POLITICAL PARTY FUNDING IN NIGERIA: A CASE OF PEOPLES DEMOCRATIC PARTY

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Abstract
In Nigeria the issue of party funding has for long posed a serious concern to watchers of our political scene. In the First and Second Republics it was an issue that was hotly debated in the state parliaments and the National Assembly. It was the fear of allowing the so called ‘moneybags’ to put political parties in their pockets that led the regime of Ibrahim Babangida in the nineties to make government partly responsible for their funding. Under current Nigerian conditions, however, most political parties lack ideologies, not issue oriented, but are merely zero-issue alliances of notables who are able to control and, often enough, manipulate party structures, candidacies and even the general electoral process itself. Most parties are vehicles in the hands of few “political entrepreneurs” who invest huge amount of money and expect concurrent rewards on such investment in the form of public works and procurement contracts, prebendal appointments of cronies to public offices and other forms of prebendal activity. The fallout has led to mass electoral/political violence and political destabilization and disempowerment of the generality of the Nigerian electors, the exclusion of alternative parties seeking to participate in electoral politics and the absence of an effective system to regulate political finance. This paper seeks to explore the concept of political finance. It will equally attempt to concisely analyze the extant legal framework regulating political finance in Nigeria, highlights their inadequacies with a view of reforming these inadequacies for a better political finance management and best practices and proffer suggestions on the ways forward drawing freely from the instructive practices of other emerging and advanced democracies. The paper uses the People Democratic Party as a case study.

For example, to pick a nomination form for the State House of Assembly, you must part with the princely sum of N1m. If you wanted to be a House of Representatives candidate, you part with N2.5 million. For the Senate, N3m. Governorship, N5m. And for the Presidency, it is N10m.

Key words: Political finance, Political party, Reform, Prebendalism, Election, Investment Theory, Electoral laws and Legislations.

Introduction
The clamour by political parties for the Independent National Electoral Commission (INEC) to take over the funding of their activities may have to wait until the 1999 Constitution is amended. INEC Chairman Professor Attahiru Jega said this much in a recent interaction with the media. He made it clear that the issue of funding political parties is a constitutional matter. Sections 225, 226 and 227 of the 1999 Constitution are clearly silent on that. He insisted that,
until the National Assembly amends the Nigerian Constitution to allow for funding of political parties, INEC would not be able to do anything about it.

Those pressurising INEC to fund the parties may be drawing from experiences in other countries such as the United States of America from where Nigeria borrowed its brand of presidential democracy. In those countries, there is discipline as individuals and groups form parties based on very strong ideological framework and they go all out to talk to people and organisations who share their beliefs and passion and who, in turn, contribute financially to support their operations. When they field candidates in elections, they sell them to the electorate based on those beliefs, and, if the electorate buys them, all well and good. Otherwise, they move on with persistence and hope for a better luck next time.

The opposite is the case in Nigeria where parties are seen as investments bereft of any ideological foundation. As such, there must be returns if they are to stay in business. This profit motive has consistently given rise to the godfather syndrome where an individual or group bankrolls the party and claims ownership. As Nigerians once again contemplate elections come 2015, it is worth remembering that elections cost money. Democracy costs money. Campaigns cost money. Anyone who knows anything about the way politics is done in Nigeria knows the huge cost of a campaign for public office. This cost is so high as to be prohibitive to all but the richest men, or those who have rich benefactors, or those who have their hands in public funds.

The figures are truly shocking. In the PDP, for example, to pick a nomination form for the State House of Assembly, you must part with the princely sum of N1m. Yes, N1m. for a form. If you wanted to be a House of Representatives candidate, you part with N2.5 million. For the Senate, N3m. Governorship, N5m. And for the Presidency, it is N10m. This is not counting other fees like the ‘expression of interest’, ‘formalisation of intent’, administrative charges, and all such levies which combine to make elections a game won by the highest bidder. It can therefore not be surprising that after being elected, a public official’s first port of call is to recoup all the investments made in his campaign, replenishing both his own funds, and those of his benefactors. The prohibitive cost of seeking public office in Nigeria is a major reason why corruption continues to thrive.

This cost is actually enshrined in our laws. The Electoral Act in 2010 doubled the campaign spending limits in the 2006 Act. Someone running for the Presidency can spend up to N1 billion, a Governor can spend up to N200 million, N40 million for Senate, 20m for House of Representatives, N10 million for State House of Assembly and local government, and N1 million for ward councillor. Even with these limits, there is no enforcement of them from INEC, which has powers to monitor campaign finance, audit the accounts of political parties, and make that information available to the public, as enshrined in Section 153 of the Constitution, as well as Part 1 of the Third Schedule. The lack of attention paid to this crucial area is of grave concern, because the unchecked influx of money into politics will produce governance that has been captured by a tiny minority, to the detriment of a majority. The result is a political process captured by special interests, resulting in an undue influence on government policy, distortion of political discourse, and a reduction in political participation. This paper seeks to address the role Political Finance play in internal politics of political parties using the People Democratic Party as case study.

**Political Finance**

The term “Political Finance” has been defined by Ujo (2000), Walecki (2002); Ilo (2004) Obiorah (2004), Pinto-Duschinsky (2001 and 2004), Emelonye (2004), Kukah (2006) and (Ayoade,2006) as the use of money or the use of other material resources for political activities. It also embodies the sources or means through which political activities are sponsored in a given polity. The concept of political finance has two broad connotation viz money used for electioneering (campaign funds) and money used for political party expenses (party funds). Though there are other forms of political finance but these two will form the basis of our discussion because they constitute the foundation of every political activity.
This broad definition of political finance while capturing the essence of the term does not acknowledge the multiplicity of forms and ways in which the monetization of politics may be used to influence political outcomes. The definition offered by Pinto – Duschinsky (2001) also fails to capture the centrality of “political”. That is, it shies away from explicating the ambit of the term “political”. According to Emelonye (2004:34), what the present author advocates here is not a semantic description but rather a clarification as to the construction of the term when it comes to foreign contributions. For example, in issued, the definition of “political” is narrowed soon that foreign payments for technical assistance” and training are permitted. But such terms may be guises for more partisan contributions with political undertones or motives such as support for private governments’ business forms and convert propaganda.

