

PARTY FINANCES IN NIGERIA: EXAMINING THE ATTENDANT GOVERNANCE ISSUES

Bello M. Ayodele

Department of Public Administration, Faculty of Administration, Obafemi Awolowo University, Ile-Ife, Nigeria

ABSTRACT

In spite of the comprehensive provisions of the 1999 Constitution Electoral ACT 2006 (as amended) and the Finance Manual on Political Parties, Public opinion on Party Finance in Nigeria remains overwhelmed with perceptions of corruption, undue influence from strong personalities and other impunities that portrays the political terrains to be generally regarded as murky waters. This article examines these existing legal frameworks for the control of party finances and elections funding from candidate nomination race to election proper. It was argued that the Knowledge, Attitude and Practice (KAP) to party finances in Nigeria are a key part of the broader governance challenges requiring urgent attention. Yet, public confidence in the electoral process is necessary for ensuring political participation that engenders public support for government programmes that could drive development using data generated from facebook online panel (2008), we demonstrated that the public know little of the key provisions regulating party finance while attitudes to party finance is more of lackadaisical and laissez fare posture. We also demonstrated that though there are laws that empowers the election commission to supervise party finances, the regulation of the campaign expenditure of the individual candidates who are contesting elections are largely unaffected by the laws.

Keywords: *Knowledge, Attitude, Practice, Political Party, Party Finance and Governance.*

Introduction

It is not a gainsay that funds are very critical and essential impetus to the proper and effective functioning of democratic political process and politics vis -a-vis the knowledge, attitude and practice of people towards party finances in Nigeria. The political parties open to electoral contests and competitions are perceived as bastions of democracy, regime parties that enjoy a monopoly of the political and democratic process are seen as instruments of manipulation and

control. The said finance is germane to political parties if they must be seen performing their statutory obligations within their respective spaces. Without the necessary funds, it would be extremely cumbersome for politicians and political parties to articulate and showcase their ideas and visions to the electorates Ujo (2000). This is because, political parties requires funds to be able to sell their programmes and manifestoes to the public and it is only by so doing that the electorates can make informed choices about which political party to support or not. It is further revealed by Ilo (2004), that finance determines the number of campaign staff, the number of vehicles to reach voters in the country, the amount of advertising on radio, television which make funding to be substantially aid party institutionalization.

Therefore, the term " Party Finance" has been described by Ujo (2000), Ilo(2004),Pinto-Duschinsky (2001 and 2004), Ayoade(2006), as the use of money or the use of other material resources for political parties activities. It also encompasses the means through which the political parties' activities are sponsored in a given polity. Pinto-Duschinsky (2004) subsequently modified his earlier thesis by posting that party finance is "money for electioneering". Since it is difficult to draw a distinct line between campaigns in many parts of the globe, and since it is difficult to draw a distinct line between campaign costs of party organizations and their routine expenses, party funds may reasonably be considered party finance too. He went further arguing that party finance includes not only campaign expenses but also the costs of maintaining permanent offices, carrying out policy research and engaging in political education, voters' registration and other regular functions of the parties.

Moreover, Oji et al (2014) stressed that the Electoral Acts (2002, 2006 and 2010) contain numerous provisions in relation to political party and election finance. The Electoral Act (2002) defines election expenses in section 84(1) as follows: "expenses incurred by a political party within the period from the date notice is given by the commission to conduct election up to and including the polling day in respect of the particular election. The Electoral Act 2006 has introduced ceilings on contributions by individuals to political parties and on the campaign expenses incurred by political parties and candidates alike. Section 93 stipulates that election expenses by every candidate shall not exceed:

- i. #500 million for Presidential Candidate
- ii.#100 million for Governorship
- iii. #20 million for Senate
- iv. #10 million for House of Representatives
- v. #5 million for State Assembly
- vi. #5 million naira for Chairmanship of Local Government Council and ;
- vii. #500,000 for Councillorship

The Act stress further that no individual shall donate more than 1 million naira to any candidate. Notable of this provision attracts fines ranging from 100 thousand naira or 1 month imprisonment or both for councillorship candidates, 1 million naira or 12 months imprisonment or both for Presidential Candidate, while any individual who donates more than 1 million naira to any candidate is liable to a fine of 500 thousand naira or 9 months imprisonment or both. The electoral commission is left to fix the maximum donation any person can make to a political party (section 92) as opposed to a candidate who is stipulated in section 93. No party can accept or keep anonymous contributions of more than 100 thousand naira unless it can identify the source of the money and must keep records of all donations over 1 million naira.

