



Graduate School of Development Studies

**FUNDING POLITICAL PARTIES IN GHANA:
CHALLENGES AND PROSPECTS**

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Dedication

To my entire family

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List of Acronyms

CDD: Centre for Democratic Development (Ghana)
COGEL: Conference of the Council on Governmental Ethics Laws
CPP: Convention Peoples' Party
EC: Electoral Commission
EMB: Election Management Body
FES: Friedrich Ebert Stiftung.
FM: Frequency Modulation
GBC: Ghana Broadcasting Corporation
GCP: Ghana Congress Party
GETF: Ghana Education Trust Fund
GPPP: Ghana Political Parties Programme
HDI: Human Development Index
IDEA: International Institute for Democracy and Electoral Assistance
IEA: Institute of Economic Affairs (Ghana)
IFES: International Foundation of Electoral Systems
KGC: KAB Governance Consult (Ghana)
MAP: Moslem Association Party
MP: Member of Parliament
NCP: National Convention Party
NCCE: National Commission for Civic Education
NDC: National Democratic Congress
NHIS: National Health Insurance Scheme
NIMD: Netherlands Institute of Multi-party Democracy
NLM: National Liberation Movement
NPP: New Patriotic Party
NPP: Northern Peoples' Party
PCP: People's Convention Party
PDA: Prevention Detention Act
PP: Progress Party
SAM: Stakeholder Analysis Matrix
SPSS: Statistical Package for Social Science
TC: Togolese Congress
UGCC: United Gold Coast Convention
UK: United Kingdom
UP: United Party
USA: United States of America
USD: United States Dollars
VAT: Value Added Tax
WTP: Willing To Pay

Abstract

The study examined the desirability of public funding of political parties in Ghana. The focus was on arguments and counter arguments about public funding of parties in Ghana. The study used various policy tools to ascertain what the best practice should be in terms of public funding of political parties. The survey arrived at evidence which suggest that political parties should be given public funding in order to ensure a level playing field for all the parties that register to contest elections. The argument supporting this view is that less resourced parties often blame their abysmal performance in elections on the funding urge that governing parties have over them and this is likely to plunge the country into a political turmoil one day if public funding is not provided for all parties. However, the argument that basic infrastructure need to be provided for societal good and the fact that constitutional bodies are under funded were some of the arguments raised against public funding of parties.

The findings of the study indicated that a diverse/multi-support fund for funding parties with the VAT as the main policy proposal for revenue generation while the Electoral Commission of Ghana manages the Fund.

To this end, there must be rules on funding and these rules should serve to prevent conflict of interest and the exercise of improper influence, to preserve the integrity of democratic political structure and process.

Relevance to Development Studies

Development studies is a broad discipline that encompasses varied educational fields and this includes political institutions. Political party studies reflect the challenges of theory, processes, practices and techniques of political application that have some significance to development studies.

The relevance of political parties to development emanates from the fact that they are a key institution that recruits and elects political leaders through the electoral process. In this way, the study helps explain how leaders become accountable and transparent in their stewardship to the people.

Keywords

Political parties; opposition; funding; membership; elections; incumbency; level playing field; governing parties; institutions.

Chapter 1

1.0 INTRODUCTION

The purpose of this study is to examine critically the issue of financing political parties in Ghana. Party funding in Ghana is a delicate and sensitive issue. The debate on state/public funding of parties is still on going and the search for a solution to the problem requires time and adequate debate or consensus by all political actors particularly the electorate who will ultimately pay if the policy receives parliamentary approval. Time is required because the task of resolving different shades of opinion is important to reach a decision using tested approaches and strategies. Again, the so-called beneficiaries are the leading advocates in deciding whether or not the state should fund parties and therefore does not provide the minimum test of democratic legitimacy. Others are of the view that the amounts involved are relatively small and the potential benefits relatively very large. Further, it is seen by some as a problem because of the narrow tax net, inadequate institutional capacity and the relatively high level of poverty [see 1.2].

A party's financial background and the way funds are generated help to determine the party's organizational strength, that is, its degree of autonomy, its cohesiveness and effectiveness. Sourcing finances for political activity has been a continual problem to parties. Austin (1964: 171-2) quoted Nkrumah as saying 'the finances of the Convention Peoples' Party (CPP) have not been too healthy of late', Nkrumah told party faithful at a conference in Sekondi-Ghana in the 1960s. Funds had not come in commensurate with the growth of the party.

Indeed, an enormous amount of money must be spent to reach the electorate; to break down public inertia and secure political activity (Aye, 1993: 246). One is expected to spend 'good' money to reach out to the electorate. For instance, literature is required to be printed, newspaper space is needed, radio and television time necessary for advertisement and campaign messages, personnel emoluments have to be met, campaign vehicles have to be procured to mention but a few, are all expensive ventures.

In the light of the above, this study sets out to do the following: first, to examine the arguments for and against party funding in Ghana and secondly, to identify and discuss the main sources of funding political parties and the instruments that regulate such funding with special focus on the Acts that regulate party funding.

1.1 HISTORICAL DEVELOPMENT OF PARTIES IN GHANA

The history of party formation in Ghana dates back to the 1940s. The United Gold Coast Convention (UGCC) was the first party to be formed in 1947. Led by Dr J. B. Danquah, the party advocated for 'self government within the shortest possible time'. Its political rival the CPP called for what (Agyekum, 1988:18; Boafo-Arthur, 2003: 212; Hensbroek, 1999: 86), termed 'self government now'. Dr Kwame Nkrumah who was a member of the UGCC (General Secretary for that matter) broke away from the party due to

differences between him and the rest of the UGCC leadership. This led to the formation of the CPP, which Nkrumah became the leader (Apter, 1955, Austin 1964). Regardless of the actual events leading to the break-up and the motives of the leading actors in the scenario therefore, the founding of the CPP on June 12, 1949 marks the introduction of multi-party politics into Ghana (Bluway, 1993: 211). This afforded Ghana the opportunity to benefit from alternative strategies of outright confrontation and active collaboration with the colonial regime.

This background set the stage for party formation in Ghana and according to Boafo-Arthur (2003) other smaller parties emerged on the political landscape. Some of these which were ethnic and religious based included the Ghana Congress Party (GCP), the Moslem Association Party (MAP), the Northern Peoples' Party (NPP), National Liberation Movement (NLM) and the Togolese Congress (TC) among others. The 1956 elections marked the high-water mark of the contest between the CPP and the NLM which effectively replaced the UGCC (*ibid*, 2003). The CPP won the elections to attain independence for Ghana in March 1957. Some of the political highlights that led to the overthrow of Nkrumah included the enactment of the Prevention Detention Act (PDA) which allowed detention without trial and the establishment of a single-party in 1964 after a referendum. Frimpong-Ansah (1991: 99) noted, the coup that toppled Nkrumah on the 24 February 1966 emphasized that the myth of Nkrumah was broken. Since the overthrow of the country's first President in 1966, Ghana has experienced several long periods of military rule: 1966-69, 1972-79, and 1981-92 (Szajkowski, 2005).

To ensure that political parties are nationally based and also perhaps to cripple the small parties in the country, the government of the day passed the Avoidance of Discrimination Act in December 1957. Following this Act, the opposition parties which were, indeed, sectarian, 'tribal' or regional, merged into one party called the United Party (UP), under the joint leadership of K.A Busia of NLM and S.D. Dombo of the NPP (Buah, 1980).

The elections of August 1969, Manu (1993, 122) ushered the Progress Party (PP) which was a revised version of the UGCC and the NLM combined (Frimpong-Ansah, 1991). This party was led by Dr. K.A. Busia (Second Republic of Ghana) and ruled from 1969 to 1972. However, inspired by the successful coup of 1966, some disgruntled soldiers led by Col. I.K Acheampong overthrew the 27 months old government of Busia in 1972 (Debrah, 2007: 110).

The Acheampong administration ruled the country until it was overthrown in a palace coup in 1978 (*ibid*, 2007, 111). General Akuffo's reign was however terminated on 4 June 1979 by the Armed Forces Revolutionary Council (AFRC) led by Flt. Lt. Rawlings. This regime reinvented the wheel of political party activities which led to 1979 elections (Debrah, 2005) that ultimately ushered into office the Third Republic headed by Dr. Hilla Limman of the Peoples National Party (PNP). According to Manu (1993: 125) a careful study of the parties that contested the 1979 polls revealed that the parties retained the organizational structures of those of the First and Second Republics. Indeed, the membership of these parties appears to be a carry-over of membership from the erstwhile political parties, so much so that even though party designations had changed, the changes appeared to be in name

only or as Debrah, put it they decorated their old parties with new names (2007, 111).

However, barely two years later, a Rawlings led coup ousted the Limman government on the 31st of December, 1981. Rawlings again ruled Ghana until 1992 when his Provisional National Defence Council (PNDC) led military character was metamorphosed into civilian government to win the 1992 polls on the ticket of the National Democratic Congress (NDC) to usher in the Fourth Republic.

The convocation of election in the late 1992 was to begin a new era of democratic rule under the Fourth Republic. Again the old political faces resurrected to create new but old parties (Debrah, 2005). For instance pro-Nkrumah parties were divided into the PNC, NCP, NIP and PHP. The Danquah-Busia believers founded the New Patriotic Party (NPP) and a conglomeration of the pro-Progress Party and Nkrumahists composed the NDC (*op cit*, 2007).

1.2 JUSTIFICATION OF THE RESEARCH

With a Gross National Income per capita of \$320 (World Bank, 2004: 256), Ghana falls within the low income bracket. Generally poverty is widespread among a population mainly dependent on subsistence agriculture and informal economic activity. The World Bank's Human Development Report of 2005 indicates that incomes are unevenly distributed with the poorest averaging 39.5% (1998 figures). At the same time substantial number of people averaging 44.8% (1999 figures) is estimated to live below abject poverty line of \$1 a day (*ibid*: 258). In a related development (Europa Regional Survey, 2005: 529), ranked Ghana 131 in the Human Development Index (HDI) ranking of 2002 with an HDI value of 0.568. Against this gloomy statistical background, political parties find it extremely difficult to mobilise resources especially from the rank and file of its core members to meet their recurrent expenditure while at the same time raising enough funds for campaign activities. Public funding has therefore been advocated by a number of institutions/stakeholders to look into the possibility of cushioning parties in the face of widespread poverty among the people.

Kumado (1993) in his article on legislation of political parties stated that the most controversial and burdensome of provisions of PNDC Law 281, [see 2.5] (repealed) are those relating to the finances of political parties and disclosures required of them. The running of a political party in Ghana, as elsewhere, obviously entails all kinds of expenditure. Gyimah-Boadi (2008) summarises such expenditures to include recurrent and capital expenditures associated with running party administration; expenditures associated with procuring the necessary technocratic advisory services and developing programmes and strategies, expenditures on the organization of party meetings, caucuses, congresses and conventions and above all parties have to deal with expenditures associated with conducting election campaigns.

1.3 PROBLEM ANALYSIS

Political parties face enormous tasks in raising funds to meet their day to day transactions cost as well as their campaign schedules and programmes. Poverty is a major issue hindering membership contributions to political party finance. It is in the light of this handicap that this study attempts to explore the contemporary state of political parties with the view to highlighting financial crises facing parties in Ghana and come out with policy recommendations to build sustained political structures.

The constitution allows only citizens to make contributions in cash or kind to a political party. It is to be noted that a citizen is defined to include a company wholly owned by Ghanaians or an entity in which Ghanaians have 75% or more shares. Contributions by foreigners in cash or kind are not allowed, except that a donor or foreign organization is permitted to make a contribution in cash or kind for the collective benefit of all the registered political parties through the Electoral Commission (EC) (Afari-Gyan, 2003; Bofo-Arthur, 2003). This constitutional provision and the Political Parties Acts [see 2.4] impose stringent duties and places onerous responsibilities on them in terms of the sources of their revenue, their reporting system and their accountability responsibilities.

Given this backdrop, stakeholders are calling for the need for some level of public finance to support political parties to enable them contribute meaningfully to Ghana's growing political democracy. Salih and Nordlund (2007: 121) as in (Fambom, 2003) illustrate that the direct and indirect flow of public funds to African political parties has not been appreciated or fully recorded. They argue further that political parties, particularly opposition parties, often accuse the governing party of using public funds to finance its election campaigns, denying them access to the public media and at times creating harsh laws that restrict the opposition parties' access to public resources.

According to Article 55 (3) of the 1992 Constitution of the Republic of Ghana, 'a political party is free to participate in shaping the political will of the people, to disseminate information on political ideas, social and economic programmes of a national character and sponsor candidates for elections to any public office other than to District Assemblies or lower local government units' (Constitution, 1992: 47).

Special attention was paid to two dominant political parties (that is the NDC and the NPP) because of: a) their influence in the body politic of the citizenry and b) their character and strong hold effects. On presidential analysis the combined share of the NDC and NPP in the 1992 presidential election votes averaged 83% as against 17% by the minority parties put together (Electoral Commission, 2005: 88-89). However, since the 1992 elections, the total average for the two parties has been phenomenal: 97%, 92% and 96% in 1996, 2000 and 2004 elections respectively.

Table 1.1: Strength of the two parties in Presidential Elections, 1992-2004

PARTIES	1992	1996	2000	2004
NDC	60.7	57.4	44.50	44.6
NPP	22.8	39.6	48.17	52.4
Others	16.5	3.0	7.33	3.0

Source: Electoral Commission, Ghana

Similarly, in parliamentary elections, the two parties have won between 96% and 97% of the parliamentary seats compared to the small parties as depicted in Table 1.2 below. It is noteworthy that the number of parliamentary seats was increased from 200 in 1992, 1996 and 2000 elections to 230 in the 2004 poll.

Table 1.2: Number of seats won by the two parties in Parliamentary Elections, 1992-2004

PARTIES	1992	1996	2000	2004
NDC	189	133	92	94
NPP	-	61	100	128
Others	11	6	8	8

Source: Electoral Commission, Ghana

In approaching the issue of funding political parties, the study will explore what constitute funding in political parties. Funding political parties may include three important areas: [1] party's internal organisation, [2] party's physical infrastructural development, and [3] campaign activities. Party organisation generally encompasses recurrent expenditure: this could be in rent charges to rented office apartments, salaries to staff, maintenance and repairs of vehicles, office stationery, equipment to mention but a few. Party's infrastructural development covers capital expenditure which includes investment in party office structures: national offices, regional offices and constituency level party offices and so on. Campaign activities on the other hand refer to such activities as: organising rallies to sell party's message or manifesto to the electorate, buying media time; erection of bill boards; printing of flyers among others. Party's internal organisation is a continues process and covers an all year round activities; physical infrastructural development are long term capital undertaking while campaign programmes usually take place during election related programmes with much of such activities within an election year. Political parties therefore need financial resources to acquire and properly build capacity, to organise themselves, to continuously communicate with the people, and to mount effective election campaigns among others.

1.4 OBJECTIVES AND QUESTIONS

The main objective of this study is to examine the adequacy of funding sources of political parties in Ghana with particular reference to the NPP and the NDC.

To explore the possibility of public funding using the VAT system which when becomes operational will level the political arena for all parties.

The main research question is: What are the arguments for and against public funding of parties in Ghana.

The research sub-question is: Should Ghana have public funding of political parties?

1.5 RESEARCH METHODOLOGY

1.5.1 Data Sets

The main research methods employed for this study are the questionnaire and interview approaches. Primary data was gathered through the questionnaire-interview approach and questions were made up of both closed and open-ended and again divided into two: one developed questionnaire made up of 46 questions in all and directed at party leadership and Members of Parliament (MPs) and a general questionnaire (41 questions) was directed at other stakeholders as the Institute of Economic Affairs (IEA-Ghana); the Electoral Commission of Ghana (EC); The National Commission on Civic Education (NCCE); The Centre for Democratic Development (CDD-Ghana); Academia to mention but a few.

