

Owner of Largest Pocket wears the Crown: Construction of Money Politics and its Regulation in Nigeria

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Abstract

Nigeria is acknowledged to have an outwardly ambitious and comprehensive political party finance regulatory framework. Evidence in the recent past however points to the ineffectiveness of these elaborate regulatory regimes. This study offers explanation for the apparent failure of the existing regulatory instruments of party financing to produce intended outcomes. Anchored on the assumptions of the Stakeholder Theory and using a qualitative research design, the study finds that a number of factors including lack of political will and limited institutional autonomy of the political finance regulator (PFR) conspire to compromise the regulatory system. In conclusion, the paper proposes some measures that are capable of strengthening the regulatory framework for enhanced effectiveness such as institutional strengthening of the enforcement institutions and introduction of more severe sanctions against violators of legal and regulatory instruments.

Keywords

Political party, party finance, regulation, election, Nigeria

Introduction

The year 2024 marked two and a half decades of the restoration of democratic rule in Nigeria following the inauguration of the Fourth Republic in May 1999 after prolonged military dictatorship. Assessments of Nigeria's democratic journey since 1999 have reported modest successes and critical challenges and/or deficits (Omilusi, 2016; Ashindorbe & Danjibo, 2022; Emegwa, 2024). One key deficit that has been cited is poor regulation of political party financing. While there is a consensus that the country's regulatory framework for political party financing is elaborate and shows promises of efficacy, evidence in the last

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25 years has amply shown that the legal and regulatory instruments of party financing are largely ineffective.

Across cultural contexts, political finance research has continued to preoccupy scholars with attention focused on key dimensions of political finance such as the inclusivity of the regulatory system, effects of poorly regulated political finance, influence of donation on legislative behaviour and effects of regulation on party competitiveness. Nwagwu (2016) examines the effects of excessive financing of political parties and candidates in Nigerian elections between 1999 and 2015. He finds that the institutional weakness of the regulatory authorities to enforce the extant laws on political party financing and incapacity of the agency to sanction defaulters who breached regulatory laws not only encouraged political corruption but also undermined party competitiveness. Sule, Sambo & Saragih (2021) examine the inclusive character of the party financing system in Nigeria particularly in terms of allowing the youth effective participation in the electoral process during the 2019 General Elections. They report that arising from excessive monetisation of politics during the period, Nigerian youth were systematically marginalized in the electoral process leading to low participation and representation of the youth in the post-election government. In the same vein and within the same research focus but different context, Powell (2013) investigates the influence of campaign donors on the activities of the American Congress. He finds no definitive evidence that campaign contributions influence legislative policy.

Kölln (2016) in his empirical enquiry attempts to affirm or reject the notion that party finance regulation eliminates or reduces inequalities arising from unequal starting points in six European countries, namely, Denmark, Germany, the Netherlands, Norway, Sweden and United Kingdom. He finds that the introduction of party finance law was effective in some of these consolidated democracies. While these scholarly works have contributed greatly to knowledge on political party financing, knowledge is still limited on how the cooperative efforts of critical stakeholders are crucial to the effectiveness of political finance regulatory system.

In the Nigerian context specifically, how the action or inaction of the diverse institutions and entities that are involved in the enforcement of the regulatory regimes may impede or enhance effectiveness of the regulatory instruments and the achievement of intended consequences has remained largely unexplored. While the country boasts of comprehensive regulatory regimes of political party financing, evidence suggests that the regulatory instruments have proved ineffective to produce intended consequences. It is against this backdrop that this paper examines how the inability of the key players in the regulation of political finance to achieve value consensus has continued to compromise the effectiveness of regulatory instruments of party financing in Nigeria. The paper

sets out to achieve three objectives namely: to identify impeding factors against the effectiveness of the regulatory instruments of political party financing in Nigeria between 2007 and 2023; to establish the consequences of these impediments on the democratic process; and to suggest possible solutions that can be adopted to achieve intended outcomes.