Statement of the problem

The major political parties in Nigerian politics today are little more than grand agglomerations of the respective electoral ‘machines’ of the leading political financiers. Many Nigerian politicians are ‘sponsored’ by local and regional power brokers cum political entrepreneurs who finance their campaigns for public office. The ‘sponsorship’ is effectively a business transaction in which the patron recovers the ‘investment’ in the form of public works and procurement contracts, prebendal appointments of cronies to public offices and other forms of prebendal activity by the ‘client’ politician on assuming public office. In some cases where the patron and client failed to define with sufficient precision, the dimensions of the return on investment or the client balks at

delivering per the agreed terms, the fallout has led to mass violence and political destabilization. Political party finance has been identified as a source of corruption in several countries. Political finance laws and regulation, through which political parties and candidates for political office declare their funding sources, are among the main instruments. Recent history has witnessed the pooling together of resources all over the world into a network of global awareness against unregulated use of money in politics.

Despite all the provisions by Electoral Act 2006, the problem of unregulated use of money in politics in Nigeria cannot be over-emphasized and that has also accounts for the huge negative impact it has made on Nigerian polity. Politics of cash and carry and winner-takes-all cannot generate development despite how long this brand of democracy is being practiced, especially where political groups and individuals with the highest financial power carries the day. It is against this background that this paper examines the knowledge, attitude and practice of people towards party finances in Nigeria.

Conceptual Clarifications

Political Parties

Political Parties for modern democracy is generally acceptable both by contemporary scholars and policy makers charged with fostering the development of newly emerging democracies or with improving the quality of democracy in established democratic polities (Bienzen 2004). Political Parties are principal instruments for contesting elections, the election being staged to select candidates as well as parties to exercise political power or authority (Yaqub 2002). These parties have now become firmly rooted in the established democracies and have rapidly acquired relevance in more recently established democracies in Nigeria and elsewhere in the world to the point that they are widely seen as a *sine qua non* for the organization of the modern democratic polity and for the expression of political pluralism (Dode 2010). A political party is one of the political institutions in a competitive democracy. Political Parties serve as an index through which democratic governance could be compared in states in that, the structure and operation of party politics in polities tends to serve as measuring rod for determining the fragility or otherwise of democratic systems (Omodia 2010).

Strong and sustainable democracy is dependent on the existence of well-functioning political parties. Political parties are crucial actors in bringing together diverse interests, recruiting and presenting candidates, and developing competing policy proposals that provide people with a choice. In a democracy there is no substitute for open competition between political parties in elections. Throughout the world, however, political parties find themselves in crisis, unpopular and increasingly distrusted. (Michael Chege et al 2007). They are suffering from declining membership, internal management practices that are often weak and not sufficiently democratic, and party system regulations that often set far reaching limits to the way in which parties are allowed to operate. In Africa, political parties face challenges similar to those faced elsewhere in the world, challenges that are further exacerbated by diverse and complex political and developmental challenges. (Michael Chege et al 2007).

Party Financing

The crux of party financing and campaign financing against the background of the institutional designs guiding such activities in a given political party, is another fundamental reason for problem of finance in the party. Fisher and Eisenstadt (2004) argue that ironically, despite extensive studies on virtually all aspects of parties, financial issues seem to have eluded and escape the attention of academic researchers. For any political party to function effectively, there is need for solid financial backing it enjoys from members. The importance of party funding is underscored by the contribution money can make in democracy and especially in developing economies where few elites control both the sources and distribution of money (Kura 2011). By implication, money more than anything, is a source of political power and political power in turn is a source of economic power. Little wonder, Karl Marx argued on the ‘materialist conception of history’, that it is the economy that serves as the foundation upon which is erected the superstructure of culture, law and government (Olaniyi, 2001:28).

The centrality of party financing is underlined by how it contributes to general crises affecting political party institutions. For instance, Hopkin (2006) argues that the manner in which parties fund their activities has been quite embarrassing. The diversities of democracies as well as

different typologies of parties suggest that party financing activities differ from one democracy to another and from one types of party to another. In contemporary clientele democracies, poverty, low level of education and general economic underdevelopment as well as the socio-cultural nature of such societies contribute to the “success” of clientelistic strategies of party financing. Perhaps, because of its complexities and susceptibility to corruption and absolute abuse, certain mechanisms are designed to regulate party finance. In 2002, the PDP campaign team organized a launching to boost the campaign for 2003 elections. In that event, over six billion naira was realized. At the end, the donors were compensated with contracts and political appointments. Looking at Anambra State chapter of PDP between 1999 and 2006, Chief Emeka offor and Chris Uba made the state ungovernable because they were one of the outstanding PDP financiers. Chief Emeka Offor not only tormented Dr. Chinwoke Mbadinuju, the then governor of Anambra State, but also dominated the running of the affairs of the State.

