PARTY FINANCE REFORM IN AFRICA

LESSONS LEARNED FROM FOUR COUNTRIES: GHANA, KENYA, SENEGAL & SOUTH AFRICA

Sefakor Ashiagbor

National Democratic Institute for International Affairs

PARTY FINANCE REFORM IN AFRICA

LESSONS LEARNED FROM FOUR COUNTRIES: GHANA, KENYA, SENEGAL & SOUTH AFRICA

Sefakor Ashiagbor

National Democratic Institute for International Affairs

The National Democratic Institute for International Affairs (NDI) is a non-profit organization working to strengthen and expand democracy worldwide. Calling on a global network of volunteer experts, NDI provides practical assistance to civic and political leaders advancing democratic values, practices, and institutions. NDI works with democrats in every region of the world to build political and civic organization, safeguard elections, and promote citizen participation, openness, and accountability in government

2030 M Street, NW
Fifth Floor
Washington, DC 20036
Telephone: 202-728-5500
Fax: 202-728-5520
Website: www.ndi.org

For more information about the four implementing partners please contact:

Center for Governance and Development
Co-Op Trust Plaza
P. O. Box 4037-00506
Nairobi
Kenya
Telephone/Fax: +254 (20) 734 576/734 579
Email: cgd@wananchi.com

Ghana Center for Democratic Development
P.O.Box 404
Legon-Accra
Ghana
Telephone: + 233 (21) 776142 / 763029
Fax: + 233 (21) 763028
Email: cdd@cddghana.com
Website: www.cddghana.com

IDASA
6 Spin Street
P. O. Box 1739
Cape Town 8000
Republic of South Africa
Telephone: +27 (21) 467 5600
Fax: +27 (21) 462 5261
Website: www.idasa.org.za

Réseau Africain pour le Développement Intégré
BP 120885
Dakar
Senegal
Telephone: +221 824 2857/825 75 33
Fax: +221 825 7536
Email: contact@radi-afrique.net/radi@sentoo.sn
Website: www.radi-afrique.net

Printed in the United States of America

Table of Contents

Preface & Acknowledgements

In February 2003 NDI launched a program to support African efforts to raise awareness about party finance issues and to create momentum for reform. Under the Africa Political Party Finance Initiative (APPFI), NDI conducted a study of party financing practices in 22 countries around the world and supported the efforts of civic groups in Ghana, Kenya, Senegal and South Africa to increase awareness about the need for transparent and accountable party funding and to promote reforms appropriate to their respective country contexts. APPFI results underline:

- The poor perception of political parties and widespread misunderstanding of their role in many of Africa's emerging democracies. This perception has implications for parties' ability to raise funds at the grassroots level and voter expectations from politicians. It also points to the potential for a broader political party crisis in the concerned countries;
- How closely party finance issues are intertwined with more general weaknesses in areas such as internal democracy, management, message development and delivery;
- The importance of building commitment to reform among political parties and their donors, such as the business community;
- That public funding is most effective when introduced as part of a broader package of reforms (for instance disclosure of private funding sources, proper registration of political parties and laws to limit the abuse of incumbency) designed to make political parties more accountable and transparent to their members and the general public; and
- The need for proper enforcement of party finance laws through independent and adequately resourced agencies as well as monitoring and reporting by civil society and the media.

NDI hopes that lessons learned from the 22-country study, published separately, and the four pilot projects will inform long-term reform efforts elsewhere on the continent.

This publication is a tribute to the four implementing partners: the Ghana Center for Democratic Development; the Center for Governance and Development in Kenya; the *Réseau Africain pour le Développement Intégré* in Senegal and the Institute for Democracy in South Africa. Their tireless efforts as advocates for party finance reform inspired this publication. On their behalf, NDI would like to thank all those who made this project possible, especially the United Kingdom's Department for International Development, which financed the APPFI, and the group of African advisors who nurtured this project, including: *Justice Joseph Warioba,* Former Prime Minister of Tanzania; *Honorable Musikari Kombo,* Minister of Local Government in Kenya; *Professor Walter Kamba,* Former Vice-Chancellor of the University of Zimbabwe; *Justice Norberto Carrilho,* Mozambican Supreme Court Justice; *Honorable Marie Elise Gbedo,* President of the Association of Women Jurists of Benin; *Honorable Moussa Michael Tapsoba,* President of the Burkina Faso Elections Commission; and *Professor Nico Steytler,* Director of the Community Law Center at the University of the Western Cape. Special thanks go to all the political party representatives, civic leaders, businessmen and women, journalists, elections administrators and government officials who are working with the four groups and others to address party finance problems in their respective countries.

I. Executive Summary

Political party finance and political corruption scandals are by no means exclusive to Africa. However, whereas a wide range of literature has been published on Western Europe, North American and Australia, relatively little research exists on the way these issues impact the continent and possible solutions to the problem. In February 2003, and with funding from the United Kingdom's Department for International Development, NDI launched a two-year Africa Political Party Finance Initiative (APPFI) designed to help fill this gap. The APPFI also sought to support African efforts to overcome the challenge that political party finance and political corruption pose to economic and social development on the continent. During the first phase of the program, NDI conducted a study of party finance legal frameworks and practices in 22 countries around the world, half of them African. Under the second component, the Institute supported civic groups in Ghana, Kenya, Senegal and South Africa to address the negative role that money can play in politics.

Over the course of one year, and in each of the four countries, NDI implementing partners carried out a combination of research; outreach to political party, business and civic leaders and the media; and lobbying/advocacy on party finance issues in their respective countries. One year is a relatively short time in the life of most reform movements. Some of the results and impact of the four programs may only become known months or even years from now. Nevertheless, it is already possible to draw some lessons learned from the activities of the partners in Ghana, Kenya, Senegal and South Africa. NDI hopes that these experiences as well as the partners' recommendations for further action in their respective countries will inform longer-term efforts at reform.

- ***Diagnosing the Problem***. First, research played an important role in improving understanding of party financing practices and their impact on political processes. Research findings suggest high levels of public concern about corruption in politics and lack of transparency in party funding, and a perception of politics as a money-making enterprise. In Ghana, for instance, CDD results showed the extent to which voters expect personal gains in exchange for their vote. Research findings were also helpful in shaping an agenda for reform.
- ***Shaping the Debate – Beyond Public Funding***. Second, activities in the four countries emphasized the need to take a broad view in pushing for reform, especially in environments where discussions over party finance reform risk being simply reduced to a debate over the need for public subsidies. Given some of the negative public perceptions of political parties, such an approach would also make it possible to discuss ways to improve public confidence in political parties.
- ***Engaging Political Parties, Business, the Media and Other Allies***. The third lesson reiterates the importance of engaging a broad range of groups on the need for reform, especially political parties themselves and their donors – such as the corporate sector. The report also examines how the four implementing partners worked with the media and other civic groups to create momentum for reform.
- ***Riding the Wave of Reform or Creating New Momentum?*** Fourth, we also examine the political contexts in which APPFI activities took place and their impact on partner programs. In some cases, partners benefited from already existing momentum towards reform. In others, partners faced the challenge of raising the need for party reform where public attention was focused on other pressing issues.

The results from the program confirm that party finance reform is well worth pursuing. But perhaps the most important lesson is the need for attention to general issues of party development and strengthening in Africa as well. Many of the party finance problems find their origin in undemocratic, secretive and unprofessional party organizing practices. These problems not only undermine public confidence in political processes but also engender governments more susceptible to corruption. More transparent, better organized and more democratic parties are required not only to restore public confidence but also to enhance prospects for the election of accountable government officials who better represent the interests of the public.

II. Introduction

Political parties play a critical role in democracy. They aggregate diverse interests, provide a structure for political participation and formulate policy options on issues of national importance. In order to perform these tasks, political parties need money to: mobilize supporters during campaigns and in between elections; establish and maintain party offices and administrative structures; conduct issue and policy research; and communicate with members and the public.

A series of party finance scandals around the world have served as a reminder that money can also be used to distort the political process. These scandals have raised concerns about the power of money to influence policy outcomes and to gain awards of state contracts or even immunity from criminal prosecution. In some cases money, rather than transparent and democratic processes, has determined internal party decisions such as nomination procedures for party and public offices. In developing and developed countries alike, concerns persist about the link between party financing practices and corruption. Certain party finance practices also have the potential to drown out the voices of the poor, undermining one of the central concepts of democracy: the principle of one person, one vote. Where money plays such a determining factor in politics, public confidence in the political process is eroded and prospects for policies that will promote the interests of the most vulnerable members of society are reduced.

With the return to multiparty democracy in Africa, many states are more willing to address the thorny question of party financing and corruption head-on. While some countries on the continent provided for state funding of parties in their newly adopted constitutions in the 1990s, others are now hoping to introduce public subsidies as a means of mitigating the role of wealthy individuals and big business and to reduce parties' dependence on illegitimate or illegal funding sources. A handful of countries experimented with public funding and now search for additional ways to address the limitations of their current systems by improving transparency in private funding, reviewing how parties are registered and managed, and urging parties to strengthen internal democracy.

In addition to country-specific efforts, there is also growing recognition by the continent's regional bodies of the need to find appropriate solutions to the negative impact of money on politics. Article 10 of the African Union Convention on Preventing and Combating Corruption calls upon signatory countries to ensure transparent funding of parties. In a recent report - *Striving for Good Governance for Africa* - the United Nations Economic Commission for Africa (www.uneca.org) calls for measures to prevent African political parties from being "hijacked by the rich and influential." Under the New Partnership for Africa's Development, the Africa Peer Review Mechanism's (APRM) second objective includes "periodic political competition and opportunity for choice." The APRM questionnaire that serves as the terms of reference for country assessments demands that respondents review "membership, policies and resource allocation for political parties," thus providing an opening to incorporate party finance issues into the review process. In working toward the achievement of these goals, Africa expects to draw upon lessons from other regions' successes and failures and, even more importantly, to draw upon the experiences of reform efforts on the continent.

In February 2003, the National Democratic Institute for International Affairs (NDI) launched a two year Africa Political Party Finance Initiative (APPFI) designed to support African efforts to overcome the challenge posed by negative party financing practices. Under the first component of the Initiative, NDI conducted an international research study on political party financing practices in 22 countries around the world. The findings can be found in *Money in Politics: A Study of Party Financing Practices in 22 Countries* edited by Shari Bryan and Denise Baer and published by NDI in 2005. Under the second, the Institute supported the efforts of local organizations in four countries – Ghana, Kenya, Senegal and South Africa – to increase awareness about the need for transparent and accountable party financing and to promote reforms appropriate to their respective country contexts. Over the course of one year, partners in the four countries, through additional research, workshops and media campaigns contributed to a better understanding of how money influences politics in their country, promoted broad-based dialogue on ways to mitigate the negative role of money on politics and drew public attention to the need for reform.

