



POSITION PAPER

PUBLIC FUNDING TO POLITICAL PARTIES IN SOUTH AFRICA

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CONTENTS

Introduction	3
Part One: Democracy in South Africa	6
Part Two: Financing Democracy	12
Part Three: Improving governance: How to ensure a more responsive and accountable government	17
Part Four: Recommendations for public funding	22
Conclusion	25
Bibliography	26



PUBLIC FUNDING IN SOUTH AFRICA

Although South Africa managed to negotiate a transition to democracy in 1994, the intervening years have not been kind. A litmus test on how well our democracy is doing indicates that South Africans are losing trust in their president and other democratic institutions — a fact borne out in recent studies¹. Besides citizens' declining trust, post-democratic South Africa has been rocked by many scandals, not least of which are those under the banner of State Capture. Central to the scandals of State Capture, and others, have been the misappropriation of state funds, corruption at all levels of government and fraud, to name a few. This may well be some of the contributing factors to the declining trust in South Africa. However, as unique as State Capture may have been, it has exposed an issue with democracy that is experienced the world over: the toxic relationship between money and politics. This is highlighted especially in political party funding where political parties have influential backers who, at the price of their steep donations, may be expecting a quid pro quo from said political party. This results in the political party becoming beholden to the donor and not the voter, as it should be.

A key tenet of democracy is the principle that each person should be able to equally participate in their government and that everybody deserves the right to be appropriately (and sufficiently represented) in that government (Friedman, 2010). Underlying this is trust between the public and its representatives. For someone to feel as though they are participating in their democracy, they must have a representative that they believe will work in their best interest. Unfortunately, this implicit trust has not always been proven, and the accusations of politics operating in closed-off spaces obfuscate the key principle of open representation and participation. In a system such as South Africa's, where a person votes for a political party and not a person², the political party takes centre stage. The ability of a political party to win the public interest comes from its ability to contest an election, which costs money³.

Private donations to political parties were previously unregulated, however, the introduction of the Political Party Funding Act (PPFA) has offered some sorely needed

¹ See [Afrobarometer](#) survey on declining trust levels by South Africans.

² The Electoral Amendment Bill is currently making its way through Parliament and, if passed, will allow independent candidates to stand in a national election. This will change the way in which South Africans can elect their representatives.

³ In South Africa it costs a small fee to register a political party, payable to the Electoral Commission of South Africa (IEC). Running costs include paying for staff, office equipment and rental, election campaigns, etc.



regulation. The cost of maintaining a political party and contesting elections can pose a serious threat to the principle of transparency and accountability in a democracy. Political party funding is a serious threat to a democracy when it is unregulated because it allows private individuals the opportunity to exert undue influence on politicians.

The capturing of a state by allowing extremely wealthy individuals unfettered access to the government and high-ranking politicians is a familiar reality to South Africans. Many countries the world over include some sort of party funding regulation in their legislation, and South Africa is no exception to this. However, is the current regulation enough to deal with the growing issue of political party funding? In addition to private funding⁴, political parties can also receive public funding (funds administered by and from the State). In South Africa these numbers appear exceptionally high, with approximately R1.5 billion spent in public funding for 2021-2022 (Baba, Pasensie, Bregman, 2022). With the vast amounts that political parties can pull in from both private and public funding, what are the mechanisms that ensure accountability to the public?

Public funding is fairly robust in South Africa, and it presently does not have the same reporting structures and forced disclosure mechanisms as the Political Party Funding Act, which regulates private funding. However, unlike private funding, the money that National Treasury disburses to political parties is derived from taxes, therefore entrusting part of the functioning of the political party solely with the public. Given this, public funding may present an opportunity in which to build in greater levels of transparency and accountability that are sorely missing. How can this be done?

In this position paper, My Vote Counts will attempt to provide an overview of the political party funding framework and context of South Africa to show where it can be improved and how it can be used to combat the issue of private influence in our politics. It will address public funding and its potential to curb the influence of private money in politics.

