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## **Cover Page Footnote**

1 The researchers wish to acknowledge the generous financial assistance from the International Growth Centre (ICG), UK. The paper was part of a larger research project on funding political parties in Ghana. We are also grateful to Charles Gyamfi-Ofori, Ernest Apau and Eric Yobo for assisting with the fieldwork. 2 Emmanuel Kojo Sakyi, University of Ghana Business School, Legon, Accra (Corresponding author) and Kinsley Senyo Agomor. School of Public Service and Governance, Ghana Institute of Management and Public Administration, Achimota, Accra

# State Funding of Political Parties in Ghana: Exploring the Views of Card-Holding and Non-Card Holding Party Members<sup>1</sup>

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**Abstract:** *Although Ghana has made significant progress in the establishment and consolidation of democratic politics since 1992, the vexatious issue of the use of scarce public resources to support political party activities remained unresolved. Using quantitative data an attempt is made in this study to examine the views of Ghanaians on the arguments for and against state funding of political parties. The data for the study was obtained through survey of 1600 self-declared card-holding and 200 self-declared non-card holding members of the seven political parties that contested the 2012 general elections. Convenience and stratified sampling procedures were deployed for the selection of the respondents. The study results indicated that rich individuals with a mean score of 4.41 and standard deviation (SD) of 0.77 form the most predominant funding source for political parties in Ghana. Again, the least funding sources were the state or government funds and dues from ordinary party members which obtained a mean score of 2.71 and SD of 1.71; and a mean of 2.93 and SD of 1.38, respectively. The study conclusions were that, in Ghana, few rich individuals are the major financiers of political parties. Ghanaians are divided and ambivalent on the question of state funding and, those who oppose across-the-board state funding policy outnumber those who support the idea. Likewise, support for state funding of political parties in Ghana is predominant and strongest among party executives and the smaller political parties. It is recommended that funding from both private and state sources require strong and effective regulation regime by the establishment and implementation of disclosure and transparency policies and laws.*

**Keywords:** State funding, political parties, card-holding, non-card holding members, Ghana

## Introduction

It is important to note that the debate on state funding of political parties is indeed not new but it has over the last two decades gained currency following the wind of democratic reforms which have overwhelmed the entire world especially the developing countries in Sub-Saharan Africa. For

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most developed countries which are stronger economically with a vibrant civil society and stronger business class, the question of party funding is not much of a problem. In fact, quite a number of developed countries already have party funding incorporated in their public expenditure and it constitutes a large share of their national income set aside for electoral and political party activities. However, Africa is lagging behind in terms of the number of countries providing public money to support political party activities (see Ohman 1999; Austin and Tjernstrom 2003). Ghana for example, is not among the countries currently providing state support to political parties. Ghana needs to invest more in nurturing, consolidating and sustaining democracy. Ghana's current situation suggest that, the inherent question of whether state funding of political parties would pay-off remained unanswered or unaddressed. In the peculiar case of Ghana, the issue is left to the opposition parties while the ruling party and government remained mostly unconcerned. Ninsin (2006) laments that, "the Ghanaian political financing regime virtually bequeaths party funding to market forces. He argued that, realizing effective party organization in the domain of the private sector has nevertheless proven illusory and problematic". Even the two major political parties in Ghana – the NPP and the NDC – have found it extremely difficult to finance their operations from private sources. The fact therefore is that finance is a major problem for all the political parties in Ghana except the party that is in power. It is therefore not surprising that all the non-governing parties have at one time or the other supported state subvention of political parties (Ninsin 2006). He has further observed that:

*"When the NPP was in opposition it was a vocal advocate of state funding of political parties. But since it was voted into power it has been less enthusiastic about the issue of state funding of political parties while the NDC, which is now out of power, has been lamenting the paucity of funds for party work, and has now joined the smaller parties to advocate state funding of political parties"* (Ninsin 2006, 17-18).