While partners in each of the four countries designed their programs in response to their specific environments, all program strategies had the following in common:

- Engaging political parties on the need for reform;
- Working in coalition with other civic groups and advocates for change to create broad-based momentum for reform; and
- Combining research with raising public awareness and advocacy.

This document seeks to provide an overview of the strategies used and lessons learned in each of the four cases with a view to informing similar efforts elsewhere, especially on the African continent.

III. COUNTRY CONTEXT & ACTIVITIES

GHANA

Background

Article 55 of Ghana's 1992 Constitution lays out the general framework for political parties in the country. The main points covered in the article include: a framework for the registration of political parties; the prohibition of foreigners from contributing to political parties either in cash or in kind; and the requirement that political parties disclose to the public their assets and audited annual accounts. The 2000 Political Parties Act empowers the Electoral Commission (EC) to audit the accounts of political parties and spells out severe sanctions for violating party finance provisions. Parties that fail to disclose financial information or that submit falsified records are subject to deregistration. Those found guilty of receiving funds from non-citizens must forfeit the resources to the State and the non-citizen in question is liable to deportation.[1]

Across the board, the political party laws are poorly implemented. Parties either do not submit the reports at all or only provide incomplete information to the EC. While it is illegal, the country's principal parties are widely suspected of receiving funds from foreign sources. On the other hand, business support for political parties, although legal, is frequently kept secret – a practice parties and their donors seem to prefer. The Commission lacks the resources to properly audit the reports that parties do submit. Even if the reports could be verified to confirm violation of the laws, due to widespread violations, the EC is in a situation where applying the sanctions legally provided for could mean deregistering the country's principal political parties.

Since the late 1990s, political parties on both sides have repeatedly argued the need for state subsidies for parties. However, the necessary legislation has yet to be passed. For the most part, these discussions had been held among the parties themselves, without significant input from the public. Although initially indicating that they were in favor of public funding, the ruling New Patriotic Party (NPP) has not taken any concrete steps towards putting the system into practice. Over the past several months, President Kufuor has provided various explanations for the delay. On one occasion, he reaffirmed his support for public subsidies but pointed out that the "When, How and How Much" of such funding still needed to be resolved.

In Ghana, NDI partnered with the Ghana Center for Democratic Development (CDD). Formed in 1998, CDD is an independent, nonpartisan, nonprofit public policy research organization based in Accra, Ghana. It is dedicated to the promotion of democracy and good governance based on transparency and accountability, rule of law, appropriate checks on the power of the state and integrity in public administration. The Center seeks to achieve its mission through research, publications, advocacy and public education. It also organizes seminars, roundtable discussions and training programs on a broad range of issues. CDD is one of the core implementing partners for the Afrobarometer, a project that periodically assesses African's perceptions on political and economic processes through surveys. The Center is also one of the four organizations that carried out the technical assessment of Ghana for the NEPAD APRM. CDD regularly monitors elections in the country and conducted a pilot program to monitor the abuse of incumbency in the lead up to the December 2004 polls.

Program Activities

In light of the longstanding but unresolved debate over introducing public funding in Ghana, CDD designed its program to help address the questions posed by President Kufuor: "When, How and How Much?" Moreover, the Center aimed to expand the debate to include the views of ordinary Ghanaians and not just those directly involved in political party management. CDD's program activities included:

1. Article 25 allows foreign governments or NGOs to provide resources to the Electoral Commission for the benefit of all the country's political parties.

- Research on public perceptions of the role of money in politics;
- Public forums on party finance issues;
- A roundtable discussion on the possible financial and legal implications of public funding; and
- Publication of a document laying out policy options for party finance reform.

The CDD study assessing perceptions of party financing comprised two components: an elite survey involving interviews of 90 political party representatives and opinion leaders; and a public opinion poll of 600 randomly selected Ghanaians of voting age. Both components, carried out across the country's 10 regions, gathered public opinions on a broad range of party finance issues including: perceptions of public financing as a means of addressing party finance problems; how such funding should be paid for, managed and distributed; principal weaknesses of Ghanaian political parties and levels of corruption in politics. Key findings are summarized below:

- There is widespread recognition (87 percent of mass survey respondents) that political parties are critical to democracy. Although a large number of respondents – 76 percent – identify with a political party, only 26 percent carry membership cards. This has implications for parties' ability to raise funds through membership dues.
- Respondents identified the main challenges facing parties as funding (51 percent), corruption (47 percent), internal conflict (32 percent) and lack of adequate personnel (28 percent).
- There are high levels of concern (80 percent of respondents) about corruption in political parties; common manifestations cited were unfair business practices, kickbacks, and political appointments.
- A disturbingly large number of mass survey respondents (54 percent) indicated that the primary motivation for donating to political parties is the expectation of personal individual benefit and to obtain government contracts (31 percent). The elite survey produced similar results.
- Only 12 percent of the mass survey sample admitted having been offered favors by politicians; of that number, however, 80 percent said these favors influenced their vote.[2]

GHANA: Recommendations for Reform

Excerpt from: Financing Political Parties in Ghana – Policy Guidelines
Ghana Center for Democratic Development

In spite of the recognition of the importance of political parties to multiparty democracy, the Ghanaian public is still reluctant to support state financing. Instead, there is a clear preference for personal funding by party leaders. This orientation must be countered because it will otherwise encourage political corruption and the rich to control the parties. It will reinforce the personalization of parties rather than their institutionalization. Combined with the already strong perception that there are high levels of corruption among political parties, such a development will have a chilling effect on popular demands for accountability and transparency.

Public confidence in parties must be built: The perception that politics is a moneymaking exercise is not helpful and needs to be somehow overcome. Presumably, Ghanaian political parties have a vested interest in good governance. Good governance requires transparency and accountability, particularly in the area of financial management. To that end, political parties must be willing to disclose sources of income and expenditure and adhere to reporting requirements as required by law. This will promote equal access to resources, and public confidence in the funding of political parties. They should also adhere to codes of conduct and ethics, particularly during election campaigns; they should be held accountable for any breaches of conduct.

Parties must cooperate with relevant integrity agencies: Parties need to cooperate with the Electoral Commission to meet its mandate to review and publish their audited accounts. Monitoring of the parties by the EC and civil society should be strengthened to ensure compliance with existing laws. It must be stressed that the strengthening of financial regulations and, in particular, the implementation and enforcement of these

2. Respondents could provide more than one answer. As a result the total number of responses adds up to over 100% of the sample.

regulations, is absolutely essential. There is a need for the state to deploy all its investigative, regulatory, and enforcement agencies including the Bureau of National Investigation (BNI), the Serious Fraud Office (SFO), and the Internal Revenue Service (IRS) in a collaborative effort not only to demonstrate a new resolve and to act as a deterrent to illegality but also to provide an incentive to ensure political party compliance. The Ghanaian media has an important role to play in this regard by publicizing acts of corruption, abuse of incumbency and other violations of democracy as well as best practices by political parties. The media's role would be facilitated and greatly enhanced by the passage of a genuine Freedom of Information Bill. Stakeholders of Ghana's democracy can reduce the funding handicap by working actively with public and non-public anti-corruption institutions currently monitoring and checking over-exploitation of incumbency (abuse of state resources) and the abuse of resources in general by political parties and their officials. If successful, such efforts will help to equalize opportunity and access to resources vis-à-vis the ruling party.

Internal party reforms are necessary: The current situation where high levels of popular party identification but low card-carrying membership exists, is a worrisome one. It connotes weak actual commitment of Ghanaians to political parties. Apparently, the political parties have a lot to do in terms of self-help before they can expect to translate their vast latent support into actual and active support. Successful cultivation of genuinely active support for political parties will obviously facilitate the mobilization of resources through membership dues and other contributions. At the moment, such a task is made more daunting by the fact that the public perceptions about the parties' internal organization and conduct are less than favorable. Quite clearly, future public support will hinge on serious internal party reforms.

Parties must collaborate with civil society for effective public education: The current state of public understanding about how parties should operate and survive financially poses a real dilemma. On the one hand, it may be informed by the public's experience with the realities on the ground. On the other hand, it may reflect a failure of Ghanaian political parties to clearly articulate what they are about or what they represent. In order to create a conducive environment for public support for and confidence in state funding, it is recommended that the political parties team up with appropriate public and civic bodies to educate the public on the broad range of functions and roles that they are capable of performing given improved resources for capacity enhancement in information gathering, policy analysis and formulation, dissemination and outreach, advocacy, recruitment and so on. In short, political parties need to press for increased state resources in exchange for greater responsibilities and efficacious delivery of services.

Parties must impress the public with positive behavior and attitudes: Taking together the weak public enthusiasm for direct state funding and the expectation that party leaders should take responsibility for funding their respective parties, it is abundantly clear that parties have a lot of work to do in order to convince a skeptical public that state funding is not a ploy to allow them to feed at the public trough. This situation could be mitigated if parties signal to the public, through their own actions and public education campaigns, that they are making serious efforts to be self-financing through legitimate fund-raising. This also suggests the need for pro-active efforts at widening their membership base.

Explore other legitimate means of funding: Given the reluctance of the public to endorse the redistribution of funds from social services towards party financing, it is also unlikely that the public would favor state funding of parties if it entails direct trade-offs with spending on vital social sector needs. Suggestions by elites that revenue could be raised to fund parties through additional taxation might meet significant popular resistance. There is therefore the need to explore other legitimate means for sourcing state financing. Since the public is sympathetic to the idea of foreign funding, it may be worth considering a review of the current law that excludes non-Ghanaians from contributing to party funds. The political parties and advocates of increased funding for parties may be able to capitalize on this public sentiment by getting Parliament and the government to draft a new law that is more permissive of access to external funds – subject to full disclosure of sources and amounts, and the possible institution of ceilings and other conditions. This can also clear the way for international donors (private and multi-lateral) to contribute funds into a multi-donor basket to support parties.

- The nation is divided on whether parties should receive public funding, with 53 percent recommending subsidies should be paid for. When asked about how to fund state subsidies (either through additional taxes or setting aside a percentage of the national budget), none of the options secured the support of a majority of the sample.
- There is overwhelming public demand (79 percent of respondents) for greater transparency in party funding. Only 19 percent of survey respondents would support direct (cash) funding, a possible indication of lack of confidence in the parties to properly manage and account for funds.