A fundamental starting point of this paper is that money is an inextricable part of our



politics and that to create a transparent and accountable democracy we need to curb the outright political influences garnered from private money. Central to the argument is how to leverage money in politics for the benefit of the people and not the elite. The purpose of this paper will then be to:

- 1** *Provide insight on the current nature of party funding in the South African democratic context.*
- 2** *Discuss how public funding can be used as a solution for the funding issues that political parties face in South Africa and to lessen reliance on private funding.*
- 3** *Provide recommendations for the use of public funding in South Africa.*



PART ONE

Democracy in South Africa

INTRODUCTION

The quality of a democracy becomes important when assessing how well the democracy is performing. The key focus of the assessment is whether it is providing a responsive and accountable system of governance to its people. The state of democracy, as measured through the trust that South Africans have in its democratic institutions, seems to be in sharp decline. In its recent research, Afrobarometer noted that trust in almost all democratic institutions is both low and declining. Of those polled by Afrobarometer only 38% trust the president, 27% somewhat trust Parliament and only 43% trust courts of law (Moosa and Hofmeyr, 2021). This seems to be a damning indictment of the three branches of government by the public.

This is also coupled with an apparent lack of appetite for voting as voter turnout has also declined since the historic 1994 elections. According to the Bureau for Economic Research, the local government elections in 2021 recorded the lowest voter turnout, with only 46% of some 26 million registered voters turning up to vote (Van der Westhuizen, 2021). In the most recent national election in 2016, the ANC national vote share dropped from 53.9% in the previous election to 46%. The local government elections have also shown that the ANC has lost outright majority control of major metros such as eThekweni. This decline in votes for the governing party seem to be supported by data collected by Afrobarometer, which acknowledged a trend of declining trust in the ANC and opposition parties.



The DA also lost significant ground in key metros such as Johannesburg and Tshwane to the newly created ActionSA (Khumalo, 2022). The somewhat bleak electoral outlook should also be viewed within the great crisis of corruption that seems to have beset South African politics. The latest, and final, report of the State Capture Commission (Zondo Commission) was released in late June 2022 and further illuminated the shadowy dealings of our political elite. The Commission and the events leading up to it have shone an intense spotlight on deep levels of corruption, patronage and nepotism that exist in South African politics. The devastating effect of unrestricted money and the access it buys to state resources has been shown to be eating at the bedrock of our democracy. However, if we are to assess how democracy is doing and how we can improve it, we must ask: what do we understand by the idea of democracy?

Democracy in South Africa

Democracy as a system of government is facilitated through three branches of government (legislature, executive and judiciary), and the worrying trend of decline in trust in all three is worrisome for how the state of democracy is perceived in the country.

Democratic theory is a large area of academic research and the idea of what makes a good democracy and what in fact is a democracy is a contentious idea. To understand how well a democracy is performing it is oft studied through the lens of consolidation, i.e. is it solid and how 'solid' has it become over time? (Friedman, 2011). This can, however, be too simplistic and devoid of nuanced understanding and one which uses the Global North as its starting point. Schmitter and Karl (1991:75) noted that, "For some time the word democracy has been circulating as debased in the political marketplace." The idea of viewing democracy as 'solid' has previously been a pervasive model of assessing the quality of a democracy. However, this has placed too much focus on elections, which are often viewed as the key source of assessing the 'solid' state of a democracy (Friedman, 2011). Other authors such as Diamond and Morlino (2004) have taken the idea of the solid democracy and attempted to make it more nuanced with their introduction of eight qualities along which the solidity



of a democracy can be measured. While this does move past the idea of simply focusing on the frequency of elections and its outcomes as the decider of a good/quality democracy, it nonetheless still focuses on measuring quality or solidity of the democracy.

In drawing on Schmitter and Karl's very useful paper entitled 'What democracy is and is not', we define democracy in the simplest terms as a system of governance in which 'rulers are held accountable for their in the public realm by citizen, acting indirectly through competition and cooperation of the elected representatives' (Schmitter and Karl, 1991, 76). Schmitter and Karl are clear that we cannot understand a democracy as merely a set of institutions. Instead, there are many types of democracy that are created out of the specific conditions within a country. This implies a far more nuanced and individualistic take on democracy.