Several studies have attempted to answer the state funding question in the new democracies in Africa (Ninsin 2006; Ashiagbor 2005; Ayee et al. 2007; Boafo-Arthur 1996; Kumado 1996). Many of these studies claimed that state funding serves as an important boost to new parties especially smaller parties which have no or limited access to other sources of money to undertake their political activities (Ikstens et al. 2002). Essentially, funding provided to a new and small party in its infant stages may would help it not only to survive and compete in elections but to engage in relevant political activity during and after elections. Arguably, state funding has the tendency to diversify the party system, improve internal party democracy and boost democratic competition (Samuels 2001; Boafo-Arthur 2003). Whereas state or public funding of political parties is seen to be good, the extent to which state funding may bring about change in political competition is largely contested by many because it is dependent on how it is conceived, designed and implemented by the political elites of a country. Undeniably, when public funding or subsidy policy is well framed through consultation and massive engagement with stakeholders before implementation, it would strengthen the party system and urge parties to embrace political change. Political parties are essentially an assembly of social groups, they are products and properties of society; and, public funding of their activities would serve as stimulus for them in several ways. It would enable them to operate as professional, social and political organizations. Any carefully fashioned public policy aimed at supporting their activities would make them less dependent on rich individual businessmen and businesswomen for money. Also, public funding when packaged properly would help political parties build stronger structures that would improve internal

democracy, enhance their national and social character and enable them engage actively in social and political activities at all times (IDEA 2003; Ayee et al. 2007; Gyampo 2015).

In fact, the current situation in Ghana and most African countries where the responsibility of funding political parties remains the concern of a small group of rich individuals and organizations is not the best for nurturing representative democracy and good governance. The availability of appropriate funding for election campaign, headquarters and constituency administration and educational activities of political parties is very important. It is unfortunate that after nearly two and half decades of multi-party experiment in Ghana, the issue of funding of political parties has not been seriously discussed especially within the economic and social context, even though it remains a vexed and contentious political topic (Gyampo 2015; Ayee 1993; Kumado 1996). Public opinion on the question of state funding of political parties is still divided, and, despite circumstantial evidence of support for public funding of parties, there remained several unanswered questions on the issue in Ghana today (Gyampo 2015).

### **Objectives of the study**

The objectives of this study was to answer the following questions:

- What is the nature and challenges of funding political parties?
- What is the current dominant opinion on (e.g. voters, ordinary party members and executives) the issue of state funding in Ghana?
- What are some of the potential policy effects and implications of state funding?

### **Literature review on the reasons for state funding of political parties**

Various reasons or arguments have been made in favor of state funding or public subsidy for political parties. The first reason given is that state or public funding has to do with the increasing need to control the influence of individual and private money and to limit their potential effect on the democratic political process. The aim here is to protect the public good and ensure that the public interest rather than individual interest and money shapes the conduct of political parties and elected political actors. Alexander and Shiratori (1994) make a similar assertion in regards to the limitation placed on private donations or campaign expenditure. It is expected that this situation will help reduce corruption in the political process. This view is the state-centric perspective, and, it is regarded as a popular suggestion to solving the perennial problem of funding political parties where the state provides financial and non-financial resources to political parties from the public purse. This may be in the form of cash or kind or both.

The second reason for state funding has to do with the realization that political parties have for a long time been suffering from a growing disconnection of citizens from conventional politics, which manifests in lack of trust in parties, identification with parties, increasing apathy and partisan and resultant decrease in the number of party memberships (Dalton and Wattenberg 2000; Mair 1994; Biezen and Kopecky 2001). As a consequence, political parties have lost a significant number of volunteers who would have to work for the party as unpaid political missionaries or carrying out intensive campaign activities for free. (E.g. in Africa, the support-base of the nationalist political parties have diminished due to demographic changes and harsh socio-economic conditions of the post-independence periods especially in the 1970s, 80s and 90s). This loss has pushed most parties to resort to the recruitment of large number of paid political-workers resulting in increasing cost for running party activities. This declining membership resulted in loss

of major revenue and membership dues/subscription causing most parties to go out of their way in search of financial assistance from alternative unorthodox sources. It is for this recognition that, some scholars and political elites are advocating an intervention from the state to prevent the collapse of political parties and the implications for government, governance and civil society. Biezen and Kopecky (2007) in this connection noted that, 'because parties had come to be seen as a vital political institutions for democracy, it is just logical for the state to intervene with direct financial support in order to facilitate or guarantee their continued existence and survival'.