Pinto-Duschinsky (2004) modified his earlier thesis by positing that political finance is “money for electioneering”. Since political parties play a critical part in election campaigns in many parts of the globe, and since it is difficult to draw a distinct line between campaign costs of party organizations and their routine expenses, party funds may reasonably be considered “political finance”, too. He goes on to argue that party funding includes not only campaign expenses but also the costs of maintaining permanent offices, carrying out policy research, and engaging in political education, voters registration, and other regular functions of parties.

Therefore, a definition of political finance should include the underlisted aspects which Pinto-Duschinsky (2004) subsequently identified in his contribution:

1. That political finance is a feature of non-democratic, as well as democratic regimes
2. The expenditure on elections and parties is only a part of a more far reaching issue. Political funding can be for activities ranging from lobbying, propaganda, support of interest groups to blatant bribery and
3. That the regulation of political finance is hindered by a plurality of avenues of obtaining and using money for political ends.

The Electoral Acts (2002, 2006 and 2010) contain numerous provisions in relation to political party and election finance. The Electoral Act (2002) defines election expenses in section 84 (1) as follows: “expenses incurred by a political party within the period from the date notice is given by the commission to conduct election up to and including the polling day in respect of the particular election.

This definition is flawed totality because experience has shown that in Nigeria most election expenses are incurred by the candidates themselves and not the political parties. This definition is restrictive automatically excludes the election expenses incurred by candidates from whatever limitations on election expenses.

The Electoral Act (2006) has introduced ceilings on contributions by individuals to political parties and on the campaign expenses by political parties and candidates alike. Section 93 stipulates that election expenses by every candidate shall not exceed:

1. N500 million for presidential candidates
2. N100 million for Governorship
3. N20 million for Senate
4. N10 million for House of representatives
5. N5 million for State Assembly
6. N5 million for Chairmanship of Local Government council and
7. N500, 000 for Councillorship.

In addition, no individual shall donate more than N1 million to any candidate. Notation of this provision attracts fines ranging from N100, 000 or 1 month imprisonment or both for councillorship candidates, to N1 million or 12 months imprisonment or both for presidential candidates, while any individual who does more than N1 million to any candidate is liable to a fine of N500, 000 or 9 months imprisonment or both. The electoral commission is left to fix the maximum donation any person can make to a political party (section 92) as opposed to a
candidate who is stipulated in section 93. No party can accept or keep anonymous contributions of more than ₦100,000 unless it can identify the source of the money and must keep records of all donations over ₦1 million.

The underlisted puzzles come up for the Independent National Electoral Commission for consideration:

1. Has INEC undertaken an examination and audit of the accounts of the political parties?
2. Did the Commission place any limit on the amount of contribution which individuals or cooperate agencies made to political parties in the course of fund raising for the 2003, 2007 and 2011 elections?
3. Do all political parties have records of all contributions to their campaign funds?
4. Does INEC have a record, which shows the total expenses of all the political parties for the purposes of invoking the provisions of section 84, 92 and 93 sub sections (2), (3) and (6) of the 2004, 2006 and 2010 Electoral Acts?
5. What steps have been taken to sanction corporate bodies that contributed to the campaign funds of political parties in total disregard of the provisions of section 38 (2) of the company and Allied matters Act (1990), which prohibits donations or gifts of any of its property or funds to a political party or association.

At present, only INEC can attempt the above questions. For the purpose of this paper the term ‘political finance” refers to the deployment of financial and material resources by both political parties and politicians as prescribed by law of the polity to cover political expenses.

The Draft Campaign Financing Bill, 2011 (“the Draft Bill”) of Kenya, which is currently undergoing a stakeholder review process by the Constitutional Implementation Committee of Kenya is a welcome initiative that will foster greater transparency and accountability in the financing of election and referendum campaigns. However, a number of shortcomings in the Draft Bill like those of Nigeria jeopardise these objectives, and a series of amendments are required before the Draft Bill complies with international standards on freedom of expression and information. The Campaign Financing Bill, 2011 sets out major reforms for funding of election campaigns, use of campaign funds in the nomination process, election campaign and elections. It will provide for the management, spending and accountability of funds during election and referendum campaign.

It is important that the draft bill is clear on the concept of campaign financing to prevent any political and administrative frustration and even litigation in Court. CMD-Kenya believes that campaign financing refers to the manner in which political parties and individual candidates who seek to get elected to political office gather, utilize, and recover funds for electoral campaigns and in the case of political parties seek to maintain themselves as organisations. In this context the scope of the legislation should cover all aspects of campaign financing. We believe that the conceptual framework needs to be reflected in the interpretation to give the legislation effective statutory interpretation (CMD-Kenya, 2011).

In the analysis, ARTICLE 19 (2012) emphasises that transparency in campaign financing is indispensable for embedding accountability and integral to the promotion of good governance and democracy. Only with full access to information can the media scrutinise the conduct of election candidates and inform public debate on the dynamics and distribution of political and economic power in Kenya. The engagement that transparency fosters between candidates for public office and the electorate also maximises enjoyment of the right to political participation. The analysis finds that positive measures in the Draft Bill include the establishment of limits on political campaign expenditures, caps on the amount individuals can donate to candidates, and the imposition of a ban on anonymous donations. The establishment of a framework for the collection and reporting of data to a new Oversight Committee is a significant step towards furthering a culture of accountability in the financing of political campaigns.
However, ARTICLE 19 (2012) also finds that various elements of the Draft Bill fall short of international standards on freedom of expression and access to information. The Draft Bill designates as confidential all campaign financing information submitted to the oversight Committee, with only limited disclosure exceptions for information that is the subject of a complaint or investigation. This runs counter to the principles of proactive and maximum disclosure that are central to the right of access to information. The selection criteria for the Oversight Committee are also left ambiguous, and there are inadequate safeguards to ensure the accountability of this committee to the public.

