Ministry of the Interior.⁵⁴

In the case of public political-party funding in Burundi, parties participating in elections are to receive an equal amount. Article 84 of the Constitution requires the state to promote democracy by financing political parties in an equitable and transparent way, in proportion with the

number of seats that parties hold in the National Assembly. The Constitution (Article 83) stipulates that foreign funding of political parties is prohibited, with the qualification 'apart from exceptions laid down by law'. Article 21 of Law No. 1/006 of 2003 provides just such an exception permitting foreign funding of initiatives aimed at strengthening political parties through seminars, conferences, workshops and training courses.

Every party is required to open an account with a financial institution that has offices in Burundi and the holding of foreign bank accounts is prohibited.⁵⁵ Political parties are required to report on their finances, maintain proper accounting records and practices, including an annual inventory of assets, and, every March, parties must present annual financial statements to the ministers of the Interior and of Finance, and be able to explain the sources of resources and their utilisation.⁵⁶ However, despite this comprehensive regulatory framework, the political environment renders it irrelevant, as corrupt practices have taken over. As Rufyiri writes: 'Everything here has been bought; land, votes and the people's conscience.'⁵⁷ (Gabriel Rufyiri, Olucome (www.olucome.bi))

The case of Pierre Claver Mbonimpa is a recent example of state repression in Burundi. One of the country's leading human-rights defenders, he was arrested in May 2014 and charged with endangering state security and using false documents. Mbonimpa's arrest prompted a huge surge of popular support and galvanised widespread public action. Activists campaigned hard for his release, and Fridays became 'Green Friday', when members of the public wore green – the colour of Burundi's prison uniforms – to show their support for him. But the government dug its heels in, prohibiting protesters from holding a peaceful march in support of Mbonimpa, as well as another rally to call for an independent justice system, and warned a radio station to stop broadcasting interviews with people who claimed to have information backing up Mbonimpa's allegations.

The ruling party has been in power for almost a decade and is keen to secure another victory. Not only has it targeted activists and journalists, but opposition-party members have also been arbitrarily arrested, charged and tried by courts that appear to be acting under government instructions. In March 2014, 70 opposition party members were tried en masse in one day, many of them without defence lawyers. Twenty-one were sentenced to life imprisonment and 27 others to prison terms of up to 10 years. The last elections in Burundi, in 2010, were marked by political violence on all sides, and political murders continued long after the polls had

closed. While political killings have become rarer, there were fears that they could resurface prior to elections.⁵⁸

Corruption remains a significant problem in Burundi. The country was ranked 157th out of 177 countries and territories surveyed in Transparency International's 2013 Corruption Perceptions Index. In January 2013 Burundi underwent its Universal Periodic Review by the UN Human Rights Council, which provided 174 recommendations – more than 25 of which related specifically to concerns about freedoms of expression, association and assembly.⁵⁹ (Freedomhouse.org).

In 2008 a forum for dialogue and enhancement of understanding among political parties was established in Burundi: the Permanent Forum for Political Parties. The forum managed to persuade the government to provide a budget line within the global annual budget for financing political parties. Political parties are funded through this forum and it is the major source that keeps political parties and Burundian democracy alive. Members' contributions are another legal source of subsistence for political parties. However, unlike the ruling party, which can obtain contributions from party members occupying higher positions in the state apparatus, opposition parties do not have the same prerogative, given the high levels of poverty in which their members live and also the lack of a real political culture. For most Burundians, democracy simply means elections.⁶⁰

Exploring disclosure methods

*'It is imperative to institutionalize the various kinds of accountability mechanisms at different levels of the government'*⁶¹

All over the world, political-party financing scandals illustrate that enforcement is one of the greatest challenges to reform.⁶² (Bryan & Baer, 2005: 22) Although regulations alone cannot effectively fight corruption, there are numerous legal instruments, as well as agency-specific rules, that can be effective in deterring corrupt behaviour. Casas-Zamora, Walecki and Carlson suggest the following regulatory interventions are among the most prominent: codes of ethics, regulations on lobbying, disciplinary committees, prohibitions on and disclosure of conflict of interest, including the receipt of gifts and other benefits received from private resources, asset-declaration laws, procurement laws and party-financing laws. Laws relating to freedom of information, whereby citizens can demand the disclosure of information regarding government activities, and laws that protect

whistle-blowers to encourage the reporting of corruption cases can further reinforce the impact of increased transparency on accountability.⁶³