The third reason for state involvement in party financing of political parties derives from the believe in the creation of an equal playing field, equal opportunities, fairness and to enhancing quality of political competition (Gunlicks 1993, 5). Given that all political parties are not equally resourceful and those who are unable to benefit from private funding should not be allowed to suffer unduly or be disadvantaged. This concern is of importance, particularly in regard to smaller and new parties whose program is unlikely to appeal to wealthy individuals and established groups and new parties with no connection with social and economic interests (e.g. Trade Unions, Women groups, farmer's associations; youth groups and grassroots associations etc.). The justification for state funding in such cases is that, it would facilitate a more equal level playing field, by enabling new, small and less resourceful parties to compete on a more equitable basis with the dominant and financially more privileged and entrenched parties.

The fourth argument in favor of state funding relates to the desire to restrict the influence of private money and curtails its potential for distorting the democratic political process. The aim is to prevent the unfortunate situation where private financiers take an entire political party and party officials' hostage resulting in dangerous manipulations and corruption. Similar arguments hold for the limitation placed on private donations or campaign expenditure through regulatory policy from the state (Alexander and Shiratori 1994; Alexander 1996). The use of public legislation would empower the state and its institutions to control the indiscriminate and inordinate influence of private-money in politics. It also offers the state a greater opportunity to legitimately exercise supervisory responsibility and protect undue influence of private businesses to the disadvantage of the ordinary members and the public interest. This notion is embedded in contemporary notion of the relevance of political parties for the survival of democracy (Hopkin 2004). In this regard Paltiel has observed as follows: "Whether the motive for state intervention is for financial stringency, the reduction of the burden of rising election cost, or the desire to escape the taint of corruption or mixture of these, efforts was made to justify the changes in terms of liberal democratic ideology" (quoted in Alexander 1989, 16). For the foregoing reasons, parties have become and are seen as indispensable public goods and the state is obliged to play a legitimate role in their survival by financing their activities (Biezen and Kopecky 2001; Biezen and Kopecky 2007; Paltiel 1981).

The fifth reason is that party politics and democratic development in all modern societies has become increasingly expensive. The continuing rising cost of the democratic process coupled with a decreasing revenue to its principal actors require public funding. Politics has become expensive in developed and developing countries. This is because of the more use of the mass media, more cost-intensive campaign methods; and, resources needed by parties have increased at central headquarters and constituency offices and this require better staffing and more money for effective administration and intensive election campaign, (Mair 1994; Farrell, 2002; Pinto-Duschinsky 1990; Pinto-Duschinsky 2002). Therefore, state funding in such a situation is never a luxury but necessity.

Despite the foregoing arguments in favor of a more prominent role of the state in the funding of political parties, these propositions would have to be understood within the context of the ongoing predominant discourse, which holds that parties make a positive contribution to democracy and to the public interest (Bienen 2004; Patiel 1981; Doorenspleet 2003). In fact, the increasing importance being attached to state participation in party financing has become acceptable mainly for the recent ideological change that has accompanied the development of modern democracy in the developed, transition and developing countries. Political parties have over the years grown from organizations perceived as incompatible to democracy, to institutions that are generally seen not only as its principal promoters but an indispensable backbone (Bienen 2004; Pinto-Duschinsky 2001).

This perceived change in the role of political parties informed Biezen and Kopecky (2007) submission that a growing and more generally shared and positive recognition came to be attached to the role of parties in representative democracy only in the immediate post-war period (Bienen 2004; Randallo and Svasand 2002). They argued that beginning with the restoration of democracy in the developed countries in central Europe, political parties came to be seen as valuable and crucial to the point that they are generally considered as the necessary condition for the organization of the modern democratic polity and for the expression of political pluralism and participation (Nassmacher 2001 cited in Ayee et al. 2007). Bienen (2004) and Biezen and Kopecky (2007) further argued persuasively that the centrality of political parties for representative democracy is generally accepted both by contemporary party scholars – although arguably not by many political theorists – and by policy-makers charged with fostering the development of newly emerging democracies and with improving the quality and sustainability of democracy in established democracies.