The five public forums in Bolgatanga, Wa, Ho, Kumasi and Takoradi, attended by a total of 191 participants, served to broaden the debate further and to raise public awareness about party finance issues. Participants in the discussion made many of the same points that came across from the research. Politics is widely perceived as a money-making enterprise and the preserve of the wealthy. Some participants also saw corruption in politics as a symptom of wider corruption in Ghanaian society. In one interesting divergence from the research results, discussants at the public forums stated that votebuying is widespread. (Only 12 percent of survey respondents admitted having received something in exchange for their vote.) Possible explanations of this difference include the perception of votebuying being higher than the reality[3] or survey respondents' reluctance to admit that they had, in fact, accepted money or goods in exchange for supporting a party or candidate. Some of the reasons provided for voters' accepting gifts from politicians were poverty and the feeling that since politicians are only seen around election time, it was best to "milk them" while you could get their attention.

> *"The popular perception that politics is all about making money is not helpful."*
>
> *- Ghana Centre for Democratic Development*

In the immediate lead up to the December 2004 elections, CDD worked with two local television stations to broadcast five discussions about party finance issues. TV3, for instance, dedicated an episode of its election program, *Road to the Castle*, to party finance issues. Broadcast throughout the election period, the program featured interviews with political party officials and candidates about issues at stake in the polls. Comments by leading members of the ruling NPP and the principal opposition National Democratic Congress during the discussion on party finance indicated that the debate in Ghana may be changing. First, they recognized that while the government and political parties seemed to agree on the need for public subsidies, there was a need for a broader national consensus on the way forward. They also acknowledged that because of the widespread perception that the party finance reports submitted to the Electoral Commission are sanitized, there is a credibility gap that hangs over them. They also discussed the negative role of money in nomination procedures and ways to mitigate this, by expanding the electoral college, for instance. A program on party finance issues was also broadcast on TV Africa in the most widely spoken local language.

In March 2005, CDD published recommended policy guidelines for political party finance reform in Ghana. Drawing upon the results from the Center's activities, the document discusses: the advantages and disadvantages of state subsidies; possible ways to fund, manage and distribute such support to parties; strategies for enhancing enforcement of party finance laws; and recommendations for additional legal reforms or enabling legislation to limit the abuse of incumbency and guarantee access to information. The document also emphasizes the need for political party reforms to increase public confidence in politicians, arguing, "the popular perception that politics is all about making money is not helpful." Earlier in the month, a draft version of the document was shared with participants in the workshop on the financial and legal implications of public funding for comment.

Kenya

Background

There are currently no political party finance laws in Kenya. Instead, political parties are registered and operate under the Societies Act. Although the Act does require societies (and, thus, parties) to file annual returns, these provisions are not respected or enforced. The debate over party finance reform in Kenya dates back to the 1990s, when concerns over corruption such as the Goldenberg Scandal,[4] led democracy activists and opposition party members to advocate for the introduction of state sub-

3. *Money in Politics*, NDI's Study of party financing practices in 22 countries concludes that *"Despite great international concern over vote-buying as a campaign phenomenon, only a small percentage of all campaign expenditures might actually be used to influence voters through financial incentives."*
4. Under this scandal, the Kenyan government paid Goldenberg International several hundred thousand million US dollars for fictitious gold and diamond exports.

sidies. They argued that public funding would not only strengthen political parties and, thus, the democratic process, but would also level the playing field in view of the abuse of incumbency by the then-ruling party. Despite this momentum, no further action was taken until after the 2002 elections. The National Rainbow Coalition (NARC)'s success at the polls in 2002 ushered in a period brimming with high expectations for reform - campaign promises had been made to tackle corruption and to amend the country's legal framework. Meanwhile, many advocates for reform (both in the opposition and in civil society) found themselves in government, and thus, well-placed to ensure progress on reform. Political party finance reform became one of the issues on the reform agenda and was included in the discussions over a new draft constitution for Kenya. As a result, the new draft constitution adopted by the National Constitutional Conference on March 15, 2004 included new provisions to regulate how political parties are registered, operate and are financed. They also included the introduction of public subsidies and disclosure requirements for political parties.

In Kenya, NDI partnered with the Center for Governance and Development (CGD), a registered policy research and advocacy, not-for-profit organization, whose mission is to promote a just and equitable society. The Center's program objectives include: enhancing the capacity of representative institutions for effective and participatory governance; facilitating the adoption and implementation of the draft constitution through public awareness and understanding of its provisions and institutions; empowering economic groups/producers to effectively advocate for appropriate policies to govern their economic activities; and promoting accountability, transparency and participation in the management of public affairs. The Center was instrumental in the various stakeholder forums referenced above where political parties and civic groups discussed different alternatives for funding of political parties in Kenya in the late 1990s. The consultations culminated in the drafting of a political parties' public funding bill. CGD also sponsored a motion in Parliament calling for public funding, which was moved by Hon. Musikari Kombo, now Kenya's Minister for Local Government and a member of the APPFI Senior Advisory Committee. No further action was taken to introduce legislation before the 2002 elections. However, the draft constitution's provisions for public funding draw heavily upon CGD's bill.

KENYA: The Role of Money in Nomination Procedures

Excerpt from: Money in Politics: The Case of Party Nominations in Kenya
Center for Governance and Development

In theory, political parties are autonomous, freely formed voluntary associations, which should be financed by members who support them. This has not been the case in many countries. In Kenya, the culture of [grassroots members] financing political parties is non-existent. Over the years, Kenyans have joined political parties not to help sustain them, but rather with the expectation of receiving material gains from the parties or their leaders. Parties and candidates are therefore expected to "treat" voters, which includes direct payment as well as the delivery of monetary valuables. It is thus only a few friends or associates of the parties that shoulder the financing of the parties as opposed to the rank and file of the said parties. In the absence of public funding, political parties have been left with no option but to seek financial resources elsewhere. And just as parties and individual candidates need more money in general elections, so do they need money for their respective party nominations. While the party is expected to shoulder the logistics and administrative aspects of such nominations, individual candidates are expected to finance their own campaigns during the exercise. In addition, political parties also expect the individual candidates to contribute to the party's kitty as it prepares to battle it out with other parties at a general election.

It is against this background that the politics of patronage usually takes a central stage in the party nomination process. Over the last decade, party nominations in Kenya have for the most part been conducted under an environment of blackmail, intrigue, suspicion and violence. Since 1992, the management of party nominations became the exclusive province of each party. This meant that each political party would bear the cost of organizing its primary nominations. The new parties, most of which were poor, thus failed to organize nominations in every part of the country. The resultant effect was that candidates who failed to get nominations from the larger parties sought to run on behalf of smaller parties that in most cases did not have a candidate in the area or where there was no competition. To be accepted in these fringe parties, one had to part with money in order to be endorsed to run on the party ticket or pay the application fee in order to participate in the party's nomination process.

The 1992 party nominations were mainly flawed as a result of:

- The political parties' failure to adhere to their constitutionally laid down machinery for nominations. Often, party leaders in an attempt to avoid drawn out and expensive elections processes, hand-picked candidates.
- Some candidates were replaced by newcomers favored by the party leaders after regular nominations, and in most cases, the candidates favored had monetary influence.
- Lack of consensus, for instance, on the mode of nominations that pitted two factions of FORD against each other. This led to the split of the party prior to the elections.
- Polling materials were not readily available and often polling stations and dates were changed at short notice.
- Many Kenyans secured several party memberships. As a result, they could vote in party nominations of more than one candidate. Often, aspiring candidates bought cards and distributed them to any willing person who would then vote for the candidate.
- A large number of candidates moved from one party to another with relative ease and in complete disregard of party loyalty, which was subsidiary to getting nominated.

There was no marked change in the manner in which parties carried out their nominations in 1997. In the process, internal party nomination rules and regulations were seriously put to the test. In the 2002 general elections, party nominations were equally controversial. At the individual aspirant level, there was an uneven playing field. Here, money was one of the dominant factors that played a crucial role in determining who could get the nod for the parties' ticket. In fact, the most controversial aspect was the silent provision that allowed candidates who had the financial means to fund the administrative costs of the nominations to undertake the task. This of course gave them the upper hand in the ensuing nomination process. It was against this background that there were accusations and counter accusations that some candidates were declared winners because of the monetary support that they had given despite the fact that they had come second or third during the nomination exercise.

One reason why parties turn to individual candidates for financial support is their lack of a formidable financial base to support party activities. This creates a framework that facilitates unequal access to office. In such a scenario, certain individuals or groups are denied the chance to compete for office of the representation they deserve because they lack financial resources. But parties are in a dilemma, as most of them have no clear and consistent membership despite the numerous recruitment drives they conduct. The resultant effect is that even the basic source of party finance, which is membership fees, is non existent or too meager to run party affairs. Since most parties in Kenya are usually docile in between elections, their quest and pressure of money is felt more in an election year. To financially prepare for internal nominations and campaigns for the general election, most parties, especially the ones in the opposition, turn to applications for party nominations as an alternative source of funding.

Program Activities

CGD's activities under the APPFI included:

- Research into the role of money in nomination procedures;
- A series of stakeholder workshops;
- The publication of easy-to-read materials on party finance and an analysis of the 2004 Political Parties Bill; and
- The creation of a coalition to advocate for greater transparency in party funding.

A workshop, held in Machakos in June 2004, was particularly helpful in engaging political parties on the need for reform. The event, attended by 26 party representatives, featured presentations on: the preliminary results from CGD's research on the role of money in nomination procedures; the case for party finance reform; an overview of party finance reform efforts in Africa with special emphasis on the challenge of enforcement; and lessons learned from party reform efforts in Taiwan. Based on the presentations, participants discussed the effects of corrupt party financing on governance and identified best practices in party finance reform. As was to be expected, a significant portion of the debate focused, once again, on the need for public subsidies. The focus on public funding seemed to confirm the fears of certain activists that the broad range of reforms included in the draft constitution ran the risk of being reduced to the simple introduction of public subsidies. However, Dr. Yu-Ming Shaw's presentation on the reforms undertaken by his party, the Kuomintang in Taiwan, challenged Kenyan political parties to consider broader changes to make political parties more transparent and accountable to their members. The fact that these reforms were voluntarily undertaken by his party in an attempt to secure more votes and not in response to legislation made the Taiwan case study even more compelling.

This workshop and other consultations with various actors (civil society, elections administration, and government officials) culminated in a party finance stakeholders' forum in August 2004. At the event, political party, civic, parliamentary and elections administration officials came together to discuss the way forward for party finance reform in Kenya. After presentations reviewing the current party finance challenges in Kenya, the experience of Norway and the provisions of the 2001 Political Parties Fund Bill, participants made a number of recommendations on next steps in the movement for reform, including:

- Civil society should work with political parties in charting the way forward for reform;
- Party finance reform should address a broad range of issues and not just public subsidies; and
- Reform efforts should recognize the need to strike a balance between public funding on the one hand, and overdependence on the State, government interference in parties' internal affairs and parties' alienation from their members on the other.