The structure of public funding regimes and private funding regulations for political parties is contingent on a country's political context and electoral history. In the end, the state must consider what it wishes to accomplish through its political funding regime. Public funding and regulatory systems may be used, in various combinations and forms, to make parties and candidates more accessible to voters, allow for more equitable competitive platforms between candidates and parties with unequal financial resources, strengthen political-party systems, and reduce corruption and conflicts of interests. Most importantly, citizens of a democracy must actively participate by demanding reforms that promote greater transparency and accountability to ensure that parties and candidates are serving the public good rather than themselves. A regulatory system is not a panacea. However, it creates a framework that promotes transparency and accountability.⁶⁴ (February, 2012) The following key points are recommendations as to how such a regulatory system could work:

1. A regulatory regime could be introduced under which there would be no right to access records of past donations. The new regime need not be retrospective; it can be prospective.
2. To have any credibility, the new regime needs to be statutory and apply across the board. It is likely that the public, or civil-society pressure groups, will be sceptical of any disclosure regime that is either purely voluntary and/or partial, and where disclosures are made only internally, and not to the general public. There is no way of getting around the simple idea of full public disclosure; nowhere in the world do we find disclosure frameworks where donations are made other than fully to the public.
3. Nevertheless, there is no reason for small private donations under a certain threshold to be disclosed. In line with good international practice, only donations above the threshold should be disclosed fully to the public (this includes in-kind donations).
4. Since part of the objective for reform is to reduce the possibility of wealthy individuals and big corporations from exerting undue influence and to limit political parties from becoming overdependent on such donors, it would be prudent to set caps on the amount of contribution per donor within a specific time period. Moreover, it is important to ensure that

loopholes are closed, so that such a rule can be properly enforced and monitored in the case of large, complex corporate donations.⁶⁵ In addition, as the Committee of Ministers of the Council of Europe recommends, it is important to ensure that ‘shareholders or any other individual member of the legal entity [making the contribution] be informed of donations’.⁶⁶

5. In addition, there may well be a need to cap expenditure by political parties at the time of elections and/or in the run-up to elections. This may help limit political campaigns that are merely focused on adorning cities and towns with campaign posters instead of running people-centred and issue-focused campaigns. It is feasible that a cap on election (and pre-election) expenditure could encourage a political party to more strategically choose how, where and why it campaigns.
6. Any regulation that is put in place need not place unreasonable administrative burdens on either the donor or the recipient. To ensure full compliance, a mechanism for building the internal capacity of political parties, so that they can effectively document and report on their receipts and expenditures ought to be considered.
7. To enjoy public credibility, any system needs to have a credible mechanism for disclosure, both inside the party and to the public. To help ensure accurate disclosure, proper records need to be kept internally in a way that facilitates full disclosure and to prevent the ‘capture’ of fund-raising and its proceeds by any person or faction within a political organisation. If it is to achieve the confidence of both the public and the wider membership of a political party, some element of independent verification would be essential – for example, an internal audit of financial records by the national electoral body. The way in which the disclosure is made must support public dissemination.
8. All political parties should give serious consideration to the idea that has been promoted by some corporations and other stakeholders, namely to create a structure or body through which corporate donors could channel their funds in an open and transparent manner. This independent body could distribute donations from corporations to political parties on the basis of a formula and specific terms agreed to by the ‘club’ of donors and the beneficiaries. This would remove the immediacy of the link between donors and political parties, and

would, especially in the case of tenders, remove the suspicion that X had donated Y to party Z, so as to influence a decision by the government in its favour. This system would serve to protect all key stakeholders – donors, political parties and the broader membership, government and the electorate – from the taint of corruption and the perception of graft. A fund could operate as a national democracy fund. In countries where the electoral bodies work well, this could act as an administrative body for political-party funding, but new legislation would need to be enacted that requires all party donations, both public and private, to be channelled into a national democracy fund and managed by an independent body according to specific guidelines and regulations. This could mean that the donor gives money for the purposes of supporting democracy and that the amount is then distributed according to a formula, to be agreed by all parties, either equitably or proportionately. There is increasing evidence that many corporate donors – and certainly those that wish in good faith to support the principle of multiparty democracy – would prefer to make donations openly. In turn, there is an indication that greater openness will, in fact, result in a higher level of corporate donations from those that seek to see their contributions put to good use. Those that are deterred from making donations openly may well have some nefarious motive for preferring secrecy.

Approaches to party finance must be based on a thorough understanding of the particular role money plays in politics

The advantages of a national democracy fund are that it:

- Reduces secrecy of donations because private interests can no longer donate directly to political parties
- Minimises conflicts of interest
- Increases equity of political contests and political-party development
- Eases the financial burden on the state while maintaining the state’s distribution scheme
- Supports political parties that lack legislative representation

Nevertheless, this option is not without its challenges. Specifically, a national democracy fund would to some extent compromise voters' ability to financially support the political party of his or her choosing and, in the long-term, it may lead to the abolition of direct private funding to political parties.

