

## **Financing Political Parties in Ghana**

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*This study ascertained the views of civil society and politicians regarding the need for state financing of political parties in Ghana. Descriptive statistics were used to analyze the results. We found that that, while party executives endorsed state financing of political parties, civil society held a contrary view. Civil society also indicated that state funding of political parties could lead to political corruption whereas party executives disagreed on that score. Both civil society and party executives were of the opinion that political parties should be accountable to the public through disclosure of their sources of funds, expenditure and other activities.*

### **INTRODUCTION**

All over the world, political parties are seen as vital institutions for contemporary democratic dispensation and they play a vital role in the democratic process. They are crucial for the organization of modern democracy and are relevant for the expression and manifestation of political pluralism. Political parties perform a wide spectrum of functions, key of which is that they help recruit and support candidates and harness financial resource for developmental purposes (Moncrief et al., 2001). The strategic role that parties play in any democratic nation means that funding their activities cannot be discounted. Finance is regarded as the most essential resource for political parties (van Biezen, 2003). Yet for too long, commitment to financing of political parties has remained rhetoric in many regions across the world.

However, for democracy to flourish within existing scarce resources, an effective, equitable and sustainable party financing is regarded as a way forward (CDD, 2005a). Indeed, a strong financial base for all parties is a potential driver of political party vibrancy and competitiveness. Financing the process of democracy is thus the first major route to nurturing a virile democratic and transparent culture from within (CDD, 2005a). The inability of a democracy to make adequate provisions for its financing creates a fertile environment for corruption and mal-governance which impact negatively on society.

In Ghana, Article 21(1) of the Political Parties Act (2000), Act 574 clearly prescribes the rules for financial reporting including sources of funds, while Article 23 regulates the funding of political parties (Ninsin, 2006). Thus, although the rules are clear and the state provides media and vehicle support to political parties during electioneering campaigns, arguments however point that the supply of these supports are necessary but not sufficient to create a level playing field for all parties in Ghana. One critical missing link suggested is the issue of financing. Additionally, there are other challenges besetting the competitiveness and good performance of political parties. These include the sheer domination of parties by few individuals, weak internal structures and generally poor organization capacities. Strong individual personalities usually known as “founding fathers” who invariably treat the parties as personal fiefdoms tend to dominate the political process. This often leads to weak internal structures within the party and lack of internal democracy, transparency, accountability and dynamism, capable of creating strong bonds with party supporters (CDD, 2005a).

While the shady aspects of finance and politics should not be ignored, the relevance of money extends beyond illegitimate sources that flow into party coffers and the pockets of politicians (van Biezen, 2003). In many ways, political activities involve expenses which should be seen as the necessary and unavoidable cost of democracy. Because money is one of the most essential resources for political parties, which are principal actors of modern democracy, it plays a critical role in the democratic process (van Biezen, 2003). It has been suggested by Ashton (2006) that for political parties to function properly, they need to maintain their party organizations, to employ party personnel, to conduct election campaigns and to communicate with the electorate at large. In order to carry out these and other necessary functions, appropriate financial resources need to be available to political parties.

In Ghana, anecdotal evidence suggests that inadequate funding is largely to blame for the poor performance of political parties, especially those in opposition. While ruling parties take advantage of the power of incumbency in the absence of laws or regulations that differentiate between the party and the state, the opposition parties suffer the consequent uneven political playing field (CDD, 2005b; Ninsin, 2006). This indeed reinforces the need to explore why financing of political parties is critical to developing democratic societies like Ghana. The debate about the funding of political parties continues to increase in Ghana since the country returned to Constitutional rule in 1992. The key concerns have been how to build viable political parties in order to sustain multiparty democracy and whether state funding is desirable within constraining resources.