1.5.2 Methods of Data Collection

With ten administrative regions and 230 constituencies, 12 MPs were sample. The MPs were selected, based on the percentage of votes cast rather than the total number of votes for parliamentary elections during the last general elections. Again urban and rural constituencies were taken into account in the choice of MPs. In effect 6 MPs were of rural constituencies stock comprising 3 majority members and 3 minority members while another 6 were drawn from urban districts also made of 3 majority and 3 minority members. In addition five persons each from academia in Ghana and CDD were sampled based on their research activities in democratic governance while nine, four and one respondent(s) either answered questionnaire or were interviewed from the EC, IEA and the NCCE respectively. The rest included twelve [12] party officials and one person from KAB Governance Consult (KGC), a Governance Consulting firm based in Accra.

Secondary/desk data mainly data from audited accounts are also shown to indicate the main sources of funds to parties. Besides, other sources of secondary data were gathered from:

- Websites of elections and party related international institutions such as International Institute for Democracy and Electoral Assistance (IDEA), International Foundation of Electoral Systems (IFES), Netherlands Institute of Multi-party Democracy (NIMD) among others

- Local media especially the print media
- Policy documents and laws on political parties in Ghana
- NPP data on party funding and election campaign
- NDC data on party funding and election campaign
- Academia in Ghana

Secondary data sources from party accounts are used to show the main sources of funding for party organization and the trends of funding especially during election years. Statistical tools as the mean, standard deviation, as well as bar and pie charts are employed to give quick graphical impression of trends of phenomena.

Literature pertaining to political parties in general is reviewed with special emphasis on Ghanaian parties. Even though the study is focused on the two dominant parties as indicated earlier, mention is also made of other parties as and when necessary. In short the scope of the paper is not mutually exclusive to the two.

The two sets of questionnaire were pre-tested with senior staff members of the EC and the NCCE. Information from the survey was entered into a readable format by a team of three data entry assistants including the researcher using Statistical Package for Social Science (SPSS) software.

The interview technique was employed using the same questionnaire developed for the survey, to gather information from respondents who were busy with their schedule of work but were ready to spare some 15/20 minutes with the researcher on one-on-one basis.

1.6 LIMITATIONS OF THE STUDY

The main limitation of the study was time. In fact the researcher was not able to interview all persons earmarked before the survey due mainly to electoral programmes, as most MPs and party executives were not available most of the period data was collected. This as indicated earlier posed the major handicap to collect and even conduct many interviews as possible. Other problems were the inadequacy of funding which did not allow me to conduct a broader survey and the repeated visits to respondents for feedback which, in some instance; had to be done several times was also a drawback.

1.7 STRUCTURE OF PAPER

Chapter One has brought to the fore the genesis of party organization in Ghana, the scope of the study, its relevance, the research objectives and questions, methodology, limitations and structure of the study. Chapter Two will cover methods of party funding, funding in other African countries and the legal framework of the study. The methods of funding refers to the main sources of party funding while the legal framework involves looking at various party law models as well as constitutional and legal instruments of party organization in Ghana. The purpose of referring to them is to see how they facilitate the whole process of funding parties. Chapter Three analyses stakeholders and institutions and discusses the NPP and the NDC, bringing out their characteristics, ideology and political convictions. Chapter Four

presents data from the field using synthesis tables to structure arguments for and against party funding in Ghana and descriptions using various statistical tools as indicated in the methodology above (see 1.5). Audited accounts of the two parties covering 2000, 2004-06 are provided to indicate the state of party finances. In Chapter Five, I reflected on the various chapters and provided a conclusion for the study.

Chapter 2

2.0 PARTY FUNDING METHODS, FUNDING IN SOME AFRICAN COUNTRIES AND LEGAL FRAMEWORK

This chapter of the study throws the spotlight on methods of party funding, the sources of finance and the legal framework underlying the analysis of the study. The analysis will also delve into political parties' legislations, bringing out the different dimensions of the laws as they impact on financing political parties. It sums up that whatever the good intentions of the current legislation, it is still beset with a host of bottlenecks. The various methods of funding parties are illustrated in the Table 2.1:

2.1 METHODS OF FUNDING

Table 2.1: Methods of Funding

METHOD OF FUNDING	DEFINITION	EXAMPLE
Membership dues	Money paid into party coffers by its members	Practiced globally for example in most established democracies as the USA, UK and in some Africa countries.
Donations	Incomes received from public spirited individuals and corporate bodies	Practiced globally for example in US and UK.
Fund-raising	A public function organized by political parties to raise money	Practiced globally
Public funding	Funding political parties directly with or without legislation from state resources	Particularly in Africa, 14 countries are known to fund political parties. See Table 2.2.
Indirect funding	Any assistance or resources which can be shown to have monetary value but are given free to political parties. For example free air time	In most African countries, UK and else where
Diaspora support	Incomes raised from citizens living outside the shores of the country who lend support to political parties	For example in Ghana
Corrupt kickback	Money raised from kickback on government contracts and the sale of state assets	For example in Ghana
Foreign donors	Support received from the donor community	Examples abound in most developing countries such as Ghana.

Source: Adopted and Tabulated with Examples by Researcher from Saffu, 2003.

From the above table, fundraising activities and donations constitute the dominant methods of funding of parties generally. However, other sources such as membership dues, patrons and Diaspora contributions like state taxes, even if token help to sustain and give parties financial leverage. It is important to add that governing parties take advantage of incumbency to raise substantial amount of resources from indirect sources and therefore constitute a major source of funding to parties in power only.

2.2 SOURCES OF POLITICAL PARTIES INCOME

Several sources of funding exist for political parties in Ghana. However, the issue at stake is its adequacy in meeting the financial commensurability of party activities. Saffu (2003: 21-29) in his contribution to funding sources to political parties debate reiterated that all the methods of funding practised elsewhere in the world are in use in Africa. The researcher agrees to some extent to Saffu's view, however, there are various forms of incomes to political parties especially in the United States of America (USA) that is not practiced in some Africa jurisdictions and Ghana in particular. An example is credit transfers through the internet to political parties. Furthermore, there are other forms as Diaspora support (see 2.3.1 below) to parties in Ghana which is a source of political funding but may not necessarily be practiced elsewhere. Kumado (1996: 13-14) summarises four principal sources of income to parties in general. (1) Seed money contributed by founding members, (2) subscriptions or dues payable by the general membership of the party, (3) donations and one-off contribution, and (4) a source which research has disclose are contributions by overseas branches of parties which is described as Diaspora contribution. In a related development, Saffu argues that the most compatible of the sources with democracy is membership dues, local fund-raising activities, individual donations by party members and sympathizers (*op cit*).

Further away from the democratic ideal would be donations by interest groups, lobbyists and corporate bodies and investments by political entrepreneurs. Of the above, the most prominent in Africa in terms of size and frequency are donations (of various types, including those by founders of political parties and foreigners), corrupt kickbacks and returns on business investments (Saffu, 2003), loans and state subventions/government grant (Onuoha, 1996: 28). In many African countries, the use and abuse of state resources is a corrupt form of massive public funding, albeit indirect and unauthorized by the law, and is available only to governing parties.

2.2.1 Donations

Donations are the modal source of political financing (Nassmacher, 2003; Saffu, 2003). Whereas only parties in government can exploit "toll-gating" or percentage kickbacks, or use front organizations to funnel state money to the party, all parties can depend on donations to varying degrees. In Ghana, donations are sources that seem to feature prominently as other sources tend to be negligible. However, the sources of such donations may have political underpinnings because donors as rational beings may demand reciprocity should party win political power. Political parties list "Ghanaian citizens living abroad" (Diaspora support) in their disclosure of sources of funds, and the presidential candidate of the main opposition party allegedly received USD 100,000 from its US branch for the 1996 elections (Salih, 2007 as in Gyimah-Boadi, 2000).

2.2.2 Corrupt Kickbacks

Parties created within governing circles most often depend on kickback from contracts to fund parties. For instance, the NDC in Ghana had less need for

political entrepreneurs with fat wallets. In their control of the state they already had a lucrative source of funding through kickbacks on government contracts and the sale of state assets (*ibid.* 2007).

2.2.3 Public Funding

Africa lags behind other regions of the world in the proportion of countries that have public funding provisions (Saffu, 2003 in Ohman¹, 1999). As of the beginning of 2002, on the basis of the available research, only 14 [see Table 2.2] out of the 53 African states were known to fund political parties directly with or without legislation. Of the number only four countries had some reasonable amounts of funding from their governments and included South Africa, Morocco, Seychelles and to some extent Zimbabwe. In Ghana, the then ruling NDC in 1999, not surprisingly, declared its opposition to a bill to authorize public funding of political parties [Saffu, (2003) as in (*Ghanaian Chronicle*, 3 December 1999)].

2.2.4 Indirect Funding

Indirect funding is any form of assistance received by political parties which can be shown to have monetary value. Free air time on radio/television and free advertising space in publicly owned media are good examples. Other forms of indirect funding are the governing party's use of state vehicles, employees of state, office equipment to governing party's advantage.

2.3 VAT AS A 'SOURCE' OF FUNDING

The VAT is a tax regime applied on the value that is added to goods and services at each stage in the production and distribution chain. It forms part of the final price the consumer pays for the goods bought or services rendered. The VAT was introduced to replace the sales and service taxes in Ghana. The rate of charge for the VAT is 12.5%. The National Health Insurance Levy (NHIL), like the VAT is a general tax on consumption expenditure imposed under the NHI Act 2003; Act 650. Its collection commenced on 1st August 2004 with a rate of 2.5%, therefore the total (VAT+NHIL) is 15% including 2.5% for the educational fund [Ghana Education Trust Fund (GETFund)]. The legitimacy and sustainability of the tax system (VAT) is beyond doubt. The VAT system could be used as a 'panacea' to finding a lasting solution to the issue of funding parties when passed into law. Four categories of challenges as put forward by Gyimah-Boadi that affect the proper functioning of parties that the VAT system will provide, if institutionalised are: [1] adequacy of funds relative to the costs entailed in effectively functioning as a political party, [2] legitimacy, in terms of the sources from which funds were obtained, [3] equity, at least in terms of opportunities for all serious political parties to source funds

¹ A study commissioned by IDEA on public funding of political parties in African countries.

and [4] sustainability over time (2008). This will at least address some of the crises that have bedevilled parties since the beginning of the Fourth Republic and having experienced four presidential and parliamentary elections (1992, 1996, 2000 and 2004) the time has come for all political actors to address the issue of party funding. Even though the sources of funding of political parties are varied theoretically, in practice, the main beneficiaries tend to be governing parties in Ghana. These are further analyzed in Chapter four of this study.

2.4 LEGAL FRAMEWORK

Like in other political jurisdictions, the Republic of Ghana has enacted laws that are used to guide and regulate party organization. Salih and Nordlund (2007: 107-111) refer to political party regulation as a host of legal, administrative and institutional frameworks (the constitution, the electoral law, the political party law, party finance law, election campaign law among others). They further offer five party models - the proscription model, the permission model, the promotional model, the protection model and the prescription model as in (Janda, 2005). Of these models, the promotional model is operational in the Ghanaian political context. With this model the government of the day (NDC from 1992-2000) enacted laws to permit the formation of political parties when it lifted the ban on political parties in May 1992. This led to the formation of a number of political parties such as the NDC (the party of the then ruling government), NPP, Peoples National Convention (PNC), National Independence Party (NIP), Peoples Heritage Party (PHP), National Convention Party (NCP), Egle Party and Democratic Peoples Party (DPP) to contest the December 1992 election (Electoral Commission, 2005). However, the political terrain at the time was rough due to the fact that the government in power had metamorphosed itself from PNDC to NDC and thus made life for the other parties difficult especially setting harsh laws to restrict their funding sources.

2.5 POLITICAL PARTIES LAW

This part of the study focuses on the current Political Parties Act and brings out the positive and negative aspects of financing parties. Political Parties Law 1992, PNDCL 281², Section 20 states “ no citizen of Ghana shall contribute within any one year to the funds of a political party an amount whether in cash or in kind, exceeding 200,000 cedis (equivalent to GH¢ 20³ after currency redenomination in July 2007) and in addition to any penalty that may be imposed under Section 29 of this law against a person who contravenes this section, any amount in excess of GH¢ 20 or its equivalent value in kind

² Political Parties Law 1992, PNDCL 281, Date of Gazette notification: 15 May 1992

³ <http://www.bog.gov.gh/index1.php?linkid=139&qrydate=23/09/2008>, Accessed on 23 09 2008, US\$1...GH¢ 1.1453

contributed by that person shall be forfeited to the State and the political party to which it was paid shall pay it to the state”.

Apart from the individual, no company, partnership or firm of business enterprise shall contribute any amount whether in cash or in kind to the funds of a political party, and in addition to any penalty that may be imposed under Section 29 of this Law in respect of a contravention of this section, any amount paid in contravention shall be forfeited to the State and the political party to which it was paid shall pay it to the State. The penalty to these provisions as stipulated in Section 29 (4) is that where an offence under this section is committed by a political party, every officer of that party shall also be guilty of the offence.

Due to the restrictions as contained in the law, an amendment was made and PNDCL 281 was repealed and replaced with the Political Parties Act 2000, Act 574⁴. Section 23 (1) of the new version however states ‘only a citizen may contribute in cash or in kind to the funds of a political party’ and subsection (2) stipulates ‘a firm, partnership or enterprise owned by a citizen or a company registered under the laws of the Republic at least seventy-five percent of whose capital is owned by a citizen is for the purposes of this Act a citizen’. This provision as indicated above is amplified and clarifies the constitutional provisions carried in Article 55 (15) of the 1992 Constitution. It asserts that:

“only a citizen of Ghana may make contribution or donation to a political party registered in Ghana”.

The expectations of the various stakeholders was that the repeal of the PNDCL 281, would reduce public perception against some provisions of the repealed law thus making the new law more responsive to the current political ramifications in funding political parties. The expectation was however, not met as Act 574 embrace part and in some instances the whole of the repealed Act. In effect, it did not come with significant changes due to the basic explanation for the limitation as put in the work of Aye (1993: 249) that large contributions by aliens and business interests are made in expectation of something in return, for example, granting of licences and award of contracts. On the some of the provisions of the new law, it is expected that finances of parties will get better, because citizen who are willing to pay (WTP) can now pay more to support their parties. However, this will depends on the number of supporters who are card bearers and have the capacity to pay. Since the law has excluded non-Ghanaians (aliens, strangers, outsiders, foreigners) from contributing to funding political parties, it beholds on citizens (Ghanaians in main land Ghana and those in the Diaspora) who are ‘willing to pay’ to contribute their widows mite to fund parties so as to improve on the fledging democracy process. By particularly looking at Ghanaians, it provides for the people a sense of recognition and inclusion in the polity of the country. Despite this legislation, the citizens alone are not able to raise enough money to fund party activities, governing party as a result either use front agents or corrupt/divert state funds into party coffers thus making political life difficult

⁴ Political Parties Act, 2000, Act 574, Date of Gazette notification: 17 March 2000

for parties in opposition. It is particularly instructive to note that nearly all district and regional chairmen of ruling parties in the Fourth Republic are or have become businessmen and contractors irrespective of their previous backgrounds or professional occupations (often as school teachers, lawyers, civil servants etc). In this regard the link between party financing and political corruption in the Fourth Republic is scarcely different from the pre 1992 party political game (Gyimah-Boadi and Debrah, 2008). These so-called party leaders now serve as front agents who tend to win most if not all government contracts and businesses, so that part of the income accrued from these sources can be paid back into party chest for supporting party programmes.