All in all, the growing appreciation over the course of the last five decades of the positive contribution that parties make to democratic development underline the justification for the shift in the theoretical postulations on the role of political parties and modern democracy. Because political parties have now become valued key democratic institutions, it has become necessary for the state to play a direct role in financing them in order to facilitate their continued existence, to foster equal access to resources, and to prevent personal forms of party financing (Biezen and Kopecky, 2007).

## **Method of data collection and analysis**

### *Mass Survey: Questionnaire Development*

The method for data collection was mainly quantitative through mass survey of respondents. The development of the questionnaire was informed by the objectives of the study. Twenty questionnaires were pre-tested from March 24-26, 2014 in Accra. Responses and report from the pre-testing were used to finalize the survey instrument. The final instrument comprised three sections. The first section of the questionnaire asked for information on party affiliation or membership status. The second section focus on the nature of sources of party funding, support for state funding and challenges of funding. The last section of the questionnaire collected information on the socio-demographic background of the respondents with respect to age, sex, education, occupation, income level, region and constituency.

*Protocol for questionnaire administration*

The questionnaires were administered at various party offices, homes, party congresses and party programs. On Saturday April 5, 2014, the CPP held its National Executive Congress at Tamale, some Research Assistants were deployed to administer some number of questionnaires. Also, on April 12, 2014 and December 20, 2014, the opposition NPP organized its national delegate's congresses at Tamale in the Northern region and Kumasi in the Ashanti region respectively to elect national executives of the party. The researchers took advantage of these congresses to administer majority of the questionnaires with the help of Research Assistants. Over 60 percent of the total questionnaires were therefore administered at these party congresses using convenience and stratified sampling procedures. The stratification was done on the basis of membership positions of the respondents, for example, constituency, regional and national executives of the parties. This helped the researchers to reduce known variances in the population which the convenience sampling was likely to create. Likewise, Research Assistants were also deployed to the Western (Takoradi), Volta (Hohoe), Eastern (Donkorkrom), Brong Ahafo (Techima), Upper East (Bolgatanga), and Upper West (Wa) regions to administer the survey questionnaires. This second grouped of interviews aimed to ensure regional representation of the sample and to correct any potential researcher biases which might have occurred during the first phase. The regional distribution of the respondents are presented below in Table 1.

The survey data covered 1600 self-declared card-holding members of the seven political parties that contested the 2012 general elections and 200 self-declared non-card holding members of the political parties. The two biggest political parties in Ghana (National Democratic Congress and New Patriotic Party) were allocated two-thirds of the questionnaires and the remaining one-third were distributed among the five smaller political parties. Concerning the survey of political party members, the NPP and NDC were each allocated 600 questionnaires due to their almost equal strength in the last three general elections; and, the percentages of total votes of the five smaller parties in the last three elections were used as a proxy to distribute the remaining 600 questionnaires to the respondents.

**Table 1: Political party and region**

Party	Region of affiliation <sup>3</sup>											Total
	N/R	WR	CR	GAR	VR	ER	AR	BAR	NR	UEW	UWR	
NPP	17	29	11	117	63	68	95	36	91	31	42	600
NDC	32	29	33	104	43	38	118	27	72	55	49	600
CPP	1	8	11	35	6	7	20	10	30	11	9	148
PNC	2	8	7	47	9	3	16	10	39	20	16	177
PPP	0	6	5	1	2	1	2	4	11	6	5	43
GCPP	0	3	0	6	0	2	7	6	0	1	1	26
UFP	0	0	0	0	0	0	2	4	0	0	0	6
N/A	13	30	8	74	4	3	44	17	5	1	1	200
<b>Total</b>	<b>65</b>	<b>113</b>	<b>75</b>	<b>384</b>	<b>127</b>	<b>122</b>	<b>304</b>	<b>114</b>	<b>248</b>	<b>125</b>	<b>123</b>	<b>1800</b>