For the purpose of this study, a “political finance system” encompasses limitations on, support for and accountability of funding for political parties, candidates and other electoral participants. The essence is to address the problems of funding from undesirable sources, electoral violence and unequal opportunities for participation, which can reduce electoral competition and lead to prolonged periods of one-party domination or a return to conflict.

**Epochal-Historical Development of Political Party Financing in Nigeria**

The problem of unregulated use of money in politics did not begin today. There are antecedents in the history of modern Nigeria, beginning with the politics of nationalism in the 1950s, similar to rent-seeking behaviours of parties, politicians and voters. For example, the absence of strict legislation to regulate party finance made it possible for politicians and political parties to engage in illegal party financing and corruption in the Nigeria’s First Republic. The electoral laws under which elections were conducted in the 1950s and 1960s were derived from the provision of the British Representation of the Peoples Act of 1948/9 and its regulations. The 1959 elections were conducted under the provision of the Nigeria (Electoral Provisions) Order-in-Council, LN 117 of 1958 enacted by the British Parliament. During this period, there was no clearly defined regulatory framework on party finance and political party funding was primarily carried out through private parties since candidates were responsible for election expenses. Two cases of corruption involving political parties were judicially investigated. In 1956, the Foster Sutton Tribunal of Enquiry investigated allegation of impropriety in the conduct of some politicians from the National Council of Nigerian Citizens (NCNC) with business interests in the African Continental Bank (ACB). Similarly in 1962 the Coker Commission of Inquiry was set up to look into the affairs of six Western Nigeria public corporations allegedly involved in corruption with the leadership of the Action Group.

During Nigeria’s Second Republic (1979 -1983), a combination of private and public funding was used for the first time. Political parties occupied the central position in politics of the Second Republic. The 1979 Constitution of the Federal Republic of Nigeria clearly stated, “No association other than a political party [was allowed to] canvas for votes for any candidate at any election or contribute to the funds of any political party or to the election expenses of any candidate at an election.” The 1979 Constitution in Section 205 empowers the National Assembly to make laws “for an annual grant to the Federal Electoral Commission from disbursement to political parties on a fair and equitable basis to assist them in the discharge of their function.” The government rendered financial assistance to political parties by way of subventions. In addition, private funding, except from outside Nigeria, was allowed, according to Section 205 of the 1979 Constitution. There was no limit on how many corporate bodies and individuals could contribute to political parties. Apart from the ban on political parties receiving external funds as in Section 205 of the 1979
Constitution, and the prohibition of associations other than political parties from making contribution to the funds of political parties or the election of any candidates at any election, as in Section 201 of the 1979 Constitution, there were no stricter constitutional or statutory regulations on the use of party financing such as those of disclosure of donations. The result was illegal use of money to influence decision making in political parties and the political process in general.

Although the 1979 Constitution provided some form of check especially with respect to external control of political parties, but even that was not achieved in the 1979-1983 elections. The loopholes were exploited by the financially and politically ambitious few who were able to use their wealth to hijack political parties of their choice. With unbridled use of money, little or no attention was paid to political mobilization by those seeking elective positions. Politicians attached much importance to money which they used to buy the votes of the electorates. One example was the occasion in Lagos in 1982 where ten members of a political party donated N5 million at a fund-raising ceremony. The experiences of the 1979 and 1983 elections were such that political parties and politicians had unrestricted freedom to use money from both legal and illegal sources to finance their campaigns and other activities associated with their election expenses. During the Second Republic, the role and activities of ‘contractors’ in government and political parties and other cases of political ‘patronage’ became very rampant. The reports of the various special tribunals that tried politicians and office holders revealed gross abuse of public office and impropriety in dealing with political parties.

The 1999 Constitution of the Federal Republic of Nigeria basically reproduced the 1979 Constitution with some substantive amendments. Under the 1999 Constitution, the Independent National Election Commission (INEC) has constitutional responsibility to monitor the finances of political parties, conduct an annual examination and audit of the funds of political parties and publish a report for public information. Section 228(c) of the 1999 Constitution gives power to the National Assembly to provide for an annual grant to the Independent National Electoral Commission (INEC) for disbursement to political parties on a fair and equitable basis to assist them with their functions. Accordingly, the National Assembly approved a N600 million budget for the 30 registered parties in the April 2003 general elections. INEC disbursed N180 million to all political parties at N6 million each in accordance with Section 80(2)(a) of the 2002 Electoral Act: “30% of the grant shall be shared among the political parties participation in respect of a general elections for the grant has been made.” In accordance with Section 80(2)(b) of the 2002 Electoral Act, N420 million was disbursed by INEC to seven political parties which include: the Alliance for Democracy (AD), All Nigerian Peoples Party (ANPP), Peoples’ Democratic Party (PDP), All Progressives’Grand Alliance, (APGA), National Democratic Party (NDP), Peoples Redemption Party (PRP) and United Nigeria People’s Party (UNPP).

The responsibility to monitor the use of money in campaign activities of politicians and their parties poses some challenges for the Commission. For instance, during the 1999 elections there were complaints and allegations by civic group about large donations by influential political figures and businessmen to some parties. The Transition Monitoring Group – a coalition of civil society organizations, in a statement on the conduct of the PDP, ANPP,
UNPP, and NDP primaries in January 2003, complained, “there was widespread bribery of delegates with sacks stuffed with money to influence their votes.” Also, Sarah Jibril, one of the presidential candidates in the 2003 elections petitioned the leadership of her party over alleged misappropriation of funds. The Commission was able to investigate some of the reported cases and even monitored party finances to some extent. For instance, following the reported allegation of mismanagement of funds released to political parties by INEC, the Commission in September 2003 ordered an audit on four political parties. But for very long time INEC was unable to perform audits or issue reports on the finance of political parties due mainly to a lack of cooperation from most of the political parties.