As the Kenya Law Review Commission was in the process of drafting new legislation on party registration and finance, government representatives and CGD agreed to share information and collaborate on reform initiatives. CGD was therefore invited to participate in a number of meetings to discuss and solicit public input to the draft bill. Other participants in these forums had also attended previous CGD workshops on party finance reform. As such, they were able to draw upon those discussions to contribute to the debate. Based on the outcome of the Stakeholders' Forum, and in partnership with the Kenyan Chapter of Transparency International (TI-Kenya), CGD convened a civil society workshop in December 2004 to discuss the possibility of creating a coalition to lobby for reform. The workshop was attended by approximately 40 representatives of civil society groups interested in working with CGD and TI-Kenya to promote party finance reform in their country. Based on a presentation addressing current political party management and financing practices in Kenya and the need for reform, participants identified the following principal areas of concern: poor policies or the lack of state regulatory frameworks governing political party operations; marginalization of women, youth, physically and fiscally challenged persons; electoral malpractices and the need for electoral reform; lack of internal party democracy; and lack of awareness/understanding of political parties' role and functions. Subsequent presentations outlined various aspects of working in coalitions and networks. Participants agreed to form a coalition titled the Coalition for Accountable Political Financing (CAPF) with the slogan "Clean Politics…Better Governance." Participants also identified a number of activities that could be carried out by the coalition in addressing the five main areas of concern outlined earlier. They included:

- **Lobby for passage of legislation to regulate the registration, operations and financing of political parties in Kenya.** A two-pronged approach should be used: lobbying in favor of the Draft Constitution's Chapter 10 on political parties; and advocating for passage of the 2004 Political Parties Bill. It was, however, recognized, that coalition members needed to educate themselves further on the contents of the draft bill and make recommendations, as appropriate, to improve the bill before passage.
- **Raise public awareness about the role, functions and financing of political parties.** Such programs could be conducted through trade unions, professional bodies and as part of already-existing civic education programs by coalition members.
- **Use multiple strategies to raise funds for the campaign.** A section of the workshop also formulated recommendations for fundraising through membership contributions and approaching potential local and international donors.

The Coalition has since developed a strategic plan to guide further advocacy efforts. An analysis of the Political Parties Bill 2004, a Policy Brief capturing various stakeholders' views on party finance reform and a series of easy-to-read fliers all published by CGD are being used to raise further public awareness and to support the advocacy campaign. The various documents outline the effect of political corruption on national development, the case for party finance reform and proper regulation of political parties and advantages and disadvantages of public funding. CAPF also submitted recommendations on the draft Political Parties Bill 2004 to the Law Review Commission and the Ministry of Justice and Constitutional Affairs.

Senegal

Background

Despite a 1999 study on party finance reform commissioned by then-President Diouf, progress toward reform on the financing of parties in Senegal had stalled until recently. In June 2004, President Wade unexpectedly announced plans to introduce legislation for public funding of political parties by 2005. The announcement came in the midst of a controversy over alleged payouts to the leaders of political parties in the ruling coalition. These handouts were said to include between 200,000 - 400,000 CFA (approximately US$400 to 800) per month to each leader, bags of rice and computers. Once word of these handouts became public, civil society and opposition party leaders started asking questions about the source of these funds and the rationale for allocating them only to members of the ruling coalition. While welcoming the President's announcement, Senegalese party finance expert, Professor El Hadj Mbodj, author of the 1999 report, recommended that any such reforms be preceded by a broad-based public debate on solutions to the country's party financing problems. Prior to the announcement, Senegalese political leaders argued that given ongoing debate over the fundamental principles for organizing politics in the country including concerns over the validity of the voter register, and opposition demands

SENEGAL: The Link Between Money and Political Defections

Excerpt from: Financing Political Parties. Why and How? (Translation)
Reseau Africain pour le Développement Intégré

Some observers say that political defection, which occurs when an activist leaves his party for another, usually the ruling party, is a unique phenomenon in Senegal. Defections have long occurred in politics, but they have increased considerably over the last few years. The act is regarded by many as a form of corruption, and some call it "political prostitution." When asked about the causes of defection, 70 percent of the political party representatives surveyed replied that it was often due to the prospect of personal gain. It may also be linked to legal threats or other forms of intimidation.

Defection results in a culture of impunity insofar as those responsible for mismanagement place themselves beyond legal proceedings as soon as they shift to the party in power. The phenomenon also discredits political parties by indicating a lack of conviction or ideological belief.

One key question, then, is whether the public funding of political parties would help eradicate, or at least reduce, corruption and defection. Why are such harmful practices so trivialized, even institutionalized, in our countries, and why is impunity allowed to be one of the stimulants? Are these practices a function of a loss of values or a lack of ideological conviction?

In reply to these questions, the political parties interviewed suggested a number of possibilities:

- First, they suggested the creation of mechanisms to fight against parliamentary defection. Any Member of Parliament (MP) who changes parties legally loses his or her mandate in Senegal. Such a practice must be extended to any elective function, especially to local councilors, whether municipal or rural, and must be effectively enforced.

- The respondents suggested limiting the funds allocated to institutions like the Presidency and the National Assembly, as these funds encourage corruption and, thus, defection.

- Political parties and civil society respondents insisted on additional education in political culture and ethics that would discourage party members from behaving in ways incompatible with ethical political conduct.

Poverty and difficult conditions also encourage defection and corruption, as some of the following Senegalese proverbs, often uttered in meetings with political parties, reflect: "*Kou ambe sa sankhal ambe sa soutoura* (The one responsible for your food is responsible for your honour)", and "*Balla ngaye gore da ngay gore thi dara* (In order to be a generous person, one must have something or someone to rely on)". In other words, "One is always indebted to his mentor".

for an independent electoral commission, addressing political party financing issues was not a priority unless it was part of a broader political reform package.

In Senegal, NDI partnered with *Réseau Africain pour le Développement Intégré* (RADI), an organization founded in 1986 to promote economic and local development by empowering citizens to create effective solutions to their problems. Headquartered in Dakar, RADI undertakes a wide variety of training programs throughout the five countries in which its members are located. RADI is a member of several civil society networks, including the *Conseil des Organisations Non Gouvernementales d'Appui au Developpement* – the umbrella group of Senegalese nongovernmental development organizations. Although RADI's activities cover a broad range of sectors, its efforts to promote democracy include: organizing a national conference whose outcome inspired some of the constitution reforms adopted in Senegal's 2001 referendum; and helping broker a compromise when a dispute arose over the validity of the voter register in the lead up to the local and legislative elections in 2001 and 2002. RADI also provides assistance to individuals who are in need of legal assistance but do not have access to a lawyer. Through its legal assistance program, RADI has: translated Senegal's legal texts into simple language; trained paralegals working in rural areas; and organized basic courses on legal rights in collaboration with school teachers, cultural/sports associations and womens groups, thereby increasing access to justice.

Program Activities

RADI's activities included:

- Research on public perceptions of party finance issues;
- A series of radio programs; and
- A party finance roundtable.

Similar to the survey conducted by CDD in Ghana, RADI's research comprised two components: a mass survey of 700 Senegalese in eight of the country's 11 regions; and a series of interviews with over 60 political party and civic leaders. During the mass survey, research solicited public views on: whether they are members of and contribute regularly to political parties; whether public funding should be introduced and if so how it should be distributed; and perceptions of the role of money in politics.

During the interviews the officials were asked to describe their assessment of current party financing practices in the country and to make recommendations for reform. Key findings from the study include:

- 70 percent of mass survey respondents believe that the secrecy surrounding party finance practices in Senegal poses a threat to the country's democracy.
- 66 percent of mass survey respondents favor the introduction of direct public subsidies,[5] although only four out of 10 believe that such subsidies would help strengthen political processes in the country. The eligibility criteria most favored by respondents included representation in the national assembly, regular participation in presidential elections and party presence/activity across the country.
- 75 percent of mass survey respondents believe that there is a link between money and *transhumance*.[6]
- 39 percent of party interviewees described the lack of separation between the assets of their leader and that of their party.[7] This potentially could have serious implications for internal party democracy.
- Parties are often primarily financed by the leader, whose contribution can amount to as much as 60 to 90 percent of the party's expenses, another practice that could have serious implications for internal party democracy.

Transhumance is the term Senegalese use to describe the constant shifting of political loyalties practiced by several personalities. Many believe that money and the desire to obtain immunity from criminal prosecution are among the principal motivating factors for this practice. They are also concerned about the extent to which the practice is undermining confidence in political parties and appreciation of their institutional value.

5. It is difficult to explain why support for public subsidies in Senegal is much higher than in Ghana. Aside from the possible impact of different survey methodologies, another explanation may be the impact that President Wade's declaration may have had on public opinion.
6. Local term used to describe constant shifting of political loyalties practiced by several personalities. Many Senegalese believe that money and the desire to obtain immunity from criminal prosecution are among the principal motivating factors for this practice. They are also concerned about the extent to which the practice is undermining confidence in political parties and appreciation of their institutional value.
7. 45 percent of the party officials interviewed did not answer this question.

- 69 percent of the party officials interviewed admit violating existing laws requiring the submission of annual financial records. Most said they do not comply with the law because no one else does.
- 60 percent of civic leaders interviewed emphasized the importance of introducing new regulations to govern the registration of political parties. Revised procedures should take into account a party's presence across the country, they argued.

In December 2004, RADI held a workshop to promote discussion about current party finance practices in Senegal and to formulate recommendations for reform. Approximately 120 people attended, representing political parties, civic organizations, the media and the Ministries of Justice and the Interior. Given President Wade's stated plans to introduce public funding of political parties in 2005, much of the discussion focused on different approaches to public subsidies, but also included issues such as the challenge of enforcing party finance laws and links between party funding practices and internal party democracy. Burkinabé Electoral Commission President Michel Moussa Tapsoba, who is also a member of the APPFI Senior Advisory Committee, shared lessons learned from his country's experience with public subsidies. Other resource persons presented papers on internal party democracy and legal aspects of party funding. Although party registration procedures were not included as an agenda item, participants repeatedly commented on the large number of political parties in Senegal and exchanged arguments in favor of and against the introduction of measures to limit their numbers. In addition, the event offered an opportunity to release the preliminary results of research conducted by RADI during summer 2004.