The restrictions on parties by Act 574, the IEA/NIMD/GPPP project (2007) suggested in a draft report that if political parties are to play their role effectively in Ghana's multi-party democracy, then the question of their funding must be of concern to the state.

In the light of the foregoing, some advocates are calling for the amendment of the political party law (Act 574) by way of removing the restrictions or prohibitions against party funding (Gyimah-Boadi, 2008). He further argued that instead of outright prohibition, we must tighten the requirement for disclosure of funding by both the donor and recipient and institute rigid enforcement of sanctions against failure to disclose funding sources.

2.6 COMPARATIVE NOTE ON FUNDING IN OTHER AFRICAN JURISDICTIONS

At this point of the discussion, the researcher would like to present a table as in Salih and Nordlund (2007: 122-123) to depict 14 countries in Africa where governments support their political parties. Table 2.2 portrays: country (year of introduction of public funding), recipient, allocation criteria and amount given from public treasury to parties in some African political jurisdictions.

Table 2.2: Public Subsidies for Parties in African Democracies

No	Country (Year of Introduction)	Recipient	Basic allocation criteria	Amount per year
1	Benin (n/a)	(a) parliamentary candidates (b) presidential candidates	Reimbursement of campaign expenses for successful candidates. (Rule for proportional distributed funding not implemented) Candidates must win more than 10% in presidential elections.	Decided by presidential decree
2	Burkina Faso (1997)	Parties' election campaign and central party organization	50% distributed proportionally among the parties in the National Assembly, 50% to parties with candidates in at least 5 of the 45 provinces. Unspecified support between elections.	380,000 USD
3	Cameroun (1990)	Political parties	-	-
4	Chad (1993)	Grant to new parties	10,000 USD for each new party	-

5	Egypt (n/a)	Central organization	party	All registered parties (29,000 USD for each party)	-
6	Equatorial Guinea (n/a)	Presidential candidates & Central organization	party	All participants (30,000 USD each) All parties (8,900 USD each)	-
7	Gabon (1990)	Central organization	party	All parties with a candidate in each constituency	37,700 USD
8	Morocco (n/a)	Parties' election campaign		The parties receive 20% before the end of candidate registration, 30% is given to parties based on the number of candidates filed, 25% is given to parties based on the number of votes obtained by each party in every district, and finally 25% is distributed based on the number of seats won.	Total amount to be decided by PM (1997: 13.6m USD)
9	Mozambique (1999)	Central organization	party	1/3 distributed equally among presidential candidates, 1/3 distributed proportionally to parties represented in Parliament, 1/3 distributed to all participating parties based on number of approved candidates.	340,000 USD to the two largest parties
10	Namibia (1997)	Central organization	party	Funding limited to parliamentary parties	
11	Seychelles (1996)	Central organization	party	Parties that nominated candidates for the preceding election, based on percentage of the votes	1.5m USD
12	South Africa (1996)	Central organization	party	Funding limited to parties in National Assembly or in a Provincial Legislature. A sum divided equally among parties plus another sum based on their share of parliamentary representation	9m USD
13	Tanzania* (1992, 1995, 1996)	Law implemented	not	Support for parties between elections, proportional parliamentary representation	10m USD for 1996-2000
14	Zimbabwe (1992, 1997)	Central organization	party	Must hold 15 seats in the National Assembly to receive funds	Funds given to parties receiving 5% of votes in previous elections.

Source: Salih and Nordlund (2007: 122-3) as quoted in Mathisen, H. and Svasand, L., 'Funding political parties in Emerging African democracies: what role for Norway?' updated in Fambom, Samuel, 'Public Funding of political parties in Africa'.

* In the Tanzania case, each presidential candidate received 9,600 USD. An additional 1900 USD is provided per constituency for campaign costs plus another 1,900 USD for each constituency won by a party towards administrative costs.

Table 2.2 shows varied criteria, recipients and disbursement amount to parties in different African countries from public treasury. From the big spenders in

South Africa; the Mozambican model of 1/3 of total amount to presidential candidates, 1/3 to parties represented in parliament and another 1/3 to all parties to the low spending countries as Chad. The models portray unique disbursement criteria that try to meet their respective country's needs. Ghana, even though not listed offers some level of leverage to parties in the form of vehicles to support parties in their campaign activities during election years.

Having looked at concepts and legal framework that will guide the work as well as Political Parties Acts in Ghana briefly though, next chapter of this study will analyze the various stakeholders and the two main parties as political institutions of this research.

Chapter 3

3.0 STAKEHOLDER AND INSTITUTIONAL ANALYSIS

In order to answer the questions, the research will be guided by a stakeholder analysis framework as shown in the matrix below. This will look at the various institutions in the political landscape in Ghana. Also to discuss is the two dominant parties: the NDC and the NPP.

3.1 STAKEHOLDER ANALYSIS

Stakeholder analysis⁵ identifies people, groups and organizations that may be affected by a policy reform. It further describes the characteristics and assesses the interest and influences of these groups or organizations. In this study therefore, the key stakeholders identified and whose activities as actors will be analysed for this research include: political parties in general, the Electoral Commission (acting on behalf of government), the media and NCCE, foreign donors, research institutions, party members and the electorate.

Table 3.1: Stakeholder Analysis Matrix (SAM)

Stakeholder	Characteristics	Interest	Influence	Support[funds]	Constraints
Political Parties, for example NPP, NDC etc	- organised political groups	- to win elections and control state power - but can also lose	- to deepen democratic governance	- membership contributions but tend to be inadequate	- inadequate funds to support party activities -issues about capacity
Electoral Commission of Ghana	- Election Management Body (EMB) whose mandate is to conduct and supervise all public elections and referenda	- to conduct free, fair and transparent elections	- enforcement of electoral rules and regulation - strict enforcement of laws	- provide support to parties in the form of vehicle on behalf of government	- insufficient logistical requirement from government
Media	- viable radio, print and electronic media - pluralistic	- disseminate information - educate electorate and also inform corrupt practices	- may influence particularly floating voters through education	- provide discount to parties through bulk purchase of media time	
Foreign Donors for example NIMD*	- made up of OECD countries that provide support to both the EMB and parties	- to consolidate good governance through multi-party		- support parties with funds eg NIMD	- constraint by current Ghanaian law on funding

⁵ See <http://web.worldbank.org/PSIA>

		democracy			
Research Institutions, CDD, IEA	- institutions	- monitoring - track progress of elections in input and output.			- Funding
Party members	- founding members - other members	- to participate and win elections - elections can be won or lost	- high stakes and enormous influence - contribution to party finance	- support through membership dues and donations	- sources of funding from members is inadequate due perhaps to the level of poverty
Electorate	- party supporters - floating voters - others voters	- support party to win elections - choose a leader - have demands they want met by political parties	- main influence is through voting or participation in the electoral process		- some electorates may demand money from political parties - poor communication network - poor information flow - lack of awareness of rights or opportunities for bettering their lives.

Source: Adopted and Tabulated by Researcher from the World Bank Website

*NIMD is an organisation of political parties committed to assisting political parties in young democracies. It was founded in 2000 by seven Dutch political parties (NIMD, 2007: 6).

The analogy of the matrix is that in spite of the characteristics and interests of these stakeholders/actors, some are beset with the ability to raise adequate funds to support parties to spearhead their goal of winning political power. That said, although political parties have demonstrated their ability to raise funds for their activities as exemplified by their campaigns in 1992, 1996, 2000 and 2004, their political coverage in some constituencies was abysmal.

3.2 INSTITUTIONS AND STAKEHOLDERS

Institutional analysis⁶ evaluates formal institutions, such as rules, resource allocation and authorization procedures. It also evaluates "soft" institutions,

⁶ See <http://web.worldbank.org>

such as informal rules of the game, power relations and incentive structures, which underlie practices. In the latter sense, it identifies organizational stakeholders that are likely to support or obstruct a given reform. In the context of the above I will give brief analysis of some of the institutions that also serve as the main political actors in the political landscape in Ghana.

3.2.1 The Electoral Commission

The Electoral Commission is constitutionally mandated state agency that conducts and supervises elections referenda in Ghana and therefore acts as a referee for all parties. In addition it acts on behalf of government to distribute electoral logistics among parties based on an agreed formula by the Inter-party Advisory Committee- (IPAC). Among its constitutional mandate include:

- to compile the register of voters and revise it at such periods as may be determined by law
- to demarcate electoral boundaries for both national and local government elections
- to conduct and supervise all public elections and referenda
- to educate the people on the electoral process and its purpose
- to undertake programmes for the expansion of the registration of voters
- to perform such other functions as may be prescribed by law. (Constitution, 1992: 44).

3.2.2 The media

The media is an information multiplier and effective tool for information dissemination to create mass awareness through print, radio and television. In elections, the media become more important as candidates cannot reach out to every voter. The media like the political parties in Ghana have had a chequered history. Asah-Asante (2007: 143-159) argues that the major causal fact to this phenomenon has been political instability. The 1992 Fourth Republican Constitution set the stage for effective media practice and therefore guarantees freedom of expression. However, until the repeal of the Criminal libel and Seditious laws in 2001 (*ibid*, 2007) the media terrain was volatile as journalists were tried in the law courts. Today, the media enjoys more freedom as they hold governments accountable through criticism of policies and reportage of alleged corruption of governing parties. Van der Veur, (2002; 81) observed that even though media coverage is limited to urban areas broadcasts are enhancing local expression by allowing callers to express their views in local languages. In Ghana various local languages are used during call-in programmes by frequency modulation (FM) stations to express views on issues and also enhance understanding thus contributing to free speech. The media on the whole, have been relatively influential in shaping the emerging, but still fledgling democratic culture. Related to the activities of the media is a sister institution to the EC (IDEA, 2006: 67) the NCCE which is responsible for civic and voter education and information.

3.2.3 Donors

Donors comprise institutions especially foreign that support political parties with funding. An example is the Netherlands Institute of Multi-party Democracy (see Table 3.1 above), which offer funding to political parties through IEA-Ghana.

3.2.4 Research Institutions

This includes institutions such as the Institute of Economic Affairs (IEA-Ghana), CDD-Ghana and others. The IEA is a Public Policy Research, Advocacy and Facilitation Institute. It organizes presidential debates for presidential aspirants during an election year e.g. 2000 and other elections and party related programmes. CDD-Ghana on the other hand is an independent, non-partisan and non profit research think tank based in Accra, Ghana. CDD-Ghana is dedicated to the promotion of democracy, good governance and the development of a liberal political and economic environment in Ghana in particular and Africa in general. In so doing, CDD-Ghana seeks to enhance the democratic content of public policy and to advance the cause of constitutionalism, individual liberty, the rule of law and integrity in public life (CDD leaflet).

3.2.5 Party members

This refers to registered members of political parties who make contributions and donations to the upkeep of their parties. They are obliged to have membership registration cards and in some constituencies are expected to pay dues on monthly basis.

3.2.6 The electorate

The electorate is made-up of all eligible registered voters in Ghana who numbered ten million, three hundred and fifty-four thousand, nine hundred and seventy (10,354,970) according to the Voter Registration Statistics for the 2004 General Elections (Electoral Commission, 2005; 21) to exercise their voting rights during elections.

3.3 FINANCING THE TWO DOMINANT PARTIES

3.3.1 The New Patriotic Party (NPP)

First with the ruling New Patriotic Party (NPP): This party announced its formation in June 1992, advocating the protection of human rights and strengthening of democracy. Its candidate in the November 1992 presidential polls, Prof Albert Adu Boahen, was the closest challenger to Jerry Rawlings of the NDC, polling just over 30% of the votes cast (Szajkowski 2005; 259-60). The NPP boycotted the December 1992 legislative elections. In December 1996 the NPP's John Kufuor (whose candidacy was also supported by the People's Convention Party (PCP)) won 39.6% of votes cast in the presidential election, and 61 seats in the parliamentary elections (see Tables 1.1 and 1.2).

In the December 2000 presidential election, John Kufuor defeated Prof John Atta Mills, the NDC candidate, his share of the vote rising from 48.3% in

the first-round ballot to 57% in the second round. In simultaneous parliamentary elections the NPP increased its strength to 100 seats (half the membership of the House). President Kufuor, who had accused the NDC of inefficient management of the public sector, was committed to enlarging the role of the private sector as part of a programme of free-market reforms.

On funding the party (Boafo-Arthur, 2003; 222-3) observed that the party's constitution has three categories of members. These include the founding members who took part in bringing the party into being and paid the prescribed fees, the patrons who undertake to contribute to fund the party for the support of the party's organization, such extra levies as the party may impose from time to time, and members who are neither founding members nor patrons. Members are obliged to have membership registration cards and in some constituencies are expected to pay monthly dues.

3.3.2 The National Democratic Congress (NDC)

The NDC, on the other hand was formally launched in June 1992, following the legalization of political parties, as a coalition of pro-government organizations (Szajkowski 2005: 259). Subsequently, between January, 1993 and December, 2000, Flt-Lt. Jerry Rawlings served twice as an elected civilian president before standing down in reluctant obedience to a constitutionally imposed two-term presidential limit (Boafo-Arthur, 2006: 256). Opposition groups charged the NDC with intimidation during the run-up to the presidential election in November 1992, won by Jerry Rawlings. They also staged a boycott of the legislative elections the following month.

Consequently, the NDC won 189 of the 200 parliamentary seats (Electoral Commission, 2005: 89, Szajkowski, 2005) with another nine seats going to its electoral allies (among which the National Convention Party (NCP) became a junior coalition partner of the NDC until 1995). In 1996, Rawlings was re-elected President with a virtually unchanged share of the vote, but the NDC's parliamentary strength was reduced to 133 from 189 seats after a campaign contested by the opposition parties. The post of 'life chairman' of the NDC was created for Rawlings at a party congress in December 1998.

In December 2000, Rawlings was ineligible to stand for re-election as President, having served two terms. The incumbent Vice-President Atta Mills stood for election as NDC presidential candidate but was defeated by John Kufuor of NPP. The NDC (92 seats) was also defeated by the NPP (100 seats) in the simultaneous parliamentary election. Financing the NDC from 1992-2000 was within reach of the party due mainly to the fact that it was the governing party [see the NDC income statement – Table 4.2 and that of the NPP (Table 4.1)].

Summing up, the stakeholders as shown in the matrix have collectively played a significant role in nurturing Ghana democratic ideals and having looked at the two parties in more detailed in terms of their characteristics, ideology and political convictions, the research will in the next Chapter analyse data collected from the field for this work.

Chapter 4

4.0 DATA ANALYSIS

In this chapter the study attempts to analyze data that relate to funding political parties in Ghana. Two types of questionnaires were developed to help gather primary data. This survey was undertaken in Accra, Ghana between 20 July and 20 August 2008. The questionnaire dealt with the major questions which were inspired by the research questions. The fundamental constraint influencing party funding is money. The aim of involving politicians in examining main funding sources is to have an understanding of the complexity of challenges associated with money in politics. It is expected that, at the end of this chapter an assessment is made, to as it were ascertain the most appropriate method(s) of funding and how resources are generated.

The Chapter is divided into two parts. The first part looks at responses to questionnaires (one directed at party leadership and MPs and the other a general questionnaire meant for major stakeholders including the Electoral Commission, Academia, CDD-Ghana, IEA among a host of others). Part two analyzes secondary data mainly from audited accounts of the two political parties.

4.1 QUESTIONNAIRES

57 questionnaires were distributed to respondents and using the same questionnaire the researcher conducted 6 interviews. The questionnaire-interview summed up to 63. However, 43 of the 57 representing 75.4% response rate was recorded for all questionnaires answered, so in effect 49 out of 63 respondents were involved in the survey. The breakdown for all 49 respondents is as follows; NPP – 12, NDC – 11, EC – 9, CDD – 5, Academia – 5, IEA – 4, CPP – 1, KGC – 1 and NCCE – 1.