Democracy as a form of government emphasises equality, transparency and accountability. These three core principles constitute the unique strengths and principal attraction of democratic rule and its processes. But there are ways in which these principles can be compromised. One of these is through poor regulation of political finance which results in excessive pouring of money, sometimes from infamous sources, into the political space. In the past one and a half decades, genuine public concerns have been expressed in Nigeria about the dangers posed to the democratic process by poor regulation of political finance. In spite of these concerns however, there are few empirical studies that engage this important issue. This study represents an attempt to fill this scholarly gap. More importantly, this study contributes to our understanding of how to stem the tide of increasing distrust between citizens and political parties in Nigeria.

This paper is structured into six sections. Following this introduction is conceptual review which undertakes a review of two relevant concepts to the paper. The third section is devoted to the theoretical foundation of the paper while the fourth section lays out the methodological framework of the paper. The fifth section discusses the findings of the study while the sixth section concludes the study.

Conceptual Review

Political Party Finance

Political party finance encompasses financial transactions-including income and expenditure-that political parties engage in; both in carrying out their routine operations of running the party organisation and in financing election campaigns. While some of these transactions are formal and backed by national constitutions and election laws, others such as vote buying and illicit funding are outside of the law and constitute potent risks to representative democracy (Sule, 2023).

As a broad term, political finance includes party income, campaign finance, costs of political lobbying, expenditure on legal matters and third-party expenditure (IFES, 2005). This broad conceptualization of political party finance throws up a challenge of enforcement for the enforcement institutions such as the election management bodies and the political finance regulators which in Nigeria include the Independent National Electoral Commission, the Independent Corrupt Practices and other related offences Commission and the Economic and Financial Crimes Commission. The conceptualization also brings to the fore the complexity of political regulatory system (Casas-Zamora, 2024). Political party finance has three key dimensions namely, the legal regulation of

money in electoral politics, government grants or subsidies to support political parties which may be cash-based or in-kind; and enforcement mechanisms to ensure compliance with the regulatory framework (Hummel, Gerring & Burst, 2021). Across democratic countries, membership fees, donation, both corporate and individual, special levy on members, income from commercial activities and state financing constitute basic sources of party income.

In Nigeria, party membership fee, donation and income from sale of nomination forms for party positions and elective offices are key legitimate sources of income for political parties. Before 2010 when public funding of political parties was outlawed, political parties received grants from the INEC for their routine and campaign expenses (Sambo *et al.*, 2023). In the United Kingdom, one prominent example of public funding of political parties is ‘Short Money’. This outlet of state financing which targets opposition parties in the British Parliament was introduced in 1975 and named after Edward Short, then the House Leader in the United Kingdom parliament (Fisher, 2018). Income from commercial activities of political parties such as proceeds from investment, sale of goods and provision of services as a stream of party income in both consolidated and newer democracies has received little attention in the academic literature (Miragliotta, Maiwaring & Holloway, 2023).

Recent decades have witnessed an exponential growth in political party finance across electoral democracies. Fiorelli (2022) has advanced three reasons for this rapid growth: the need for increased professionalization and more employees by political parties; the advent of new technology; and the strengthening of electoral competition. In the Nigerian case, Okeke & Nwali (2020) have shown that the rapid growth in political party finance has engendered the domination of electoral politics by the wealthy class which seeks to influence politics through their wealth.

Political Party Finance Regulation

The regulation of political party finance simply refers to the act of controlling access of money to political parties as well as controlling their spending activities. While resources are critical to electoral politics, they could also compromise the integrity of the democratic process and damage the relationship between political leadership and the citizenry. Thus, access to money by political parties and electoral candidates need to be creatively regulated to prevent its undesirable effects on the effectiveness and responsiveness of the political system and political leadership (Ohman, 2009).

Political party finance regulation is designed to achieve three fundamental goals: transparency, accountability and equality. These three goals combine to ensure the creation of a level playing field, thwart undue influence over elective

office holders and checkmate the penetration of illicit funds into the electoral arena (Jones, 2017). Political finance regulations simultaneously provide growth opportunities and substantial challenges to political parties. While regulation provides a congenial context for competitiveness, it also creates restrictions for the parties in their efforts to ensure compliance with the regulatory laws. Among others, political finance regulation imposes obligations and restraints on parties and candidates and subjects both to scrutiny and sanction (Gauja *et al.*, 2020).