Section 84(3) of the 2002 Electoral Act states, “Election expenses of Political Party shall be submitted to the Commission in a separate audited return within three months after polling day and such shall be signed by the party’s auditors and countersigned by the Chairman of the Party as the case may be and shall be supported by a sworn affidavit by the signatories as to the correctness of its contents.” In the case of the 2003 elections the due date for submission of the audited report of political parties was 3 August after the final polling day of 3 May 2003. Most political parties violated the deadline and by the end of 2003 only a few submitted their reports to the Commission. Admittedly details of subventions to political parties are not readily available. There are no available record on the exact amount of money spent by candidates and political parties in Nigeria. However, there are indications of heavy reliance on private funding in all the three elections in Nigeria since 1999; more so that virtually all parties lack organizational capacity to generate their own income through legitimate means. According to former President Obasanjo, “the parties and candidates together spent during the last elections, more than would have been needed to fight a successful war.” This view of President Obasanjo is corroborated by a perceptive writer who observed,

More than any election in Nigeria’s chequered political history, the 2003 national elections was determined by how much money candidates had. The electoral process has become so expensive that only the rich or those dependent on rich backers can run.” The writer also noted, “There is also the disturbing trend of questionable business people backing candidates with grey money ().

The increasing influence of ‘godfatherism’ in contemporary Nigerian politics can be linked to uncontrolled party financing as witnessed in both Anambra and Oyo States where State Governors had to negotiate and renegotiate peace with ‘godfathers’ and money-bags politicians who claimed to have helped them win elections by all means! The absence of effective regulation of the amount of private funding that political party can receive from private sources made all forms of political mercantilism attractive and possible. For the 2003 general elections, political parties received funding from the public purse via grants approved by the National Assembly in pursuant of Subsection (1) of Section 80 of the 2002 Electoral Act. This money was insufficient to sustain parties and therefore they obtained funding from private sources. One source of funding for political parties during the 2003 elections was the Nigerian business community. For example, Corporate Nigeria was the chief fundraiser of the Obasanjo/Atiku campaign. While there was no law against political donations by private individuals, the Companies and Allied Matters Act (1990), Section 308, prohibits corporate bodies from making political donations. Some have spoken about the contradictions in the two laws
and suggested the need to set an explicit reference to permitted sources of funding (including corporate donors, state owned companies, state institutions).

The 2007 general elections were conducted with the 2006 Electoral Act, a hallmark of the electoral reform process led by the Obasanjo administration. However, many unresolved issues around party finance and corruption still exist. Public funding is guaranteed for political parties in Section 228(c) of the 1999 Constitution as well as Sections 90 and 91 of the 2006 Electoral Act.4 Section 90 of the 2006 Electoral Act states that the National Assembly may approve a grant for disbursement to political parties contesting elections. Also, Section 91(1) says the National Assembly may make an annual grant to INEC for distribution to political parties to assist them in their operations. These funds, according to Section 91(2) (a & b) are to be shared on a ratio (10:90) in favour of parties that have representation in the National Assembly. However, following the decision of an Abuja Federal High Court on the case filed by the Citizen Popular Party (CPP) and nineteen other opposition parties, INEC was left with no other option but to share funds among political parties equally.

Apart from public funds, electioneering campaigns and other party activities, the 2007 elections were supported through private sources including monies and in-kind contributions made to political parties or candidates from: subscriptions, fees and levies from party membership, fines, proceeds from investments made by the party, subventions and donations, gifts and grants by individuals or groups of individuals as authorized by the law, loans, interests on savings, and sale of party nomination forms, among others.

Reliable data on the costs of election campaigns and other related activities in Nigeria is difficult to obtain. Research in the area of party finance is underdeveloped in the country; hence, advocacy for policy change are rarely based on adequate information and good knowledge of the various dimensions of the problem. These notwithstanding, there are growing concerns about high costs of election campaigns and other related activities and the implications for political corruption in the country.

Most Nigerian political parties lack accountability and transparency in their fiscal practices, a report on the finances of the parties by the Independent National Electoral Commission (INEC) has shown. For at least three consecutive years, the Commission has prepared damning reports on the state of finances of the existing political parties in the country. Most of the parties are always found wanting. But in all those years, neither INEC nor the National Assembly, to which the reports are sent, has made a move to sanction the errant parties.

The latest external auditors reports on the accounts of the political parties for 2008, obtained by NEXTnewspaper, indicates that only 14 of the 54 political parties recognized by INEC at the time had adequate financial records. Some parties, including the People’s Democratic Party, have consistently flouted the Electoral Act. Other major parties; the PDP, the Action Congress of Nigeria (ACN), the Labour Party (LP), the Progressive Peoples Alliance (PPA) all had questionable records.

Out of the major political parties, only the All Nigeria People’s Party (ANPP) had its financial papers in order. Nigeria’s largest party, the PDP, which also has majority representation at the local, state, and federal government levels, could not account for the finances it received in 2008; neither did it conduct any internal audits that year.

“The party does not maintain a Donation Register which is contrary to Section 95(2a) of the Electoral Act 2000,” (NEXT Editorial, 2011) INEC’s external auditors reported.
The Constitution and the Electoral Act, confer an oversight responsibility on INEC and the National Assembly 'to monitor the organization and operation of the Political Parties, including their finances'. Specifically, INEC is mandated to arrange for ‘the annual examination and audit of the funds and accounts of political parties’, according to Section 15(d) of the Constitution.