In Africa the wave of democratisation began in earnest in the late 1980s and early 1990s, with many African countries moving towards a model of liberal multiparty democracy (Mamdani, 1992). For many countries this also included acceptance of rigorous structural adjustment programs (Chazan, 1992). South Africa's own move towards democracy can be seen within this continental context, and indeed within an even broader global context. Around the world the sentiment of multiparty democracy was sweeping former Soviet states, Latin American countries and, of course, Africa too.

The situation in South Africa and more broadly on the African continent has been characterised by widespread patronage (Chazan, 1992). Patronage allows for wealthy benefactors to bestow money and resources on a vast network of individuals who will in some way grease the wheels of politics. The accusations made during the Zondo Commission spoke directly to this issue.

Bratton and van de Walle (1997:458) perhaps give one of the most salient analyses of the post-colonial era in Africa as one characterised by neopatrimonialism. They point out that neopatrimonialism allows the chief executive (head of state or executive governing



structure) to maintain and attain power and authority through personal patronage, rather than through ideology or the rule of law (Bratton and van de Walle, 1997:458). This concept is a sharp and incisive take on the state and nature of democracy in South Africa. If one were to draw on the definition of democracy as espoused by Schmitter and Karl, then the view of neopatrimonialism sits at odds with this view. If a democracy is premised on the idea of universal adult suffrage with equal participation in political institutions coupled with peaceful resolution to conflicts and civil liberties, then our democracy should be given every opportunity to achieve this. The institution of networks that rely on money and influence to pervert the course of democracy needs a rigid system of policing to ensure it does not have the opportunity to proliferate and further erode democratic principles. Political party funding presents an easy opportunity for these types of networks to proliferate, therefore we should be paying close attention to how we can regulate it.

The link between corruption and democracy: The South African context

The context of democracy in South Africa appears to be one fraught with corruption and a lack of accountability. It is a system of patronage and perhaps neopatrimonialism. If a democracy is about a government being held to account by the public for their actions, a la Schmitter and Karl, then how are we to increase accountability to make our democracy function better?

A democracy is built on the idea that that the legislative, executive and judicial powers should be balanced and should mutually check each other (Collier and Levitsky, 1997). This implies that a robust working relationship between these three branches are essential for curbing threats to democracy such as corruption. When politicians or civil servants abuse power for their personal enrichment, the courts should ensure correct and timely punishment and provide impartial application of the law to everyone.

A key question is that if these branches of government are in fact balanced and keep each other in check, will it limit the opportunities for corruption? A democracy espouses the



values of freedom of speech, freedom to demonstrate and associate, allows for a plurality of opinions and a free press, this creates a condition ripe for anti-corruption policies and initiatives.

Corruption is the result of a country's specific socio-economic context and, in some instances, its historical legacy — as in the case of South Africa (Drapalova, 2019). As Transparency International acknowledges, there is a tendency to expect too much from a democracy; that it should eradicate all the social ills in a society. South Africa's own numerous corruption scandals are proof that decades of having a democracy are not enough to curb corruption. [Transparency International](#) notes that “democratisation alone does not easily translate into lower levels of corruption” (Drapalova, 2019). Surprisingly, it was found that corruption in fact gets worse in newly democratised countries (Drapalova, 2019). There seems to be a correlation between the maturity of the democracy and the level of democracy, in that young democracies will see an increase in corruption because the democratic institutions (and branches of government) are still in their infancy and not yet capable of tackling corruption (Drapalova, 2019). In this regard, South Africa seems well on track in terms of ever-increasing corruption in the within the first decades of its democracy.

If the research is anything to go by, we should see a drop in corruption as the years go on because the democracy has matured, and the branches of government have become consolidated. However, this does not just happen of its own accord. The consolidation of the three branches of government takes active agitation from the public and government to implement mechanisms that will strengthen it. Horizontal accountability, i.e. balance between all three branches of government is what's needed to ensure that issues like corruption are minimised. Research has shown that increasing good governance is a long-term process and in fact implies a process of state-building (Mungiu-Pippidi and Johnston, 2017). Better funding models could be one of the mechanisms of horizontal accountability.