Source: *Compiled from survey data, 2014*

In June 2014, 100 questionnaires were sent to Parliament House and distributed to MPs out of which 90 were completed and returned. Most of the questionnaires were self-administered. Therefore, there were many non-responses to some of the questions. For example, over 40 percent of the questionnaires from parliament did not provide information on their regions and constituencies. Given that we have only one MP for each constituency, such information would compromise anonymity of the responses. Respondents who failed to indicate their party affiliation and the major source of funding to their parties were not included in the sample. This is because the main aim of the study is to identify major sources of funding to political parties in Ghana. The positions occupied by respondents in their parties is shown below in table 2.

**Table 2: Membership positions of respondents of political parties**

		NPP	NDC	CPP	PNC	PPP	GCPP	UFP	N/A	Total
Member of Parliament		56	60	4	1	0	0	0	0	121
National Executive		9	14	4	4	1	2	0	0	34
Regional Executive		37	36	30	9	6	0	0	0	118
Constituency Executive		263	262	27	40	12	4	3	0	611
Polling Station Executive		72	82	42	25	5	5	1	0	232

<sup>3</sup> Respondents were selected across all the ten regions of Ghana namely Western Region (WR), Central Region (CR), Greater Accra Region (GAR), Volta Region (VR), Eastern Region (ER), Ashanti Region (AR) Brong Ahafo Region (BAR), Northern Region (NR), Upper East Region (UER) and Upper West Region (UWR). Sixty-five of the survey respondents did not indicate the region in which their constituencies are located (N/R).

TESCON/TEIN Executive	54	40	2	3	0	0	0	0	99
Council of Elders	9	3	2	1	0	2	0	0	17
Overseas Branch Executive	0	3	1	0	0	0	0	0	4
Ordinary Member	100	100	36	94	19	13	2	0	364
No Party	0	0	0	0	0	0	0	200	200
<b>Total</b>	<b>600</b>	<b>600</b>	<b>148</b>	<b>177</b>	<b>43</b>	<b>26</b>	<b>6</b>	<b>200</b>	<b>1800</b>

Source: Compiled from survey data, 2014

### Data analysis procedure

Word-Excel and the Statistical Package for the Social Science (SPSS) version 20.0 were the computer software used for analyzing the quantitative data. Word-Excel was used to develop tables, figures and charts. The statistical results are presented in the form of percentages, frequency tables and cross-tabulations.

### Characteristics of survey respondents

The background of the respondents for the study in relation to the demographic statistics such as gender, age groupings, educational levels and occupations are presented below in table 3. The survey was dominated by male respondents who formed over 60% of the total respondents. The predominant age group was those aged between 31 to 40 years with the average age being approximately 38 years. With respect to the educational level of the respondents, most of them had a form of tertiary education. Thus about 63% of the respondents had either completed a university, a teacher training college or any other form of tertiary education.

Majority of respondents were employed and out of these about 34% were employees of private businesses. The government employees constituted about 28% of the total number of respondents. Majority of the respondents were mainly Christian (over 60% of the total respondents). See Table 3 below.

**Table 3: Demographic characteristics of respondents**

<b>Item</b>	<b>Number of respondents</b>	<b>Percentage of respondents</b>
<b>Gender</b>		
No response	103	5.72%
Male	1110	61.67%
Female	587	32.61%
<b>Age grouping</b>		
No response	22	1.22%
18-30 years	481	26.72%
31-40 years	582	32.33%
41-50 years	450	25.00%
51-60 years	217	12.06%
60 years and above	48	2.67%

<b>Educational level</b>		
Non response	35	1.94%
No formal education	62	3.44%
Primary education	46	2.56%
JHS	138	7.67%
SHS	385	21.39%
Tertiary	1134	63.00%
<b>Occupation</b>		
No response	52	2.89%
Artisan	234	13.00%
Employed by the state	509	28.28%
Employed by a private business	618	34.33%
Unemployed	387	21.50%
<b>Average monthly income</b>		
No response	286	15.89%
Less than 500	512	28.44%
500-2000	745	41.39%
2001-4000	132	7.33%
4001-6000	57	3.17%
Above 6000	68	3.78%
<b>Religion</b>		
N/R	42	2.33%
Traditional	38	2.11%
Christian	1126	62.56%
Islam	589	32.72%
Others	5	0.28%

Source: *Compiled from survey data, 2014*

## **Results of the study**

### **The nature and challenges of funding of political parties**

In this section the key questions of the study, that is, the nature, challenges and state funding of political parties were examined using statistical tests from the survey data. The results are presented in the sub-sections which follows.