Based on the various presentations, participants' recommendations included:

- Should public financing be introduced in Senegal, it should be used as an incentive for more ethical politics.
- Foreign funding of political parties should be forbidden except where such funds are deposited in a fund managed by an appropriate body for the benefit of the country's democratic process rather than individual parties.
- The allocation of public subsidies should take into account a party's support as demonstrated by election results.
- A study should be conducted on the proliferation of political parties in Senegal. In addition, some participants called for a review of procedures for registering a political party.

The event received significant attention in the media, further expanding the debate and raising public awareness about party finance in Senegal. Copies of the final report have been widely distributed in Senegal. An English translation is also available.

South Africa

Background

With the exception of provisions for public subsidies, political party finance in South Africa is largely unregulated. All political parties are free to raise monies from private sources. There are no legal restrictions preventing parties from receiving money from domestic or foreign sources, and parties are not required to provide any information about either their sources or the uses of private funds. In recent years, a number of political corruption scandals have brought party finances under public scrutiny.

One of the largest such scandals revolves around a 1999 arms deal worth US$ 4.8 billion and allegations that Vice President Jacob Zuma received bribes in exchange for protecting Thomson (the defense company awarded the government contract) from investigation. In response, South African civil society groups have mobilized to raise awareness about the links between secret private funding of political parties and corruption. In a country with one of the most severe disparities between the rich and the poor, a central message of the civil society movement is that if the wealthy can buy access and influence, the fundamental principle of one person, one vote is violated. In 2002, the South African government submitted a Prevention of Corruption Bill to Parliament. Despite civil society efforts, the final legislation as passed did not include a chapter on private funding of political parties. Efforts continue to see such legislation introduced.

In South Africa, NDI partnered with the Institute for Democracy in South Africa (IDASA). Founded in 1989, IDASA's mission is to promote sustainable democracy in South Africa by building democratic institutions, educating citizens, advocating for social justice and strengthening the capacity of South African democratic institutions. IDASA's core work in promoting sustainable democracy involves a range of advocacy and lobbying activities (including monitoring the legislative process and making submissions to Parliament on proposed laws) and democracy education.

The Institute has established a reputation for reliable research and training initiatives over the past 17 years and is a core partner of Afrobarometer. The Political Information and Monitoring Service (PIMS), the primary APPFI

SOUTH AFRICA: Transparency and Disclosure in Corporations

Excerpt From: Transparency and Disclosure in Corporations
Institute for Democracy in South Africa

It appears as if the donors – major corporations especially - are in increasing numbers accepting the principle of disclosure. This year was atypical given that it was an election year, however several companies during the period before the elections voluntarily disclosed the extent of their political donations. Amongst them were AngloGold, Standard Bank/Liberty, SAPPI, Kumba, Sanlam, CellC, MTN, CellC, ABSA and Gencor. So, there appears to be a groundswell of opinion and an emerging consensus within the private sector that voluntary disclosure is the best way to go. If on a conservative estimate by AC Nielsen, political parties spent nearly R47 million during the period January to April this year on advertising their respective political campaigns, then it becomes clear that whichever way one looks at it, parties need private money to supplement the public funding they receive. Public funding for the 2003/4 period is approximately R66 million.

Many of the companies who voluntarily disclosed donated money to political parties in proportion to their representation in Parliament. It can be argued that this type of donation simply serves to entrench the current balance of power between political parties. Nevertheless, the fact that companies are showing a willingness to firstly engage with the principles of transparency and accountability deserves to be lauded. So much of the Constitution is pivoted upon the principles and aspirations of transparency and accountability in government. Such openness however applies – or should apply- not only to those who exercise public power but also those who exercise power privately. It has been recognized that good corporate governance demands that companies act not only to spawn a healthy bottom line but also that the existence of other stakeholders other than shareholders is taken into account. These other stakeholders would include employees, the environment and the community at large. For companies, it can be argued, good corporate governance would demand openness in company donations to political parties.

Interestingly, as a direct spin-off of the principles espoused in the King 2 report on corporate governance, the Johannesburg Stock Exchange (JSE) launched its voluntary Social Responsibility Index (SRI), the first of its kind in a developing country. The SRI aims to increase awareness of companies' social responsibility and also increase commitment to and measure companies' "triple bottom line" performance. The Index is an attempt to get companies to voluntarily disclose as much information– and be rated on it- regarding their commitment to social upliftment and in general good corporate governance. In the latest version of the SRI companies are encouraged to also disclose any donations made to political parties. The JSE should be applauded for its far-sightedness in recognizing the perils of secret donations. It is hoped that companies will succumb to general "peer pressure" associated with the SRI and disclose the relevant information.

In South Africa, there is currently no regulation of private funding to political parties. What this means is that donors can give as much, in secret, to the political party of their choice. But why does regulation of private funding to political parties matter and what is the link to corruption? Idasa, as part of its Right to Know campaign has consistently argued that democracies require strong, independent political parties operating in an open and truly competitive political system to function properly. Democracy needs money. In order for political parties to adequately fulfill their role they require sufficient resources. Similarly, a well-informed electorate that can exercise equal influence over the decision-making processes are preconditions for genuine participatory democracy. For some time, however there has been concern about the manner in which political parties in South Africa are funded and more particularly about the absence of effective rules governing the receipt of private sources of support to political parties and individuals in political parties. Allegations linking prominent international political figures to party funding scandals have been witnessed around the world- Chirac, Kohl and here at home, the Malatsi and Zuma allegations are cases in point. Corruption or even the whiff of corruption by members of political parties merely serves to introduce an unwelcome level of cynicism about the political process amongst citizens. Political corruption, it has been argued increases income inequality and poverty through lower economic growth, poor targeting of social programs and the use of money by the wealthy to lobby government for favorable policies which could in effect have the potential to perpetuate inequality. In a country as unequal as South Africa, allowing the wealthy to buy influence by donating as much, in secret as they wish, may well result in the "drowning out" of the voices of the poor and marginalized who are unable to buy such influence. The very worst and most undesirable case scenario being that the wealthy can in fact influence the direction or policy options of government. While it is acknowledged that citizens will always be unequal materially in relation to each other, the right of citizens to equality in essence should mean that all groups, including the poor and marginalised, should have equal opportunity to influence the political processes through participation.

In a niche survey commissioned by Idasa, 87% of those surveyed agreed that the public has the right to know the source of private donations and 81% believed that there should be rules regulating donations to political parties. If the public and increasingly the corporate sector are seeing the benefits of disclosure, the time is ripe for political parties to heed the call for disclosure.

partner within IDASA, focuses on good governance, transparency and accountability in South Africa. Its mission is to challenge political and socio-economic inequality by strengthening people's power to participate in accountable democratic institutions. IDASA has played a lead role in the civil society party finance reform movement. For instance, it published a position paper laying out the case for inclusion of party finance disclosure requirements in the Prevention of Corruption Bill. In addition, under South Africa's 2000 Promotion of Access to Information Act, IDASA filed a petition seeking access to parties' finance records.

Program Activities

Activities in South Africa included:

- Production of a publication and a radio program building the case for party finance reform;
- Research on public perceptions of the role of money in politics; and
- Outreach to the business community on the need for greater transparency in private funding to parties.

The radio program, a two-part program produced by IDASA's Democracy Radio Unit, featured interviews with members of the Civil Society Network Against Corruption (CSNAC),[8] a representative of AngloGold and sound bites from political party and elections administration officials. In the lead up to the 2004 elections, a number of large South African corporations publicly donated funds to the country's principal political parties. Each company distributed funds on the basis of formulae justifying donations to both ruling and opposition parties. In the program, the AngloGold representative describes his company's rationale for the donations and its distribution formula. The program was distributed to a network of community radios with a combined audience of approximately 1 million across the country for broadcast.

In June 2004, IDASA also sponsored a public debate on party financing in Cape Town attended by approximately 50 participants including youth groups, politicians, academics, students, trade union members, civic activists and journalists. Representatives from the Independent Democrats, the Electoral Commission and the United Democratic Movement gave presentations and exchanged views with the audience on the current system for distributing public funds, the need to regulate private funding of parties, the links between corruption and political financing and other aspects of party finance reform. The debate was covered in newspapers and on radio, further contributing to raising awareness about party finance issues. It was also taped and distributed to Democracy Radio's partners for broadcast.

One of the principal targets of IDASA's lobbying activities has been the Johannesburg Stock Exchange's (JSE)

South Africa - *Estimated Campaign Expenditure on Advertising During the 2004 Elections*

Estimated Total Expenditure on Advertising by 12 parties:	***R46.8 million***
Total Public Subsidies for 2003/2004:	***R66.6 million***
African National Congress:	
Estimated Expenditures on Advertising:	***R27.5 million***
2003/2004 Public Subsidy:	***R42.5 million***
Democratic Alliance:	
Estimated Expenditures on Advertising:	***R9.6 million***
2003/2004 Public Subsidy:	***R7.1 million***

8. Members of the network include the Black Sash, the South African Catholic Bishops' Conference, the South African Council of Churches, the Open Democracy Advice Center and the Institute for Security Studies.

Social Responsibility Program and its Socially Responsible Investment (SRI) Index Initiative. Under this initiative, JSE has established a list of criteria to measure the commitment of companies included in its "All Share Index" to the "triple bottom line" – environmental, economic and social sustainability – as well as good corporate governance practices. Companies that meet these criteria are publicly listed on the SRI Index – a ready made listing of corporations that would appeal to investors looking for socially responsible trading options. Fifty-one companies qualified to be listed on the first SRI Index, published in May 2004, including large corporations such as ABSA Group, AngloGold Ashanti, Standard Bank Group and Telkom SA, as well as small and medium-scale enterprises. While participation is voluntary, the SRI Index is increasingly influential and many companies choose to be assessed in exchange for the prestige of securing a place on the Index. IDASA secured the addition of a new criterion to the list: "Regular, clear and comprehensive disclosure of major facts relevant to the company, including [company] objectives and performance against these, as well as of matters of public interest, such as donations to political parties." This new addition is being applied in the assessments for inclusion in the second SRI Index qualification process.

Also in October, IDASA released a report on its telephone survey of 500 South Africans in Gauteng, Durban and Cape Town. Survey respondents were questioned on aspects of party finance in South Africa including whether foreign and private funding of parties should be regulated. Highlights of the findings include:

- 87 percent of those surveyed agreed the public has the right to know the source of private donations.
- 74 percent believe that most party money is spent on financing election campaigns.
- 81 percent either agreed or strongly agreed that there should be rules governing the receipt of private money by political parties.

In the same report, IDASA published the conclusions of its program to monitor expenditures by 12 political parties on advertising (print, radio, direct mail and outdoor advertising) between January and April 2004. While advertising accounted for only a portion of the parties' expenditures in the lead up to the April national election, the results revealed useful information on campaign financing practices in the country.