There is clearly increasing dissatisfaction with the governing structures in South Africa. If we do not have public buy-in, then how do we hope to create a political space where every



person feels they have the opportunity to participate and be heard? A key concern with a disaffected voter base and rampant corruption is the effect it may have on voting behaviour, for example voter apathy and voter abstention (Drapalova, 2019). Again, this seems to be the case in South Africa when one looks at the dismal local government election turnout coupled with the declining levels of trust in both the governing and opposition parties. The withdrawal of the public from democratic processes such as elections may be an indication of the far-reaching effects of corruption and, with a continued disaffected public, corruption may be allowed to continue unabated.

South African democracy has continued as a purview of the elites whereby it seems as though only those who are politically connected and financially sound may enter the world of politics or influence it. This is a similar situation to Apartheid in that the government and overall governing structure were held in the hands of the few. While South Africa has transitioned to a democracy, it has not adequately transformed from rule by elite to rule by the people, which is the fundamental point of a democracy (Friedman, 2012). This undermines the idea of democracy as a system built on equal participation by everyone. This also creates a situation where politics is not seen as the space for public duty but rather for self-enrichment. The highly exclusionary nature of politics makes it an attractive prospect to the majority who are on the periphery. Politics is a gateway to political recognition and resources that would otherwise have been outside of your reach (Friedman, 2010). Other authors such as Monika Bauhr and Nicholas Charron agree that those who feel excluded from a democracy tend to abstain from voting (or participating in general in any democratic process / institution), whereas those who benefit from corruption maintain loyalty to the corrupt regime (Bauhr and Charron, 2017). This perverse dynamic further limits the possibility of electoral change that would curb corruption. Enhancing horizontal accountability would therefore need to create a shift from politics as self-enrichment to politics of public duty. One important way to assist in this is to regulate that all-important part of politics: money.



