



CONTEXTUAL VARIABLES AND FINANCING OF POLITICAL PARTIES IN GHANA

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Introduction

Political parties play an essential role in every competitive multi-party democracy. Mainwaring (1999) recognizes the importance of political parties in the building of democracy as the main channel through which representation in parliament can work in the third wave of democratization. Consensus also exists among scholars (Diamond and Gunther (2001) Sartori,(1976), and Ware 1996)) that political parties are essential for sustainable democracy and good governance. Randall and Svasand, (2002) describe political parties as teachers of civic education, while Lipset (2000) emphasizes their indispensability in any modern democratic politics.

Undertaking all these roles inevitably requires substantial money. Thus, the availability or lack of finance is a critical element that directly impacts on the extent to which political parties can shape democratic politics. As the International Institute for Democracy and Electoral Assistance (IDEA) (2003) points out, money is vital to running any healthy democratic institution. Nassmacher (2003) considers funding the main driving force for a modern competitive political party system. Pinto-Duschinsky (2001) describes money as the engine of politics and the political resource that matters most. According to CDD-Ghana (2005), finance is vital to build vibrant and competitive political parties. Money is, therefore, the lifeblood of political activity and, as Clare Ettinghausen (2006) sums it up, money buys the access to the goods and services, favours and skills that are essential to effective political party activity. However, financial resources alone do not guarantee competitive political party activity, in much the same way as multi-party politics is also not a guarantee for development. Nevertheless, there is a strong correlation between financial resources, competitive political parties and democratic governance (Boafo-Arthur, 1998).



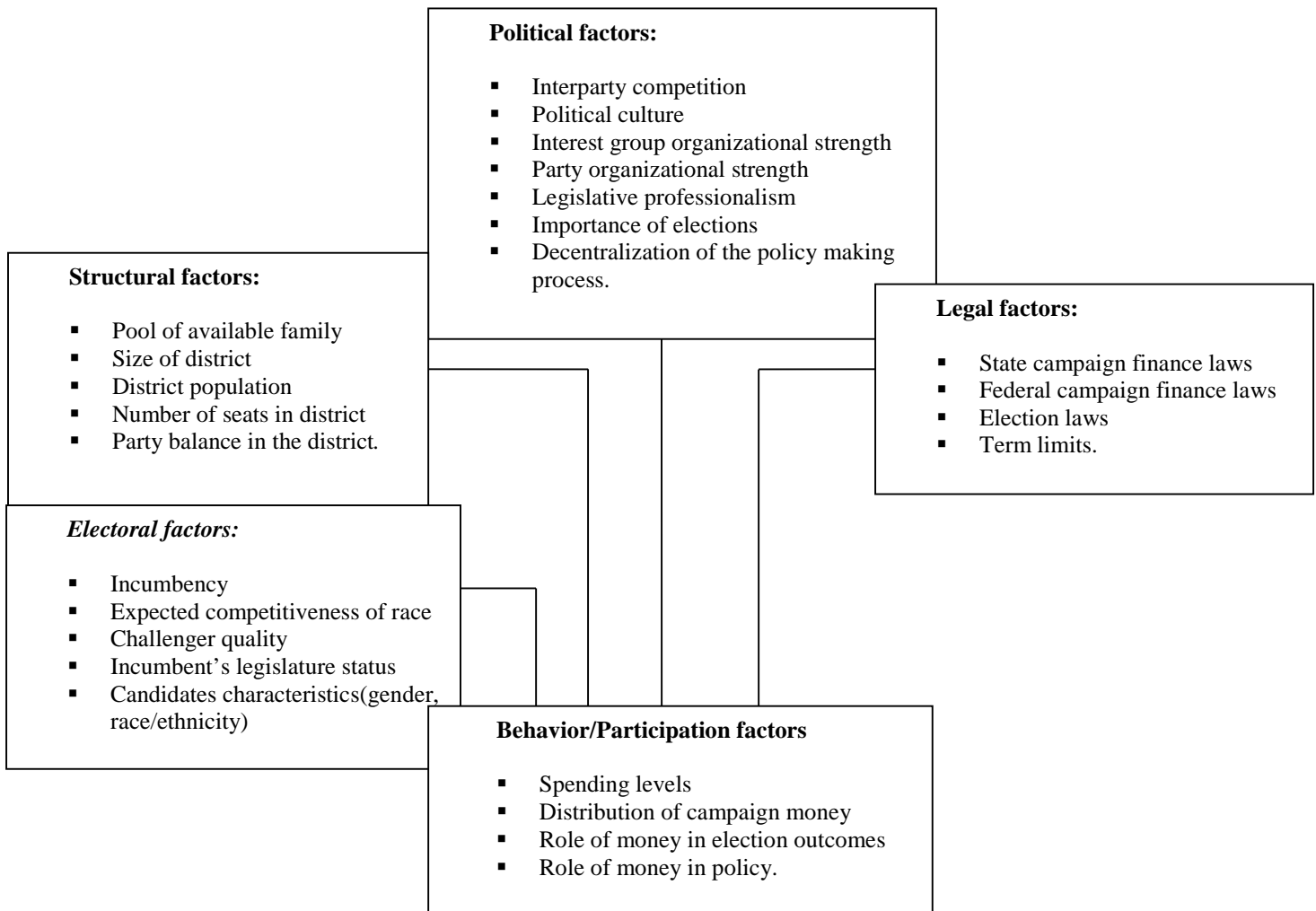
The financing of political parties from private sources often influence the degree of open political competition and equality of political opportunity that citizens enjoy (Butler, 2010). According to Butler (2010), in South Africa and the Global South, the poor who are unable to contribute to party funds are left to languish voicelessly in poverty, increasingly enraged by their exclusion from the political equality that democracy has promised the people. The debate on the appropriate ways of funding of political parties is, therefore, a concern for the quality of democratic governance. In the light of the enormous controversy the issue of party financing has generated amidst a growing democratic development, this study examines the contextual variables that have influenced the financing of political parties.