While South African law limits the use of public subsidies for campaigns, comparing expenditure on advertising with the amount of public funds allocated for political parties during the fiscal year 2003/4 (purely for illustrative purposes) leads to some interesting conclusions. The estimated total spending on advertising by the 12 parties was R46.8 million, while the total amount of public funds allocated in the 2003/4 tax year was R66.6 million. The ANC received a public subsidy of R42.5 million and spent an estimated R27.5 million on advertising. The Democratic Alliance received a public subsidy of R7.1 million but the party's estimated expenditure on advertising came to R9.6 million. In reality, the bulk of the public subsidies are probably spent on maintaining party structures and for party staff salaries. Moreover, since these figures reflect only one aspect of campaign expenditures, the total campaign budgets of the political parties concerned would have been significantly higher. IDASA therefore concludes that since public funds are largely insufficient to cover parties' expenses – especially in election years – political parties are heavily reliant on private donations to make up the difference. In the absence of transparency in private funding, prospects for private donors to purchase influence through their donations to parties are higher, thus increasing the chances that the average citizen will be squeezed out of the political process. The report also includes an analysis of expenditure per vote received and of the different kinds of media favored by each party.[9]

9. The report is available on the IDASA website(www.idasa.org.za) under the Right to Know section. IDASA is using the results of the two studies to continue building the case for party finance reform in South Africa.

IV. PROGRAM ACCOMPLISHMENTS & LESSONS LEARNED

In established democracies, reform-minded political party officials, civic groups and elected representatives have sought various ways to mitigate party finance problems. The first instinct of some reformers is to turn to legal initiatives, yet such initiatives have only provided a partial solution. The most successful models for reform have included a combination of legal reform, proper enforcement of laws, political party commitment to internal reforms, and monitoring and reporting by civic advocates and other watchdog groups. Nevertheless, experience has also shown that there is no perfect solution. The most important lesson is that the search for more transparent and accountable party financing is therefore an ongoing one, as reformers seek ways to further mitigate the problem, often, in reaction to the latest wave of scandals.

Despite some recent and important additions to the existing literature,[10] relatively little is known about political party finance practices in Africa. Even less has been written about practical strategies for promoting reform or possible solutions to party finance problems on the continent. Although the experiences of the established democracies and other emerging democracies in Asia, Latin America and Central and Eastern Europe are helping to inform the work of party finance reform advocates in Africa, there is also increasing demand for more information about case studies on the continent.

The APPFI was conceived as a pilot program to increase understanding of how party finance problems affect Africa and to suggest possible ways to mitigate the negative impact that money can have on political processes. Activities by the four implementing partners took place over one year, a relatively short period in the lifetime of most reform movements. The results and impact of the partners' activities are not yet fully clear. In all four countries, there is still a long way to go in securing greater transparency and accountability in party financing: greater public awareness is needed; new laws or amendments to old ones must be passed; greater commitment from political parties and their donors to reform is required; and enforcement mechanisms must be strengthened. It is hoped that the recommendations arising from the various partner activities will inform future efforts in Ghana, Kenya, Senegal and South Africa. In addition, while it is too early to close the chapter on party finance reform in the four countries, it is possible to draw some lessons learned from the partners' efforts to raise awareness and promote reform.

Diagnosing the Problem

Research played an important role in improving understanding of the nature of party finance problems in the four countries. In some cases, results confirmed longstanding assumptions or old arguments about the link between party funding problems and general party management issues. Lack of funding and negative party financing practices are only one aspect of the myriad of problems that African political parties face. In many respects, the money question is a manifestation of the broader problems of poorly defined party ideologies and platforms, weak organizational structures, and limited internal democracy. In Kenya, the study on the role of money in nomination procedures shed light on how these different issues are interconnected. Similarly, we saw from the RADI results that few parties make the distinction between a leader's personal resources and party funds.

Because of the different types of research conducted by the implementing partners, it is difficult to draw conclusions across the four countries. A few trends are worth noting, however. Recent global studies by Transparency International have shown the extent to which politicians are perceived to be corrupt.[11] APPFI research produced similar results but also shed light on other aspects of how political parties are viewed, indicating a major public credibility/image problem. The CDD survey illustrated the extent to which average citizens associate politicians/politics with corruption. As a result, programs initially focused

10. These include International IDEA's *Handbook on Funding of Political Parties and Election Campaigns,* Transparency International's *2004 Global Corruption Report,* Staffan Lindberg's article on"Its Our Time to Chop: Do Elections in Africa Feed Neo-Patrimonialism Rather Than Counter It?", *Democratization,* Vol. 10, No. 2, Summer 2003, and David Pottie's article on "Party Finance and the Politics of Money in Southern Africa", *Journal of Contemporary African Studies,* 21, 1, 2003.

11. Participants in Transparency International's 2003 and 2004 *Global Corruption Barometer* rated political parties as the most corrupt institution worldwide.

on the debate over public funding kept running into the broader issue of how political parties behave and are perceived by the public.

In the case of CDD's research, a majority of mass survey respondents indicated that parties should be primarily financed by party leaders. This would have serious implications for internal party democracy. Second, while most respondents identified with one political party or another, few donate to political parties and mostly do so expecting some direct personal benefit once their candidate or party is elected. Given some of the negative political party behavior observed by members of the public, these views may be understandable. However, this again raises serious concerns about perceptions of the role of political parties and, indeed, the significance of multiparty elections in the minds of voters. These results, as well as the findings from NDI's 22 country study, point to the need for improved understanding of how the public views and understands the role of political parties.

Some research findings were surprising and hard to explain. These include greater support for public funding in Senegal than in Ghana. Another mystery is why although 66 percent of Senegalese survey respondents favored public subsidies, only 40 percent felt that such an initiative would limit political corruption.

In his article on the persistence of neopatrimonialism in Ghana, Staffan Lindberg argues that the practice could threaten the very legitimacy and survival of democracy. He also reaches the same frightening conclusion about how voters may well perceive elections, even in countries considered well on their way to democratic consolidation. "There seems to be a widespread expectation on behalf of the people of Ghana that officials and politicians should distribute patronage from state resources and opportunities or are already doing so. People then come to see their personal share as a form of informal tax refund…One relevant question for future research must be whether the instrumental value the people of Ghana ascribe to democracy has to do with the increasing returns they might be able to take home as a consequence of elections. And, does their understanding of democracy include the possibility for them to extract various forms of personal material, and non-material, assistance from the MPs?"[12]

A related question is why do people not donate money to their parties? Although 71 percent of CDD survey respondents in Ghana indicated that they strongly identified with one political party or another, only 26 percent carry membership cards. In Senegal, 56.5 percent of survey respondents claimed to be party members or supporters, but only 35.8 percent of the total sample indicated that they donate to their party. Ninety (90) percent of those identifying with a party declared themselves ready to contribute to their parties, although only 56.7 percent currently do. According to recent research by International IDEA,[13] membership cards for the two largest political parties in Ghana cost 2,000 or 3,000 cedis (between US$0.20 and US$0.30), relatively little by Ghanaian standards. Monthly dues for both parties came to 1,000 cedis (approximately US$0.11).[14] Political party leaders, reform advocates and political scientists frequently argue that the high level of poverty in developing countries prevents party members from financially supporting their parties. No doubt this is partially true, but these findings suggest that the answer may be more complex, especially when juxtaposed with the fundraising capacities of many churches in developing countries, including Ghana. Churches differ from political parties in important ways but at the end of the day, both are mass membership organizations. A number of churches in Ghana and elsewhere appear to have the capacity to quickly raise the funds to erect new buildings while parties struggle to cover basic costs.

As we will see below, research results were also helpful in shaping the debate and building the case for reform.

Shaping the Debate - Beyond Public Funding

One of the central arguments in favor of public funding for political parties is a recognition of the critical role that they play in democracy. Democratic systems require strong political parties, it is argued, and state subsidies offer one way of strengthening parties and thus, the democratic process. At the risk of stating the obvious, ideally, the ultimate goal is to strengthen or engender "good" political parties[15] and not just to support any grouping of individuals that calls itself a party.

12. "It's Our Time to Chop: Do Elections in Africa Feed Neo-Patrimonialism Rather Than Counter It?" in *Democratization,* Vol. 10, No. 2, Summer 2003, pp.121 – 140.
13. "Political Parties Development Research", as presented at the International IDEA Political Parties Dialogue Workshop in Accra, Ghana, February 2005.
14. The NDC offers Gold, Silver and Bronze memberships for those donating large amounts to the party. The Gold card costs 5 million cedis and also requires a 500,000 cedi monthly payment. Similarly, the NPP has set a minimum threshold (1 million cedis) for those wishing to become patrons of the party.
15. The characteristics of such parties include internal democracy and transparency.

In African countries where these subsidies do not yet exist, however, the debate over party finance reform is too frequently reduced to a discussion about the need for public funding. The challenge, then, for advocates for reform is how to shape the debate in such a way that the ultimate goal is not lost. The experience of a number of southern African countries confirms that public funding is no panacea to the party finance question. It also suggests that when public funding is introduced without demanding certain changes in party behavior in exchange, it becomes all the more difficult to engender reform. In such circumstances, the opportunity to use subsidies as a bargaining chip or incentive for reforms such as spending limits and disclosure or compliance with other political party laws is lost.

In environments where there is widespread public perception of politics as a money making enterprise, public subsidies may perpetuate that perception or seem a reward for bad political party behavior. This can be mitigated by introducing other reforms and raising public awareness about the issues at stake. Framing the debate in terms of a broader discussion of the range of challenges that parties may be facing in a given country makes it easier to keep sight of the ultimate goal and to discuss party finance reform (including public subsidies) as part of a broader range of changes that need to take place. When the agenda is set in this way, public subsidies and other party finance reforms can be introduced into the discussion as a means to the ultimate goal of more democratic, accountable and transparent parties.

Semantics also play a role in shaping the debate. Programs described as party finance initiatives are commonly assumed to have the ultimate objective of introducing public subsidies, especially in countries where such funding does not yet exist. Over the course of the APPFI, this assumption was made by both political party leaders and civil society activists. Adopting a broader label may make it easier to promote a more comprehensive package of reforms.

IDASA's research on expenditures for advertising suggests that political parties may continue to draw the bulk of their financing from private sources even after public subsidies have been introduced. The fact that public funding often only accounts for a small portion of party finances further bolsters the argument in favor of a more comprehensive approach to party finance reform.