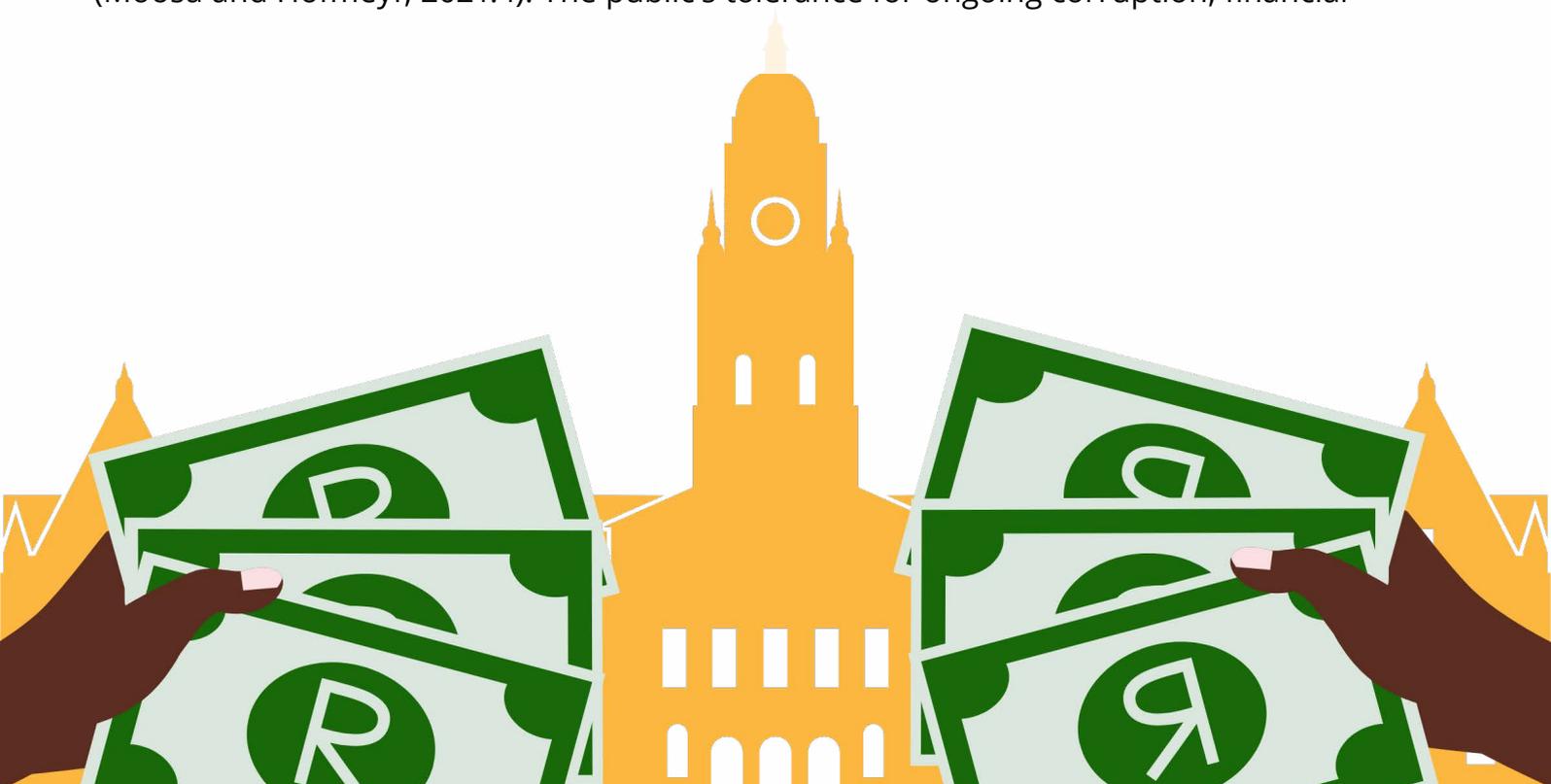
PART TWO

Financing democracy

INTRODUCTION

With corruption being a key issue in democracy, the question is how is can a democracy be financed to avoid undue influence? We have laid bare the crisis of democracy facing South Africa and the idealised notion of democracy we wish to attain. The next step is to introduce mechanisms that will bridge the gap between the two.

The Afrobarometer research mentioned earlier points to declining trust in both the governing and opposition parties. Levels of trust in the president and the executive were at an all-time low during the Jacob Zuma years: the report succinctly notes that this may be in direct relation to what it terms the almost “industrial scale of corruption and state capture” that was reported under the Zuma administration (Moosa and Hofmeyr, 2021:4). Coincidentally, the slight uptick in levels of trust in the president and the executive were attributed to the rise of ‘Ramaphoria’ in 2019 and then were quickly dampened as the perception of President Cyril Ramaphosa was that he was not doing enough for reform (Moosa and Hofmeyr, 2021:4). The public’s tolerance for ongoing corruption, financial





mismanagement, and ineffective management and enforcement seems to be wearing thin. The recent introduction of the PPFA was a key step toward curbing these issues, with its focus on private political party financing. However, this piece of legislation is not enough to curb the “industrial scale of corruption”, nor is it enough to create a kind of democracy that South Africans feel they can trust.

Although we know that a democracy is a system of government that is controlled by the people and in which all people have an equal say, our current political climate is dominated by a few. Unequal access to political party funding can create an unequal playing field. Robust political competition allows for a large set of options for the voter and a greater chance that more ideas will be represented (Diamond and Morlino, 2004). However, the inability of smaller parties to match the political financing of larger parties makes this almost an impossibility.

The recent release of the fourth-quarter disclosures of the PPFA drew to a close a highly anticipated year of political party funding information. This hard-won right to access the private funding information of political parties gave a small glimpse into how our political parties operate. Although working with a limited dataset, the observable trends from this first year of disclosures were quite illuminating. The most startling information to emerge was the fact that every political party that disclosed had a small group of funders who contributed at least 50% to 70% of their overall donations. In the case of the larger parties such as the ANC and the DA, these were significant numbers. It was not just this fact that was concerning but also who made the donations.