Section 226(1) of the Constitution makes it mandatory for the National Assembly to obtain the annual account of all political parties. Mr. Ojo who spoke to NEXT newspaper argued that the Senate ought to take the blame if the audit reports have not been acted upon and if the erring parties have not been sanctioned.

But responding to Mr. Ojo’s allegations through its Committee Chairman on Information, Senator Ayogu Eze who posited that the Senate is not sure whether or not the records for 2006, 2007, and 2008 were submitted to the National Assembly. Ayogu Eze, the spokesperson for the Senate said could not say if he had received any political parties audit reports from INEC in the past four years. Similarly, The Senate Committee on INEC could explain why the Senate has not acted on the audit reports.

In an effort towards correcting inactions of those institutions and agencies trusted with the responsibilities of unregulated political finances, global public opinions have come to ginger them into action. The critical forces in this consciousness mobilization include mass mobilization on global scale, capacity building for civil society organizations and support for electoral reform programs by bilateral and multilateral donors and development partners. All around the world there is increasing pressure for the regulation of private funding to political parties. In the US, the McCain-Feingold Bill was passed and in UK the Political Parties, Elections and Referendums Act was passed in 1997 after a series of allegations of corruption.

In South Africa the demand for regulation is growing. At African regional level the AU Convention on Combating and Preventing Corruption includes a clause on the importance of regulating private funding and calls states to do so. As Nigeria derives more strength from the global current and the new policy consciousness against corruption is institutionalized via the creation of agencies and commissions, more attention need to be paid to how to regulate political party funding. The links between party financing and corruption are so important that to ignore party financing is simply to open wide the door for corruption. Looking into Nigerian political history one realizes that there is much that need to be done in this regard.

**Party Funding and Its Implications on Political Recruitment: A Case of the PDP**

Funding is one of the most crucial issues for political parties in Africa and indeed for the PDP in Nigeria. In fact, when democracy is labeled as an expensive political system it was not unconnected with huge sum of money needed by parties to provide offices, equipment, staffing, campaign for political offices, organizers, congresses and conventions and pay litigation fees among other electoral processes. Perhaps, in view of the challenging nature of party funding and finance, Section 228 of the 1999 Constitution obliged government to provide grants to registered political parties, the procedure for sharing annual grants is that; 10 percent of the amount will be shared equally to registered parties, while 90 percent is shared in proportion to each party’s number of seats in the national assembly (senate and house of representatives). Similarly, section 90 of 2006 Electoral Act clearly states the regulations of party finances. Specifically, it requires the national assembly to approve a grant for disbursement to all political parties contesting elections. In addition, Section 92-3 of the 2006 Electoral Act allows parties to source funds from private individuals.

Accordingly, the PDP sources of funding have clearly been stated in its Constitution. Article 18, sections 18.1(a-f) and 18.2 state that: there shall be established and maintained for the party a fund into which shall be paid all:

a. Subscription fees and levies from membership of the party;

b. Proceeds from investments made by the party
c. Subventions and donations
d. Gifts and grants by individuals or groups of individuals as authorized by law
e. Loans approved by the national executive committee
f. Such other moneys as may be lawfully received by the party (section 18.1)

Similarly, Article 18.2 (a) peg annual subscription fee of 200 naira only. The party also levies its elected public officers as follows; elected public officers in various legislatures, appointed public officers at all levels such as ministers, commissioners, special advisers, etc and ambassadors 5% of basic annual salary, while board chairmen at federal level are to pay 5% of their remunerations and allowances. Other sources of funds for the party include subventions and donations from individuals and friends that enjoy patronage from the party at all levels of government. Donations are also provided in the form of sponsoring candidates to contest elections. Proceeds from the sale of nomination forms is another source of funding for the party especially because it is capable of presenting candidate for all electable public offices and across all levels of government. For example, during the 2006 primaries (for 2007 general elections) 31 presidential aspirants obtained nomination forms at 5million naira each (giving the total of 155 64 million), while three female aspirant were exempted as a way of encouraging women participation each of these aspirants including women paid compulsory 10,000 naira each for expression of interest (giving the total of 310,000).

The nomination form for gubernatorial aspirants was pegged at 3million naira, 1million and 500,000 naira each. This shows that sales of nomination forms contribute hugely to the PDP purse. (Eme, 2008). The National Chairman’s annual fund raising dinners, business ventures, proceeds from investments and borrowing are other constitutionally enshrined sources of PDP funding (See Section 18.2e-h of the PDP Constitution). Of these, the national chairman’s annual and presidential campaign fund raising dinners are the most important. Entrance to these dinners is strictly on special invitation and conducted secretly under tight security. This means that patronage and clientelistic networks are the major channels of PDP funding. Those patrons who contribute hugely to PDP funding and fully control their political terrain tend to crudely manipulate the selection processes to the extent that only the anointed candidates are selected both for party offices and national election as candidates. These powerful political patrons or their agents, perhaps because of the magnitude of their influence on the party and party candidates are popularly called Godfathers. Thus, godfatherism has become a household name. The influence of the godfathers in candidates, selection is captured eloquently. in almost all the states of the (Nigerian) federation, only candidates anointed by political godfathers in Abuja or in the state won (gubernatorial primaries and congress and conventions) (Newswatch 2006). Evidence have shown that internal party rules are only used as window- dressing, often informal arrangements become thee substantive rules of the processes, empirical studies have shown that lack of internal democracy has largely contributed to factions, crises and conflicts that besieged the party since 1999. (Eme and Anyadike, 2012).