In Kenya, early efforts to reform party finance focused on the introduction of public financing. As indicated above, and in light of recent political developments (internal party wrangling over candidate nominations, divisions within the ruling NARC, discussions over introducing specific procedures for registering political parties), over time CGD and its partners increasingly emphasized the need for party finance reform as part of a broader package of changes that will hopefully increase transparency in the management of political parties and strengthen parties' accountability to their membership.

As indicated above, three of the four countries included in the Initiative do not provide subsidies to political parties. The experience of the partners in those countries provide some useful lessons learned on how reformers can better shape the debate. In Ghana and Senegal, CDD and RADI activities succeeded in expanding the debate to include the views of the broader public and not just political leaders. CDD research findings, including slim popular support for public subsidies and high levels of concern over political corruption, also built the case for broader reforms to increase internal party democracy and enhance transparency thereby increasing public confidence in political parties. These results may also help increase pressure on political parties to carry out reforms. Moreover, while the CDD program initially focused on helping to determine the practical modalities of introducing public funding, the broad range of issues raised by mass survey respondents, those interviewed in the elite survey and participants in the forums helped shape a more comprehensive approach to party finance reform. As a result, by the end of its program, CDD was able to make a series of recommendations addressing not only public subsidies, but issues such as the widespread misconception of the role of political parties, strengthening enforcement of party finance laws and limiting the abuse of incumbency.

In discussing the possible introduction of public financing, one of the most contested issues is how such subsidies should be allocated among a country's political parties. Political party finance experts recognize the need to strike a balance between recognizing or rewarding parties based on their performance at the polls while providing some encouragement to smaller political parties so that subsidies do not simply become a way of maintaining the status quo. Among the political parties in a given country, the debate over allocation is often reduced to an argument between the larger parties (tending to favor allocation in proportion to their success at the polls) and smaller parties (tending to favor equal distribution among all parties). At times, these discussions can become acrimonious with the smaller parties accusing the larger parties of a conspiracy to maintaining the existing balance of power. Particularly in Senegal, survey results on how state subsidies should be distributed were helpful in dispelling some of these concerns. During the party finance reform roundtable, the smaller parties heard, from the survey results, what taxpayers expect from their parties in exchange for state funding and had to recognize that these criteria were supported by the public and not just their political opponents.

One of the arguments frequently used in favor of public funding is the need to level the playing field in light of ruling parties' access to state resources. For subsidies to be effective in creating more equal chances at the polls, they must be accompanied by concerted efforts to limit abuses of state resources. Over the past year, increasing attention is being paid to monitoring the impact that such abuses have on elections in Africa. In the lead up to the 2004 Ghanaian elections, for instance, CDD, with funding from the Westminster Foundation for Democracy, conducted a pilot program to monitor the abuse of incumbency. The Electoral Institute for Southern Africa carried out a similar program in partnership with the Open Society Institute's Justice Initiative during the 2004 Mozambican elections. The findings from the CDD project point to the need for clearer and more comprehensive legislation to limit the use of public resources for partisan purposes and improved enforcement of already existing laws.

Engaging Political Parties, Business, the Media and Other Allies in the Movement for Reform

Given the challenge of enforcing party finance laws, and the fact that political parties – through their members of parliament – ultimately decide which laws are passed, there is increasing recognition of the need to constructively engage political parties if reform is to be meaningful. As noted in NDI's comparative study of party reform in Asia, "It is difficult, especially for governments with few resources to devote to the task, to keep tabs on party activities, expenditures and income…even where strict laws and regulations have been adopted, parties themselves have a responsibility to adopt internal reforms. There are always loopholes and the laws can be circumvented if parties do not commit themselves to reform and voluntarily adapt monitoring mechanisms. Internal party reform is needed to complement and reinforce legislative requirements, and can have the added advantage of helping demonstrate the party's anti-corruption message to the voting public."[16]

In all four countries, program developments have reiterated the importance of finding ways to constructively engage political parties. While this was a theme emphasized from program inception, it was an area that the partners still struggled with for different reasons. In Ghana for instance, certain political parties initially greeted CDD's plans to conduct research on public perceptions of party finance with skepticism. As indicated above, during forums sponsored by the Electoral Commission in 2003, political parties reached agreement on the need for public subsidies. Some party officials therefore feared that CDD's research would undermine their efforts to see state subsidies introduced. Over time, these concerns were alleviated but CDD's experience emphasized the importance of engaging political parties early in the process.

As indicated above, the CGD workshop in Machakos was particularly useful in engaging political parties on the need for reform. First, the event provided an opportunity to build the case for reform among parties. It also enabled CGD to gauge political parties' perception of party finance reform issues, helping to inform how CGD could shape the debate in a way that would resonate with political parties. Such workshops are also useful in identifying potential allies in the movement for reform. The contributions by Dr. Yu-Ming Shaw and Mr. Inge Lovdal showed how effective comparative experiences can be in building the case for reform. Despite the different conditions in Taiwan and Norway, Kenya political party representatives recognized the two international resource persons as peers and were thus more open to the practical experiences they shared from their respective countries. In Kenya, despite significant differences in the Kenyan and Taiwanese political experiences, Dr. Yu-Ming Shaw was successful in engaging political party officials on why internal reforms to increase transparency is in the interests of political parties. Mr. Inge made a similar impact during his presentation at CGD's Stakeholders' Conference on the need for transparency in private funding, drawing

> *"It is difficult, especially for governments with few resources to devote to the task, to keep tabs on party activities, expenditures and income…even where strict laws and regulations have been adopted, parties themselves have a responsibility to adopt internal reforms. There are always loopholes and the laws can be circumvented if parties do not commit themselves to reform and voluntarily adapt monitoring mechanisms."*
>
> *-Political Parties in Asia*

16. *Political Parties in Asia,* edited by Peter Manikas and Laura Thornton, National Democratic Institute for International Affairs, 2003.

upon the experiences of European countries. Presentations by reform-minded civic groups, for instance, would likely have been perceived differently.

In South Africa, efforts to engage political parties took place against the backdrop of the court case to secure access to party finance records and the large majority of the ANC. The United Democratic Movement and the Independent Democrats, which, together, represent 13 of the 400 seats in the National Assembly, participated in a number of public IDASA events and contributed soundbites to the radio program. Relations with the parties subject to the IDASA petition were more complicated for obvious reasons. Nevertheless, IDASA experienced some success in engaging a range of parliamentarians on party finance reform off the record.

In the lead up to the 2004 South African elections, a large number of South African corporations voluntarily disclosed their donations to political parties. Most of them allocated funds to the ruling and opposition parties using a formula that was also made public. While many analysts viewed this development as an outcome of the celebrations marking 10 years of fully participatory elections in South Africa, others partially credit IDASA's and the South African Institute for Security Studies' efforts to engage the private sector on the need for transparency in private funding.

Building on its previous work, including interviews with major corporations on their past donations and views on legal reform, under the APPFI, IDASA continued its efforts to engage South African businesses for further reforms on a voluntary basis. The Institute's work showed that in some environments, business may be willing to engage with civic groups on reform and the information that they share may help place additional pressure on political parties to be more transparent, especially where politicians claim that their donors prefer to give anonymously. IDASA points out that the greater business support for transparency, the weaker the argument of the political parties that their donors must be protected. In countries where the corporate sector has legitimate concerns about loss of business due to their support for the opposition, it may be more difficult to engage them on reform.

In general, coalitions are useful in broadening the base for reform and allowing members to pool resources in pursuance of a common goal. The four partners used different approaches to working in coalition. In Ghana, CDD's approach enabled the Center to engage membership organizations such as associations of civil servants and teachers and organized labor on the need for reform, contributing to increasing public awareness. Certain members also brought their respective expertise to bear on the effort. The Ghana Bar Association, for instance, helped analyze and formulate recommendations for improving existing laws. Various committees were constituted to spearhead outreach to the print and electronic media and to oversee arrangements for the public forums around the country. Membership organizations drew upon their local chapters to participate in the forums. Another interesting tactic used by the CDD coalition was to elect a well-known individual as Chair of the coalition. This was not only helpful in drawing public attention to the work of the group but also helped raise awareness among opinion-leaders on the need for reform. On occasion, the coalition Chair used his newspaper column to discuss party finance reform issues. In Senegal, the RADI coalition oversaw the various program activities. The group provided a certain amount of political cover for the organization's work, especially the research activities. In South Africa, IDASA's membership in CSNAC allowed the Institute to share information with others working towards party finance reform.

In Kenya, on the other hand, although CGD began consultations with other civic groups early in the process, the coalition was formally launched later in the project, when significant consensus was already emerging among various stakeholders on the agenda for reform. By the time CAPF was created, a particular reform agenda was already clear. The coalition therefore focused on developing a strategic plan to lobby for adoption of their reform agenda. During the coalition-building workshops, participants discussed not only specific initiatives that could be taken to lobby for party finance reform but ways in which the overall objectives could be integrated into their respective organizations' routine activities. Organizations working in civic education, for instance, discussed how their curricula could be expanded to raise awareness about the need for transparent and accountable political parties.

APPFI activities received wide coverage in the print and electronic media. In some cases, this was the result of press coverage of roundtables, debates and other activities. There were also concerted efforts by the partners to use the media as a means of raising public awareness and building the case for reform. In South Africa, IDASA successfully used op-ed pieces in leading newspapers to highlight the need for reform. As mentioned above, the program "Money in Politics" was distributed for broadcast to a network of community radio stations whom the Institute regularly partners with. Their combined listenership is approximately one million. In Senegal, RADI's series of radio programs, broadcast in French and local languages, served the dual purpose of civic education and encouraging participation in the mass survey. In Ghana, the Media Committee of the CDD-led coalition spearheaded the outreach to the press. Appropriately chaired by a member of the Ghana Journalists' Association, the committee compiled and distributed media kits to the principal outlets in the country. The kits, designed to brief members of the media about party finance issues, included a press release on the research findings and various documents and articles on money and corruption in politics.

Riding the Wave of Reform or Creating New Momentum?

The activities and results in each of the four countries cannot be separated from the political context in which they occurred. As mentioned earlier, the movement toward party finance reform in Kenya originated in the late 1990s when CGD, working primarily with opposition parties, argued the need for public subsidies as a means of leveling the political playing field in light of widespread abuse of the incumbency. APPFI activities therefore took place in a context where momentum toward reform was already underway: public funding for political parties and other reforms were included in the draft constitution, for instance. Over time, CGD and its partner civic organizations recognized that meaningful party finance reform requires a broader package of changes. APPFI funding made it possible for CGD to continue raising public awareness about the need for party finance reform, especially for a more comprehensive package that included transparency in general party management including proper registration of political parties (who currently function under the Societies Act). This is important given concerns that the political parties may seek to secure the introduction of public funding without the other reforms proposed. CGD therefore constructively engaged political parties on the need for reform and worked with the Kenya Law Review Commission to ensure that the draft Political Parties Bill under preparation reflected the recommendations from the Center's consultations with various stakeholders.