9. On the basis of such a credible and open system, the public may also be persuaded that more public funds should be made available to support political parties. For example, it may be reasonable to propose that each party that enjoys, say, 2% support or more in the general election should attract public funding for the establishment of policy institutes that would enable it to build internal capacity between elections. Such a move could, in turn, attract further private funding to the institutes, especially as there is a sense of election campaign 'funding fatigue' among some corporate donors and this may encourage a shift to where donors see their contributions spent in a more structured and strategic manner.

10. It is clear, however, that political parties need incentives for change. This will not be easy because, in many cases, as we have seen above, lack of regulation or poor enforcement of regulation creates the space for corruption to thrive, which ultimately benefits political parties. Creating incentives, perhaps through greater public funding (where that can be done) and through greater public awareness of how the hijacking of political parties by wealthy individuals undermines development, is crucial. If citizens are able to 'connect the dots' between the failure of government to deliver on its promises because wealthy individuals are being favoured (as a result of donations), that might make political parties pause for thought. This means that civil-society organisations and grassroots campaigners need tools and resources to access information and so mobilise citizens to demand accountability from below. This can be done through freedom-of-information laws, if those exist, or simply by advocacy of local groups. During election time this is crucial and could lead to campaigns where citizens ask questions such as, who funds my political party? Who won the tenders in my ward? Why has there been corruption surrounding service delivery in my area and is this linked to a political donation? And how can I exercise my right to vote if I don't know who funds my political party?

Although the institutional framework is one important factor, consensus among parties will be even more

decisive to bring about fundamental reform of the party funding regime.⁶⁷ Approaches to party finance must be based on a thorough understanding of the particular role money plays in politics. Solutions are only credible to the extent they are country-specific. Political parties lie at the heart of the party funding problem, so they must be included in any solution. The need to include parties themselves in any anti-corruption effort is evident from two key facts. Firstly, no anti-corruption legislation can be passed without the support of political parties holding elected power and controlling parliamentary action and, secondly, even when anti-corruption legislation has been passed, the ease with which parties are often able to escape regulation through loopholes means that true reform can only come about when parties voluntarily adopt reform measures.⁶⁸ (NDI, 2005)

Party democracy: Internal party structures and how candidates are nominated

Many African political parties, especially dominant ones, engage in internal 'dissent management', leading to autocracy: they curb voices within the party and restrain MPs and other members who disagree with the leadership.⁶⁹ The party registration regime has been relaxed in several African countries compared to how it was between the mid-1960s and the early 1990s. It is easier to register political parties than it used to be with the result that there are more parties today than there were several decades ago. The capacity and efficacy of those parties remains feeble: historical disabilities coupled with internal and external challenges have circumscribed their capacity. Poor organisational skills, low commitment, and lack of internal democracy and ideological direction are some of the internal challenges they confront.⁷⁰

This lack of internal democracy was highly cited by respondents in the NDI/APPFI study as being a critical problem: 'Over 31 percent of respondents identified weak political organizations as the greatest challenge, emphasizing a lack of internal democracy, poor systems of accountability, opaque fundraising practices, highly centralized decision-making processes, and an inability to connect and communicate with citizens.'⁷¹ (NDI, 2005: 23) Across Africa, the dominant party situation perpetuates and sustains weak and fragmented opposition parties that hardly provide alternative policy or ideological frameworks to those of the ruling parties. Yet the enfeeblement of opposition parties provides an

enabling environment for the perpetuation and sustenance of the dominant-party syndrome. In both ways, this situation gives the ruling party adequate room to use state resources for electioneering purposes, with little probing from weak and fragmented opposition parties.⁷²

Della Porta suggests that ‘although corrupt politicians may attract clients into their parties, corruption will spread most easily when parties are no longer accountable to members and activists or sensitive to the ideological appeals for collective action’.⁷³ If corruption develops when parties lose activists, it, in turn, strengthens a process of oligarchisation. In a functioning democracy, politicians must be capable of articulating general political programmes, convincing citizens of their benefits and putting them into practice. The rewards will be public: appreciation, power and prestige should count for more than material advantage. With the development of political corruption, however, the characteristics of the political class are transformed. The parties begin then to select those individuals who most proficient in organising illegal financing.⁷⁴