The questions of which regulatory body is vested with the responsibility of political finance oversight; and the extent to which the body is free from the influence of political incumbency constitute critical elements of a well-functioning regulatory system (OECD, 2016). Four major regulatory instruments have been identified in the literature. These are disclosure of financial dealings by political parties; state subsidy of political party expenditure including free air time for political broadcasts; employment of the tax system to expand the base of party funds; bans on certain forms of income usually corporate and foreign donations; and the imposition of spending limits on candidates and parties (Tokaji, 2018).

One obvious testimony of the inadequacy or ineffectiveness of the extant regulatory systems across the democratic world is the frequent enactment of new legislations to combat political-finance related scandals (Southworth, 2024). In Nigeria for instance, experience since 1999 has shown that spending by major political parties has always exceeded the legally permissible limits (*see Table 1 below*) set by the regulatory instruments (Adetula, 2024). Ayeni (2019) has also reported that political parties in Nigeria often under-report their expenses to escape regulatory sanctions. Yet, as IIDEA (2014) has amply shown, poorly regulated party financing constitutes a huge threat which undermines foundations of democracy. One of these potent threats according to Sule (2022) and Mwang (2008) is political corruption arising essentially from excessive monetization of electoral politics.

Table 1: Ceiling on Election Expenses for Elective Offices

S/N	Elective Office	Maximum Election Expenses	Sanctions
1	Presidential	N5 Billion	Any candidate who contravenes the regulation is liable to a fine of 1% of the permitted amount or imprisonment for 12 months or both.
2	Governorship	N1 Billion	
3	Senatorial	N100 Million	
4	House of Representatives	N70 Million	
5	State House of Assembly	N30 Million	Any other individual who breaches the regulation is liable to a fine of N500, 000 or imprisonment for 9 months or both.
6	Chairmanship of Area Council	N30 Million	
7	Councillorship of Area Council	N5 Million	

			An accountant who colludes with a candidate to falsify financial/ expenditure documents or in any way aids and abets the breach of the election expenses limits is liable to a fine of N300, 000 or imprisonment for 3 years or both. <i>(See section 88 (9-11) of Electoral Act 2022)</i>
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Source: 2022 Electoral Act

In Nigeria, the 1999 constitution, as amended, the 2022 Electoral Act, the INEC Guidelines for Political Rallies and Campaigns by Political Parties, Candidates, Aspirants and their Supporters, the 2020 Companies and Allied Matters Act, the Economic and Financial Crimes Commission Act, the Independent Corrupt Practices and other Related Offences Commission Act as well as the constitutions of respective political parties constitute the legal and regulatory framework of party financing in the country under the current democratic dispensation (for the articulation of this regulatory framework and its key provisions, see Adetula (2014).

Theoretical Framework

This study adopts stakeholder theory to anchor its arguments. Stakeholder theory was propounded by Edward Freeman in 1984 in his book titled “Strategic Management: A Stakeholder Approach”. Indeed, Phillips, Freeman & Wicks (2003) refer to stakeholder theory as “a theory of organizational management and ethics”. With reference to the management sciences where the theory originated, stakeholders are “individuals, groups and organizations that have an interest in the processes and outcomes of the firm and upon whom the firm depends for the achievement of its goals” (Freeman, Harrison & Wicks, 2007). Though stakeholder theory originated in the management sciences, it has over the years penetrated other disciplines including finance, law, information technology and public policy (Harrison, Freeman & Abreu, 2015).

Stakeholder theory was originally developed as an instrument to assist corporate managers to identify the relevant internal and external actors that are crucial to the sustenance of the business organization (Freeman & Reed, 1983). These stakeholders are entities to which a business firm has both relationships and obligations and they include stockholders, employees, clients, lenders and host community. These entities or groups not only affect the organization, they are equally affected by the activities of the organization (Crane, 2020).

According to stakeholder theorists, business represents a set of relationship among diverse groups that have a stake in the operation of the business (Walsh, 2005). These stakeholders interact jointly to create value (surplus) for stakeholders. In the event of conflicts among stakeholders, the conflicts must be resolved so as to ensure creation of greater surplus for the benefit of the stakeholders (Harrison, Bosse & Phillips, 2010).