Gierzynski's Model of Campaign Finance

The study applied Gierzynski's (1998) model for the study of campaign finance to explain the contextual variables that affect funding of political parties in Ghana. Gierzynski's framework for the study of party finance illustrates how finance behavior takes place within different environments or settings in the United States. According to him, Senate races attract more media attention, are of higher profile, cost more, and have higher levels of competition than House races. The environment of Kentucky State house race is different from that of congressional races. Kentucky house races, for example, take place in a less competitive environment, have less visibility, and have different regulations for political party funding. It follows that, knowing about finance behavior in one setting is not the same as knowing other settings or environments. As a result, Gierzynski concludes that since political finance behavior is influenced in different environment by different environmental factors, a study of political party finance behavior or participation in a particular setting should be carried out with a different combination of environmental factors. His model or framework for the study of people's political finance behavior has five main environmental factors. These are: (i) Political; (ii) Legal; (iii) Structural; (iv) Behavioral or Participation and (v) Electoral. These crucial factors are graphically presented in Figure 1 below.



Figure 1: A model of Political Party Finance System



Source: Grossly adapted from A. Gierzynski, 1998: 20

The framework identifies the aspects of the setting or environment in which political party financing activities take place. It has provided essential factors such as political, legal, structural and electoral that influence participation in democratic politics. This classification, even though not adequate, has guided this study. This is because the factors outlined cut across all political environments. The discussion on the individual factors falls short of identifying all influences on campaign finance behavior with overlapping classification of variables. For example, incumbency was identified under the electoral factors in the American system. In Ghana and many African countries,



incumbency advantage is, to a larger extent, a political issue. For example, the Ghana Center for Democratic Development (2004) identifies manifestation of abuse of incumbency in the use of administrative resources for political organization. These include: turning official events into campaign rallies; privatizing public goods for partisan purposes; politicization of access to public facilities; blatant partisanship among the non-partisan District Assemblies; state media giving higher coverage to the incumbent than the opposition, etc. A review of the model also shows that vital components such as socio-economic factors: level of income, literacy rate, level of technology, and traditional beliefs which considerably impact on finance behavior were all missing in the analysis. This notwithstanding, the model can act as useful guide and be modified to identify variables that need to be considered in any study of democratic behavioral issues on financing political parties. The key issue is to identify how party financing system affects behavior and recognize those aspects that should operate in all party finance systems.

Research Methodology

The study focuses on the funding of political parties in the Fourth Republic of the Republic of Ghana. A survey was undertaken of the four political parties (the National Democratic Congress (NDC), New Patriotic Party (NPP), People's National Convention (PNC) and the Convention People's Party (CPP)) under study. So far, 23 political parties have registered with the Electoral Commission. For the purpose of this study, the four political parties, namely, National Democratic Congress (NDC), New Patriotic Party (NPP), Convention People's Party (CPP) and People's National Convention (PNC), which are consistently represented in Parliament, were purposively selected. The selection of these political parties was done based on the fact that the NDC and the NPP were the two strongest parties that had alternated political power under the Fourth Republic, while the CPP and the PNC were weak parties but had representation in parliament. Another factor that influenced the selection was the fact that the Institute of Economic Affairs has also selected and supported these four political parties since 2002.