The revelations of this disclosure as well as the findings of the Zondo Commission have made it clear that something needs to be done about how money is sourced and used in politics. However, it is not only private money that can be problematic. Public funding in South Africa is relatively robust, with large sums of money being given to represented⁵ political parties annually. With such an extensive funding model of both private and public funding, how is it that South Africa remains beset with corruption?



⁵ Represented political parties are those parties that have seats in either the National or Provincial Legislature. The current ratio for disbursing public funds by the IEC is one third equally and two thirds proportionally (based on seats). See [‘How many Rands for your vote’](#) for more information.



This report has pointed to the state of democracy and democratic institutions that help to give rise to corruption and ensure its survival. The breeding ground for corruption and undue outside influence on our politics very clearly undermines the ability of our democracy to function and the funding model of our political parties is one of the key areas that must be addressed to rectify this. With this in mind, what is the funding model of political parties in South Africa?

Private and public funding

South Africa has long struggled with political party financing, an issue that was brought to light in its early days of democracy. While the Zuma administration is much maligned for the role that it played in deepening corruption and State Capture, it was not its originator. Academic Johnathan Hyslop notes that since 1994 the central issue of South African politics has been corruption, noting the early scandals around embezzling pension funds by civil servants and the shady dealings around the Arms Deal (Hyslop, 2005). This also speaks to the overall theoretical framing of corruption in young democracies, which points to weak state institutions and the three branches of government for allowing corruption to take root.

The zenith of corruption, at least in the eyes of the public, may well have been the scandals of the Zuma era, which played a significant role in creating an atmosphere ripe for the implementation of the PPFA. The PPFA itself was born out of an almost decades-long official process of lobbying the courts for access to the private funding information of political parties. Public funding has neither seen the same level of public outcry and advocacy, nor does it have the same kind of reporting structures as the PPFA, where the emphasis is on making information clearly and easily accessible to the public to increase government accountability and transparency.

When we look at the inaugural year of the PPFA disclosures, we can glean information about private funding that we otherwise would not have known. For example, the ANC received



6 The ANC has not been able to pay its staff since at least 2019 and has a large salary deficit to fill. The National Working Committee of the ANC made a recommendation in December 2021 that the PPFA should be amended to increase the threshold for disclosure. This was to stimulate more donations from reluctant donors without fear of being exposed in quarterly disclosures.



just over R66 million in private donations, despite decrying the PPFA as stifling its ability to source donations⁶ (Khumalo, 2022). Of these donations three were made at the upper limit of R15 million by the Batho Batho Trust, Chancellor House and United Manganese of Kalahari (UMK). Cumulatively, these donors gave R45 million to the ANC, which made up nearly 70% of its overall donations. These donors are also mired in controversy. Chancellor House is the in-house investment arm of the ANC and, as a holding company, where it gets funds from and to whom it channels them are not covered by the PPFA (Pasensie, 2022). This means that money from potentially nefarious sources could be making its way into the ANC. The Batho Batho Trust is part owned by a company funded by Chancellor House and is also part owned by the Shell Exploration Company. Shell has courted controversy in South Africa for its proposed exploration along the West Coast. Lastly, UMK, although touted as a South African company is in fact owned by the Renova Group, which is in turn owned by the Russian oligarch Viktor Vekselburg.

Private donations are not where political party financing ends, as they also receive public funding. In South Africa since 2009 almost R14 billion has been spent on public funding (Baba, Pasensie, Bregman, 2022). Public funding to political parties come from three main sources: IEC allocations to parties, Provincial Legislature allocations and National Parliament allocations⁷. In the past year (the same reporting period of the PPFA) political parties received a total of R4 476 939 921 (cumulatively from all three sources). In 2020 the ANC received more than R80 million and the DA more than R32 million from the IEC in public funds. This, coupled with the private donations that each political party receives, paint a worrying picture of what exactly our political parties are doing with the money they receive.