The central assumption/proposition of the stakeholder theory is that as long as there is a convergence of interests or value consensus among all the stakeholders in a business firm, the organization will be able to operate optimally in a manner that will guarantee creation of surplus for the stakeholders. The underlying assumption of this theory is that all the stakeholders are interested in the well-being of the organization and will therefore not do anything that will undermine the organisation and its interests.

In applying the propositions of the stakeholder theory to this study, it is imperative to identify critical stakeholders in political finance regulation in Nigeria and establish their respective regulatory roles. Five key stakeholders are cited here namely, the Independent National Electoral Commission (INEC), political parties, electoral candidates and anti-corruption agencies. INEC has the onerous responsibility of enforcing the regulatory laws of political finance as mandated by the constitution and the Electoral Act. Political parties and candidates in Nigeria have the obligation to disclose sources of their operational and campaign funds; refrain from illicit funding; respect limits on contributions and election expenses; submit relevant audited financial reports to INEC at prescribed periods. The anti-corruption agencies have the responsibility of prosecuting violators of political finance rules while security agencies have the responsibility of arresting politicians and citizens that engage in acts that are capable of undermining electoral democracy such as vote buying.

Evidence under the current democratic dispensation has shown that these key stakeholders have not lived up to their responsibilities. While INEC is constrained from carrying out its mandate by various factors including inadequate resources and political interference from political incumbents, political parties and candidates, driven by the desperate quest to win elections, often resort to sharp practices to cover their illicit financial transactions. Anti-corruption agencies are also hampered by insufficient resources and limited institutional autonomy. Therefore, given that stakeholder theory rests on the assumption of interdependence of the commitment and ability of various stakeholders to perform their respective responsibilities to achieve the goal of the organization, the inability of the key stakeholders of political party financing in Nigeria to carry out their responsibilities as articulated in the regulatory framework of party financing provides plausible explanation for the ineffectiveness of the legal and regulatory instruments.

One major critique of the stakeholder theory that has been cited in the literature is the assumption that all stakeholders have the same positive disposition to the health and growth of the business organisation. On the

contrary, stakeholders are not homogenous both in terms of values or desires and utility function (Harrison, Freeman & Abreu, 2015). These varied values and interests of the stakeholders will naturally affect the stakeholders' commitment to the achievement of pre-determined goals. For instance, in relation to the present study, political parties may not be wholly committed to political finance laws because the laws tend to prevent them from gaining electoral advantage over their challengers. However, in spite of this limitation of stakeholder approach, the theory is suitable to explain the thesis of this study.

Methodology

The study design is essentially exploratory and adopts qualitative tool of data collection specifically in depth interview to elicit information from purposively selected key informants which included party officials, legal practitioners, academic researchers and key personnel of INEC, ICPC and EFCC.

In specific terms, 14 respondents participated in the IDI sessions. Participants were asked to share their perspectives on core areas of political party finance regulation that related to the objectives of the study. Data gathered through in-depth interview with the key informants were organized, coded on the basis of research questions and subjected to thematic analysis and textual explication. In terms of validity of research instrument, the key informant interview guide was validated through content and construct validity methods. These approaches were specifically employed to validate the focus areas of the structured questions in the interview guide through the examination of the resonance of the questions with the content areas of the study. The aim was to ensure that the instrument was able to elicit appropriate responses from the study participants.

Results and Discussion of Findings

Impeding Factors against Effectiveness of Regulatory Instruments

Lack of political will, uncooperative attitude of political parties, poorly resourced regulatory institutions. Regulatory reforms are critical to achieving sanity in political party financing. They promote equality, transparency and accountability. Where they are strictly implemented without bias, they also enhance public trust in the democratic process. However, these instruments are not self-executory. Their implementation rests on the shoulders of those who operate the democratic system or those who control power in any regulatory jurisdiction. Where elected representatives and political executives block radical reforms that threaten their positions or are hesitant to implement radical regulatory instruments, the instruments may not produce the intended outcomes.