The pinnacle of the ugly situation was the abduction of Dr. Chris Ngige (former governor) in July 2003 because Ngige opposed to the move of Chris Uba (godfather) to colonize the State. Interestingly, PDP did not bother to carry out any investigation or disciplinary actions rather Ngige was made to leave the party with ignominy. It will be correct to infer that PDP has been inadvertently hijacked by plutocrats and kleptocrats.

Governance

As Pierre and Peters (2000) have rightly observed, governance is a notoriously slippery concept, frequently used by social scientist and practitioners without a concise definition. Plumptre and Graham (1999), sees “governance as a concept that involves interactions among structures, processes and traditions that determine how power is exercise, how decisions are taken, and how citizens or other stakeholders have their ways”. It is the process through which institutions, business and citizens’ groups articulate their interests, exercise their rights, obligations and mediate their differences”.

According to Oxford Advanced Learner's Dictionary, governance can be described as the activity of governing a country or controlling an organization. It is also the way in which a country is governed or company or institution is controlled. Therefore, governance is the process and practices through which an entity organized itself to achieve its mandate. It is concerned with the structures and procedures for decision-making, accountability, control and code of conduct. Governance ordinarily means how public institutions manage public affairs to ensure effective use of resources to achieve the good life expected of citizens in a given state. Olowu and Erero described governance as a concept that has acquired vast meanings in the past decades. They classified governance into three operational categories namely-functional, structural and normative. The functional refers to the process of formulation, legitimation and enforcement of rules in a society; the structural refers to the three composite elements or institutions of governance namely, the rule, or law, the ruler otherwise referred to as the state and the ruled otherwise referred to as the society.

Importance of Political Party Finance Disclosure

According to the Section 84 (7) (Electoral Act 2002), it is mandatory for the Commission to make available for public inspection during regular business hours at the national and state offices, the audited returns of political parties and the publication shall include the name, address, occupation and amount contributed by each contributor to a party. Information on expenses of Political Parties/candidates allows voters to make better educated decisions at the polls and this can help hold candidates and parties accountable to the electorate. Disclosure of information about income and spending by political parties and candidates is nowadays seen as a critically important component of a democratic campaign and party finance regime. Disclosure may help accomplish a number of tasks:

- 1) It contributes to an overall transparency of the electoral process. By means of disclosure, voters are offered an opportunity to learn more about political contenders in order to make an informed decision at the polls.
- 2) Requirements to disclose their 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 do not provoke public disappointment.

- 3) Disclosure emerges as an obstacle to corruption.
- 4) Publicly available information about the flow of money of parties and/or candidates serves as a deterrent to a risk-free use of funds from illegal or criminal sources. Therefore, disclosure can serve the purpose of dignifying the politics.
- 5) Disclosure of financial records contributes to making politicians accountable to voters and/or donors for the formers' choices of spending the amounts raised.
- 6) Public disclosure can serve as a barrier to excessive campaign spending. The most typical mechanism of disclosure is employed *inter alia* in many democratic countries - political parties or candidates are required to submit declarations containing their income, spending or both. These declarations are offered for public scrutiny by publishing them in official media or making them available to commercial media. However, financial information about political parties or candidates can also be disclosed indirectly - as a consequence of political competition.

Problems with disclosure

One of the problems with disclosure concerns the extent and accuracy of reports. While it may seem obvious that parties and candidates are required to disclose full information about their financial transactions, the reality lags behind this optimistic assumption. There are countries where only campaign income and spending has to be reported while routine expenses of political organizations remain hidden from the public eye. Other countries require reports about the finances of party headquarters while financial activities of local organizations are left unreported. In yet other countries, parties have to report about their local and central levels but transactions of affiliated units (women's organizations, youth organizations, political foundations etc.) remain unknown to the general public.

Political parties and/or individual candidates may be tempted to report a distorted picture of their finances to appropriate official bodies for a number of reasons. One of the reasons for misreporting can be receipt of larger donations in cash. In some cases, these may be so called kickbacks from contracts with public institutions or other contributions of illegal character (e.g. abuse of state resources). Alternatively, some donors may be excessively concerned with preserving their privacy and require no reporting as a precondition for a contribution. Another

reason for misreporting stems from the requirement (introduced in some countries) to reveal not only finances of a party/candidate but also resources spent on their behalf. At times, the imprecision and incomplete reports may be intentional to hide financial supporters or to decrease the overall amount of money spent on election campaign.