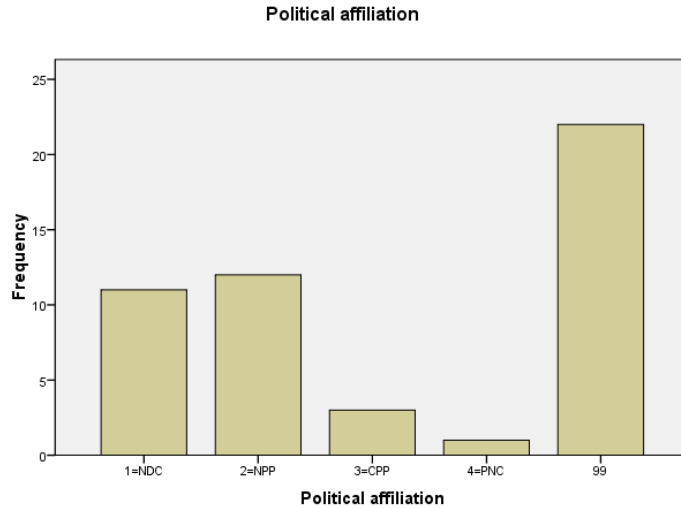
4.2 RESEARCH FINDINGS

4.2.1 Political Affiliation

Apart from party leaders, MPs and two others, all other respondents representing 45% did not indicate their party affiliation which is a sign of not showing their identity; in short they prefer to remain anonymous. From the statistics (refer appendix 3; 6) and figure 4.1, 55.1% [see Appendix 3; 5] identified themselves with political parties. This figure constitutes mostly party faithfuls. A significant percentage of 44.9% in this case remained anonymous while 24.5% and 22.4% identified themselves with the NPP and the NDC respectively. The remaining 8.1% belong to the CPP and the PNC. From the survey it was clear that only party members 55.1% raised money to fund parties. The ‘unidentified’ respondents (44.9%) constitute the elite of the society made up mostly of public servants, academia, researchers and a host of others who are above the poverty line and whose contributions would have improved party finance but are not aligned to parties and therefore rarely contribute to fund parties. The analogy here is that unless these groups of elite in society become card bearing members and contribute to parties, party

financial accruals will remain relatively low even if public funding is operationalized.

Fig 4.1: Political Affiliation



Paid-up members constitute 53.1% whereas 46.9% may or may not be party members and as such do not contribute to party funds.

32% respondents had been members of their parties since 1992 or even before and might have gone into hibernation during the PNDC era or served with it. A further 14.3% have been with their parties for a period between 11-15 years while only 4 persons representing 8.2% have worked with their respective parties for periods between 1-10 years. A significant majority of 44.9% however, may not have registered with parties and are therefore not party card bearers.

4.2.2 Main Sources of Funding for Political Parties

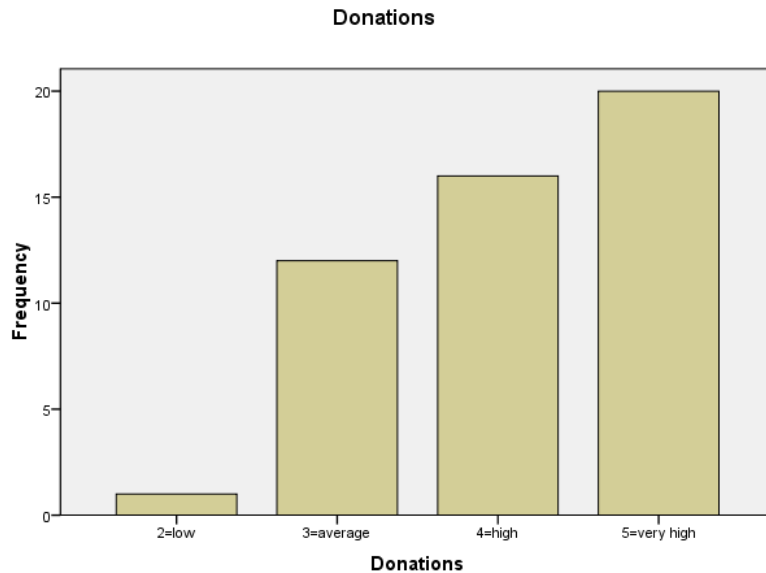
Majority of respondents (59%) felt that membership dues constitute low or very low source of funding to political parties partly due to the level of poverty as discussed in the introductory chapter. A further average of 30.6% share similar sentiments, therefore an overall 89.8% of respondents believe that membership dues constitute a significantly low income source to parties. Others however, observed that for ownership of parties to be wholly Ghanaian, citizens should be made to contribute more to sustain parties and added that if there should be any form of foreign assistance it should come from Ghanaians living abroad.

On patrons and founding members, the frequency shows that (low and very low) cumulatively recorded 71.4% while an average 24.5% of respondents said this source does not fetch much in terms of income to parties. This is because the number of patrons is relatively few compared with the overall members of a party. However, during the interview session with some respondents, they observed that party founding fathers provided seed or start

up capital that laid the foundation for their respective parties and added that even though they still contribute to finance party activities, political programmes which are not static have taken different dimension in present day times which require large amounts of investible capital. 4.1% of respondents still think patron contribution is a high source of revenue.

Fig 4.2 shows that a majority 73.5% of respondents were of the view that donations constitute a major source of funding to parties while a relatively minor 26.5% of respondents thought otherwise. The attribution of donation as a major source emanates from mostly the business community, lobbyists and contractors who donate with the aim of winning contracts, influencing policy decisions and favours when such parties win political power. For instance in the NPP income statement of 2000, Table 4.1(b), fifteen (15) vehicles of different make were donated to the party for their electoral activities during the 2000 campaign period. The sources of such donations should be a matter of concern to all. This is because and as John (1998: 49) put it ‘interest groups have the resources to ensure politicians and bureaucrats respond to their interest no matter what legal and constitutional weapons there are.’

Fig 4.2: Donations



Majority of respondents 87.7% said fundraising activities constitute a ‘good source’ of funding to parties. Like donations, this activity is organised by parties with the sole objective of raising funds to support party programmes. A relatively low 12.2% thought that this activity do not attract ‘big money’ to party’s financial accruals.

Candidacy fees are income accrued from potential ambitious politicians who aspire to be parliamentary candidates to contest election on a party’s ticket. For instance in 2004, the NPP income statement is quoted to claim that

an amount of 5 million cedis (GH¢ 500) was charged all parliamentary aspirants who wanted to contest on the party's platform. This is a good initial source of funding to parties but will depend on how much money is charge as fees, the number of competing aspirants in a constituency and the time of refund should a candidate lose the primaries.

Having said that, (frequency Table 14, Appendix 3) shows a cumulative 69.4% of respondents indicated that it is a low source as far as party income is concern. 24.5% were of the view that it forms an average good source of income with 6.1% of respondents supporting the idea that it constitutes a high income source. In an interview with one respondent, he lamented the issue of unopposed candidates usually imposed on the electorates as it does not promote internal 'democracy', pluralism and transparency in parties.

Government subsidy is a form of assistance/support that is given to parties from government sources. It is offered during election years in the form of vehicles to parties using the parliamentary seat formula for such disbursement or distribution or the number of constituencies a party has filed candidates to contest for parliamentary seats. On the average, 38.8% of respondents think this was a good source while a little over half the number of respondents share the view that it is a low source of income. A relatively small minority of 8.2% think it is a high income source to parties in Ghana.

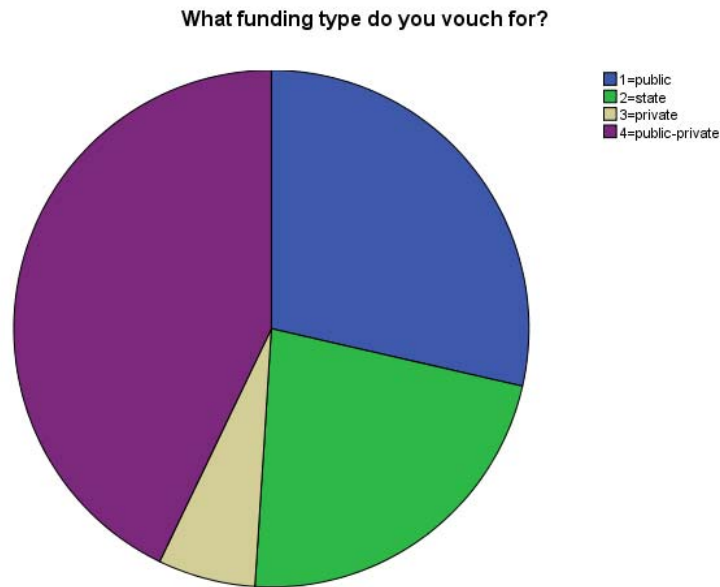
Foreign Donors: Whereas 38.8% of respondents think it is a very low source, a further 28.6% also support the claim that it is a low source. This is attributable to the Political Parties Act 2000; Act 574 which restricts foreigners from contributing to fund parties (see 2.4 for details). Another 28.6% of respondents on average think, even though foreigners are barred from supporting parties financially, some funding is accrued from this source to parties. A good example offered by the six interviewees is the NIMD support to political parties in Ghana through the IEA-Ghana. In an interview with Jan Tuit, the Senior Advisor, International Relations of NIMD in The Hague, he acceded to the fact that their organisation offers funding to political parties in Ghana through the IEA but could not indicate how much in money terms since the Policy Officer in Charge of the Ghana project was on leave.

Diaspora contribution: From the survey a cumulative 59.2% of respondents said this is a low source of funding probably due to its unreliability and more so it could be due to Ghana's 'infant democracy'. The Fourth Republic began in 1992 which therefore means that it has been in existence for less than two decades. However, an average 36.7% think it is a good source while a further cumulative 4% view Ghanaians in the Diasporas as a significant source of funding to parties.

4.2.3 Type of Funding

The survey indicated that 42.9% favoured public-private type of funding as depicted in Fig 4.3. Opinions were however, mixed but there was a marginal 28.6% of respondents who supported only public funding while 22.4% said they prefer only state funding. Outright private funding was out of the question as only 6.1% of respondents opted for it.

Fig 4.3: What funding type do you vouch for?



Even though some advocates of state/public funding think that the process of deciding whether or not the state must fund political parties has been dominated and largely led by political party leaders who are the prospective beneficiaries, if the fund becomes operational, the process require attention. In an interview with one respondent, he favoured public-private because no matter the amount to be received from the public purse, parties will have to look elsewhere for additional funds. Others too mentioned diverse sources to offer a better economic leverage to parties. The CDD (2005b: 25) in a survey conducted in December 2003 reported in their Research Paper 14 that 60% of Ghanaian reported that parties should entirely raise their own funds, 30% however felt that funding should partly be taken care of by party members and partly by the state while only 11% wanted government to be responsible for financing political parties.

On whether Ghana is economically ready to support political parties 57.1% answered positively while 42.9% said that the country is not economically matured to fund party activities. The reasons offered in favour and against party funding in Ghana are analyzed [as shown in Appendix 4], first using synthesis table structure for argument analysis.

4.2.4: Arguments For and Against Public Funding of Political Parties

This part of the paper will attempt to examine the argument in support and against public funding of political parties. This will be evaluated by checking and examining the logical structure of and possible rebuttals to some arguments for and against public support which is crucial to funding parties, using Gasper (2000) analysis and synthesis tables [see Appendix 4]. Nonetheless, some level of leverage was given after the repeal of PNDC Law 281 because the new Act [Act 574, Section 23(1)] made a blanket statement

that 'only a citizen may contribute in cash or in kind to the funds of a political party'. This therefore means that citizens can make any amount of contribution without any restriction. Despite this leverage, parties are still bedevilled with difficulties in raising adequate resources for party activities. Parties ought to be funded due to the role they play in the development of the country [Appendix 4] and that they are not able to raise adequate funds for their programmes from their traditional sources of funding. For instance in 2000 the NPP raised €762,492,138 but spent a total amount of €7,653,344,000 for its campaign showing a deficit of €6,890,851,862 (rate of exchange was \$1 to €7,094 as at the end of the year 2000 [see extracts from party financial statements]).

The study showed that 12% of the respondents indicated that the state was directly or indirectly offering support to political parties which is an indication of its economic maturity, but added that the process requires adequate checks and balances to militate against potential abuse. For instance, during the 2004 election season 40 vehicles were distributed by the government to parties for campaign activities (Electoral Commission, 2005).

The function of recruiting political leaders, organizing election campaigns, mediating between citizens and state institutions, mobilizing citizens for political action, aggregating societal interests, advancing policy options, and generating ideological, public policy and program debate (IDEA, 2003) are all the reserve of political parties. These are activities that are performed by parties which require funding to meet their desired goals hence the clarion call for support to parties. The survey thus indicated that seven people representing 14% of respondents said the state was matured enough to support political parties to improve on its democratic pluralism.

A further 14% supported their argument on grounds that public funding will ensure good governance and deepen democracy. Political parties are required to make democracy work. In developing countries, there are calls for stronger representation, accountability, effective competition and integrity in the electoral process, fairness and equity, citizen mobilization and participation, ownership, transparency, reducing corrupt practices, adherence to the rule of law among others. Regrettably, no single individual or groups of individuals or even an organisation can better facilitate these democratic values than political parties, hence the call to resource them is worth the investment so as to ensure that democracy is deepened and protected.

The current system of financing parties through patrons and founding fathers seed money, membership dues, fundraising, government's unreliable, unsustainable, illegitimate sources is untenable and in most cases inadequate. Political parties require public support to be able to effectively carry out their programmes. In this regard, parties need adequate funding for their organization and campaigns. To address this issue, advocates in support of funding are calling for public or state funding to offer parties the needed financial muscle to meet current trend of party mobilization and education.

Incumbency factor tends to negate free and fair elections and public funding will thus lead to better level playing field. Governing parties use various indirect sources to fund party activities and this may include the use of state personnel (public servants), state vehicles, stationery for party work to the disadvantage and displeasure of opposition parties. Public funding will

therefore eliminate the increasing marginalization of smaller parties and this will increase political pluralism which is *sine qua non* for democratic governance, peace and stability.

Public funding will nurture Ghana's infant democracy and this includes the growth of political parties. If political parties are well resourced they will support the education of their followers and thus improve on the electoral process and other civic rights.

It is estimated that at least 38% of the population live below the poverty line. Taking the level of poverty as the measuring rod therefore, it makes it difficult for party members alone to fund political parties, hence the call for public funding. Public funding will empower citizens to demand greater probity and accountability.

On the reasons against funding parties [Appendix 4] assert that the state should not fund parties. This is largely due to the fact that the state is unable to generate adequate revenue through taxation and have therefore led to recorded budget deficits. For instance in 2001 the overall budget deficit was equivalent to 5.2% of GDP⁷, [Appendix 4] and in 2006 government recorded a significant GH¢ 897.1m⁸ in deficit is ample testimony of the governments vulnerability to raising money.

A large number of those who gave reasons against funding added that although they vouch for public funding, they were of the view that the economy of the state is fragile, the level of infrastructural development even though improving is still low. 14% of the respondents said that the GDP of the country was low and that government should rather concentrate on its vision of becoming a middle income country by 2015 before looking into funding parties. Poverty reduction, education, health care tend to be more critical social issues that require funds to improve accessibility and participation and therefore state resources should be invested in such areas to improve on facilities instead of funding parties using public funds. Road infrastructure for instance is required to reach producing centres. Some areas [especially Northern Ghana and most villages in the south] lack basic school infrastructure (physical, teaching materials etc) to the extent that some pupils still study under tree shades hence state resources should be diverted to improving such facilities. The state of the country's health sector is no different as essential drugs and vaccines are absent in some clinics, health posts, hospitals and tertiary health centres.