Data from the IDI sessions show that lack of political will on the part of political incumbents is a key constraining factor against the effectiveness of the regulatory instruments. For instance, one of the participants submitted that:

“Lack of political will is a significant barrier to the effectiveness of the regulatory instruments. Experience in Nigeria shows that those who control government are not ready to do the needful when it comes to implementing regulatory instruments of party financing”. (*IDI/Academic Researcher*)

Similarly, another participant, also an academic researcher asserted that the politicians represent a barrier to the effectiveness of the regulatory system. In his words:

“If the leaders are willing, it is possible. Let me just give you some examples. How many days did it take the Nigerian National Assembly to pass the new national anthem into law? Just a matter of a few days. This is because there is an interest of course. How many days did it take the president to announce that subsidy is gone? Less than a minute, and it has gone. How many minutes did it take the government to plot the Naira against the dollar? Just a minute, and it is there. How many minutes did it take the government to introduce new electricity tariff? Just a minute, and so it comes to stay. So, if they like, they will be able to introduce the strict measures, and then not only that they will be able to implement them, but mind you, do not expect this from such crop of current politicians. (*IDI/Academic Researcher*)

This finding is in agreement with Adetula's (2014) finding which cited lack of political will on the part of the ruling regime as a key constraint against the effectiveness of the party funding regulatory framework in Nigeria.

Political parties are key actors in the democratic process in all electoral democracies. In democracies where they are codified in the constitutions, constitutional provisions not only protect them, they also impose certain obligations on them. One of these obligations is the disclosure requirement which tasks political parties to be transparent in their financial transactions by, among others, disclosing the sources of their income as well as submitting audited accounts of the parties' assets and liabilities and their election expenses to the election management body. One key assumption of the Stakeholders' theory is that all actors in the political process will demonstrate fidelity in their behaviour by discharging their responsibilities according to the rules.

Data gathered from the IDI sessions suggest that political parties in Nigeria do not demonstrate the requisite behaviour that is consistent with the assumption of the Stakeholders' theory. This fact is obvious in the submission of a participant who stated that:

“the perennial failure of the political parties to report their finances to the INEC as stipulated in the law and the inability of the INEC to monitor them as it should constitute a serious impediment to the effectiveness of the regulatory laws. This is because you don't know when some money will flow in you don't know when some money will be distributed. Some of them are done in a clandestine way so you will not be able to know when it happened or how it happened”. (*IDI/Academic Researcher*)

This result agrees with the finding of Ayeni (2019) and that of Sule (2023) who reported that political parties, particularly the established ones, tend to cover their expenses from the prying eyes of the enforcement institutions to escape sanctions.

In all electoral democracies, institutions that are charged with responsibility of regulating and enforcing regulatory laws and instruments must be sufficiently funded to be able to discharge their responsibilities. The adequate funding is particularly critical for staffing and for meeting operational expenses. Data from the IDI show that the regulatory institutions of political party financing in Nigeria including INEC and anti-graft agencies are poorly or lowly resourced. According to one participant, the regulatory institutions lack the capacity to discharge the massive responsibilities that are assigned to them. Specifically speaking on the capacity of INEC to carry out its numerous functions, the participant submitted thus:

“Many analysts will say if a political party receives fund from UK or US, INEC should sanction such a party. Who is working with INEC to flag that so so amount of money has been paid into APC or PDP account from Australia, Germany, UK or US? Does INEC have independent structure to track that? The effort was made by civil society organization that was the reason why I gave you the example of party finance monitoring group that was established in 2006 by trying to bring all anti-corruption, government bureaucracy that have to do with party

finance and campaign finance in terms of monitoring, enforcement, police was there about 20 different organisation but the issue is sustainability, capacity and funding. It is one thing to have that frame work in place, another thing is do you have the capacity to even implement? Do you have in-house capacity? Can you outsource? If you can outsource, who will fund it? Like INEC now, the total number of INEC staff is 16,500 staff, according to INEC Chairman, in the last 10 years now they have not recruited anybody, as at the time he told me they have 16000 staff those who were lawyers among them were just about 200 and every case on party primaries, on election petition, INEC is joined even for primaries that it wasn't even INEC that conduct it...".
(IDI/Academic Researcher)

Another participant went rhetorical in his response to the question of the poor resource base of the regulatory and enforcement institutions. Specifically focusing on the EFCC, he asked:

“Do you know the number of polling stations we have in this country? How many EFCC officials would be able to man... We are saying all EFCC officials should man each and every polling station, each and every polling unit. Do you know how much that is? Does the commission have the personnel to be able to do that? *(IDI/Head of Research, EFCC)*

This finding of poorly resourced regulatory and enforcement institutions is supported by the conclusion of Adetula's (2024) study which revealed that the performance of the Independent National Electoral Commission (INEC) and other oversight/enforcement institutions is constrained by limited human and financial capacity.