Previous studies have tended to focus on ascertaining the views of politicians on state funding of political parties. In 2003, the Electoral Commission of Ghana undertook nationwide consultative forums to solicit opinions on financing political parties and the electoral process in Ghana. The outcome of the consultative forums was that public funding of political parties is needed as a way of enhancing multiparty politics and growth of democracy in Ghana. This view was endorsed by the immediate past government that political parties must be partially, if not fully funded through budgetary allocations. However, the apparent acceptance of the need for state funding seems to be largely confined to Ghana’s political class in general and the party leaders in particular. For this reason, it may not be appropriate to assume that the average Ghanaian would agree that it is the business of the state to finance political parties. Indeed some have argued that the time is not ripe for state funding. In 2005, the Centre for Democratic Development carried out a survey to determine whether political parties should be financed. The results showed that many party leaders agreed that parties in Ghana should be funded. However, a more participatory study that takes into account the views of party members and that of the public is lacking. It is against this background that this study sets out to assess the perception of politicians and the public regarding the funding of political parties and whether political parties are accountable in their finances.

The main objective of this study is essentially to examine politicians’ and public opinions regarding state funding of political parties. The rest of this paper is structured as follows; Section 2 provides an overview of the development of political parties in Ghana. Section 3 reviews pertinent literature regarding the funding of political parties. Section 4 examines the methodology employed in the study. Section 5

discusses the empirical findings of the study. Finally Section 6 concludes the study with some recommendations.

## **DEVELOPMENT OF POLITICAL PARTIES IN GHANA**

Political parties became important instruments in Ghana's democratic practice as early as the 1950s when the country was in transition from colonial rule to an independent sovereign nation-state. At the time, eight parties existed between 1954 and 1957 to participate in the early pre-independent elections and to fight against the colonial rule (Ninsin, 2006). The most vibrant political parties in the political landscape were: Convention People Party (CPP), National Liberation Movement (NLM), Northern Peoples Party (NPP) and the United Gold Coast Convention (UGCC). These early political parties had different identities and philosophies of existence. While some of the parties were formed to express sub-national or ethnic and regional identifies, others held onto religious or supra-national identities.

After almost half a decade of a one party state, the country returned to multiparty democracy in the second Republic (1969-1972). As a result, between five and twelve political parties were formed to join hands in the struggle to restore democracy. This number expanded further in 1979 when eleven active political parties mushroomed with the hope of capturing the commanding heights of the public to canvass votes. By 1981, the scramble for political power through election had simmered down reducing the number of existing parties to six. The reason for such a reduction was that, in 1981, the country was caught in the grips of military rule which lasted well over a decade. Thus, free transfer of power through the ballot box was nullified and businesses as well as issues of national interest were decided by military decrees (Ninsin, 2006).

The formation of political parties witnessed yet another turning point in 1992 when multiparty democracy was restored, paving the way for the formation and registration of new political parties to contest in the December polls. The enthusiasm to rule characterized by the restoration of freedom saw an overwhelming thirteen political parties formed, when the fourth Republic began in 1992. They included, Democratic People's Party, New Generation Party, Ghana Democratic Republican Party, National Independence Party, Peoples Heritage Party, Every Ghanaian Living Everywhere Party, National Convention Party, National Democratic Congress, New Patriotic Party, People's National Convention, People's Party for Democracy and Development, National Justice Party, and National Salvation Party.

Some of these parties have since collapsed whilst others have merged, aligned and changed their names. Yet others have been on indefinite leave. Four years into constitutional rule, eight of the political parties had survived to contest the 1996 elections. In 2000, seven parties participated in the 2000 elections. By 2004 the political arena had stabilized enough to allow only the better organized political parties to sustain their participation in Ghanaian politics. Again eight parties took part in the 2004 elections (Jonah, 1998; Ninsin, 2006). As at December 2007, a total of sixteen political parties were in the records of the Electoral Commission as registered parties out of which only seven (43.8%) contested in the 2008 general elections. These included the National Democratic Congress (NDC), New Patriotic Party (NPP), People's National Congress (PNC), Conventions Peoples' Party (CPP), Democratic Freedom Party (DFP), Reformed Patriotic Democratic (RPD), and Democratic People's Party (DPP).