The administration of questionnaires took place at party offices, homes, congresses and at party programmes. On Saturday April 5, 2014, the CPP held its National Executive Congress at Tamale. Permission was sought at the congress where 60 questionnaires were distributed and 55 questionnaires representing 91.6 percent response rate were completed and returned. The following Saturday, which was April 12, 2014, the NPP also organized a congress at Tamale to elect the national executives of the party. The researcher went to this congress with six party insiders as Research Assistants to administer questionnaires. Out of the total of 400 NPP respondents, 280 questionnaires were administered at the congress using the convenient sampling technique.

The NDC between April and May, 2014 organized several party programmes for their members at the Ghana Institute of Management and Public Administration (GIMPA), the Accra Polytechnic, the Methodist University and the Pentecost University, all in the Greater Accra Region. The researcher was given the opportunity to administer questionnaires at these programmes. The PNC did not hold any public programme at this time, but the researcher took advantage of the Tamale congresses to contact PNC members in the Upper West Region, the strong-hold of the party. The administration of the questionnaires was done in the language of the respondent's choice. The survey data was collected from April 5 to June 30, 2014.

- **Characteristics of Survey Respondents**

The study sampled 400 card holding members from each of the two major political parties and 102 from the CPP as well as 104 from the PNC. The sitting Members of Parliament (MPs) mobilized and spent funds for political activities. They were consequently represented enough in the sample. Out of 275 MPs of the sixth Parliament of the Fourth Republic, 102, representing 37 percent, were sampled in proportion to their seats. It is important to emphasize that the representation of MPs in the study suggested that at least 102 constituencies representing 37% of all the constituencies were sampled. The NDC had 147 members (54%), the NPP had 122 (44%), the CPP and the PNC had one each (Table 1). This high profile sample provided a rich understanding of the party financing issues in Ghana.



Table 1: Membership positions and Political Parties

Membership Positions	NPP	NDC	CPP	PNC	Total
Member of Parliament	44	56	1	1	102
National Executive	2	3	3	1	9
Regional Executive	19	14	28	7	68
Constituency Executive	212	103	20	30	365
Polling Station Executive	26	144	14	32	216
TESCON / TEIN Executive	42	29	0	0	71
Council of Elders	5	0	2	1	8
Overseas Branch Executive	0	0	1	0	1
Any other	0	1	0	0	1
Ordinary Member	50	50	33	32	165
Total	400	400	102	104	1006

Source: Survey Data, 2014

Discussion of Key Findings of the Study

The study identified contextual variables such as political patronage, political victimization, economic factors, lack of transparency and accountability, the organizational capacity of political parties, and religious and socio-cultural beliefs as the major challenges that have impacted on the mobilization of funds from ordinary members of political parties. How these factors have impacted on the mobilization of funds from members of political parties are discussed below.

The nature of funding political parties in Ghana

The respondents (1006) were asked to select one out of the nine financial contributors they considered as the major source of funding to their parties. Responses to this question were interesting. Indeed, 82.5% of the total number of respondents indicated wealthy members of political parties as the major source of contribution to their parties. This is made up of the rich individuals, 38.1%, members of Parliament, 19.2%, party executives, 18.1%, and founding members, 7.2%. In contrast, only 2.2% of respondents indicated ordinary members as the major source of funding. The contribution of rich individuals was very much felt in the NPP as 42.8% of all NPP respondents indicated them as major financiers. A large percentage of respondents from the NDC (38.8%) and the CPP



(29.4%) also mentioned rich individuals as the major source of party financing. However, the situation with the PNC was slightly different. Although responses showed that rich individuals constituted an important source of funding (as indicated by 26% of respondent from the PNC) a greater percentage of all PNC respondents mentioned that their party was mostly funded by party executives (32.7%) (see Table.2). It is, therefore, logical to assert that political parties largely depended on the rich individuals and party executives for the funding of political activities

Table 2: Major sources of income by Parties (cross tabulation)

Sources	Political Parties									
	NPP		NDC		CPP		PNC		Totals	
	#	%	#	%	#	%	#	%	#	%
Ordinary Members	3	0.8	4	1	6	5.9	9	8.7	22	2.2
Rich Individuals	171	42.8	155	38.8	30	29.4	27	26	383	38.1
Founders	22	5.5	17	4.2	13	12.7	20	19.2	72	7.2
Local Business	44	11	42	10.5	10	9.8	9	8.7	105	10.4
Members of Parliament	88	22	93	23.2	8	7.8	4	3.8	193	19.2
State Funding	3	0.8	5	1.2	1	1	0	0	9	0.9
Executives	54	13.5	61	15.2	33	32.4	34	32.7	182	18.1
Overseas	5	1.2	5	1.2	1	1	1	1	12	1.2
Foreign Business	10	2.5	18	4.5	0	0	0	0	28	2.8
Totals	400	100	400	100	102	100	104	100	1006	100

Source: Survey Data, 2014.