In contract to democratic procedures, PDP employs dubious tactics in their candidate selection and nomination process. Hence, the so called conventions, primaries and congresses are mere pretexts to celebrate the appointment of anointed candidate. Often, because of the relationship between party funding and candidate selection/ nomination; financial donors (godfathers) of the PDP take over and/ or hijack its control. They manipulate all its major activities. They determine who is selected or appointed to occupy which party or public office. Godfathers have become owners of the PDP Ikejiani-Clark (2008). While expressing dismay over the influence of godfathers, we are particularly concerned about the emergence of godfathers as a directing principle in our political affairs. The concept of godfathers as owners of political parties or section thereof is a threat to the development of democracy. Godfathers must not be allowed to substitute themselves for members of political parties or indeed for the voting citizenry during
elections by determining who gets nominated to contest and who wins elections. Godfatherism is therefore, the main defining character of party politics in Nigeria. Godfather politics explains the power of an individual over the machinery of a political party, its constitution, statutory laws, and the Nigerian Constitution.

In Nigeria, information from personal observation revealed that majority of the people regard the godfather phenomenon as a huge challenge to democracy and to organizational development of the PDP. In fact, godfathers are a major plague of party politics in the country” and are specifically responsible for factionalism, acrimony and conflict (International IDEA, 2006) within the ruling PDP. Moreover, in an interview, a former chairman of a Local Government Council in Nigeria stressed that one of the ways through which most politicians finance their political activities (campaign rallies and political mobilization) is through getting *ubangida* (godfather).” He maintained that in politics in Nigeria, there is a need for *ubangida* (godfather). So your *ubangida* would be supplying campaign monies and even pocket monies for your daily political spending. This is because the *ubangida* believes that he is investing. So, immediately you win the election, he [the godfather] would be coming to you to reap his investment (Ikejiani-Clark, 2008). The problem with this undemocratic arrangement between the godfathers and godsons is that when an election is won, the godfather either becomes the *de facto* chairman, or governor or uses carefully calculated tactics of siphoning the resources of the local government or the state to himself or his cronies (Ikejiani-Clark, 2008). From this evidence, godfathers rather than the PDP are the driving forces of the ruling party. By extension, this means that the godfather controls the party, its machineries, as well as the chairman or the governor.

According to Ibeanu (2008), godfathers are the major financiers of the PDP and its electoral candidates, and use the party as an “astutely thought out investment outlet to be recovered through frivolous and bloated government contracts, appointments of cronies into chosen public offices and other prebendal returns by the beneficiaries”. Godfatherism has led to the personalization of the party, siphoning of public resources, embezzlement, mismanagement and outright theft. The magnitude of the mafia-style phenomenon of godfathers also is demonstrated by how the godfathers decide party nominations and campaign outcomes and, according to Ngige (2008), when candidates resist, the godfathers use violence to deal with the situation. This makes free and fair elections extremely difficult and raises the potentials of violence in primaries and general elections. The examples of Anambra and Oyo States during Governor Chris Ngige and Rashid Ladoja, respectively, provide prime illustrations.

Though the PDP has procedures for funding and campaign financial activities, they are often jettisoned by godfathers and political barons. In other words, the political significance of the party has become no longer determined by popular support but by administrative manipulation by the godfathers through all necessary means. For example, Ngige (2008) argues that these godfathers are mainly interested in controlling the party machines instead of presenting popular candidates for healthy electoral competition. Indeed, owing to the control of the party organization, godfathers cum the PDP has various ways of eliminating popular candidates from the so-called party primaries. These include: A declaration by powerful political barons, state governors, godfathers, and others that those entitled to vote must support one candidate and other aspirants must withdraw. Since these people are very powerful and feared in their communities, their declarations carry 70 much weight. (ii) Zoning and other procedures exclude unwanted candidates by moving the party zone out of the seat or position in question to an area where the excluded candidate is not local. (iii) Candidates who oppose the godfathers protégés are often subject to violence by thugs or security personnel. (iv) Money, a significant factor in party primaries, is used to bribe officials and induce voters to support particular candidates. Since the godfather generally has more money than the independent” candidates, many of the latter are eliminated because they cannot match his spending. (v) What Nigerians call “results by
declaration”: An aspirant wins a nomination or election, but polling officials disregard the results and declare the loser the winner (Ngige, 2008).

In addition to the above, the financial supports from godfathers are not directly channeled to the PDP. They are directly given to „potentially winning candidates, with the hope of enjoying political patronage. This helps in furthering clientelistic alliances completely outside the party organization, but which are detrimental to the development of the party. These external alliances proved to be stronger than the party organisations. The exclusive control of PDP funding and campaign financing by godfathers through clientelistic networks and political alliances was made „easier by the failure of the PDP to source a substantial part of their income from membership dues and other statutory fees from elected party members, such as legislators, Governors, Chairmen, Councillors and party members holding political appointments.

The Process of Consensus in party candidate selection in the PDP as indicated in the above discussion, given the enormous power of the godfathers, in some states, they appoint or at least claim to appoint all electoral candidates of the state and made them to win their elections. For instance, in the aftermath of the 2003 elections in Anambra state, Chief Chris Uba in an interview proudly stated that:

I am the greatest godfather in Nigeria because this is the first time an individual single-handedly put in position every politician in the State…. It is not just the Governor [that I sponsored]; there are also three senators, 10 members of the House of Representatives and 30 members of the House of Assembly… I sponsored them…and this is the first time in the history of Anambra state that one single individual would be putting every public officer in the state in power (Interview, Sunday Champion, June 8, 2003).

Similarly, at his 79th birthday celebration, Chief Lamidi Adedibu who is the godfather of Oyo politics (Eme and Okeke, 2011) arrogantly stated that: I am employing this occasion of my 79th birthday anniversary to announce on behalf of the Deputy Governor of Oyo state, Executive members of the PDP in Oyo state, wards, local and state executives, the two PDP senators in the Senate, 9 federal honorable members, 20 operating members of the Oyo state House of Assembly, 351 PDP councilors and 33 council Consensus’ has become a household name in Nigerian political system since 1999. It is a political vocabulary introduced to convince someone sometime forcibly - to step aside in their political ambition for their opponents.