One respondent (a chartered accountant) said that 'people (politicians) seek political power for their own enrichment rather than for the common good'. Furthermore, a respondent observed that those who subscribe to the ideals of political parties should be made to contribute to make them viable just like churches in Ghana and other civil society groups. Doherty (2000: 10) regrets, however, international resources are often being channelled to

⁷ Budget Statement and Economic Policy of the Government of Ghana for the 2001 Financial Year.

⁸ Budget Deficit for 2006 <http://news.myjoyonline.com/business/200711/10491.asp> Accessed 09/10/08

programmes that develop civil society to the exclusion of political parties and political institutions such as the legislature.

There is also the argument that constitutional bodies and especially governance related institutions as the EC, NCCE, and Parliament are under funded and should therefore be given priority. That there are other state institutions such as the police service that require comprehensive overhauling to meet the challenges of present day policing, crime prevention and detection. One respondent (public servant) reiterated that 'financial accountability has been a problem among public institutions therefore funds would not be used judiciously by parties'.

Furthermore, those who are not in favour of public funding also argue that it will lead to mass proliferation of political parties and independent candidates just to meet the criteria to qualify for accessing the fund. Gyimah-Boadi (2008) noted that it is far clear that Ghanaian democracy is not in any serious danger of collapsing soon if parties are not placed on life-support in the form of state funding. It is true that some African countries as shown in Table 2.2 offer state support to parties as in Mozambique, the Seychelles, South Africa, Tanzania to mention just a few, can all be describe as reasonably well-functioning democracies. But it is also true to say that, others and possibly the majority of countries such as Chad, Cote d'Ivoire, Gabon and Zimbabwe are not well functioning democracies despite state funding. In the infamous case of Gabon, for instance political parties who gain provisional accreditation of commencement of political operation are reportedly entitled to as much as 20 million USD in state funding to enable them finalize preparations for final certification. But some parties [in Gabon] which collect this money vanish almost immediately into thin air with their loot. Clearly, state funding does not necessarily make a good democracy (*ibid*).

In addition, it is unlikely that state funding can ever level the playing field in practice. Even in situations where disbursements defy all odds to distribute resources equally among all parties, incumbents and the more popular parties with large following such as the NPP and the NDC will always be able to generate additional funding than the less endowed parties. Funding may make political parties dependent on the fund rather than their traditional sources of funding. This is to argue home the point that using their traditional sources parties were able to mobilise resources to contest elections [in 1992, 1996, 2000, 2004 and in the current campaign season (2008)], so why public funding? Unless donors are willing to give unconditional aid or donor assistance is used to fill the deficit, direct public/state funding of parties may not constitute a good policy action.

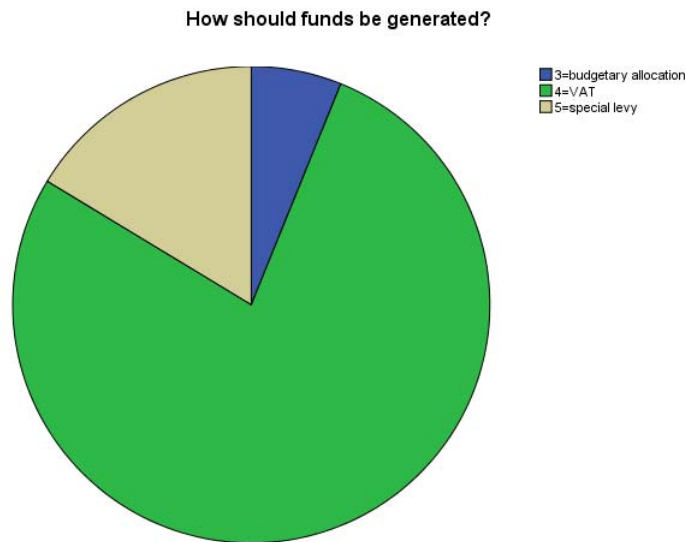
Even though arguments presented against funding, for example the issue of under funding of constitutional bodies particularly governance institutions stand tall in this debate and again the fact certain basic amenities and infrastructure need to be provided for societal good, the policy of funding political parties should be given approval for the reason that parties help to recruit and nurture future political leaders who due to public accountability may deliver more efficiently through sound management practices and observe transparency in government finances.

4.2.5 Contribution to the fund

On who should contribute to the fund, the onus fell on multi-support fund as an overwhelming majority (75.5%) favoured it. This goes to support an earlier analysis in this part because respondents stated that the state alone cannot give support for political programmes. However, 22.4% added that the state should singlehandedly fund parties in order to eliminate foreign interference in our foreign policy direction.

Tax is by far the simplest option through which public funding can fend for the policy. Strangely though, none of the respondents favoured direct tax for sourcing funds, but rather favoured budgetary allocation (6.1%), special levy (16.3%) and VAT (77.6%) as shown in Fig 4.4. Again budgetary allocation received the least votes possibly attributable to what in the view of Mooij and Dev, budgets are political documents and their content cannot be taken at face value (2004: 100). The VAT system was more popularly here because of the successes chalked by other state institutions that generate their income through the VAT agency. These included the Ghana Education Trust Fund (GET Fund) for education and the National Health Insurance Scheme (NHIS) for health.

Fig 4.4: How should funds be generated?



On whether tax payers should be made to pay more taxes to fund parties, a significant majority (65.3%) either agree or strongly agree that tax payers should pay more to fund parties. I strongly feel that this picture is depicted partly due to the high political audience (55.1%, see 4.2.1) in the survey. In any case since the VAT system is an indirect tax, it presupposes then that tax payers are made to pay more indirectly.

4.2.6 Disbursement Formula

A significant majority of respondents (81.6%) said that disbursement should not be made only during election years while 18.4% stated that fund disbursement should be made only during election years. Party activities are an all year round activity which requires daily transactions to meet recurrent expenditure as well as capital expenditure. On this score therefore, respondents noted that fund disbursement should be a yearly affair.

When asked whether disbursement should be made to parliamentary candidates only, 75.5% of respondents supported the view that disbursement should be made to parliamentary candidates only. A relatively small (24.5%) thought otherwise. The reason for this may be that parliamentary candidates directly or indirectly work for themselves as individual entities and also for the general good of their parties. Therefore a party's beliefs and values are taken into account in their approach to political business. Again the parliamentary candidate tends to be seen more often by his/her constituents than the presidential candidate.

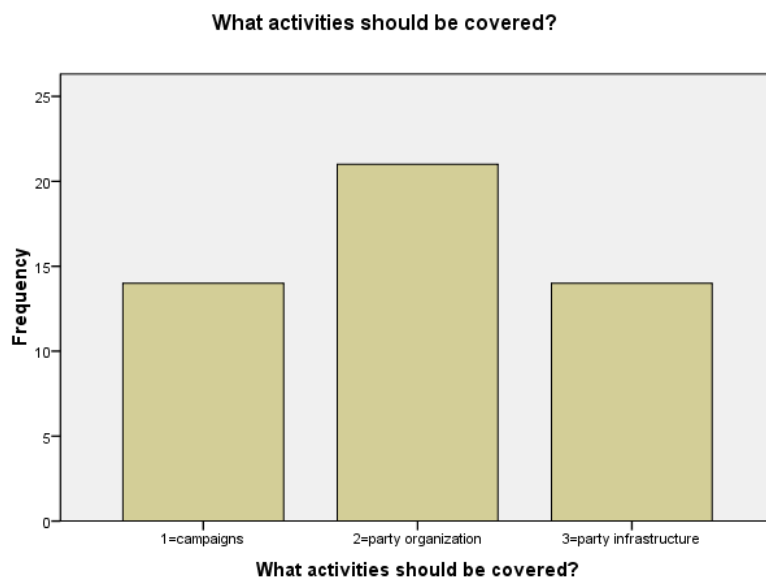
As to whether disbursement should be made to both presidential and parliamentary candidates a slight majority 61.2% supported the view that they should both be made to access the fund. However, 38.8% respondents think that both candidates should not benefit from proceeds of the fund if operationalized.

The survey presented 53.1% to support the issue that disbursement from the fund should be given to presidential candidates only while 46.9% said no to the issue. For the president, the whole country is a single constituency and has to possibly work in every nook and cranny to sell the party's message in the form of a manifesto to the electorate.

Most respondents (77.6%) replied that there should not be restrictions on contributors payments whilst a minor (22.4%) said there should be some level of restriction. No restriction because, it will widen or increase the ability and willingness to pay factors into the fund. Further, to prevent foreign interference, parameters should be drawn as to who can contribute in order not to introduce non-Ghanaians flooding the political terrain with money. It is on this score that 22.4% favoured restriction to shun non-Ghanaians influence in our political and democratic culture. This question was posed due to the restrictions in the Parties Act.

Party activities are important to functioning democratic norms, and since a party's internal democracy goes to the core of a healthy and vibrant political party, a majority (42.9%) of respondents (see Fig 4.5) chose party organisation as the main activity that should be covered under the fund. Campaigns and party infrastructural base recorded 28.6% apiece as the activities they prefer the fund to cover.

Fig 4.5: What activities of political parties should be covered?

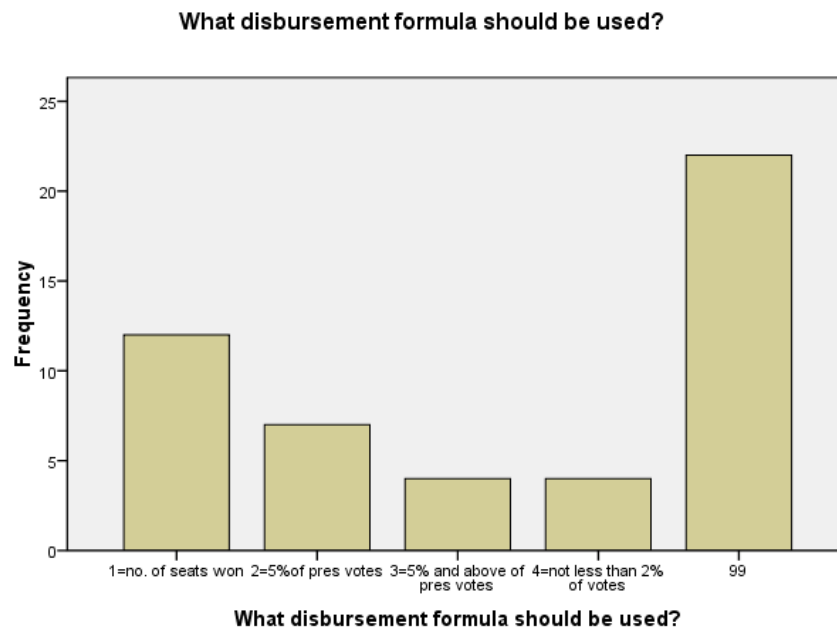


According to the survey an overwhelming majority of 93.9% of respondents were of the opinion that the EC should be charged with the responsibility of oversight agency of the fund. However, a small (6.1%) of respondents supported the setting of a special party fund to manage the fund if it becomes operational and this should work in line with the GET Fund format.

When asked whether all parties irrespective of size should be given the same amount of money, 22 respondents representing 44.9% responded in the affirmative while 55.1% objected to the issue.

The 55.1% who responded negative to the previous question indicated how accruals from the fund should be disbursed according to varied formula options. For instance, 44.5% of the 55.1% (total percentage of no) were of the view that there should be a formula based on the number of seats won in the previous general elections, 7 (25.9%) said for a party to qualify to receive funding, it should have obtained 5% of the total presidential votes cast during the last general elections. 4 respondents each representing 14.8% each either supported the view that a party obtained 5% and above of the total presidential votes cast or not less than 2% of the total votes during the last elections respectively.

Fig 4.6: What disbursement formula should be used?



On limitation on the number of political parties, a significant majority of 87.8% of respondents said there should not be any limit on the number of parties while only 12.2% support party limit. During the interview, two of the respondents who said there should not be limitation added that strict enforcement of the political parties Act will naturally eliminate or disqualify parties that do not meet set criteria/standard.

A large majority of respondents, 79.6% said parties should not be limited in number. A minor (20.4%) constituted those who said that Ghana should operate less than four parties or between four and five parties if public/state funding becomes operational.

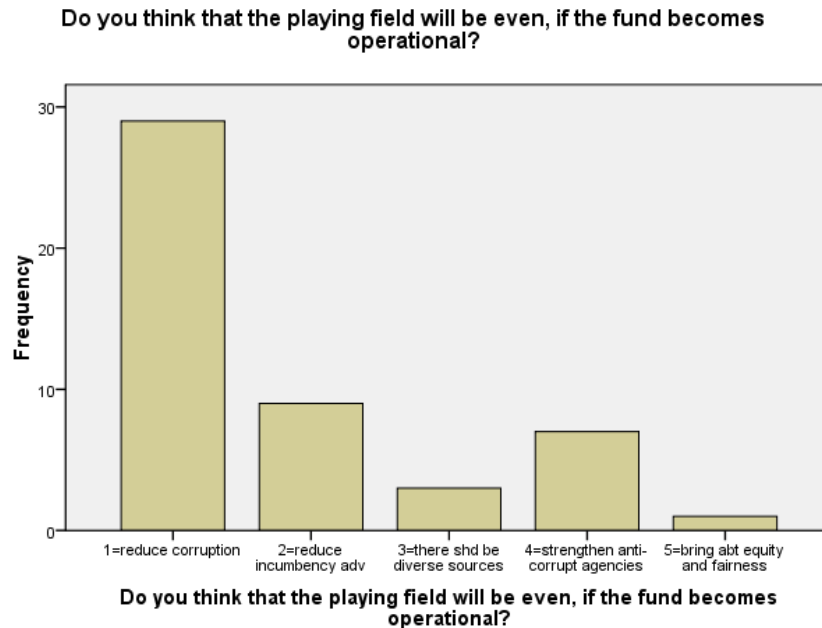
From the survey, 75.5% said no while a significant minority (24.5%) answered in support of independent candidates. In a similar research conducted by CDD (2005a: 22) in May 2004 some group discussants were of the view that independent parliamentary candidates should be funded, but not independent presidential candidates. Their reason being that the independent presidential candidate does not have party offices to maintain and should he/she win political power he/she would have no parliamentarians to form his/her cabinet, and would end up choosing cabinet members from existing parties. Furthermore, if such candidates are allowed to access the fund it could lead to the proliferation of independent presidential candidates.

However, others were of the view that independent presidential candidates should be allowed to access the fund since they would need to do a country-wide campaign to sell their views. They added that if an independent presidential candidate qualifies by the criteria set up for accessing the fund, then just like independent parliamentary candidates, he or she should be allowed to access the fund.

4.2.7 Level Playing Field

Where as about 59.2% said the playing field may not necessarily be ‘even’ because governing parties will always exploit incumbency advantages, they added however that it may reduce the level of corruption to some extent. A CDD-Ghana planned monitoring of abuse of incumbency between 18-30 September 2004 report, indicated that abuse of administrative resources was far and away the most oft-repeated category of incumbency abuse over the period (CDD, 2004). A further 18.4% said it will reduce incumbency advantages but the Daily Graphic (2008) is quoted as saying by co-opting state resources for partisan election campaigns, the incumbents deny non-incumbent candidates a level playing field. A small 6.1% view diverse sources of funding as a solution to levelling the political arena.

Fig 4.7: Do you think that the playing field will be even, if the fund becomes operational?



Others (14.3%) were of the view that if the state strengthens its anti-corruption agencies, they will help reduce corruption and thus level the playing field for all parties. One respondent also said it will bring about equity and fairness while another added that parties with larger following and representation will have competitive edge over smaller ones and therefore it will be difficult to ‘even’ the playing field.