Of course, there is no doubt that political parties need money in order to function. However, money in politics remains a large concern for a well-functioning democracy. The corruption scandals highlighted in the Zondo Commission have shown that the problems associated with money are many: the abuse of state funds and resources, corrupt politicians, private companies/individuals (such as the Gupta family) channelling large amounts of money to political parties or high-placed political figures in return for favours. As research by [International Institute for Democracy and Electoral Assistance \(IDEA\)](#) points



out, this is a global trend that is further exacerbated by the unfair and unequal distribution of public funds, which further benefits the elite.

In South Africa it seems to have become commonplace for money in politics to operate behind closed doors and involve shadowy practices (Falguera, Jones, Ohman, 2014). The secretive nature of funding only serves to create a system that is open to abuse by big business and other private influences that contribute money in return for influence. The recent implementation of the PPFA is a step in the right direction toward limiting private influence in politics. The impetus behind legislation such as the PPFA was the ongoing revelations of corruption and elitism within politics. As IDEA points out, donations can be seen as an investment by corporate interests and have been reported from most locations in which IDEA does its research. The IDEA report further acknowledges that in all regions of the world there is a deeply worrying trend of money in politics drowning out the voices of ordinary citizens.

For a democracy to be healthy, it must revolve, first and foremost, around the citizen. And for a democracy to be sustainable, it requires transparent, accountable and inclusive political parties that can channel the demands of the people and truly represent them. Attempts to tackle these challenges through political finance laws and regulations are often undermined by a lack of political will or capacity, as well as poorly designed and enforced measures. The PPFA is only a year old, and it remains to be seen if it will be as effective as we hope it to be. It is perhaps still too early to tell, with not enough data to draw significant conclusions, however, the enforcement of the PPFA speaks to the last point of the IDEA report which notes that without proper enforcement mechanisms any party funding legislation implemented will simply be ineffective because there is no real punishment for not abiding by it. Despite the successes and the significance of the PPFA, it still only speaks to one type of funding. Its reach is constrained by not having the same measures in place for its counterpart, public funding.



PART THREE

Improving governance: How to ensure a more responsive and accountable government

INTRODUCTION

The flows of money through the political sphere can threaten key democratic values. Politicians become less responsive and accountable to voters if they are too closely tied to donors, and the equality of political competition is skewed if access to funds becomes a determining factor. While public funding allocations in South Africa have been revised to level the playing field for political parties that are represented in either the National or Provincial Legislatures, the numbers are still skewed in the favour of larger parties — especially the ANC, which holds, in most cases, the majority of seats in legislatures (both provincial and national). Globally, there is a rise in understanding that organising well-run elections does nothing for democracy if the outcome is decided by money rather than by the voter (Falguera, Jones, Ohman, 2014). The crisis of faith that the South African public has in its representatives and democratic institutions underscores the need for open and





transparent funding practices. Transparency is important because it exposes and allows punishment for undue influence over politicians by money. We have already begun to see this with the PPFA. But as another source of major funding, public funding also needs to be brought in line.

The debate on public funding is whether this can actually engender trust, accountability and government responsiveness. The consensus seems to be that public funding on its own does not deliver on this goal if it is not tied to specific democratic goals. It's clear that any funding must be tied to democratic imperatives to make it work. In our instance, public funding should be tied to a specific objective i.e. limiting private influence and increasing accountability.

Presently South Africa already has a relatively robust public funding model, however, it is applied in a socio-political context that does not engender transparency or trust. The South African taxpayer already forks out a large sum of money, however, they do not have easy access to how this money is spent on funding political parties, nor do they have the same recourse for disclosure as under the PPFA.

Public funding must be understood in context. It is not a solution to private enrichment. The South African political landscape is, in large measure, a product of extensive personal enrichment. The other concern with public funds is that it provides an enticing opportunity to such people to further their self-enrichment. It is therefore crucial that public funding be tied to strict criteria. So how can it be used to create the accountability and transparency we are looking for?

Increasing accountability and transparency: Private or public funding?

To have accountable, transparent public funding means the need for stronger rules and controls to ensure that they are provided fairly to all stakeholders. In South Africa, public funding is regulated by numerous laws such as provincial party funding laws and the



Financial Management of Parliament and Provincial Legislatures Act. One aspect of public funding is even managed by the IEC through the Represented Political Parties Fund (RPPF). This fund is interestingly not legislated in any of the public funding legislation but rather under the PPFA. The PPFA should not however be seen as an Act that regulates all public funding instead it only speaks to one very specific fund of public money managed by the IEC.