In fact, most of the local and national primary elections organized by political parties were simply seen as window-dressing. This is perhaps why at most party primaries more problems were created than solved. Ironically, this is where godfathers play a significant role in making sure the candidates they are supporting win the party primaries. The consensus process is usually done in stages: the first stage is the lobby and pursuit of the opponent candidate (irrespective of his leadership credentials and popularity), who has no ‘strong’ godfather to support him, to step down in the contest for his opponent. If the candidate appears difficult to convince, the second stage is to promise him official position if election is won and all expenses already committed in the course of campaign and rally, would be settled by the godfathers. The third stage would be to contact his parent depending on the level of opposition under contention. The fourth stage is to contact the traditional ruler of his area to intervene to convince him to step down. The traditional ruler in the discharge of this duty would either be paid or do it as the father of the area, or even for both reasons. The fifth and final stage, if all previous stages appear unsuccessful would be to go for the primaries. The political maneuvers would start at the preparation of the primaries, especially in deciding or electing the delegates. The majority of the participants that made it into the party delegates list would be paid all their financial expenses, and a substantial amount would be given to each delegate to vote for a prepared and predetermined choice.
Implications of Unregulated Political Party Finance

The predominance of money in Nigerian politics cannot be over-emphasized and that also accounts for the huge negative impact it has made on our polity. Politics of cash and carry and winner–takes–all cannot generate development despite how long we practice this brand of democracy- where political groups and individual with the highest financial power carries the day. The place of campaign finance monitoring and regulation in our political process is to curtail the influence of money in politics in Nigeria. During electioneering campaign in 2003; a group of business people under the aegis of Corporate Nigeria contributed over 2 billion Naira to the campaign funds of President Olusegun Obasanjo in contravention of Section 38 Subsections 2 of the Companies and Allied Matters Act which prohibits corporate bodies from making contributions to political parties.

The Act specifically in Section 38 said that: A company shall not have or exercise power either directly or indirectly to make a donation or gift of any of its property or funds to a political party or political association, or for any political purpose and if any company, in breach of this subsection makes any donation or gift of its property to a political party or political association or for any political purpose, the officers in default and any member who voted for the breach shall be jointly and severally liable to refund to the company the sum or value of the donation or gift and in addition, the company and every such officer or member shall be guilty of an offence and liable to a fine equal to the amount or value of the donation or gift.

Despite the provision of this corporate law, nothing happened because the donation was made to the political party in power. This trend of political donation from corporate bodies contrary to the relevant laws of the land and guidelines like, the Electoral Acts, the Constitutions and the Code of Conduct for public officers. As a result of this, money politics compromises moral standards, competence and accountability. People who use their money to get power are not accountable to anybody. This is why we as a people committed to democratic survival should take more than a passing interest in issue of political finance monitoring and use of State and Administrative resources. “Godfatherism” as a principle of politics in Nigerian will only be checked when there is liberalization of party finances.

That is to say when individuals do not fund political parties for the purposes of putting them into power and to use influence peddling to cease the machinery of government for the purposes of recouping “investments”; when party finances are sourced from the generality of political party supporters who bring in their little contributions to make up the finance of the party campaigns in such a manner that no one man will be strong enough as a result of his financial contribution to dominate the party or govern when the political party wins the election.

The lack of attention paid to this crucial area is of grave concern, because the unchecked influx of money into politics will produce governance that has been captured by a tiny minority, to the detriment of a majority. The result is a political process captured by special interests, resulting in an undue influence on government policy, distortion of political discourse, and a reduction in political participation. Whenever a waiver is granted, or foreign goods are banned, it is often to pay back a generous donor and wet the ground for the next cycle. Another of the main dangers in money politics is that it becomes an arms race. The other party is doing it, so you have to do it too, or risk falling behind. In the run up to the last US elections, Barack Obama initially rejected donations from SuperPACs, groups who were recently allowed to use unlimited funds in support of a presidential candidate by the US Supreme Court, but he later accepted their support because Mitt Romney, his challenger, was already profiting from the organisations which backed him.

With just over 18 months to go till the next general elections, civil society groups need to impress on INEC the urgency of putting in place measures to track campaign expenditure in all political parties, at all levels, and enforcing the spending limits contained in Section 91 of the
2011 Electoral Act. Limits should also be placed on how much any one person can donate to a candidate, and information on donors to political parties should be in the public domain.

There is little hope of stemming the tide of corruption, while the stakes for public office in Nigeria remain so high. There was an instance during the Babangida administration when the government actually decreed and funded two parties — National Republican Convention (NRC) and the Social Democratic Party (SDP) — because it believed that was the way to do away with claims by an individual or group pretending to own a party. That experiment became a cesspool of corruption and ended as an unmitigated disaster. That may explain why the makers of the succeeding constitution that midwifed the current democratic dispensation decided to keep the idea of government financing the parties silent.

The suggestion that the government should consider wasting taxpayers’ money on politicians who will end up feathering their own nests when they get into office is decidedly objectionable. For one reason, it will not stop some power-hungry individuals from ganging up to hijack the process. Also, it will not restrain them from looting our collective patrimony for themselves and their generations yet unborn. The status quo should be maintained: no public funds for political parties. It is bad enough that they will rip the public till open; it will be worse to imagine that we would have aided and abetted the crime.

In the end, it will not matter whether an election is free and fair or not. He who plays the piper dictates the tune. If only those who are rich or have rich benefactors can run for office, the electorate is deprived of new faces and fresh ideas. That cannot be a good thing.