#### ***The nature of funding political parties***

Respondents were made to rate on a scale of one to five, their levels of agreement of each of the identified sources of funding for political parties. The scores were averaged out across all the respondents thereby giving scores ranging from a minimum of 1 to a maximum of 5. Given in Table 4 are the available sources of funding for the political parties. As shown in Table 4, the most predominant funding sources for the political parties as noted by the respondents were from rich individuals of the party (Mean = 4.41, SD = 0.77). Other dominant sources of party funding came

from founding members, members of parliament and other executive members of the party. The least identified funding source was related to the state or government funds (Mean = 2.71, SD = 1.71) and the ordinary members (Mean = 2.93, SD = 1.38).

Analysis of variance tests show that differences exist in the dominance of the funding sources as perceived by the respondents ( $p < 0.01$ ). Further post hoc tests using the Tukey's HSD procedure illustrates that the actual differences occurred between sources of funding from rich individuals and all other sources of funding. Similarly, differences existed between the ratings of the sources of funding from ordinary members and all the other sources of funding. The details of the post hoc tests are as given in Table 5 below.

**Table 4: Sources of funding for political parties**

Source of funding	Average	Standard deviation
Rich individuals of the party	4.41	0.77
Founding members	4.06	1.02
Members of parliament	4.04	1.11
Executive members of the party	3.94	0.9
Contributions from overseas branches	3.84	1.17
Local businessmen/businesswomen	3.83	1.59
Foreign businesses	3.24	1.44
Ordinary Members	2.93	1.38
State/Government funds	2.71	1.71

Source: *Compiled from survey data, 2014*

**Table 5: pairwise differences for post hoc tests**

Funding source	OM	RI	FM	LB	MP	SGF	EM	OB
RI	1.48*							
FM	1.13*	0.35*						
LB	0.91*	0.57*	0.22*					
MP	0.90*	0.58*	0.23*	0.01				
SGF	0.21*	1.69*	1.34*	1.13*	1.11*			
EM	1.11*	0.37*	0.02	0.19*	0.21*	1.32		
OB	1.01*	0.47*	0.12	0.10	0.11	1.23*	0.10	
FB	0.31*	1.17*	0.82*	0.60*	0.59*	0.53*	0.80*	0.70*

\* Pairwise Difference is significant; Source: *Compiled from survey data, 2014*

**Key**

OM - Ordinary members of the party  
 FM – Foreign Members of the party  
 MP – Members of parliament  
 EM - executive members of the party  
 FB – Foreign Businesses

RI - Rich individuals of the party  
 LB - Local Businessmen/ Businesswomen  
 SGF – State/ government funds  
 OB – Overseas Branches

### *Difficulties to mobilize funds by political parties*

Four items were used to identify the challenges faced by the political parties. An exploratory factor analysis was conducted to identify the major categories that contain the challenges faced by the political parties in mobilising funds. The tests for model adequacy yielded significant results as the Bartlett's test of model adequacy yielded a p value less than 0.01. This indicates that the sample selected is adequate for factor analysis. The factor analysis extracted two factors that explained 69% of the total variation present within the data set. Table 5 provides details of the factor loadings on the two distinct factors.

The first factor extracted explained 39% of the total variation. This factor contained challenges that were related to institutional flaws within the party. This includes the issue of corruption, lack of accountability and the presence of weak organisational capacity to mobilise funds for the political party. The second factor extracted approximately 30% of the total variation. Within this factor were issues that are related to the ordinary members of the party. This includes the issues that are related to financial weakness of the ordinary members and their fear of being victimised by other members of the party.

