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## Policy brief

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# The nature and challenges of financing political parties in Ghana

Title: Short and snappy, can be different from the project title



### In brief

- The issue of financing political parties in Ghana has remained a contentious issue since the introduction of its 1992 constitution.
- This study examines the nature and problems of funding political parties using data from a combination of surveys and interviews with over 1,800 respondents of varying political party affiliation.
- The findings of the study suggest that institutional weaknesses within the political parties are responsible for their failure to mobilise resources from activists.
- In addition, support for state funding is strongest among political elites and party executives, but is undesirable to ordinary party members. Partial state funding is more acceptable to many of the participants studied.
- Respondents suggested that parties can improve their financial situations through increased transparency, improved overall capacity, introducing stricter rules on financial compliance, and enhancing the role of civil society in scrutinising party behaviour.

*This project is funded by IGC Ghana.*

First page: Bullet points summarising the study and its results.

## Overview of the research

The financing of political parties in Ghana has remained a contentious issue since the promulgation of the Fourth Republican Constitution and the restoration of multiparty politics in 1992. How to build viable parties in order to sustain multiparty democracy and whether state funding is desirable remained an unanswered question. A careful review of the public discourse on the issue especially from 2003 suggested that the apparent support for state funding is widely popular among Ghana's elite political class in general. However, the majority of ordinary Ghanaians are ambivalent about the argument that it is the business of the state to finance political parties. Indeed, most Ghanaians believe that the time is not ripe for state funding, given the failure of governments to provide adequate funds for the country's key social sectors such as education, health, and utilities, not to mention the current levels of perception of corruption in the country in general and within the judiciary and political parties in particular.

The study examines the nature and problems of funding political parties. It also explores views on state or public funding of political parties. Specifically, the study sought the opinions of Ghanaians on the following interrelated questions:

- What is the nature and challenges of funding political parties?
- What are the factors hampering political parties' ability to mobilise funds?
- Do Ghanaians support or oppose the policy of state funding of political parties?
- Why is it that Ghana has no policy on political party financing?

Data was collected through key informant interviews and surveys involving 1,800 respondents selected from all the ten regions of Ghana. Specifically, 1 600 self-declared card-holding members of the seven political parties that contested in the 2012 general elections and 200 self-declared non-political party members participated in the study.

Respondents were asked to provide answers to questions on: sources of funding; factors hampering political parties' capacity to mobilise funds for their activities; and, whether they support or oppose state funding. Detailed information obtained from the interviews and survey data was used to:

- Examine the sources of funds for parties and factors hampering the capacity of parties to mobilise funds; and,
- Determine whether Ghanaians support or oppose state funding of political parties. Overall, the research analysed the views of ordinary party card-holding members, party executives and non- members on party funding in Ghana.

The analysis allows conclusions to be drawn on the major sources of funding political parties and the factors hindering the capability of political parties to mobilise funds from internal and external sources for their activities.

## Policy motivation for research

This research examines the opinion of relevant stakeholders on the nature and challenges of funding political parties in Ghana in order to provide insight into how the availability or scarcity of money is hindering and/or influencing the nurturing of multi-party democracy. This is a crucial developmental policy issue which requires interrogation for two reasons.

First, financial resources or funding is essential for the survival, vibrancy, and efficacy of any political party in a modern democratic state. Secondly, there is a growing tendency for political parties to be hijacked when rich individuals have monopoly over financing political campaign activities. In addition, political party development and the building of an internal democratic culture would suffer because parties would become obligated to reward rich individual financiers with decision-making offices within political parties and government. This issue of clientelism has very serious implications for ensuring good governance and development. It is therefore crucial that the nature of funding political parties is understood by all stakeholders and appropriate public policies initiated to support parties to perform their interest aggregation and articulation functions as enshrined in the country's 1992 Republican constitution.

**Policy Impact:** The research project intends to provide information on the nature of funding political parties and, the ways internal factors especially weak institutions have contributed to the problem. We expect that the findings of the study would result in the formulation of appropriate policies to solve the problem.

Use tables, charts, and graphs to summarise key findings.

Key research questions	Summary of the key findings
What is the nature of funding political parties?	Rich individuals, foreigners, and party executives are the major financiers of political parties in Ghana. Membership dues and public funding are the smallest and most unpredictable source of funds to political parties.
What are the factors hampering political parties capacity to mobilise funds?	Institutional weaknesses within the political parties are responsible for their failure to mobilise resources for party activities. These weaknesses include corruption, lack of accountability and transparency in funds management, and weak organisational capacity.
Do Ghanaians support or oppose state funding of political parties?	Opinions are divided on the policy of state funding. Opponents to a universal state funding policy are more than those who support the policy. Support for state funding is strongest among political elites and party executives, but for ordinary party members, state funding of political parties is currently an undesirable policy option. Partial state funding is more acceptable to many Ghanaians.
Why doesn't Ghana have a national policy on political party financing?	Overpoliticisation and entrenched partisan position on the party funding issue is responsible for the failure to fashion national policy to address the problem.

Conclude with a list of specific policy recommendations related to your findings.

## Policy recommendations

- Support political parties to build organisational capacity to enable them to mobilise funds.

Political parties in Ghana – whether big or small – have demonstrated weak organisational capacity to mobilise funds for their electoral activities. The study has shown that the public remained indecisive and unlikely to support any blanket policy of state funding of political parties. It emerged that Ghanaians would prefer a strategy where both state and non-state actors would be encouraged to support political parties with the necessary financial and non-financial resources to effectively perform their interest articulation and financial mobilisation functions.

- Improve transparency and accountability regimes within political parties.

Interviewees recommended that parties adopt and implement appropriate and aggressive measures and policies which support a transparent and accountable regime for managing all political party funds. Indeed, improving transparency and accountability in the activities of political parties may not only reduce corruption, it would gradually increase public confidence in the internal party politics and system and the entire electoral process. Transparency and accountability in the use of public resources are central principles which must guide the decisions of all political party actors at local and national levels.

- Enforcement of the legal rules governing political party activities.

It was recommended that the Electoral Commission (EC) would have to pursue the necessary legal procedures at the High Court to cancel the registration certificates of political parties that have persistently failed to submit details of their annual financial reports and related documentations as specified by the law. To ensure effective enforcement of the rules, the EC would have to first prescribe a standard format of financial reporting to the political parties. This would become a benchmark against which the EC would measure the accountability credentials of the political parties.

- Intensify public dialogue on state funding of political parties

It was strongly advocated by respondents that the discussion on the issue of state funding would have to continue. The arguments for and against state funding of political parties in Ghana is far from settled. It is suggested that the relevant civil society organisations be given the necessary support to facilitate healthy debate between the proponents and opponents of public funding of political parties.

Some respondents recommended that political parties should be represented on the boards of the EC. They believe this would improve debates and the commission's quality of services regarding the regulation of party financing. It has been argued that this would increase the confidence the political parties and citizens have in the EC.

The practice where some businesses and individual financiers of political parties rise or fall as governments rise or fall should be interrogated. This knowledge would inform ethical, reliable, and productive ways by which individuals and businesses could contribute to party funding.

A more vibrant civil society that continuously demands accountability and compliance with the laws on party funding is needed. This should even start with the parties being very accountable internally to their own membership.