The above findings resonate with the first objective of the study which is to identify the constraining factors against the effectiveness of the regulatory instruments of political party financing in Nigeria.

Consequences of Impeding Factors on Democratic Process

Government of plutocratic elements; poor quality of governance; entrenchment of political corruption, vote buying and bribery. One of the principal reasons for the introduction of regulatory system for party financing in all democratic contexts is to checkmate state capture by the wealthy members of the society thereby protecting the integrity of the democratic government. Participants at the IDI sessions believed that the ineffectiveness of the regulatory

system in Nigeria has ensured the domination of the democratic process by the wealthy financiers popularly called the *moneybags*. This has led to the effective control of the democratic space by the plutocratic elements and persons with large pockets. One of the participants put out the consequences bluntly by stating that:

“The consequences are very obvious now, my brother. Can't you see the consequences? People that are not supposed to win are in power. So, when you have the wrong people that are not supposed to win, the people voted against becoming those that are declared okekeas winners. What do you expect? Would they care about what the people think? They don't care about what the people think. They settle the people they need to settle”.
(*IDI/Head of Research, Anti-graft Agency*)

Similarly, another participant reasoned that:

“Ineffective regulation of party financing may derail democratic governance by putting democracy at the mercy of the plutocratic elements. It will introduce government of the highest bidders and spenders that bears no relationship to the ordinary citizens.” (*IDI/Party Official/PDP*)

This finding is in convergence with the finding of Okeke & Nwali (2020) in their study of the increasing monetization of electoral politics in Nigeria. Their study reported an effective domination of electoral politics by the rich and the wealthy or those that the rich sponsor who are bound to be beholden to their political sponsors after acquiring political power.

Governance loosely operationalized as the framework for the exercise of public authority in the management of a country's affairs is very crucial to the development of a modern nation. Those who control governmental affairs have a responsibility to manage public resources to produce quality governance defined in terms of sound laws/policies, enforcement of laws and infrastructure provisioning that enhances citizen welfare. Participants at the IDI sessions identified ineffective regulatory instruments of party financing as a major cause of low quality of governance in Nigeria. They contended that ineffective regulation of party financing has led to the emergence of elected leaders that owe no obligation to the people in terms of good governance and welfare of the citizens.

One of the participants at the IDI sessions opined that when politicians buy their way to political power, they don't feel they have any obligation to the voters. According to him:

“if you buy your way into office, you lack legitimacy, it is that simple and that is why political office holder sometimes hold their constituents in high disdain, I bought this office, you know how much I spent you know that I paid for this seat”. (*IDI/Academic Researcher*)

Reflecting on the relationship between infrastructure and development, another participant stated thus:

“One important fact is that in as much as effective party financing is not put in place, the danger is that we will continue to lose our national, our public treasury to the very few, because they will continue to loot in order to consolidate themselves, sustain themselves in power, and to be able to continue to buy their ways to power. Because if they believe that it is money that is behind their victory, then they will continue once they assume to loot as much as they can. And by extension, if they loot our treasury and they are able to do what they did, the implication is that we will not be able to have the basic critical national infrastructure that we need in order to develop. The money that should be injected in providing motorable roads, in providing potable drinking water, in providing stable and steady electricity, in providing education, in providing health care, and providing other basics will now be put into the pockets of few instead of the overall welfare of the public.” (*IDI/Academic Researcher*)

This result is in agreement with the finding of Sule (2022) who finds that undue monetization of politics through exorbitant fees charged by the All Progressives Congress (APC) and the People's Democratic Party (PDP) for expression of interest and nomination forms for those who wish to contest elective offices in the two parties may provide incentive for these members to focus more on how to recover their election finance when they get to power at the expense of providing essential public goods for the citizenry.