Anecdotal evidence suggests that a key reason for the inactiveness of many of the parties is lack of finance. Thus, the minority big political parties with concrete sources of funds continue to flourish at the expense of the majority poor. It is believed that well organized political parties with good financial resources are mostly in a better to participate in parliamentary and presidential elections in Ghana.

## **LITERATURE REVIEW**

This section discusses the extant literature on political party financing. We look at the concept of political finance, sources of financing political parties and state funding of political parties. We then discuss political corruption and financial disclosure in relation to political party finance.

## **The Concept of Political Finance**

While funding for political parties is intrinsically understood to be crucial, it is nevertheless an ambiguous concept. Narrow definitions of political finance tend to focus on campaign and party funding. Ssenkumba (2005) defines political finance as the way political parties and individual candidates running for political office raise funds for election campaigns. According to Walecki (2004), political finance relates to the use of funds by political parties for election campaign and other party activities. This definition is however narrow in the sense that it only draws an association between political finance and campaign election. Ohman and Zainulbhai (2009) opine that campaign/political finance refers to the fundraising and spending that political parties do in their election races. This definition is quite clear in that, it acknowledges the fact that as campaigns have many expenditures ranging from the cost of travel for the candidate and others to the purchasing of airtime for media advertisement, candidate have to devote substantial time and effort raising money to finance campaigns. Essentially, political finance describes spending money on two major activities: in election and during non-election periods (Austin and Tjernstrom, 2003). Huge financial expenditures are normally incurred during the election periods when politicians engage in vote buying to amass power. Political finance is both the object and the result of political processes. The funding of parties and their campaigns is determined by the policy decisions of politicians who pool resources together to finance elections. Differences may exist between parties regarding their spending and this may emanate from the political ideology of the parties in control (Ibrahim, 1994).

Funds available to political parties to finance their activities accrue from a variety of sources. However, the most common sources that are compatible with democracy are party membership dues, local fund-raising by party activists, profit of party-owned businesses and donations (van Biezen, 2003; Ninsin 2006). Membership contributions constitute a very effective source of political finance because they are donated on voluntary basis by members. van Biezen (2003) asserts that membership dues are an attractive means of party financing because they are not accompanied by direct demands for influence on programming decisions or access to party-related functions. In other words, membership dues guarantee a certain degree of influence of party members on official party politics without allowing single financially privileged persons or group too much influence. Thus, memberships dues are reliable financing mechanisms and political parties with a large support base are often likely to raise substantial revenue from members.

Another source of finance to political parties is donations. This constitutes the modal source of political financing, especially in Africa. Whereas only parties in government can exploit resources or percentage kickbacks or use front organizations to funnel money to the party, all parties can depend on donations to varying degrees (Austin and Tjernstrom, 2003). Donations usually come from a variety of sources including, small parcels from salaried and professional sectors of civil society or donations from philanthropies. In Ghana, during the transition to democracy in 1992, it was a group of young upwardly mobile, cellular-phone clutching business executives and professionals who provided substantial financial backing for the NPP (Jonah, 1998). In Kenya, when multiparty democracy was restored in 1992, a lot more of opposition parties relied heavily on donations to match the incumbent government during electioneering campaigns (Throup and Hornby, 1998). In Cameroon's first multiparty election in 1997, the African Confidential (1998) reported that many opposition parties relied on donations from very wealthy business owners to compete favourably with the incumbent government. Donations are beneficial to political parties in the sense that they give parties a greater degree of flexibility to generate their own funds. Further, donations are desirable in that they encourage citizen participation in the activities of political parties and maintain a linkage between parties and their grass-roots supporters. Nonetheless, the inherent problems of donations should not be discounted. For instance, private donations are not predictable; hence reliance on them can lead to party failure. Additionally, the unequal access to and the unequal distribution of private donations may have an effect on the equality of political participation and competition.