In Senegal, on the other hand, creating momentum on party finance reform proved challenging given ongoing debate between the government and the opposition about a range of reforms including the voter's register and the creation of an independent electoral commission. As such, early in the program, many stakeholders argued that party finance reform, while important, could only be addressed after the broader electoral reform issues had been resolved. While President Wade's surprise announcement in June 2004 of plans to introduce public funding of political parties created an opening for public debate on the topic, the issue was once again relegated to the background in light of efforts to reach an agreement on other electoral reforms, a number of cabinet reshuffles and negotiations with the secessionist movement in Casamance. Nevertheless, RADI's low key approach – focusing on a series of radio programs, a mass survey and interviews with political and civic leaders – proved successful in laying the groundwork for meaningful reform when the political climate is more favorable.

In Ghana, conducting the program in the immediate lead up to national elections posed certain challenges – including the difficulty of securing the attention of political parties to a subject that did not appear to have a direct impact on their chances at the ballot box. (It was clear relatively early in the program that the chances of public funding being introduced in time for the 2004 elections were slim.) Nevertheless, the various CDD activities garnered significant media attention to the need for party finance reform. Given the longstanding debate about public funding in Ghana, much of this attention focused on arguments in favor of and against public subsidies. However, print and electronic media also covered some of the other issues raised by the program including the high perception of corruption in politics. CDD's efforts to fold party finance issues into election-related activities, while falling short of making party finance reform one of the key issues at stake in the election, succeeded in maintaining media attention to the topic. This was accomplished through the pilot program to monitor the abuse of incumbency and introducing the topic as one of the themes during candidate debates and election TV programming. Concerns about the cost of elections including aspiring candidates' complaints about the cost of nomination fees for party primaries and allegations of votebuying in primaries drew public attention to party finance issues.

Activities in South Africa took place in an environment characterized by: a ruling party with an overwhelming majority; a number of political corruption scandals implicating leading party members on both sides;[17] and the IDASA petition to gain access to party financial records. The combination of corruption scandals and the IDASA petition appeared to have put some of the country's larger political parties on the defensive. APPFI researchers conducting interviews in South Africa noted that some party officials' feeling that they were under attack or under siege cast a shadow over some of the discussions about party finance practices in the country. The court case also provided opportunities to highlight the need for party finance

17. These include the controversial arms deal implicating the Deputy President Jacob Zuma and allegations that New National Party officials in the Western Cape received party donations in exchange for approving a development plan for a golf course.

reform in South Africa. At the same time, it also meant that certain activities had to be scheduled to avoid raising party finance issues at politically inopportune moments. In its April 2005 ruling, the High Court of South Africa, Cape of Good Hope Provincial Division, found political parties to be private bodies, and that "disclosure of donor funding is not a prerequisite to free and fair elections" thus rejecting IDASA's petition. It did, however, recognize that IDASA had "made a compelling case that private donations to political parties ought to be regulated by way of specific legislation in the interest of greater openness."[18]

18. Ruling by Judge Griesel on April 20, Case No. 9828/03, IDASA et al. versus ANC et al., available at the IDASA website – www.idasa.org.za.

V. Conclusion

Why Party Finance Reform?

There are a myriad of reasons for pursuing party finance reform. When money is used to distort the political process it undermines public confidence in democracy and limits prospects for policies that will benefit the poorest of the poor. Where the wealthy are able to purchase access and influence, the voices of the poor are drowned out, undermining the principle of one person, one vote. As indicated above, the phenomenon of *transhumance* has raised concerns about those who shift their political loyalties in an effort to escape justice for crimes committed. In other cases, government contracts for development projects may be awarded to favored party donors, rather than the most cost-effective or the most technically sound proposal. This is one of the fears underlying the arms scandal in South Africa. Where state resources are abused for partisan purposes, scarce public funds are diverted to finance partisan political activity and bore holes, clinics or other public goods are reallocated from the most destitute localities to the most politically expedient areas. Such incidents were highlighted in CDD's reports on monitoring the abuse of incumbency in the lead up to the elections. When elections are determined based on who offers the most for his/her vote, formulating national development plans take a backseat. Those who assume power under such conditions become caught in a race to maintain their patronage systems rather than developing workable solutions to national problems. A recent report on Illegal and Irregular Allocation of Pubic Land in Kenya found that most of most of the lands investigated were illegally acquired by cabinet ministers and other influential political figures. Most of the incidents took place just before or soon after general elections in 1992, 1997 and 2002. Party finance is not only a political issue, it is an economic and social development issue.

The Way Forward

The experience of the four implementing partners in Ghana, Kenya, Senegal and South Africa suggest a number of strategies that can be used in strengthening party finance reform efforts, including: the need for increased understanding of political parties in Africa, how they operate and are perceived by the public; the importance of promoting broad-based debate on reform not only in terms of those participating in the debate but encouraging reformers to move beyond public funding as a possible solution; the importance of constructively engaging political parties, business, the media and other allies in the movement for reform; and finally a recognition that the type and timing of action will, to a significant extent, be determined by the country political context. In order to mount a successful effort, activists must ask themselves the usual questions whose answers shape most advocacy/lobbying campaigns.

Understanding the Problem: How are parties and party finance viewed? What is the main issue with party finance in the country and how does that relate to other challenges/weaknesses in the political process? Answers to some of these questions played an important role in shaping the activities implemented and longer term recommendations proposed by the four implementing partners. They also provided pointers on areas where further research is required.

Shaping the Debate/ Riding the Wave of Reform or Creating New Momentum for Reform: What is the long-term goal of reform and what are the intermediate objectives? In this context, and at this time, what is the most effective way of building the case for reform in a way that resonates with the public and various stakeholders while keeping sight of the long-term goal? For instance, during an election year, as was the case in Ghana, it may be difficult to draw attention to issues that parties feel will not directly impact their chances at the polls. Where corruption becomes a major election issue, party finance reform and abuse of incumbency can be introduced as part of the debate.

In Kenya, we saw how CGD took advantage of already existing momentum and helped shape the debate. In Senegal, we saw not only how tensions over electoral reforms threatened to sidetrack efforts to draw attention to party finance issues, but also how an unexpected announcement by the President created an opening while focusing the debate on public funding. In South Africa, the IDASA petition created an opportunity to highlight the need for reform but also put powerful political parties on the defensive, at times making it difficult to constructively engage them on a way forward.

Engaging Allies: By definition, it is always easy to identify obvious (like minded) allies. But there are often necessary but unlikely allies. These may include the business sector and political parties/parliamentarians. How can you reach out to them and how can you shape the issue and the debate in a way that resonates with them? Because many activists view political parties as the problem, they often fail to find ways of constructively engaging them on the need for reform. There is now increasing recognition that parties must be part of the solution. Among the most effective strategies used by the partners were: reaching out to political parties early in the program to share the objectives and goals of their programs and putting them in touch with pro-reform peers from other contexts. IDASA's success in engaging South African businesses showed that party donors can also play an important role in creating momentum for reform. In all four countries, partnerships with the media and other civic groups also played an important role in raising public awareness.

> *It is increasingly clear that political parties are the missing link that must no longer be ignored. They are, after all…the training grounds for presidents, prime ministers, ministers, parliamentarians and local government councilors. They … play a critical role in shaping policy on national development issues. Parties characterized by internal democracy, transparency and public outreach are more likely to form accountable governments responsive to the needs of their citizens.*
>
> *-Hon. Musikari Kombo, Kenyan Minister for Local Government & APPFI Senior Advisor*

Over the past year or two, party finance reform has been raised in a range of African countries including: Ghana, Namibia, Nigeria, Kenya, Senegal, South Africa and Uganda. This document has focused on program strategies that can be used by reform movements. To help further inform these and future efforts, additional research is required on some of the practical strategies that have been used in an attempt to address the problem, especially on the continent and in other similar environments. Interesting initiatives warranting further study include: the decision by a number of major South African companies to publicly donate funds to political parties in the lead up to the election and how those funds were disbursed; the multi-donor basket of campaign funding provided to political parties in Mozambique; and the Ghana Electoral Commission's practice of providing material assistance to political parties during election periods (notwithstanding the absence of public funding for political parties); and best practices in transparent and accountable financial management and other forms of internal reform by political parties

Party Finance Reform – A Case for Party Strengthening

Finally, one of the most important lessons learned from APPFI activities is the need for more general attention to political parties in Africa. This would include improving understanding of how political parties in Africa function, their strengths and weaknesses and how they are perceived by the public. Such information would help inform appropriate technical assistance programs to African political parties. Recent increasing attention to these questions should be encouraged and followed up with concrete commitments to strengthen political parties. If the results of APPFI indicate that the continent's parties could be in crisis, they are also a clarion call for a maturation of African political parties.

While development assistance in the area of democracy and good governance has grown since the mid 1980s, in Africa, the bulk of that funding has been earmarked for strengthening governance institutions such as legislatures and the judiciary and building the capacity of civic groups and improving electoral processes. In countries such as Ghana, Kenya and Malawi, assistance to civil society and legislatures is bearing fruits. So is assistance towards party strengthening, where it exists. Yet political party strengthening programs appear to be the least favored option in many countries, with the possible exception of training of party pollwatchers in the lead up to elections. The lack of attention to parties appears to be the result of a combination of factors, not least the struggle to determine how organizations that are so partisan in nature can be provided assistance without the donor being accused of political bias. Yet, it is increasingly clear that political parties are the missing link that must no longer be ignored. They are, after all, or should be the training grounds for presidents, prime ministers, ministers, parliamentarians and local government councilors. They should play a critical role in shaping policy on national development issues. Parties characterized by internal democracy, transparency and public outreach are more likely to form accountable governments responsive to the needs of their citizens.

While improvements in the transparency and credibility of elections in many African countries are worth celebrating, without stronger political parties, the significance of many Africans' right to vote will become watered down if they face no real choice at the polls. Africa needs independent judiciaries and parliaments capable of exercising effective oversight of the executive branch and representing the interests of the people. It also needs political parties that: are accountable to their members and the public at large; formulate policy options on national development issues; aggregate diverse interests; and provide a means for organized participation in the political life of a given country.

National Democratic Institute for International Affairs
2030 M Street, NW
Fifth Floor
Washington, DC 20036
Telephone: 202-728-5500
Fax: 202-728-5520
Website: www.ndi.org