Findings from the qualitative data gathered indicate that the respondents sufficiently recognised the colossal damage that political corruption and vote buying can wreak on the polity and how this might erode democratic governance. One of the participants submitted that:

“The highest bidders will control the government: not people that are principled, not people that have the ability, the courage and the charisma to rule. And that is the case in Nigeria. You find criminals, rogues, and they are the ones that have the money. So, they are the ones that win the party nomination, or they are the ones that sponsor the candidates that win the party nomination.” (*IDI/Head of Research, Anti-graft Agency*)

While establishing a relationship between the character of political parties and the nature of government produced by the parties, another participant asserted that:

“The consequence of not having strong regulation of party financing in Nigeria is pervasive political corruption in the electoral arena and corrupt political parties will produce corrupt political office holders.” (*IDI/Party Official/PDP*)

Furthermore, speaking from the standpoint of the integrity of the election process and material inducement of the voters, another participant, a principal officer of a political party, stated that:

“Ineffective party finance regulation undermines electoral integrity which can lead to vote-buying, bribery, and other corrupt practices, compromising the legitimacy of elections.” (*IDI/Party Official/APC*)

In another response, one participant strongly affirmed that poorly regulated party financing is injurious to electoral democracy because:

“the outcome is that when the person who is elected rose to power on financial strengths and his ability to purchase the electoral outcome such an individual owes no allegiance to the people who elected him, he owes no allegiance to the constitution that has said that they should not engage in the process by which he came into power no allegiance to the Electoral Act that says that he must not get to power the way he has come into it such an individual will continue engaging in the practices by which he came to be so wealthy as to be able to buy his

way into power or political positions.” (*IDI/Legal Practitioner*)

This finding affirms the result of Mwangi (2008) who found that poorly regulated political finance promoted political corruption in Kenya.

These findings as articulated above satisfy the second objective of this study namely, the enunciation of the consequences of the impediments against the effectiveness of the regulatory instruments on Nigeria’s democratic process.

Possible Solutions to Achieve Intended Outcomes

New reforms; institutional strengthening; regular review of permissible expenses. The issue of legal and policy reforms attracted the highest responses from the participants. This in a way goes to show that most of the participants put their faith in the strengthening of the legal instruments as an enduring antidote to the conundrum of political party financing in Nigeria. One of the participants, who described Nigerian politicians as ‘smart and crafty’ who are always looking for loopholes to circumvent the law suggested that:

“We need to revisit our Electoral Act. Revisiting it is to amend it. To take a hard look at the third party financing issue. Because we have set a limitation. That a governorship candidate must not spend more than so-so amount. One billion naira. A presidential candidate must not spend more than five billion naira. And so-so. But a presidential candidate can easily give money to third party. But if it’s inside our constitution that third party and donors must not pass a specific amount. The total money must not pass this. They will be cautioned. We need to review or amend our constitution to that effect.” (*IDI/Director/INEC*)

This finding aligns with that of Sambo *et al.* (2023) who advocated introduction of new pro-active reforms, more severe sanctions and restoration of state financing of political parties as a key solution to political finance-related scandals in Nigeria.

Findings from this study have copiously shown that whereas Nigeria boasts of elaborate and ambitious regulatory laws, this elaborate regulatory framework is not supported by strong institutions of enforcement. On the strength of this institutional deficit, participants called for renewed efforts at institutional renewal which aim at increasing the capacity of the regulatory and enforcement community to discharge their responsibilities. One of the participants who was very concerned about half-hearted implementation of regulatory laws asserted that:

“Yes, it is very important that we strengthen our anti-corruption campaign. We need to strengthen our anti-corruption campaign not necessarily by enacting new laws the laws are there they've always been there the main thing is implementation the presidency for instance must be made to realize that it is important to regulate party financing the government must be made to see why there must be fidelity to the provisions of the Constitution and the Electoral Act when it comes to party financing and the regulations made for around there too so to this extent until we are able to bring this in terms of reforms, until there is effective implementation of the laws to curb these illicit practices we definitely are not going anywhere so the laws must be implemented to achieve the goal for which they were actually enacted.” (*IDI/Legal Practitioner*)