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

**Table 6: Factor analysis of challenges of mobilising funds**

challenge of mobilising funds	Loadings on Factors		
	Institutional factors	Ordinary weakness	member
Lack of transparency and accountability	<b>.850</b>	.121	
Weak organizational capacity to mobilize funds from ordinary members	<b>.828</b>	.175	
Ordinary members fear political victimisation	.140	<b>.800</b>	
Ordinary members are financially poor	.141	<b>.800</b>	

Source: *Compiled from survey data, 2014*

### *Respondent perceptions on party financing*

Respondents were also asked to indicate their views generally on financing political parties. Four items were identified for the respondents to respond to. In each case they were made to state their level of agreement to the identified items. Table 6 provides the responses based on the percentage of respondents that agreed to the identified item on party financing. Further a sample chi square test was used to test for the significance of the differences among the proportions of the identified items.

As shown in table 7, respondents believed that wealthy people within the party tend to influence the outcome of the elections. In addition, respondents were generally of the view that sources of funds should be made by the political parties. With regards to the moneys given to

parties by individuals as donations, respondents were generally of the view that the state must not limit the amount to be donated.

A further breakdown was made to ascertain whether the general perceptions of party financing varied across executive members and ordinary members. The chi square tests still yielded similar results as it was when individuals were not considered. Similarly, the perceptions on party financing did not differ when categories of party affiliation was considered. This is to say that the general perceptions of party financing are independent of one's portfolio within a political party and the party affiliation (see tables 6 and 7).

**Table 7: General perceptions of party funding**

	<b>% disagree</b>	<b>% neutral</b>	<b>% agree</b>	<b>Chi square p value</b>
• Wealthy people who provide money for the party tend to influence the outcome of elections within the party	12.9	10.1	76.6	0.00*
• Parties should fully disclose sources of income	13.8	12.5	72.5	0.00*
• Political parties should fully disclose to the public their expenditure	13.3	12.9	73.2	0.00*
• The State should limit the amount of money that individual citizens and companies can donate to parties	44.6	20.7	34.3	0.00*

Source: *Compiled from survey data, 2014*

### **State funding of political parties**

Respondents were asked to state whether they were in support of state funding of political parties or not. Approximately 42% of the respondents were in support of state funding of political parties whilst 38% were not in favour. The remaining 18% were left undecided. Tables 8 and 9 provides cross tabulations between support of state funding and the political party preference as well as support of state funding and the position held in the party. A binomial test of the significance of the proportions yielded significant differences between the proportions of those who are in support, those not in support and the respondents who were undecided. This test considers the null hypothesis of equal representation of respondents within the three categories.

**Table 8: Political party funding and political party affiliation cross tabulation**

<b>Party affiliation</b>		<b>Party funding items</b>			
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
NPP	% disagree	15.7	19.0	18.2	51.3
	% neutral	10.0	18.2	18.5	23.5
	% agree	74.3	61.8	63.0	24.8
NDC	% disagree	12.5	12.3	12.0	43.0
	% neutral	10.2	12.2	10.7	21.7
	% agree	77.0	74.8	76.8	34.8

CPP	% disagree	4.7	7.4	6.8	29.7
	% neutral	6.1	6.1	5.4	18.9
	% agree	88.5	84.5	87.2	51.4
PNC	% disagree	5.6	4.5	4.0	42.9
	% neutral	7.9	.6	2.8	7.9
	% agree	86.4	94.4	92.1	49.2
Others	% disagree	20.0	13.3	14.7	40.0
	% neutral	9.3	16.0	13.3	9.3
	% agree	70.7	69.3	72.0	50.7

Source: *Compiled from survey data, 2014*

**Table 9: Political party funding and portfolio cross tabulation**

Portfolio		Party funding items			
		A	B	C	D
Executive member	% disagree	13.7	13.1	12.7	46.8
	% neutral	9.7	13.1	12.2	19.3
	% agree	76.5	72.9	74.6	33.7
Ordinary member	% disagree	8.8	15.1	14.3	37.9
	% neutral	8.5	11.5	12.9	22.5
	% agree	82.4	72.3	72.3	39.0

Source: *Compiled from survey data, 2014*

Chi square tests for independence show that support for state funding of political parties depends on political party preference ( $p < 0.05$ ). As seen from table 9, the proportion of respondents who are either in favour of state funding across the CPP, PNC and the other smaller parties far outweighs the proportion of respondents in the NPP and NDC parties that support state funding. This pre supposes that the support of state funding of political parties is predominant among the smaller political parties.