There is evidence that political parties still derive some income from local fund raising. This normally involves holding fund raising dinners with a pool of contractors and other businessmen who could be

expected to pay their way into the good books of the government. Another source is indirect funding: any help or resources which can be shown to have monetary value but are given free to political parties or taken or used freely by governing parties. Free air time and free advertising space in the state-owned media are good examples of indirect funding (Austin and Tjernstrom, 2003). A challenge of indirect funding is the question of equality in the use of state media by all political parties. For instance, in Ghana, opposition parties often have to seek legal means to obtain free access to state media as the Constitution guarantees.

### **State Funding of Political Parties**

One common legislative response to the apparent constraints facing political parties in their urge to secure funding for elections is to introduce or to boost public subsidies for political parties. It is argued that such subsidies create a level playing field for parties, especially those who are less likely to attract the support of rich donors. Indeed, offering direct state subsidies for parties' extra-legislative work is a fairly new policy in most countries. State funding or state subsidies for political parties was first introduced in Uruguay in the 1920s and in Costa Rica, Argentina and Germany in the 1950s (Scarrow, 2007). However, by the beginning of the 20<sup>th</sup> century, a research in seventy-six states practicing electoral democracies revealed that 60% paid some kind of direct (cash) subsidy to support parties' work during and/or between campaigns (Austin and Tjernstrom, 2003). The study further highlighted that in some countries, state funds provide only a small share of political finance, but in other countries such as Germany and some of the new democracies of central Europe, state funding of parties constitute a very large share of funding for parties' activities and election campaigns (van Biezen and Kopecky, 2001).

In many ways, it is normally Africa that lags behind other regions of the world in the proportion of countries that have public funding provisions (Ohman, 1999). For instance, research has established that, as of the beginning of 2002, only fourteen African countries were known to fund political parties directly with or without legislation (Austin and Tjernstrom, 2003). Of this number, only in four states were the sums involved sizeable enough to make a difference to the operation of the opposition parties. Of particular concern is the fact that, Ghana which is seen as the citadel of democracy was conspicuously missing, thus giving the assumption that the country still has a long way to go in nurturing a fertile democracy favourable to all political parties. The inherent question to be asked is, does state funding of political parties pay-off? Studies conducted over the years have provided some evidence on why political parties must be funded from the state coffers. In a study by Ikstens *et al.* (2002), it was discovered that, in some circumstances state funds can provide an important boost to new parties because fledgling parties have the least access to other sources of funds. They further noted that funds provided to a small party in its early years may ensure that it survives to fight a second election.

It has equally been argued that state/public funding may lead to at least slight diversification of the party system, as a few new parties gain significant boost of operation rather than quickly disappearing. For example, public subsidies paid to non-governing as well as governing parties may help boost democratic competition when the alternative model is that governing parties alone benefit highly from state resources paid in the form of patronage opportunities and corruption (Van Biezen and Kopecky, 2007). More generally, the extent to which public subsidies will bring about changes in political competition depends on how they are implemented. When public subsidies are well implemented, it becomes a good case for parties to rely on them for political change. For instance, some have considered the trend toward public financing as a stimulus for political parties to become more electoral-professional organizations, and to become less reliant on members for financing or for free campaign labour (Katz and Mair, 1995).

Whatever the argument on public subsidies, any research agenda on political financing should seek to explore whether public funding enhances electoral competition relative to party-based funding schemes. Since political parties tend to support and deepen democracy, it is prudent to suggest that public funding mechanisms will have a positive effect on electoral competition. It however argued that public subsidies have other negative repercussions which must not be underestimated. For instance, political parties especially those in Sub-Saharan Africa have often been reported to be corrupt. Therefore, subsidizing



their election campaigns will mean that the tax payers' money may end up in the pockets of few individuals who control such parties. Issues on political corruption are further discussed in the succeeding paragraphs.

### **Political Party Financing and Political Corruption**

The issue of political finance has been gaining ever-greater prominence because it tends to be associated with political corruption scandals and influence peddling (Grinner and Zovatto, 2005). In many low income countries such as Ghana, the crisis of political parties is largely linked to scandals caused by illegal funding/political corruption. Political corruption is understood as the “wrongful use and abuse of power, whether of public or private origin, for political party or personal gain by breaching the rule of law” (Lanfried, cited in Navas, 1998). Political corruption takes various forms, ranging from buying votes and the use of illegal funds to selling votes and the abuse of state resources.