One more reason is related to different "ceilings" set in the legislation. For example, a party may report lower than actual income in order to comply with the maximum amount of donations allowed by the legislation. While disclosure is an important element of fair democratic process, its significance can be reduced in the absence of effective enforcement mechanisms. Many scholars have admitted that an excellent legislative framework for political and/or campaign finance is not sufficient to provide a meaningful control over money in politics. Another highly important component is impartial and timely enforcement of the existing regulations that brings at least some kind of sanctions against violators. Moreover, an effective tool would be a highly competitive party system where parties carefully monitor the activities of other contenders and state agencies and appeal to the public in the case of any irregularities or inadequate enforcement. This phenomenon refers to a growing sense among political parties that it is in their best interest to restrict mutual political competition in the name of their long-term survival.

Critical Analysis of Peoples' Knowledge, Attitude and Practice towards Party Finance

Despite various legislations and reforms on election matters in Nigeria, public perception on party finance remains plagued by perceptions of corruption, undue influence from wealthy donors, carefree and wasteful spending and more generally, from the perception that there is just too much money in politics. However, because attitudes to party finance are part of a broader attitudinal structures, opinion led reforms are unlikely to succeed in increasing public confidence. In comparison with other issues that dominates the public agenda more or routinely party finance emerges (usually) in response to perceived scandal or more accurately episodes (Fisher 1999). These episodes reinforce public distaste for parties and further calls for reform.

Understanding the interplay of knowledge of and attitudes to party finance may help to shed light on what can be perceived as the public sending mixed messages to politicians or policy makers because many a time we heap all the blame of political corruption on the political class. We unfairly accuse them of underperformance in office. We castigate them for not providing palpable dividends of democracy but we tend to forget or chose to ignore where, we as electorates and civil populace aid and abet political corruption. Severally, political office holders had complained and lamented the financial and material burdens they have to bear while in office especially to constituents, friends and families, they allege, perpetually put them under heavy financial yoke. These people besiege their homes and offices for one support or the other. It is ironic that these people are not meeting their political representatives to advocate for bills to be passed or infrastructures their communities need, but for their own selfish needs. Some of these needs are; payment of school fess of their children, funds to help them pay their house rent, support towards the new bride they are about to take or naming ceremony of their new born baby, assistance towards funeral they need to organize and other mundane and self seeking requests. (Jide Ojo 2014).

Finally, human rights activist, Mr Bamidele Aturu contested for a senatorial election in Lagos in 2003 under the National Conscience Party. At one of the post election conferences, he shared his experience while campaigning. According to him, after he might have told the crowd about his programmes and policies, the attendees at the rally will ask for 'second page' an euphemism for money. Some voters are also ever ready to sell their voters' card to any interested political party or candidates during the electioneering process and not minding the consequences aftermath. (Jide Ojo 2014). This is giving a credence to the fact that the huge financial demand on the part of the electorates or civil populace make the politicians to be more corrupt because they reasoned that making such demands is their own way of securing dividends of democracy which they term in popular parlance as " National Cake" or Politics of Stomach Infrastructure".

Conclusion and Recommendations

Finally, the following as stated below are some policy recommendations. For the present anti-corruption crusade against elections and party finance. The following measures must be addressed.

Firstly, a pre-election report should come within three weeks to the election while a post election report should be demanded within three months of the conclusion of poll. This will make the party to still be under obligation to report their expenses used for general administration and in support of particular candidates.

Secondly, the pre-election report should come with the declaration of assets of the candidate to enable the public form an opinion and reconcile the worth of the candidate with the resources he/she is expending for the election.

Thirdly, the candidates must have the obligation to submit election expenses report to Independent National Electoral Commission (INEC) in the case of general elections and State Independent Electoral Commission (SIECs) in the case of local government elections. This is to ensure that candidates spend more on their campaigns than their political parties.

Fourthly, in terms of institutional reform, there is a need for robust collaboration between and among INEC, SIECs, Federal Inland Revenue Service (Tax Office), Corporate Affairs Commission (CAC), State Security Services (SSS), the Police, the Judiciary, Independent Corrupt Practices and other related Offences (ICPC), Economic and Financial Crimes Commission (EFCC) etc in the crusade against political corruption. To also strengthen the capacity of SIECs and INEC to deal with the problems of party finance.

Fifthly, public funding of political parties should be restored. However, stringent conditions must be set for political parties to access this fund. They could be asked to write a funding proposal to INEC stating what they intend to do with the required fund.

Finally, INEC should make a scapegoat of perpetual violators of political finance regulations by prosecuting them in courts; creating an even playing field for parties or candidates; encouraging trust and participation in the electoral process; ensuring that political parties have adequate

funding to fulfill their important role in democracy; and lastly, Nigerians should be educated on the legal restrictions on campaign finance.

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