The link between financing and ‘return’ in the post-election period

Parties need to generate income to finance not only their electoral campaigns, but also their running costs (as political institutions with a role to play between elections).⁷⁵ Yet parties, in newer as in older democracies, are under increasing pressure, faced with a vicious circle of escalating costs of campaigning, declining or negligible membership income, and deepening public mistrust about the invidious role of money in politics.⁷⁶ Money and politics are a toxic mix: even more so when there is no regulation of private funding for political parties, as is currently the case in South Africa. The laissez-faire situation that exists in South Africa means companies or wealthy individuals are able to donate money to political parties without any form of disclosure. This creates an environment of secrecy, which, in turn, could allow corruption to flourish.⁷⁷ Essentially, political finance exists in the intersection of many crucial aspects of political life: free and fair elections, democratic politics, effective governance and corruption are all related to political finance. Consequently, the financing of political parties and election campaigns can positively or negatively influence them all. Ample funding may allow contestants to reach the electorate with their messages, but it can also skew electoral competition.⁷⁸ As Austin and Tjernström put it:

In the African situation, opposition parties struggle for consistent support from business owners who would rather donate to governing parties which can deliver prompt returns than risk the vengeance of vindictive governments whose basic instincts are still authoritarian and whose deeds often suggest that they still believe the opposition has no place in African politics. If business owners decide to finance an opposition party in Africa, they could just possibly be unusually committed democrats, because it is a high-risk game for their business. However, when they decide to finance an opposition party, nine times out of ten they are political entrepreneurs seeking to make money directly from politics by owning a party, or by filling it with their own people to run it, waiting for the day when they can buy enough votes to put the party into power.⁷⁹

After elections, resources are needed for an effective dialogue with citizens, but public officials may have obligations to wealthy benefactors, which can have an impact on not only how responsive politicians are to the wishes of the public but also on how effectively they manage public funds. Although financially secure political parties and politicians can more easily resist the temptation of illegal donations, at the same time the undue influence of money in politics can also create vicious cycles of corruption and declining public confidence in the political system as a whole:⁸⁰

Election winners enjoy recognition, legitimacy but most importantly the right to rule the country and access to economic resources. Losers, on the other hand, stagger politically, entering an institutional limbo where they are unable to find their own place, role and resources.⁸¹

If corruption develops, it also transforms the structure of electoral preferences: rather than the vote of identification or opinion, the clientelistic use of the vote as an object of exchange prevails – votes in exchange for favours, in other words. Political corruption produces, in fact, a value system oriented to the fulfilment of individual objectives through interactions based on extrinsic or instrumental benefits at the same time that it discourages ‘ideological’ relations based on intrinsic or expressive benefits. Such corrupt practices reduce the capacity of the parties to mobilise ideological resources and distribute participatory incentives. Therefore, ‘political corruption, by encouraging the diffusion of a structure of preferences oriented to individual mobilization, erodes the effective

capacity of the parties to integrate, select and mediate citizens' interests'.⁸²

Money and politics are a toxic mix: even more so when there is no regulation of private funding for political parties

This erosion is heightened by the overall failure of law enforcement, national legislation and international obligations to impose sanctions on those violating the rules of party financing – such sanctions are rarely applied. Furthermore, the misuse of state resources for political gain by incumbent political parties is a widespread African problem. Ruling parties tend to use state resources, such as government vehicles, government facilities, public media and civil servants, for their campaign activities because the separation between the state and political-party resources is still blurred.⁸³

In the latest reports of misspent national treasury money, millions of laundered dollars are apparently lubricating President Goodluck Jonathan's re-election campaign. Voting is this month. Given the nation's plunging revenue, such tales of corruption are shocking. Every Nigerian is hurt by the lack of investment in schools, healthcare, agriculture and basic infrastructure, not to mention bullets for the military – and by the corrosive culture fostered by high-level larceny. From the police to the registrar of public deeds to the nursery-school teacher, too many government officials encountered by Nigerians demand to be 'settled' with a payoff.⁸⁴

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In Africa people have experienced the toxic impact that money can have on their political systems and citizens' ability to have their voices heard. It is increasingly recognised that corruption related to financing political parties poses a grave threat to responsive democratic governance, worldwide and in Africa. Covert party funding streams, influence peddling and leveraging state resources for party purposes all compromise the single greatest asset of democracy: the faith and support of ordinary citizens in the political process. In Africa, a lack of regulation hinders accountability and watchdog institutions for detection and enforcement are weak. This paper explores how enhancing disclosure of funding to political parties and strengthening their internal democracy can mitigate the corrupting impact of political party funding in Africa.

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