It is argued that state funding is largely likely to plunge political parties into a theatre of democratic financiers, since evidence suggests that candidates can improve their chances by spending more (Forrest et al., 1999). Thus, instead of contributing to the strengthening of democratic institutions, the funding of political parties and election campaigns can end up producing the opposite effect. That is aggravating the crisis of credibility and trust in political institutions and placing politics itself under suspicion. Malem (2003) has listed the negative effects of political corruption on democracy:

- It undermines the majority rule, which is part and parcel of democracy
- It corrodes the foundations of the modern theory of representation, which is at the root of the ideal notion of democracy
- It detracts from the quality of democracy by removing all matters connected with receipt of funds from irregular sources by political parties from the public agenda
- It leads to series of illicit acts and
- It has a negative impact on the principles of disclosure and transparency

### **Political Party Financing and Financial Disclosure**

It is evident from the previous discussion that, in democratic societies, parties engage in huge expenditure to win elections, the consequence of which is political corruption. In view of this, a mechanism of controlling the expenditure pattern of political parties is to develop standards of best practices for them to operate. In many democratic societies, regulation of political financing is normally enshrined in the national constitution. In Ghana, Article 21(1) of the Political Parties Act, 2000 (Act 574), clearly shows the rules for financing of political parties. Political parties are expected to submit within six months from the end of the year, a statement of accounts to the Electoral Commission, including their sources of funds, membership dues, contributions or donations in cash or kind, properties of the party and when they were acquired. Article 23 also stipulates that, only Ghanaian citizens or firms, partnerships, or enterprises in which a Ghanaian owns at least 75% and is registered under the laws of Ghana can contribute or make donations in cash or kind to a political party. This suggests that, it is illegal for non-citizens to contribute or make donations in cash or kind to a political party. The essence of these regulations is to ensure transparency and accountability in the operation of political parties (Ninsin, 2006).

Disclosure is important to political party financing and it is said to be a necessary condition for any system of public control of political finance. Disclosure mandates political parties to submit routine or periodic financial reports to public officials and in most systems, electoral committees and candidates are required to file special reports during or immediately after election campaign. Any political finance system should require a comprehensive disclosure of all financial transactions, regarding receipts, the amount and nature of contributions (i.e. whether cheque, cash or non-monetary) and the identity, address and employer/business of contributors. Disclosure of political finance is essential because it contributes to an overall transparency of the electoral process, offering voters an opportunity to learn more about

political contenders in order to make informed decisions at the polls. Requirements to disclose sources of funding are likely to stimulate parties/candidates to raise and also spend their financial resources in ways that are acceptable to a majority of voters and not to provoke political scandals. Disclosure emerges as an obstacle to corruption and trading in influence that are likely to be greater when financial transactions between political parties and companies are hidden from the public eye. Public disclosure can serve as a barrier to excessive campaign spending, especially in countries/cultures where money in politics is viewed with suspicion (Walecki, 2007).

## **METHODOLOGY**

The constituent population of the study comprised civil society and executives from the various political parties in Ghana. Civil society consists of students, election administrators, people in academia, public and private sector workers, as well as those in the informal sector. The party executives on the other hand included mostly the secretaries of most of the registered political parties in Ghana at the national and regional levels. The study however did not extend to party executives at the constituency and district levels.

This study employed non-probability sampling procedure in selecting respondents for interview and responding to the questionnaire. In this study, civil society respondents were selected based on their willingness and ability to respond to the questionnaire. The party executives were thus selected because they are key informants and were likely to provide credible information regarding state funding of political parties. In the case of the party executives, those whose offices are located in Greater Accra (the capital of Ghana) were personally contacted for interview. However, questionnaires were sent to respondents in the regional offices of the parties for completion. The regions sampled were the Western, Ashanti, Volta, Upper West, Brong Ahafo and Greater Regions.