A significant majority of 85.7% respondents do not accede to any ceiling that contributors are willing to offer, while a minor 14.3% think there should be a ceiling as to how much contributor(s) can contribute. When this question was posed differently elsewhere in 4.2.5 similar result was obtained with majority resisting any form of restriction.

4.3 SECONDARY DATA: POLITICAL PARTIES AUDITED ACCOUNTS AS SUBMITTED TO THE ELECTORAL COMMISSION

This part of the paper attempts to analyze secondary data mainly audited accounts as submitted by the political parties to the Electoral Commission. The accounts shown here are summaries done by the researcher for the purpose of this analysis only and also to mention that the accounts as presented here are those of the ruling NPP and the opposition NDC. Detailed presentation of data of the two main parties will be discussed as well as comparing funding sources of the parties in the year 2000 when the NDC was in power and the NPP in opposition. In a reverse trend, data relating to 2004 will be compared in respect of 2000 figures and this was a time period when power had changed hands as the NPP assumed the reigns of government from 2001 while its counterpart the NDC operated from opposition stand. To further compare their accounts, an attempt will be made to compare funding sources in an election year as against non election year. In this regard, two non election years' statements will be presented and compared with election year income and expenditure. It is worth mentioning that Ghana operate a four year election system with a sitting president eligible for two terms if elected to serve a second term.

4.4 DATA EXTRACTED FROM FINANCIAL STATEMENTS

The main source of these figures is the financial statements of the two parties. These statements are prepared in accordance with the Ghana National Standards and the Political Parties Act, 2000; Act 574.

4.4.1 NPP Income Statements-2000

Table 4.1(a): NPP Income Statement - 2000 (Summary)

No	Description	Total (¢) ⁹
1	Donations	33,115,000
2	Contributions from founding fathers	13,670,000
3	Dues from members	83,657,138
4	Proceeds from Card sales	84,750,000
Grand Total		221,192,138

Exchange rate= US\$1....¢ 7,094¹⁰

⁹ ¢=symbol of the Ghanaian currency (the cedi), the currency was however, redenomination in July 2007.

The following items were also donated to the party within the year:

Table 4.1(b): NPP Income Statement – 2000 (Summary)

No	Item	Quantity	Unit Cost	Total (¢)
1	Vehicle (Niva Jeeps)	9	50,000,000	450,000,000
2	Vehicle (Polo cars)	4	14,000,000	56,000,000
3	Vehicle (Opel Kadett)	2	16,000,000	32,000,000
4	Fax Machine	1	3,300,000	3,300,000
Grand Total				541,300,000

Total income accrued to the NPP for the general elections in 2000 = (a) + (b)

$$221,192,138 + 541,300,000 = \mathbf{762,492,138}$$

4.4.2 NDC Income Statements-2000

Table 4.2: NDC Income Statements – 2000 (Summary)

No	Description	Total (¢)
1	Members' contributions*	9,360,876,000
2	Other income	221,139,000
Grand Total		9,582,015,000

*These are contributions received from members of the party as well as monies received from fund raising activities during the year.

If the above statistics is anything to go by, then it means the NDC total amount equivalent to **9,582,015,000** cedis representing **1256.7%** over what the NPP received as income for its 2000 electioneering activities. Comparatively, this amount is woefully inadequate for a party like the NPP to organize itself for a General Election. The NDC then in power enjoyed and or took advantage of incumbency and therefore it relatively had diverse funding sources to raise money.

4.4.3 NPP Income Statements-2004

Sources of income accruing to the party at the end of the year 2004 included the following:

¹⁰ <http://www.bog.gov.gh/index1.php?linkid=139&qrydate=29/12/2000>, Accessed on 23 09 2008, US\$1...¢ 7,094

Table 4.3: NPP Income Statements-2004 (Summary)

No	Description	Total (¢)
1	Special Contributions*	14,540,283,750
2	Donations	1,735,908,570
3	Parliamentary Fees**	2,142,000,000
4	Subscriptions	86,860,000
5	Membership Cards	17,140,000
6	Sale of Constitution and Manifesto	800,000
7	Fundraising	1,664,760,173
Grand Total		20,187,752,493

Exchange rate= US\$1.... ¢ 9,092¹¹

*According to the party's 2004 financial statement special contributions were made by members of the party towards the 2004 General Elections.

**On parliamentary fees the statement added that an amount of ¢5,000,000 was charged for all parliamentary aspirants who wanted to contest on the ticket of the party in constituencies that the party had no sitting MPs. A total of ¢2,671,000,000 was raised with ¢529,000,000 being refunded to candidates who lost the primaries.

4.4.4 NDC Income Statements-2004

In the case of the NDC, its income amounted to ¢12,258,821 for the 2004 General Elections. The table below shows the income breakdown:

Table 4.4: NDC Income Statements-2004 (Summary)

No	Description	Total (¢)
1	Members Subscription	1,844,247,000
2	Contribution and Fundraising activities	9,993,362,000
3	Other income	421,212,000
Grand Total		12,258,821,000

From the 2004 financial data of the two parties, it is clear that the NPP, now in power has come of age in term of raising funds for party activities as well as for its campaigns. The ability of the NDC, on the other hand, to raise money for party work has drastically reduced as shown in the following computations.

¹¹ <http://www.bog.gov.gh/index1.php?linkid=139&qrydate=31/12/2004>, Accessed on 23 09 2008, US\$1... ¢ 9,092

The 2004 statistics indicate that the NPP grossed an amount equivalent to **20,187,752,493** cedis representing **164.7%** over what the NDC received as income for its 2004 campaign activities.

4.4.5 Percentage Increases in Income between 2000 and 2004

NPP

¢20,187,752,493 (2004)

¢762,492,138 (2000)

There was an intra party percentage increase in revenue of 2547.6% between the two election years.

NDC

¢12,258,821,000 (2004)

¢9,582,015,000 (2000)

In the case of the NDC, there was an increase of 27.9% between 2000 and 2004 figures. The common analogy to be drawn here is that governing parties take advantage of incumbency and or corrupt kickbacks to amass resources for their party work. This manifested itself when the intra party percentage increase of 2547.6% of the NPP is taken into account, because outside government it was not able to raise enough funds for its activities. However, when they assumed power in 2001, the party was able to raise enough funds for its campaign in 2004. In a reverse trend, the NDC in opposition had no major source except from its core members, so even though its financial accruals increased, it increased at a decrease rate compared with its main political rival.

4.4.6 NPP Income Statements-2005

This is to make a comparison of incomes accrued to parties in an election to a non election year. Sources of income accruing to the party at the end of 2005 are shown in the income statement [Table 4.5].

Table 4.5: NPP Income Statements-2005 (Summary)

No	Description	Total (¢)
1	Special Contribution	2,439,364,000
2	Subscription/Dues	53,500,000
3	Membership Cards	81,590,000
4	Fundraising activities	383,934,000
Grand Total		2,958,388,000

Exchange rate= US\$1.... ¢ 9,160¹²

One significant item in the income section of the 2005 financial statement is the phenomenal increase in members who aim to use the membership cards

¹² <http://www.bog.gov.gh/index1.php?linkid=139&qrydate=30/12/2005>, Accessed on 23 09 2008, US\$1... ¢ 9,160

to launch their political career as they see the party win two successive elections. In addition, to become eligible as MP in any constituency a candidate must have been a member in that constituency for a number of years and must have settled outstanding dues to date.

4.4.7 NDC Income Statements-2005

Income to the party during the 2005 financial year is shown in [Table 4.6]:

Table 4.6: NDC Income Statements-2005 (Summary)

No	Description	Total (¢)
1	Members' Subscription	26,970,000
2	Contributions and Fundraising activities	1,393,333,000
3	Electoral Commission Grant	421,212,000
4	Interest and Dividend received	7,085,000
Grand Total		1,848,600,000

PERCENTAGES

2000

NPP - 762,492,138

NDC - 9,582,015,000

¢ 10,344,507,138

The NPP figure represents a minor 7.37% of the total campaign cost of the two parties for 2000 as against the NDC 92.63%.

2004

NPP – 20,187,752,493

NDC – 12,258,821,000

¢ 32,446,573,493

Hoove and Scholtbach (2008) observed that the difference between the amounts of money available to governing parties tends to be far larger in Africa than elsewhere. The difference is not only explained by ideology or policies but instead, the primary explanation is the advantages of incumbency. This is explained in the above figures as in 2004 the ruling NPP chalked a significant 62.2% compared with 37.8% (NDC) of the total campaign funds for that election year. This shows the advantages governing parties in power benefit in terms of income generation for party programmes.

2005

NPP – 2,958,388,000

NDC – 1,848,600,000

¢ 4,806,988,000

If the two parties together used c 4,806,988,000 in running their parties in 2005 then it means that the NPP sunk 61.54% relative to NDC 38.45% of the total investible income for their recurrent expenditure. I think that the NPP was able to chalk that percentage because it was in power and incumbency played a major role in the party's income accruals.

4.4.8 NPP Income Statements-2006

Due to the nature of such financial reports which tend to be more of financial accounting this paper narrowed on the income and expenditure components of the reports.

Table 4.7: NPP Income Statements-2006 (Summary)

No	Description	Total (c)
1	Special Contribution	4,845,333,000
	Donations	52,500,000
2	Subscription/Dues	19,360,000
3	Membership Cards	10,265,000
4	Sundries	4,923,000
Grand Total		4,923,381,000

Exchange rate= US\$1.... c 9,250¹³

4.4.9 NDC Income Statements-2006

Income statement for the 2006 financial year is as follows:

Table 4.8: NDC Income Statements-2006 (Summary)

No	Description	Total (c)
1	Members' Subscription	29,250,000
2	Contributions and Fundraising activities	2,255,239,000
3	Electoral Commission Grant	422,476,000
4	Interest and Dividend received	186,000
Grand Total		2,707,151,000

It will be emphasized that cost pertaining to non-election year financing also include expenditure incurred during the conduct of bye-elections.

In 2006 therefore, the NPP grossed **4,923,381,000** representing 64.52% of total funds raised by the two parties for their recurrent cost as against **2,707,151,000 (35.48%)** raised by the NDC.

4.5 RESOURCE UTILIZATION

¹³ <http://www.bog.gov.gh/index1.php?linkid=139&qrydate=29/12/2006>, Accessed on 23 09 2008, US\$1... c 9,250

A summary statement of expenditure is tabulated here to give an overview of how accrued funds are utilised.

Table 4.9: Expenditure Statement of Parties

Year	NPP ('000)	NDC('000)
2000	7,653,344	9,947,766
2004	21,797,497	12,248,397
2005	4,719,563	1,997,303
2006	5,371,227	2,657,731

Expenditure mostly were used on such items as allowances, rents, telephones, electricity and water, motor vehicle expenses, adverts, printing and stationery, repairs and maintenance, bank charges, security, property rates, conferences, transport expenses, by-election expenses, campaign expenses among others. By far the bulk of all income raised by a party in an election year goes into political campaign. For example, in 2004 out of the total ₵20,187,752,493 raised by the NPP a whopping sum of ₵13,840,000,000 representing 68.6% of expenses went into campaigns. This is a demonstration that campaign activities are the core business of a well functioning political party. Again with reference to the NPP, an over all amount of ₵762,492,138 was raised for its campaign work of 2000, but spent ₵7,653,344,000 showing a deficit of ₵6,890,851,862 an indication of the daunting tasks involved in resource mobilisation.

The NDC on the other hand, spent ₵10,946,397,000 representing 89.4% of its total expenditure cost of ₵12,248,397,000 for 2004 as its electioneering expenses alone from a total income of ₵12,258,821,000. The reasons for the high campaign cost boils to the fact that effective campaigns are prerequisites for election victory and ultimately political power.

Summing up, the survey has shown the major sources of funding to political parties, with donations and funding raising activities as the most favoured 'good' sources relative to membership dues, patrons' contributions, candidacy fees, government and foreign donors. Again, it was discovered that majority favoured a disbursement formula that should be based on the number of seats a party won in the previous general elections with the EC of Ghana as the preferred agency that should be given the mandate of oversight responsibility of the Party Fund, if it becomes operational.

On income and expenditure of the two parties, it was seen that governing parties have better chances of raising sufficient funds due mainly to incumbency advantages that they enjoy relative to opposition parties.

Chapter 5

5.0 CONCLUSION AND POLICY LENSES

5.1 CONCLUSION

If Political Parties Act 2000; Act 574 was aimed at acting as a catalyst and a regulatory framework for the proper functioning of parties, then, the researcher think that it has failed to be adequate, innovative and sufficient platform to effectively address the problems of sourcing funds for political programmes as campaigns and internal party organization. It is therefore imperative to add that a lot needs to be done in areas of legislation and establishing a well defined regulatory framework that will guard against abuses likely to impede the policy, if it receives parliamentary approval.

It is clear from the analysis that political parties in general face serious financial difficulties. However, governing parties almost invariably enjoy incumbency privileges. The study indicates a 59.2% of respondents saying the playing field may not necessarily be 'even' because parties in power exploit incumbency advantages; the respondents therefore, think that it will reduce the level of corruption to some extent among governing parties.

Even though a significant majority favour public funding due to the role they play in especially leadership recruitment, education of the citizenry, policy alternatives and so on, others are of the view that the time is not ripe because of the argument that constitutional bodies and especially governance related institutions such as the Electoral Commission, NCCE, Parliament, the Judiciary to name but a few are under funded and should therefore be given priority.

Furthermore, the policy of funding parties in Ghana is long over due and since it has long been practiced in some African political jurisdictions, the policy require some institutionalisation in order to give it legitimacy.

One lesson Ghanaian politicians can emulate is the recent presidential primary campaign of the Democratic Party in the US between Senators Barack Obama and Hillary Clinton. While Clinton funded her campaign from large one-time donations and loans, Obama solicited vast numbers of low-value contributions, which enabled him to claim greater democratic legitimacy over his political rival. By learning from the Senator Obama fundraising campaign strategy, political parties and candidates (presidential, parliamentary or independent) could mobilise marginal resources from the rank and file of their teeming supporters to raise funds. For instance in the month of September alone the Obama team raised a record USD 150m in American political history from 632,000 contributors to support his campaign (CNN¹⁴ and MNSBC¹⁵ news).

Finally, in a survey for this study majority favoured a yearly disbursement formula (81.6%; see Appendix 3: 25) based on the number of

¹⁴ CNN News [Watched on CNN TV Network- October 2008]

¹⁵ MSNBC News [Watched on MSNBC TV Network- October 2008]

seats won in the previous general elections (24.5%; as in Appendix 3: 33) using the VAT system (a percentage of tax for party funding) and managed by the Electoral Commission.

5.2 POLICY LENSES

Education, health, poverty reduction, employment, roads infrastructure are among a host of factors that compete for the national cake. The values or importance attached to each of the listed priorities compete for a limited resource which policy makers must take account of. This and many more instances has to be asked to make an inform decision to meet the needs of society. It is based on such competing priorities that the researcher set out to offer the following policy lenses of this study.

Lack of adequate funding has been the singular most important challenge of parties in Ghana if not in Africa. For parties to function well there is the need for a proper regulatory framework to enhance party funding. Lack of adequate funding affect party/electoral activities, as well as their ability to nurture political talent, improve on their organizational strength and invest in political research and development. It is therefore, imperative that the issue of funding should be taken seriously by African countries to enable parties perform the role expected of them.

