Strengthening democratic governance through robust, transparent and equitable political funding

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Financing in political parties and politics in general

- All organisations depend on human, financial, infrastructure resources (offices, ICT, transport, admin staff) – same for political parties
- Traditional party revenue sources: Membership fees & donations – external private donations – return on investments – donations in kind

  - more lately: public funding

- Relationship between parties and members:

Different types of parties (cadre, mass, etc) which determine how important membership vs. supporters/voters is.

Membership focus requires more internal party procedures: branches, branch offices, local organisers, internal communication, branch meetings, recruitment and fundraising events – all of them promote internal party democracy

- Campaigns: normally costly – organisers, communication material and design (adverts), T-shirts etc, venues for events, transportation
- Elections: campaign infrastructure plus nomination process of candidates, registration of party, renting of venues, managing volunteers

- General conclusion: the more internal democracy, the more accommodation of members and candidates, more transparent decision-making/planning – the more democracy in election will be possible
- Democracy does not depend only on party resources - depends also on parties that can perform checks-and-balance role on each other:

  Report unethical conduct, violations of election rules – use internal IEC procedures (PLCs) and Electoral Court
- Therefore: <u>autocratic (non-democratic)</u> situation when:
  - playing field for parties not level enough
  - role of voters in nominations, campaigns is reduced
  - internal party democracy is compromised
  - internal flow of communication is limited
  - voting and election results are manipulated
  - donors manipulate/influence candidate nominations and party policy platforms

How does (more/selective) availability of resources influence the democratic outcome?

- With more resources:
  - internal democratic procedures can be better implemented
  - enhance the influence of donors and reduce those of individual members
  - more campaigning is possible – more expensive forms of campaigning (adverts), more expansive campaigning
- With less resources:
  - Party more dependent on volunteers
  - More face-to-face campaigning and less virtual/centralized campaigning
  - More dependent on supporter donations, selling of party merchandise, etc

Democratic objective is a level playing field during elections

- Incumbent governing party should not have a dispropriate advantage – they normally have a proportionate advantage, because of better chance to be re-elected
- New parties, candidates should have a fair chance
- Parties' access to donors should be limited – status of voters/ members/ supporters should be protected – supporters should be more decisive than donors

- Range of <u>potential policy options</u>:
- Only private funding with high thresholds, no public funding
- Private donations with low thresholds – emphasis is on internal party resources, such as membership fees, investment revenues, etc
- Top threshold on total election expenditure for all parties
- Hybrid private/public funding (depends on relative weights)
- Only public funding for parties

Possible reforms for more sustainable and accountable political financing

- Increases in public funding difficult – fiscal reductions
- Reduce top threshold of public funding – will enhance role of smaller donors and increase their prominence in party – will force parties to use fundraising as form of campaigning at grassroots – will emphasise membership fees
- Place limit on total campaign expenditure – applicable from promulgation of election date until results declared
- Limit the use of fronting: investments, civil society organisations
- Foreign funding: no foreign party-SA party funding, close gap of training by foreign sources (S.8(4)

- Funding of public advertisements (in future more prominent) – ICASA policy continue
- Funding in kind: problem to access the value, possible threshold
- Arrangement with newcomers: new parties; independent candidates
- IEC management of the Act: non-compliance by parties undermines IEC's public credibility (Chapter 5: S.16 suspend public payments, S.17 to recover money, S.18 admin fines)

Potential conflict in IEC between election management and policing of funding.