**Table 10: State funding support and political party preference cross tabulation**

Support state funding		political party					Total
		NPP	NDC	CPP	PNC	Others	
do not support	Number of respondents	241	260	42	37	32	612
	% within support	48.4%	50.9%	38.5%	28.0%	46.4%	46.4%
support	Number of respondents	257	251	67	95	37	707
	% within party1	51.6%	49.1%	61.5%	72.0%	53.6%	53.6%
	Number of respondents	498	511	109	132	69	1319
	% within party1	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: *Compiled from survey data, 2014*

**Table 11: State funding support and party portfolio cross tabulation**

State funding	Portfolio	Total
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<b>support</b>		<b>Executive member</b>	<b>Ordinary member</b>	
Do not support	Number of respondents	450	162	612
	% within portfolio	43.1%	58.7%	46.4%
Support	Number of respondents	593	114	707
	% within portfolio	56.9%	41.3%	53.6%
Total	Number of respondents	1043	276	1319
	% within portfolio	100.0%	100.0%	100.0%

Source: *Compiled from survey data, 2014*

Similar tests for independence show that the support for the state funding of political parties is rather dependent on the portfolio of the respondents based on whether the person is an ordinary member or not. The results further indicate that the proportion of party portfolio holders in favour of state funding outweighs the proportion of ordinary members who are in favour of the support of state funding. This shows that ordinary members of political parties are not in favour of state funding of political parties whilst executive members of political parties are in favour of state funding of political parties.

### **Conclusions and policy lessons**

This study examined the vexed question of state funding of political parties through statistical analysis. Based on the results of the study the following conclusions were drawn:

- In Ghana, few rich individuals are the major financiers of political parties. Funding from foreigners is becoming a common and acceptable practice especially within the bigger parties. The second reliable source of funding comes from founding members and executive members of the party. Membership dues and public funding are not only the least but an unpredictable source of funds to political parties.
- Ghanaians are divided and ambivalent on the question of state funding. Those who oppose across-the-board state funding policy outnumber those who support the idea.
- The statistical results showed that support for state funding of political parties is predominant among the smaller political parties.
- Support for state funding is strongest among party executives, but for ordinary party members state funding of political parties is an undesirable policy option at this time. What one could deduce from the statistical results is that state funding is seen by ordinary party members as a bad policy but private funding especially by rich individuals is seen to be a more preferred option. Both private and state funding, however, need effective regulation by the establishment and implementation of disclosure and transparency policies and laws.
- Finally, the institutional weaknesses within the parties are responsible for their failure to mobilize resources for party activities. These weaknesses include corruption, lack of accountability and transparency in funds management, and weak organizational capacity to mobilize funds.

### **Policy lessons and recommendations**

- The study results have shown that the Ghanaian public remained indecisive and are unlikely to support any blanket policy of state funding of political parties. Rather, Ghanaians would prefer a more pragmatic policy strategy where both state and non-state

actors would be encouraged to support political parties with the necessary financial and non-financial resources to effectively perform their interest articulation and financial mobilization functions.

- It is also recommended that political parties introduce appropriate and aggressive measures and policies which support a transparent and accountable regime for managing all political party funds. Indeed, improving transparency and accountability in the activities of political parties may not only reduce corruption; it would gradually increase public confidence in the internal party politics and system and the entire electoral political process. Transparency and accountability in the use of public resources are central principles which must guide the decisions of all political party actors at local and national levels.
- This study also recommends that public dialogue on the issue of state funding would have to be intensified throughout the country since the issue is far from resolution. It is suggested that the relevant Civil Society Organizations be given the necessary support to facilitate healthy debate between the proponents and opponents of state funding of political parties.

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