In the same vein, another participant who expressed similar view with the above submission stated that:

“And then the institutional procedure that I mean is that, as you asked previously, the likes of ICPC and EFCC should be empowered more particularly on the aspect of punishing and dealing with violators of party financing during electoral process. And then, apart from that, I think also there should be specifically an Act on that, which should be under the supervision of police, whereby the violators should now be undergoing social punishment, which I think will help. The institutions should be strengthened; the INEC, the ICPC, the EFCC, and all the bodies that are associated with electoral conduct, I think should be strengthened.” (*IDI/Academic Researcher*)

This result affirms the conclusion of Adetula (2024) who identified the strengthening of regulatory and enforcement agencies as a key solution to address the regulatory deficit associated with political finance regulation in Nigeria.

Findings from this study showed the dynamism of the election expenses in the country as reviews were undertaken by the legislature to ensure that election expenses ceilings are consistent with the economic realities in the country particularly in terms of meeting inflationary trend. However, qualitative data

revealed that these reviews are currently within the purview of the federal legislature and the process of initiating and completing review often took a long time. On the strength of this, one participant recommended that:

“There is a need to regularly review and adjust candidate spending limits to reflect economic realities, based on empirical evidence. And instead of waiting for the National Assembly to initiate and legislate this review, INEC can be empowered to periodically set the spending limits after consultation with stakeholders.” (*IDI/Legal Practitioner*)

This recommendation is in consonance with the suggestion offered by Nwozor *et al.* (2021) who suggested a regular review of election expenses as contained in the Electoral Act in order to make the permitted figures in tandem with the prevailing economic realities. The recommendations above are consistent with the third objective of the study.

Conclusion and Recommendations

This study has examined the extent to which the regulatory instruments of political party financing in Nigeria are capable of achieving the intended outcomes of regulation. The paper undertakes a review of two concepts relevant to the study and anchors its main thesis on the assumptions of stakeholder theory. The paper finds that in spite of the elaborate nature of political party finance regulations in Nigeria, certain factors have conspired to render the regulatory system ineffective. One fact that is apparent in the findings of the study is that the zero-sum character of politics in Nigeria as well as the profitability of state power for primitive accumulation will continue to make the problems of party financing to persist in the country unless pro-active reforms and measures as suggested below are instituted. The persistence of these problems poses a serious challenge to political finance scholars; it undermines democratic governance and erodes electoral integrity. The paper also identifies the consequences of the impeding factors on the democratic process. Arising from this, the paper offers the following recommendations as measures to enhance the effectiveness of the regulatory instruments.

- There is a need to introduce new reforms to address gaps or loopholes in the existing regulatory framework in order to strengthen it. Sanctions for violation of regulatory instruments should be made more severe to deter contravention of the regulatory laws. For instance, any political party that violates the regulatory framework should be banned from competing in elections for a period of 5 years. Similarly, any candidate who violates limit on election expenses should be barred from contesting election for a period of 10 years.

- There is a need to undertake the strengthening of regulatory institutions in the areas of budgeting and personnel in order to increase their capacities to discharge their mandates. Greater resources should be allocated to these institutions in the national budget to enhance their operations.
- Greater public awareness and citizen education about the danger of illicit party financing should be embarked upon by government in order to sensitize citizens to efforts at sanitizing political party financing. Public media could be made to earmark air time and space for public enlightenment programmes on the essence and importance of political financing.
- There should be a regular review of permissible election expenses in order to keep pace with prevailing economic realities. However, in order to ensure a speedy review of the expenses, the reviewing task can be assigned to the Independent National Electoral Commission (INEC) by the National Assembly. Election expenses could be premised on the market realities of every election year so as to protect political parties and candidates against market shocks.
- From the study, an uneven access to funds by political parties was noted with the mainstream parties being the most resourced. This situation puts the less established political parties at a serious electoral disadvantage. It is therefore recommended that state financing of political parties be restored in order to assist resource-challenged political parties. The less established parties can also be supported through provision of vehicles by the government as well as provision of free airtime in public media.

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