Out of 150 questionnaires for the civil society and 100 for party executives, we were able to obtain responses from 81 civil society respondents (representing 54% response rate) and 59 party executives (representing 59% response rate). In order to determine the respondents' views on financing political parties, responses were measured using a five point likert-type scale anchored 1 = "strongly disagree" to 5 = "strongly agree". Pre-testing exercises were carried out to detect inconsistencies and inform the shaping of the final field questionnaire. Data was analyzed using the Statistical Package for Social Sciences (SPSS version 16.0). Almost all the questions were coded and entered into the software for analysis. Descriptive statistics were used to present and analyze the results. We employ *t*-test to ascertain differences in opinion between civil society and political party executives. In order to ensure that the scales used in this study produce consistent and reliable estimates, Cronbach's alpha was estimated to check for reliability of the responses.

## **EMPIRICAL FINDINGS**

This section discusses the findings of the study.

### **Sources of Funds**

The results of the study as shown in Table 1 revealed that, all the parties rely on membership dues even though it represents about 15% of funds accruing to political parties. Membership dues represent pooled funds from individual members of the political parties. In Ghana, section 20 (1) of PNDC law 281 initially pegged an individual's contribution at two hundred thousand cedis (twenty Ghana cedis in the redenominated currency). This was later raised to one million cedis (one hundred Ghana cedis in the redenominated currency) when PNDC law 281 was amended by law 283. Membership dues are not a reliable source of funds because the average Ghanaian voter rather expects monies from party gurus and not the other way round. Donations were cited by the party executives as the highest funding source, constituting about 35% of political party funds. Donations could come from individual party members, philanthropists, and sometimes sponsorship from businesses. Another source of funding for parties in

Ghana is profits accruing from party business ventures such as the sale of party paraphernalia and other petty businesses established by the party.

**TABLE 1**  
**FUNDING SOURCES OF POLITICAL PARTIES**

<b>Political Party</b>	<b>Source of Funds</b>
NDC	Membership dues, donations, proceeds from sale of party paraphernalia and other business ventures, external funds from party apparatchiks
NPP	Membership dues, donations, proceeds from sale of party paraphernalia and other business ventures, external funds from party apparatchiks
PNC	Membership dues, donations, profits from party business
CPP	Membership dues, donations, profits from party business
DPP	Membership dues, profits from party business
DFP	Membership dues, profits from party business
**All others	Contributions from party members, donations and profits from businesses
**Great Consolidated Popular Party (GCPP), United Ghana Movement (UGM), National Reform Party (NRP), United Renaissance Party (URP), Every Ghanaian Living Everywhere Party (EGLE).	

Source: field survey (2010)

### **State Funding of Political Parties**

The results as shown on Table 2 indicate the views of civil society and party executives with respect to state funding of political parties. The responses were based on an 11-item questionnaire. Civil society showed mean scores of less than 2.80 while political party executives showed mean scores of more than 3.3 with respect to all responses apart from “Independent candidate should also be funded by state”, “Citizens should be taxed by the state to fund political parties”, and “I do not have a problem paying special levies to fund political parties”. The results also show statistically significant difference (significant at 1%) between the position of civil society and party executives with respect to all the responses with the exception of “Independent candidate should also be funded by state”. With mean scores of 1.82 and 1.74 with respect to “Citizens should be taxed by the state to fund political parties” and “I do not have a problem paying special levies to fund political parties”, civil society strongly disagrees with the argument of taxing citizens to fund political parties. Party executives tend to hold a contrary view showing mean scores of 2.7 and 2.73 for both responses. Generally, the results of this study suggest that, party executives are more inclined to support state funding of political parties in Ghana than civil society.