**Recommendations**

Nigeria has often been cited by political finance experts as an example of a country with strong laws on political finance regulations. The country’s statutes, viz: the 1999 Constitution of Nigeria, as amended; the Electoral Act 2010, as amended; the Constitutions of the political parties, the Political Finance Manual and Handbook, the Companies and Allied Matters Act and the Code of Conduct for political parties all contain provisions that aim at regulating political finance in Nigeria. Be that as it may, there are inherent problems with the laws, hence the need for further reform of the legislations. Good enough, Nigeria’s National Assembly is in the process of altering the 1999 Constitution. Aside the weaknesses in the law, there is the challenge of law enforcement by the regulator. Some of the following recommendations are targeted at legislative reform; policy reform and institutional reform.

It is recommended that candidates must have the obligation to submit election expenses report to the Independent National Electoral Commission (INEC) in the case of general elections and State Independent Electoral Commissions (SIECs) in the case of Local Government elections. The rationale behind this is that candidates spend more on their campaigns than their political parties. More so, the electoral law limits election expenses candidates can incur (See Section 91 of Electoral Act 2010, as amended), they should therefore be made answerable for any breach of political finance regulations.

It is also suggested that public funding of political parties should be restored. However, stringent conditions must be set for political parties to access this fund. Political parties could be asked to write a funding proposal to INEC stating what they intend to do with the required fund. This proposal could be assessed by a select committee of internal and external assessors to be appointed by the Commission. The disbursement could be in trenches to be released upon satisfactory performances and achievement of certain benchmarks or milestones. This will ensure that there is value for money remitted to these political parties.

Nigerian law should capture third party spending. It has been discovered that high profile candidates use third parties such as Committee of Friends or other pseudo Non-Governmental
Organizations to spend above the permissible limits. In the last concluded election in Edo State, a TV advert was alleged to have been sponsored by members of one of the parties contesting the election who are based in Dublin, Ireland. Not only does the Constitution in Section 225(3) prohibit possession of foreign funding, the monies spent by third party are difficult to track and pin on the contestants.

For effective enforcement, Nigerian political parties will need to introduce internal control mechanisms in the form of financial agents and managers, code of conduct, accounting procedures, financial checks and balances and ethical committees to help oversee financial management and fundraising activities. Electoral law can be amended to make this mandatory for all registered political parties. Political parties should outlaw separate campaign office by aspirants and candidates. Such practice usually weakens party supremacy, and promotes corruption. Moreover, Nigeria should borrow a leaf from the Liberian example where all party candidates are made to publicly declare their assets before they can be issued a nomination form by their parties. Besides, anyone who wins an election without a financial report will not be sworn in.

It is also imperative to review the Act setting up the Code of Conduct Bureau to de-classify the asset declaration forms of all elected public office holders and political appointees. This is to enhance transparency and accountability. Furthermore, there should be a law permitting the auditing of campaign donations to candidates; any excess not expended on the campaign should either be forfeited to government or donated in aid of some public cause. The law should be amended to grant Nigerian citizens locus or recognition to engage in public interest litigation on political finance enforcement. This can be hinged on the Freedom of Information Act 2011. Citizens can also go to court to seek order of mandamus to compel INEC to enforce political finance regulations.

On policy reforms, it is imperative to have an impartial and timely enforcement of the existing regulations by INEC, SIECs and anti-corruption agencies that brings at least some kind of sanctions against violators. It is hoped that INEC particularly will take advantage of the prosecutorial powers granted it by S. 150(2) of the Electoral Act 2010, as amended. INEC needs to make a scapegoat of perpetual violators of political finance regulations by prosecuting them in courts.

There is an imperative need to educate Nigerians on the legal restrictions on campaign finance; damaging effects of political corruption as well as the need to demand for accountability from their political parties and candidates. Political parties should be true to their Code of Conduct as contained in the section on Political Finance.

In terms of institutional reform, there is a need for robust collaboration between and among INEC, SIECs, Federal Inland Revenue Service (Tax Office), Corporate Affairs Commission (CAC), State Security Service, the Police, the Judiciary, professional bodies like the various accounting organizations, Nigerian Bar Association and anti-corruption agencies like EFCC, ICPC and Code of Conduct Bureau (CCB) in the crusade against political corruption. Government at all levels needs to join in the fight against poverty and corruption which are bane of our democracy. It is also imperative to strengthen the capacity of SIECs and INEC to deal with the problem of party finance. The capacity of political parties should be adequately built to keep proper records of financial transactions. The standing Inter-Party Advisory Committee (IPAC) whose duties includes the consideration of any breach of the political finance provisions should be rise to its responsibilities.
The aforementioned are some of the practical ways to sanitize our polity. These, coupled with attitudinal change will reduce the corruptive influence that money currently has on Nigerian politics.

**Conclusion**

As the nation moves towards elections next year, it has become imperative to revisit the issue. The Uwais Panel report recommended the continued funding of parties by government through INEC, but suggests a ceiling for individual donations for each category of office. These figures run from a limit of N20 million for individual donations for a presidential candidate to N15 million for a governor, N10 million for a senator, N3 million for a local government chairmanship candidate.

It makes eminent sense for party members to fund their own organisation. If members pay dues and subscriptions, there is the tendency that they will take the party seriously and would not allow it to be hijacked. In other countries we know that parties raise funds through several avenues and there is a limit to which an individual or corporate body can contribute to parties, we must begin to have that here too. This has become necessary because we know how much corporate bodies and individuals gave to the Obasanjo campaign fund during his first term, and we now know how that affected or coloured his judgment in their favour.

Our stand is that for electoral reform to be meaningful and effective it has to address how political parties are to be funded. Finally, government funding of political parties as desirable as it looks because it serves as a form of assistance to weak parties, should be regulated. The Uwais panel recommends that only parties that score 2.5 percent of the votes in the 2011 elections should be eligible to receive funds from public grants, but this like many other issues may be expunged in the final document that emerges when the two houses have reconciled to produce a final bill. In the final analysis whatever the form the legislation that makes it through may take, it will have no effect if it is not enforced.

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