Contextual variables of party financing

Six items were used to identify the contextual variables that influenced party financing in Ghana. An exploratory factor analysis was conducted to identify the major categories that influence the mobilization of party funds. The exploratory factor analysis was deemed necessary because it provides the room for the six variables under study to be reduced to less categories. The tests for model adequacy yielded significant results as the Bartlett's test of model adequacy yielded a p value less than 0.01. This indicates that the sample selected is adequate for factor analysis. The factor analysis extracted two factors that explained 69% of the total variation present within the data set. Table three gives details of the factor loadings on the two distinct factors.



The first factor extracted explained 39% of the total variation. This factor contained variables that were related to institutional flaws within the party. These flaws include the issue of political patronage, lack of accountability and weak organizational capacity to mobilize funds for the political party. The second factor extracted approximately 30% of the total variation. Within this factor were issues that are related to the ordinary members of the party. This includes the issues poverty of ordinary members, fear of being victimized by other members of the party and religious and socio-cultural beliefs.

Further tests were conducted to examine the existence of substantial differences between the two identified factors. An independent samples t test conducted yielded significant differences between the severity of the challenges resulting from the institutional factors and the challenges resulting from the weakness of the ordinary members ($p < 0.01$). The t test is used to identify the difference between two variables. Institutional factors were found to be more severe than the factors that were related to the weaknesses of the ordinary members.

Table 3: Factor analysis of contextual variables of party financing in Ghana

challenge of mobilizing funds	Loadings on Factors	
	Institutional factors	Ordinary member factors
Political patronage	.832	.231
Lack of transparency and accountability	.850	.121
Weak organizational capacity of parties	.828	.175
Fear political victimization	.140	.800
Ordinary members are financially poor	.141	.800
Religious and socio-cultural beliefs	.122	.781

Source: Survey Data, 2014

Conclusion

The study examined the contextual variables affecting financing political parties in Ghana. It found out that the mobilization of money from ordinary members of political parties in Ghana is a serious challenge because of weak institutional factors such as political patronage, lack of transparency and accountability, lack of effective organizational capacity. The lack of financial support from ordinary members can also be attributed to



poverty, fear of political victimization and socio-cultural beliefs of the citizens. In a multi-party system, governments can only win power and survive through competitive elections between (or among) political parties. In fact, the organization of political parties is dependent on the extent to which resources are mobilized. This is because many scholars including Pinto- Duschinsky (2001); and Mathisen and Svasand (2002) believe that money is the lifeblood of political activity. Indeed, one of the essential elements of political participation is the financial contribution provided by the members of the society.

Nassmacher (2003) observes that in a modern democracy, the principle of 'one man one vote' coexists with the concept of the legitimate use of money for political purposes. He argues that political action should be paid for by those who take a voluntary interest in ideologies, issues and candidates, has led to emphasis on the idea of grassroots financing participation. If citizens decide to contribute their own money to party coffers and campaign chests, a political link of grassroots support for party politics is maintained. In this case, the political finance regime takes special care to make sure that politicians will continue to seek donations from supporters.

If grassroots supporters are less well-off, they need to collect 'big money in little sum'. Nassmacher (2003:5). This was demonstrated during the nineteenth and twentieth centuries when working-class parties in Western Europe collected 'big money in little sums' to promote their political cause. In like manner, the process of raising big money in little sum helped to fund political movements working for the independence of many African states (Nassmacher,2003). An example of this is how President Barack Obama



and his Democratic Party raised ‘big money in little sums’ to support political activities in the 2008 elections. They created a grassroots movement that was funded by a broad base of ordinary people through online contacts. According to Corrado (2011), Obama was so successful in raising money that he refused public funding not only in the primaries but also in the general election, becoming the first president since the creation of the public funding program in 1974.

Political parties should broaden their internal sources of income in order to improve on their internally generated funds and reduce their overdependence on wealthy members. As practised in Malawi, political parties in Ghana can also undertake productive ventures to generate income and also economically empower members (Olaore, 2004). They need to update their data on members and develop innovative payment strategies such as mobile phone texting using a code and other electronic means to facilitate the collection of membership dues. The development of regular internal sources of income from grassroots members will not only help political parties to plan their activities but also promote greater participation in decision making by the rank and file, as well as transparency and accountability. In addition, efforts to broaden internal sources may result in canvassing for new members and reducing the chances of a few wealthy donors hijacking the administration and appointing their favorites to leadership positions in the party. Fund raising activities are usually undertaken at the national level. In this connection, a decentralized machinery functioning at the constituency level should be vigorously pursued to ensure a vibrant link with members at the constituency or ward levels.



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