**TABLES 2**  
**STATE FUNDING OF POLITICAL PARTIES**

<b>Response</b>	<b>Group</b>	<b>N</b>	<b>Mean</b>	<b>t-test</b>	<b>sig</b>	<b>Std. Dev.</b>
The state should fund political parties	Civil Society	81	2.53	-5.108	0.000	1.441
	Party Executives	59	3.86			1.634
Independent candidate should also be funded by state	Civil Society	79	2.16	-0.092	0.927	1.344
	Party Executives	59	2.19			1.444
State funding strengthens democracy	Civil Society	79	2.68	-4.014	0.000	1.419
	Party Executives	59	3.68			1.467
State funding brings better electoral competition	Civil Society	78	2.76	-3.744	0.000	1.397
	Party Executives	59	3.69			1.523
Political parties perform well if resource sufficiently by state	Civil Society	81	2.65	-3.395	0.000	1.389
	Party Executives	59	3.47			1.443
State funding ensures financial equality among political parties	Civil Society	80	2.75	-2.597	0.000	1.227
	Party Executives	58	3.36			1.459
State funding provides boost to political parties	Civil Society	80	2.78	-4.398	0.000	1.312
	Party Executives	59	3.76			1.304
Citizens should be taxed by the state to fund political parties	Civil Society	78	1.82	-3.191	0.002	1.235
	Party Executives	56	2.7			1.768
I do not have a problem paying special levies to fund political parties	Civil Society	80	1.74	-3.979	0.000	1.111
	Party Executives	59	2.73			1.659
Government should put in place legislation to fund political parties	Civil Society	80	2.5	-5.675	0.000	1.378
	Party Executives	58	3.88			1.452
I support the idea that the state should fund political parties	Civil Society	80	2.44	-5.686	0.000	1.483
	Party Executives	59	3.92			1.557

### **Political Corruption**

Table 3 shows the results on respondents' views on political corruption. Using a 7-item questionnaire, the results indicate means scores of more than 3.1 as far as civil society responses are concerned. The highest mean score (3.38) relates to "state funding leads to wasteful spending by party executives" whereas the least score (3.1) relates to "state funding of political parties will lead to political corruption". Party executives on the other hand show mean values of less than 2.5 in all the responses. Whereas the highest mean score is 2.47 ("state funding leads to wasteful spending by party executives"), the least score is 2.17 ("state funding will lead to abuse of state resources"). Obviously, civil society shows higher

mean values than political party executives in all the responses. The *t*-test also indicates statistically significant difference (significant at 1%) in terms of the views held by civil society and party executives on political corruption in Ghana. Overall, civil society views state funding of political parties as a catalyst for political corruption whereas party executives seem not to agree.

**TABLE 3**  
**POLITICAL CORRUPTION**

<b>Response</b>	<b>Group</b>	<b>N</b>	<b>Mean</b>	<b>t-test</b>	<b>Sig</b>	<b>Std. Dev.</b>
State funding of political parties leads to political corruption	Civil Society	81	3.1	3.682	0.000	1.319
	Party Executives	58	2.22			1.464
State funding leads to abuse of state resources	Civil Society	80	3.35	4.964	0.000	1.424
	Party Executives	58	2.17			1.34
State funding leads to wasteful spending by party executives	Civil Society	81	3.38	3.643	0.000	1.374
	Party Executives	58	2.47			1.524
State funding can lead to vote buying	Civil Society	79	3.05	2.868	0.005	1.329
	Party Executives	58	2.38			1.387
State funding can result in illegal spending	Civil Society	80	3.22	3.303	0.001	1.321
	Party Executives	57	2.4			1.51
State funding will enrich politicians	Civil Society	80	3.34	4.191	0.000	1.44
	Party Executives	58	2.29			1.451
High corruption may appear if state fund political parties	Civil Society	81	3.28	4.341	0.000	1.451
	Party Executives	57	2.19			1.457

### **Financial Disclosure**

With respect to ascertaining the views of respondents on financial disclosure, we use a 6-item questionnaire. The third variable examined disclosure of party resources using 6 items. There are significant differences between civil society and party executives with respect to disclosure of expenditure patterns of political parties (significant at 5%) and allowances to party officials (significant at 10%), though both groups show mean values of more than 3.4. We did not find any significant difference between civil society and party executives with respect to the other responses. But both groups show mean values of more than 3.7 in respect of the other responses. Clearly, both civil society and party executives seem to hold the view that disclosure by political parties will further enhance democracy and political transparency in the country. This suggests common areas of agreement where both players in the democratization process see the need to enhance disclosure of political activities. This will go a long way to enhance political confidence between the public or civil society and politicians or political parties.