To improve parties' financial base, efforts should be directed at encouraging citizens to belong to parties by way of registering to be members and paying membership dues to supplement whatever source there are to their parties. Membership dues like state taxes, even if token creates and helps to sustain accountability obligation between party leaders and their supporters. Patrons contributions provide seed money but this may tend to be inadequate since the political marketplace has taken sophisticated dimensions and therefore require huge doses of funds to compete. By far fundraising activities and donations constitute high sources of income to parties but with donations too in particular, there is the tendency of high contributors/financiers exerting a political muscle on policy decisions, if the party win political power. A party must marshal its efforts at creating an environment where it will rely on its members for financial backing so as to foster a proud sense of ownership and exhorts the principle of internal democracy as contained in the 1992 Constitution.

Parties should observe democratic principles in line with party ideologies, in their internal organization and should pursue programmes to increase membership and participation in party programs. Citizens should be made to realize that being members of political parties give them greater opportunities to exercise the right to be voted for.

Political parties should reciprocate state sacrifices by way of publicly funding their activities by demonstrating high degree of transparency and accountability. In addition governing parties should eschew the practice of incumbency privileges and work toward reducing corruption and corrupt practices to gain public confidence.

The current legislation closes the window of some sources of income to political parties; these include foreign donors, local and foreign companies and contribution from abroad. That said it is apparently visible that some political order is a big boast to the functioning of business entities, then businesses should willingly reciprocate by contributing to sustain democratic governance. This could be done in collaboration with the state so that political parties continue to perform the important role they play in the current democratic dispensation.

Since one of the key findings of the survey supports multi-donor fund/public-private funding, political parties should be seen at organising programmes that will aim at educating their members, to convince the people about efforts they are putting in, to enable parties to be self supporting through legitimate fundraising activities which can augment any form support from the state.

The EC should be resourced to adequately monitor activities of political parties especially in their internal organization to conform with the tenets of the constitution, their physical structures and presence in at least 2/3 of the number of constituencies in the country as demanded by the laws of the land should be strictly adhered to, and most importantly what public funds are expended on, if funding policy becomes operational.

The VAT is a state tax agency and easy to administer [see 2.3]. The claim here is that a proportion of the tax should be used to fund parties [C1]. The reason being that the state collect taxes (through the VAT) [D1] from the people and since political parties helps in nurturing future leaders among a host of other factors, the state should fund their activities from the generated revenue [D2].

Table 5.1 Synthesis Table on VAT

I Propose That [CLAIM]	Given That [DATA]	And Given the Principle That [WARRANT]	Unless [REBUTTALS]
C1. A proportion of VAT should be used to fund parties	D1. VAT is well institutionalised and easy to administer D2. Government generates a significant portion of its revenue through a 15% rate of VAT presently and additional rate of between 1.0-2.5% could be used to fund parties.	W1. Citizens pay more indirect taxes and consume more as their incomes increases. W2. Citizens rarely resist marginal increases in indirect taxes	R1. Unless VAT agency lacks the capacity to perform its functions in terms of tax audits/forensic audits of tax payers who indulge in under-invoicing/over-invoicing. R2. Unless the taxes so accrued are used for the intended purpose.

Source: Gasper, D (2000) Working Paper 317

Government's ability to generate adequate taxes through VAT will however depend on the incomes of the citizenry and their purchasing power rate [W1]. High income earners have high consumption rate and tax levels will increase *ceteris paribus*. However, if the agency lacks the human and technical capacity to perform its functions by way of doing periodic audit/forensic audit on tax payers or companies [R1], then the state may not be able to generate

enough revenue to fund parties. Again, citizens will rarely resist marginal increases [W2] in indirect taxes unless the taxes so collected are used for their intended purposes [R2]. Further, the state ability to support parties even with marginal increments in VAT rates will depend on other externalities as fluctuations in crude oil prices. Dror, (1973: 140-53) noted that Charles Lindblom, disturbed by the apparently widespread assumption in administrative-science that pure rationality is the best method for decision and policymaking, proposed a counter model, that advocated 'muddling through' that is the slow evolution of policies by cautious incremental changes. Lindblom is cited for the incremental model because a marginal tax increase would not placed huge burden on the citizenry all other factors being equal, so the researcher is of the view that the process could commence incrementally with a 1% or 1½ increase of the current VAT of 15% to made it 16% or 16½% to fund political parties.

To conclude, it is succinctly visible from the study that political parties sources of funding is inadequate and therefore they require some level of financial muscle to be able to carry out their programmes creditably. The VAT is recommended as a possible window to source funding for parties support by a marginal increase of the current tax rate since the agency is well administered and easy to collect. The survey came with a number of arguments for and against the policy proposal of public funding of parties but the researcher personally think that funding is long over due and that the state should assist parties meet their operational costs.

Notes

¹A study commissioned by IDEA on Public Funding of Political Parties in African countries.

² Political Parties Law 1992, PNDCL 281, Date of Gazette notification: 15 May 1992

³ <http://www.bog.gov.gh/index1.php?linkid=139&qrydate=23/09/2008>, Accessed on 23 09 2008, US\$1...GH¢ 1.1453

⁴ Political Parties Act, 2000, Act 574, Date of Gazette notification: 17 March 2000

⁵ See <http://web.worldbank.org>/PSIA

⁶ See <http://web.worldbank.org>

⁷ Budget Statement and Economic Policy of the Government of Ghana for the 2001 Financial Year.

⁸ Budget Deficit for 2006 <http://news.myjoyonline.com/business/200711/10491.asp>
Accessed 09 10 08

⁹¢=symbol of the Ghanaian currency (cedis), the currency was however, redenomination in July 2007.

¹⁰<http://www.bog.gov.gh/index1.php?linkid=139&qrydate=29/12/2000>, Accessed on 23 09 2008, US\$1... ¢ 7,094

¹¹<http://www.bog.gov.gh/index1.php?linkid=139&qrydate=31/12/2004>, Accessed on 23 09 2008, US\$1... ¢ 9,092

¹²<http://www.bog.gov.gh/index1.php?linkid=139&qrydate=30/12/2005>, Accessed on 23 09 2008, US\$1... ¢ 9,160

¹³<http://www.bog.gov.gh/index1.php?linkid=139&qrydate=29/12/2006>, Accessed on 23 09 2008, US\$1... ¢ 9,250

¹⁴ CNN News [Watched on CNN TV Network - October 2008]

¹⁵ MSNBC News [Watched on MSNBC TV Network - October 2008]

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- *All income statements in this paper are extracted from the Audited Accounts of the respective parties and year as shown.
- Credit: Electoral Commission of Ghana.

Appendix 1

Institute of Social Studies
The Hague
The Netherlands.

QUESTIONNAIRE - GENERAL

Research Topic: Funding political parties in Ghana: Challenges and Prospects

This questionnaire is strictly an academic exercise and its purpose is to elicit information on the issue of party funding in Ghana, for a research paper in partial fulfilment of the requirements for obtaining the degree of Masters of Arts in Development Studies. I have therefore created a brief questionnaire (41 questions in all) that should take approximately 30 minutes of your time to complete.

Please be assured that any information given would be treated with all the confidentiality it deserves.

Thank you.

Background of Interviewee [Demographic Characteristics]

1. Age: below 20 [], 21-30 [], 31-40 [], 41-50 [], 51 and above []
2. Sex: Male [] Female []
3. Educational level: High School Leaver [] University [] N/A []
4. Profession: Public Servant [] Lawyer [] Academia [] Accountant [] N/A []
5. Are you a registered member of a political party?
(a) Yes [] (b) No []
6. If yes, can you please indicate your political affiliation?
(a) NDC []
(b) NPP []
(c) CPP []
(d) PNC []
(e) N/A []
7. Are you a paid up party member?
(a) Yes [] (b) No []

8. How long (in years) have you been a member of your party? 1 – 5 [], 6 – 10 [], 11–15 [], 16 above [], N/A []

9. If not a party member, do you contribute in funding any political party in Ghana?

- (a) Yes [] (b) No []

Please rank the main sources of party funding according to the variables indicated below:

Qu No.	Source of Funding	Very low [1]	Low [2]	Average [3]	High [4]	Very high [5]
10.	Membership dues					
11.	Council of Patrons					
12.	Donations & contribution					
13.	Fundraising activities					
14.	Candidacy fees					
15.	Government Subs					
16.	Foreign Donors					
17.	Diaspora contribution					

18. Public funding/state funding/private

Which of the following do you vouch for?

- (a) Public funding [] (b) State funding [] (c) Private funding []
 (d) Public-Private funding []

There have been suggestions from stakeholders about the need for public/state* funding of political parties. [*at this point the terms public/state would be used in a more generic form to include state and all other sources of funds to parties]

19. Do you think Ghana is economically matured enough to support the idea of public funding of political parties

- (a) Yes [] (b) No []

20. If yes, please offer at least two reasons?

.....
.....
.....
.....

21. If no, what are some of your reasons?

.....
.....
.....
.....

22. If Question 19 above is yes, who should contribute to the fund? *You may tick one or more.*

- (a) State []
- (b) Local and foreign companies []
- (c) Foreign donors []
- (d) Multi-support Fund []

23. How should funds be generated to support political parties?

- (a) Indirect taxes []
- (b) Direct taxes []
- (c) Budgetary allocations []
- (d) VAT []
- (e) Special levy []
- (f) Don't know []

24. Tax payers should be made to pay more taxes to improve finances of political parties.

- (a) Strongly Agree []
- (b) Agree []
- (c) Disagree []
- (d) Strongly disagree []

What form should the disbursement take if it becomes operational?

25. Should disbursements be made only during election years? (a) Yes [] (b) No []

26. Should it be disburse to parliamentary candidates only? (a) Yes [] (b) No []

27. Should it be disburse to presidential/parliamentary candidates? (a) Yes []
(b) No []
28. Should it be disburse to presidential candidates only? (a) Yes [] (b) No []
29. In your candid opinion, should the amount of contributions be restricted?
(a) Yes [] (b) No []
30. What activities of political parties should be covered by the fund?
(a) Election campaigns []
(b) Central party organization []
(c) Party infrastructure []
31. Who should manage the fund?
(a) A special political party fund secretariat []
(b) The Electoral Commission []
(c) N/A []
32. Should all political parties irrespective of size be given the same amount of support?
(a) Yes []
(b) No []
33. If yes, then continue from Q34 but if no, what formula do you suggest should be used to disburse funds to parties?
(a) According to the number of seats won in previous parliamentary elections []
(b) A party should obtain 5% of total presidential votes cast during last general elections []
(c) A party should obtain 5% and above of total presidential votes cast during last general elections []
(d) A party should obtain at least 2% of total votes cast during last general elections []
34. Do you think that political parties in Ghana should be limited in number?
(a) Yes []
(b) No []
35. If yes, what do you think should be the ideal number of parties to operate under the public funding policy?
(a) Below 4 parties []
(b) 4 parties []

- (c) 5 parties []
- (d) 5 and above []

36. If no, do you think the state can adequately support unlimited number of parties?

Please, offer at least two reasons:

.....
.....

37. If a fund is set up to support political parties, should independent candidates be supported from the fund?

- (a) Yes []
- (b) No []

38. There is a growing perception that if the fund becomes operational, the political playing arena will be even. What is your opinion on this?

.....
.....
.....
.....

39. Do you think it is necessary to put a ceiling on the amount of money an individual/corporation/state can contribute to party funding?

- (a) Yes []
- (b) No []

40. Do you think Political Parties Act 2000, Act 574 should be given a 2nd look to offer political parties leverage in party financing? Yes [] No []

41. Offer at least two reasons how the playing arena can be made 'even' for all political parties to compete.

.....
.....
.....

Thank you for your time and cooperation.

Appendix 2

Institute of Social Studies

The Hague

The Netherlands.

QUESTIONNAIRE DIRECTED AT PARTY LEADERSHIP

Research Topic: Funding political parties in Ghana: Challenges and Prospects

This questionnaire is strictly an academic exercise and its purpose is to elicit information on the issue of party funding in Ghana, for a research paper in partial fulfilment of the requirements for obtaining the degree of Masters of Arts in Development Studies. I have therefore developed a brief questionnaire (46 questions in all) that should take approximately 40 minutes of your time to complete.

Please be assured that any information given would be treated with all the confidentiality it deserves.

Thank you.

Background of Interviewee [Demographic Characteristics]

1. Age: below 20 [], 21-30 [], 31-40 [], 41-50 [], 51 and above []
2. Sex: Male [] Female []
3. Educational level: High School Leaver [] University [] N/A []
4. Profession: Public Servant [] Lawyer [] Academia [] Party executive/ MP [] Accountant [] N/A []
5. Are you a registered member of a political party?
(a) Yes [] (b) No []
6. Which political party are you affiliated to?
(a) NDC []
(b) NPP []
(c) CPP []
(d) PNC []
(e) N/A []
7. What is your position in your party?
(a) Chairman []
(b) Vice Chairman []
(c) General Secretary []
(d) Treasurer []
(e) Regional Chairman []
(f) Constituency Chairman []

(g) N/A []

8. Are you a paid up party member?

(a) Yes [] (b) No []

9. How long (in years) have you been a member of your party? 1 – 5[], 6 – 10[], 11–15[], 16 above [], N/A []

10. When was your party formed? DD MM YY

.....

11. Has your party any link with past political parties?

(a) Yes [] (b) No []

12. Please indicate all (including name(s)) that your party was known in the past if any.

.....
.....
.....

13. Please rank the main sources of party funding according to the variables indicated below:

Qu No.	Source of Funding	Very low [1]	Low [2]	Average [3]	High [4]	Very high [5]
10.	Membership dues					
11.	Council of Patrons					
12.	Donations & contribution					
13.	Fundraising activities					
14.	Candidacy fees					
15.	Government Subs					
16.	Foreign Donors					
17.	Diaspora contribution					

22. Do you think your present sources of income are adequate to address current party organizational trends?

(a) Yes [] (b) No []

23. Public funding/state funding/private

Which of the following do you vouch for?

- (a) Public funding [] (b) State funding [] (c) Private funding []
(d) Public-Private funding []

There have been suggestions from stakeholders about the need for public/state* funding of political parties. [*at this point the terms public/state would be used in a more generic form to include state and all other sources of funds to parties]

24. Do you think Ghana is economically matured enough to support the idea of public funding of political parties

(a) Yes [] (b) No []

25. If yes, please offer at least two reasons?

.....
.....
.....
.....

26. If no, what are your reasons?

.....
.....
.....
.....

27. If Question 24 above is yes, who should contribute to the fund?

- (a) State []
(b) Local and foreign companies []
(c) Foreign donors []
(d) Multi-support Fund []

28. How should funds be generated to support political parties?

- (a) Indirect taxes []
(b) Direct taxes []
(c) Budgetary allocations []

- (d) VAT []
- (e) Special levy []
- (f) Don't know []

29. Tax payers should be made to pay more taxes to improve finances of political parties.

- (a) Strongly agree []
- (b) Agree []
- (c) Strongly disagree []
- (d) Disagree []

What form should the disbursement take if it becomes operational?

30. Should disbursements be made only during election years? (a) Yes [] (b) No []

31. Should it be disburse to parliamentary candidates only? (a) Yes [] (b) No []

32. Should it be disburse to presidential/parliamentary candidates? (a) Yes [] (b) No []

33. Should it be disburse to presidential candidates only? (a) Yes [] (b) No []

34. In your candid opinion, should the amount of contributions be restricted?

- (a) Yes []
- (b) No []

35. What activities of political parties should be covered by the fund?

- (a) Election campaigns []
- (b) Central party organization []
- (c) Party infrastructure []

36. Who should manage the fund?

- (a) A special political party fund secretariat []
- (b) The Electoral Commission []
- (c) N/A []

37. Should all political parties irrespective of size be given the same amount of support?

- (a) Yes []
- (b) No []

38. If yes then continue from Q20 but if no, what formula do you suggest should be used to disburse funds to parties?

(a) According to the number of seats won in previous parliamentary elections []

(b) A party should obtain 5% of total presidential votes cast during last general elections []

(c) A party should obtain 5% and above of total presidential votes cast during last general elections []

(d) A party should obtain at least 2% of total votes cast during last general elections []

39. Do you think that political parties in Ghana should be limited in number?

(a) Yes []

(b) No []

40. If yes, what do you think should be the ideal number of parties to operate under the public funding system/policy?

(a) below 4 parties []

(b) 4 parties []

(c) 5 parties []

(d) 5 and above []

41. If no, do you think the state can adequately support unlimited number of parties?

Please, offer at least two reasons:

.....

.....

42. If a fund is set up to support political parties, should independent candidates be supported from the fund?

(a) Yes []

(b) No []

43. There is a growing perception that if the fund becomes operational, the political playing arena will be even. What is your opinion on this?

.....

.....

.....

.....

44. Do you think it is necessary to put a ceiling on the amount of money an individual/corporation/state can contribute to party funding?

(a) Yes []

(b) No []

45. Do you think Political Parties Act 2000, Act 574 should be given a 2nd look to offer political parties leverage in party financing? Yes [] No []

46. Offer at least two reasons how the playing arena can be made 'even' for all political parties to compete.

.....
.....
.....

Thank you for your time and cooperation.

Appendix 3

QUANTITATIVE ANALYSIS OF DATA USING SPSS STATISTICAL SOFTWARE

Frequencies

		Statistics			
		Age of respondent	Sex of respondent	Educational level	Distribution by profession
N	Valid	49	49	49	49
	Missing	0	0	0	0
	Mean	3,63	1,10	3,76	5,02
	Std. Deviation	,906	,306	13,896	13,768

Frequency Tables

1. Age of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 = below 20	1	2,0	2,0	2,0
	2 = 21-30	2	4,1	4,1	6,1
	3 = 31-40	20	40,8	40,8	46,9
	4 = 41-50	17	34,7	34,7	81,6
	5 = 51 and above	9	18,4	18,4	100,0
Total		49	100,0	100,0	

2. Sex of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 =male	44	89,8	89,8	89,8
	2 = female	5	10,2	10,2	100,0
Total		49	100,0	100,0	

3. Educational level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=high sch	11	22,4	22,4	22,4
	2=university	37	75,5	75,5	98,0
	99=n/a	1	2,0	2,0	100,0
	Total	49	100,0	100,0	

4. Distribution by profession

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=public serv	11	22,4	22,4	22,4
	2=lawyer	5	10,2	10,2	32,7
	3=academia	4	8,2	8,2	40,8
	4=party exec and MPs	26	53,1	53,1	93,9
	5=accountant	2	4,1	4,1	98,0
	99=n/a	1	2,0	2,0	100,0
	Total	49	100,0	100,0	

Frequencies

Statistics

		Party member	Political affiliation	Paid up member	Years as member	Do you contribute to funding parties?
N	Valid	49	49	49	49	49
	Missing	0	0	0	0	0
	Mean	1,45	45,43	1,47	46,33	53,47
	Std. Deviation	,503	48,862	,504	48,044	48,911

Frequency Tables

5. Party member

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	27	55,1	55,1	55,1
	2=no	22	44,9	44,9	100,0
	Total	49	100,0	100,0	

6. Political affiliation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=NDC	11	22,4	22,4	22,4
	2=NPP	12	24,5	24,5	46,9
	3=CPP	3	6,1	6,1	53,1
	4=PNC	1	2,0	2,0	55,1
	99	22	44,9	44,9	100,0
	Total	49	100,0	100,0	

7. Paid up member

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	26	53,1	53,1	53,1
	2=no	23	46,9	46,9	100,0
	Total	49	100,0	100,0	

8. Years as member

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=1-5	1	2,0	2,0	2,0
	2=6-10	3	6,1	6,1	8,2
	3=11-15	7	14,3	14,3	22,4
	4=16 and above	16	32,7	32,7	55,1
	99	22	44,9	44,9	100,0
	Total	49	100,0	100,0	

9. Do you contribute to funding parties?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2=no	23	46,9	46,9	46,9
	99	26	53,1	53,1	100,0
	Total	49	100,0	100,0	

Frequencies

Statistics

		Membership dues	Patrons contribution	Donations	Fundraising activities
N	Valid	49	49	49	49
	Missing	0	0	0	0
	Mean	2,33	2,06	4,12	4,43
	Std. Deviation	1,029	,827	,857	,764

Frequency Tables

10. Membership dues

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=very low	11	22,4	22,4	22,4
	2=low	18	36,7	36,7	59,2
	3=average	15	30,6	30,6	89,8
	4=high	3	6,1	6,1	95,9
	5=very high	2	4,1	4,1	100,0
	Total	49	100,0	100,0	

11. Patrons contribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=very low	13	26,5	26,5	26,5
	2=low	22	44,9	44,9	71,4
	3=average	12	24,5	24,5	95,9
	4=high	2	4,1	4,1	100,0
	Total	49	100,0	100,0	

12. Donations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2=low	1	2,0	2,0	2,0
	3=average	12	24,5	24,5	26,5
	4=high	16	32,7	32,7	59,2
	5=very high	20	40,8	40,8	100,0
	Total	49	100,0	100,0	

13. Fundraising activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2=low	1	2,0	2,0	2,0
	3=average	5	10,2	10,2	12,2
	4=high	15	30,6	30,6	42,9
	5=very high	28	57,1	57,1	100,0
	Total	49	100,0	100,0	

Frequencies

Statistics

		Candidacy fees	Government subsidy	Foreign donors	Diaspora contribution
N	Valid	49	49	49	49
	Missing	0	0	0	0
	Mean	2,22	2,45	2,08	2,31
	Std. Deviation	,771	,792	,862	,847

Frequency Tables

14. Candidacy fees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=very low	7	14,3	14,3	14,3
	2=low	27	55,1	55,1	69,4
	3=average	12	24,5	24,5	93,9
	4=high	3	6,1	6,1	100,0
	Total	49	100,0	100,0	

15. Government subsidy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=very low	5	10,2	10,2	10,2
	2=low	21	42,9	42,9	53,1
	3=average	19	38,8	38,8	91,8
	4=high	4	8,2	8,2	100,0
	Total	49	100,0	100,0	

16. Foreign donors

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=very low	14	28,6	28,6	28,6
	2=low	19	38,8	38,8	67,3
	3=average	14	28,6	28,6	95,9
	4=high	2	4,1	4,1	100,0
	Total	49	100,0	100,0	

17. Diaspora contribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=very low	8	16,3	16,3	16,3
	2=low	21	42,9	42,9	59,2
	3=average	18	36,7	36,7	95,9
	4=high	1	2,0	2,0	98,0
	5=very high	1	2,0	2,0	100,0
	Total	49	100,0	100,0	

Frequencies

Statistics

		What funding type do you vouch for?	Do you think Ghana is economically matured to fund parties?	Reasons in favour of funding	Reasons against funding
N	Valid	49	49	49	49
	Missing	0	0	0	0
	Mean	2,63	1,43	43,88	57,51
	Std. Deviation	1,302	,500	48,240	48,408

Frequency Tables

18. What funding type do you vouch for?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=public	14	28,6	28,6	28,6
	2=state	11	22,4	22,4	51,0
	3=private	3	6,1	6,1	57,1
	4=public-private	21	42,9	42,9	100,0
	Total	49	100,0	100,0	

19. Do you think Ghana is economically matured to fund parties?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	28	57,1	57,1	57,1
	2=no	21	42,9	42,9	100,0
	Total	49	100,0	100,0	

20. Reasons in favour of funding

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1=ensure good governance	7	14,3	14,3	14,3
2=promote pluralism	7	14,3	14,3	28,6
3=state already offer support	6	12,2	12,2	40,8
4=economy is improving	8	16,3	16,3	57,1
99	21	42,9	42,9	100,0
Total	49	100,0	100,0	

21. Reasons against funding

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1=GDP is still low	5	10,2	10,2	10,2
2=low level of infrastr	7	14,3	14,3	24,5
3=economy is still fragile	9	18,4	18,4	42,9
99	28	57,1	57,1	100,0
Total	49	100,0	100,0	

Frequency Tables

22. Who should contribute to the fund?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=state	11	22,4	22,4	22,4
	3=donors	1	2,0	2,0	24,5
	4=multi-support fund	37	75,5	75,5	100,0
	Total	49	100,0	100,0	

23. How should funds be generated?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3=budgetary allocation	3	6,1	6,1	6,1
	4=VAT	38	77,6	77,6	83,7
	5=special levy	8	16,3	16,3	100,0
	Total	49	100,0	100,0	

24. Should tax payers pay to fund parties?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=strongly agree	11	22,4	22,4	22,4
	2= agree	21	42,9	42,9	65,3
	3=disagree	12	24,5	24,5	89,8
	4=strongly disagree	5	10,2	10,2	100,0
	Total	49	100,0	100,0	

Frequencies

Statistics

		Should disbursement be made only during election years?	Should disbursement be made to parl candidates only?	Should disbursement be made to both pres/parl candidates?	Should disbursement be made to presidential candidates only?
N	Valid	49	49	49	49
	Missing	0	0	0	0
	Mean	1,82	1,24	1,39	1,47
	Std. Deviation	,391	,434	,492	,504

Frequency Tables

25. Should disbursement be made only during election years?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	9	18,4	18,4	18,4
	2=no	40	81,6	81,6	100,0
	Total	49	100,0	100,0	

26. Should disbursement be made to parl candidates only?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	37	75,5	75,5	75,5
	2=no	12	24,5	24,5	100,0
	Total	49	100,0	100,0	

27. Should disbursement be made to both pres/parl candidates?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	30	61,2	61,2	61,2
	2=no	19	38,8	38,8	100,0
	Total	49	100,0	100,0	

28. Should disbursement be made to presidential candidates only?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	26	53,1	53,1	53,1
	2=no	23	46,9	46,9	100,0
	Total	49	100,0	100,0	

Frequencies

Statistics

Should contribution to the fund be restricted?

N	Valid	49
	Missing	0
	Mean	2
	Std. Deviation	0

Frequency Table

29. Should contribution to the fund be restricted?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	11	22,4	22,4	22,4
	2=no	38	77,6	77,6	100,0
	Total	49	100,0	100,0	

Frequencies

Statistics

What activities should be covered?

N	Valid	49
	Missing	0
	Mean	2
	Std. Deviation	1

Frequency Table

30. What activities should be covered?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=campaigns	14	28,6	28,6	28,6
	2=party organization	21	42,9	42,9	71,4
	3=party infrastructure	14	28,6	28,6	100,0
	Total	49	100,0	100,0	

Frequencies

Statistics

Who should manage the fund?

N	Valid	49
	Missing	0
	Mean	2
	Std. Deviation	0

Frequency Table

31. Who should manage the fund?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1=special party fund	3	6,1	6,1	6,1
2=electoral commission	46	93,9	93,9	100,0
Total	49	100,0	100,0	

Frequencies

Statistics

		Should all parties be given equal amount irrespective of size?	What disbursement formula should be used?	Should there be limit on the number of parties?	What do you think should be the ideal number of parties?	Do you think the state can support an unlimited number of parties?
N	Valid	49	49	49	49	49
	Missing	0	0	0	0	0
	Mean	1,55	45,55	1,88	3,67	15,24
	Std. Deviation	,503	48,754	,331	,747	31,678

Frequency Tables

32. Should all parties be given equal amount irrespective of size?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	22	44,9	44,9	44,9
	2=no	27	55,1	55,1	100,0
	Total	49	100,0	100,0	

33. What disbursement formula should be used?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=no. of seats won	12	24,5	24,5	24,5
	2=5%of pres votes	7	14,3	14,3	38,8
	3=5% and above of pres votes	4	8,2	8,2	46,9
	4=not less than 2% of votes	4	8,2	8,2	55,1
	99	22	44,9	44,9	100,0
	Total	49	100,0	100,0	

34. Should there be limit on the number of parties?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	6	12,2	12,2	12,2
	2=no	43	87,8	87,8	100,0
	Total	49	100,0	100,0	

35. What do you think should be the ideal number of parties?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=below 4	2	4,1	4,1	4,1
	2= 4 parties	2	4,1	4,1	8,2
	3= 5 parties	6	12,2	12,2	20,4
	4=above 5/unlimited	39	79,6	79,6	100,0
	Total	49	100,0	100,0	

36. Do you think the state can support an unlimited number of parties?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=become state inst	16	32,7	32,7	32,7
	2=self ownership	1	2,0	2,0	34,7
	3=reduce foreign influence	3	6,1	6,1	40,8
	4=strict regulation	4	8,2	8,2	49,0
	5=promote good gov	4	8,2	8,2	57,1
	6=promote democracy	15	30,6	30,6	87,8
	99	6	12,2	12,2	100,0
	Total	49	100,0	100,0	

Frequencies

Statistics

Should independent candidates be supported from the fund?

N	Valid	49
	Missing	0
	Mean	2
	Std. Deviation	0

Frequency Table

37. Should independent candidates be supported from the fund?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	12	24,5	24,5	24,5
	2=no	37	75,5	75,5	100,0
Total		49	100,0	100,0	

Frequencies

Statistics

		Do you think that the playing field will be even, if the fund becomes operational?	Should there be ceiling on the amount contributors can contribute?	Do you think Parties Act should be given a 2nd look?
N	Valid	49	49	49
	Missing	0	0	0
	Mean	1,82	1,86	1,12
	Std. Deviation	1,185	,354	,331

Frequency Tables

38. Do you think that the playing field will be even, if the fund becomes operational?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=reduce corruption	29	59,2	59,2	59,2
	2=reduce incumbency adv	9	18,4	18,4	77,6
	3=there shd be diverse sources	3	6,1	6,1	83,7
	4=strengthen anti- corrupt agencies	7	14,3	14,3	98,0
	5=bring abt equity and fairness	1	2,0	2,0	100,0
	Total	49	100,0	100,0	

39. Should there be ceiling on the amount contributors can contribute?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	7	14,3	14,3	14,3
	2=no	42	85,7	85,7	100,0
	Total	49	100,0	100,0	

40. Do you think Parties Act should be given a 2nd look?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1=yes	43	87,8	87,8	87,8
	2=no	6	12,2	12,2	100,0
	Total	49	100,0	100,0	

Source: Survey, 2008.

Appendix 4

Synthesis Table on Reasons for [1] and against [2] Public Funding of Parties

I Propose That [CLAIM]	Given That [DATA]	And Given the Principle That [WARRANT]	Unless [REBUTTALS]
C1.1 Parties ought to be funded due to the role they play in governance of the country, for nurturing future leaders.	<p>D1.1 Parties are not able to raise enough funds for their activities. For instance in 2000 the NPP raised €762,492,138 but spend a whopping €7,653,344,000 for its campaign showing a campaign deficit of €6,890,851,862.</p> <p>D1.2 Parties traditional sources of funding do not meet their expected expenditure</p>	W1.1 Parties are part of state structures.	<p>R1.1 Unless they have competent financial management capacity.</p> <p>R1.2 Unless there is regulatory framework in place</p>
C2.1 Government should not be made to fund political parties.	<p>D2.1 Government is unable to generate adequate revenue through taxation.</p> <p>D2.2 Large deficits are recorded for instance in 2001, the overall deficit was equivalent to 5.2% of GDP.</p>	<p>W2.1 Opportunity cost: the state should allocate its limited resources to solve pressing needs [education, health etc] instead of fund parties.</p> <p>W2.2 Constitutional bodies are under funded so state resources should be used to resource state institutions</p>	<p>R2.1 Unless donors are willing to give unconditional aid</p> <p>R2.2 Unless donor money is used to fill the deficit</p>