**TABLE 4**  
**FINANCIAL DISCLOSURE**

<b>Response</b>	<b>Group</b>	<b>N</b>	<b>Mean</b>	<b>t-test</b>	<b>sig</b>	<b>Std. Dev.</b>
Political parties should disclose their income to public	Civil Society	81	4.21	0.467	0.641	1.17
	Party Executives	59	4.12			1.1
Expenditure pattern of political parties should be disclosed to the public	Civil Society	81	4.12	2.034	0.044	1.144
	Party Executives	59	3.68			1.37
Allowances to party officials should be disclosed to the public	Civil Society	80	3.84	1.735	0.086	1.267
	Party Executives	59	3.41			1.566
Campaign expenditure should be disclosed	Civil Society	79	3.99	1.164	0.247	1.276
	Party Executives	59	3.73			1.311
Political Parties should be accountable to the public	Civil Society	81	4.1	-0.1	0.92	1.168
	Party Executives	59	4.12			1.146
Total transparency of party businesses is necessary	Civil Society	80	4.31	1.37	0.174	1.038
	Party Executives	57	4.04			1.253

We present the results of the Cronbach's alpha coefficients in Table 5 in order to check for reliability of the responses. The coefficients of Cronbach's alpha vary from 0 to 1. Generally, a value of 0.5 or less indicates unreliable and unsatisfactory internal consistency of the variables. The results indicate high reliability and consistency of the responses used in this study in ascertaining views on financing political parties in Ghana.

**TABLE 5**  
**RELIABILITY ESTIMATES OF RESPONSE**

<b>Item</b>	<b>Number of Items</b>	<b>Mean</b>	<b>Cronbach's Alpha</b>
State fund Political Parties	11	2.835	0.94
Political Corruption	7	2.843	0.947
Disclosure	6	4.015	0.909

## CONCLUSION AND IMPLICATIONS

Effective, equitable and sustainable party financing is necessary for establishing strong democratic government. It is a driver of political party vibrancy and competitiveness. However, the solution to the problem of falling election competition due to inadequate financial resources among political parties has often proved elusive and vexed. Indeed, finding a sustainable financing mechanism where political parties could have a level playing field remains a major challenge facing Ghana's democratic development in the

fourth republic. The study sought to ascertain the views of civil society and politicians regarding state funding of political parties in Ghana. The results of the study revealed that, while party executives very much endorsed state financing of political parties, civil society held a contrary view. Civil society disagreed that parties should be funded by the state and that the tax payer's money should not be used to fund party campaigns. Civil society also held the view that state funding of political parties could lead to political corruption whereas party executives disagreed on that score. Further, civil society was generally of the opinion that, political parties should be accountable to the public through disclosure of sources of funds, expenditure and allowances. This view was also supported by the party executives who subscribe to disclosure measures.

Based on the findings of this study, we have profiled the following recommendations towards finding a more subtle approach to financing political parties in Ghana's fourth democratic dispensation. The blanket public funding of any political party could lead to unintended moral hazards. Thus, parties that are funded should have a good track record. That is they should have achieved a certain portion of votes in at least one previous election. Since subsidies are seen as a device of corruption, they should be adopted with the stick of tougher disclosure requirements for political parties. There should be strict enforcement of legislation that seeks to compel political parties to disclose their financial information. Another mechanism of strengthening political party finances is through the stakeholder approach. That is democratic financiers; including donors and government functionaries could explore ways of training political parties on how best to invest their monies in profitable ventures. Proceeds from such investments could serve as good fortunes for financing political party activities.

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