Public funding can be the effective alternative to the risks that private funding represents and, if used correctly, can also curtail the view of politics as a place for self-enrichment. However public funding is not without its detractors. It is often criticised for creating a scenario in which politicians/political parties are more interested in the funds than votes. It is further criticised for not inherently creating more transparency. South Africa is a good example of this, given that we already have a decent public funding model. Despite the critiques that exist for public funding and its track record in South Africa, it may still be the better option for party funding. Through public funding the public can have a greater stake in what political parties are doing because they are the source of funding. If public funding is contingent on sourcing broad based public support for example, the public can easily direct influence in their political party by either showing support or withholding it. Public funding also presents an opportunity to cut ties with overly influential private donors by shifting the focus to ordinary people.

The concern with money in politics is the power it has in influencing political decision making. Research the world over has repeatedly pointed to deficiencies in legislation, political will and public participation (and perception of government) as some of the key issues for the failure to curb private interests in politics. Therefore, in the absence of adequate and effective regulation, money in politics can undermine democracy itself. In the context of eroding citizens' trust, government cannot afford not to pay adequate attention to institutionalising a level playing field, integrity, transparency and accountability in financing political parties and election campaigns. This would also send a clear signal of a government's commitment to address critical issues such as the financing of political campaigns and its impact on the agenda-setting and decision-making processes. It is



therefore in the overarching structure of political party financing that we may be able to better democracy, and not in just in having 'public funding' as a concept.

To create the horizontal accountability necessary for transparent and accountable governance, there should be a consistent and comprehensive approach to political finance. The allocation of public funding, the rules for private funding donations, and a comprehensive reporting structure for both that is freely and easily accessible to the public will help to ensure an equal playing field. Most importantly, privileged access to state resources must be cut for governing parties and represented political parties who have an edge over new and unrepresented political parties.

It must be noted, however, that better regulation of party funding models is not enough to create the desired shift in political culture that emphasises public interest over personal interest. It will be equally important to have rigorous, efficient, and impartial oversight to ensure compliance. This very point was made clear as one of the recommendations from the Zondo Commission in relation to private funding. According to IDEA, a pitfall of enforcement can be that responsibilities of monitoring and supervising breaches of political financing regulations are weakened when they are shared by various institutions. This has implications for effective coordination, information sharing and responsiveness. The IEC is the oversight body for the PPFA, but it remains to be seen how it fares with investigations into breaches of the PPFA. Public funding has no singular body that provides oversight or enforcement. The hard-won gains of the Promotion of Access to Information Act (PAIA) amendment are proof that access to information is fundamental for the exercise of one's rights, especially the right to vote. Significantly, it made it clear that effective record keeping of financial information was important for the public to scrutinise. Efficient oversight will depend on accurate record keeping and the ability of oversight bodies and the public to integrate these.

We have already begun to see the dividends of having a disclosure framework for private funding in that we are slowly beginning to see the effect and extent of private influence in



our politics. The transparency of these financial dealings makes it possible to interrogate and hold politicians and elected representatives to account. Transparency ensures public scrutiny. Institutionalising transparency would therefore be a key aspect of creating horizontal accountability. In its research, the Organisation for Economic Co-operation and Development (OECD) found that transparency has two key advantages:

1. It guards against corruption and undue private interests; and
2. Donations declared before an election allow the public to know the main backers of their political party and decide whether to continue support it or not.

Transparency therefore has the dual role of curbing corruption and potentially increasing public participation.

Coupled with measures to ensure transparency, there should also be a commitment to information sharing. The PAIA Amendment Act upheld the right to know and the information that stems from this should be provided in a timely, clear, and intelligible way that does not seek to obfuscate or confuse the public (Pfeiffer and Speck, 2008). This is key to upholding public participation through public scrutiny. Timely information is especially critical to civil society organisations and activists who may take on additional watchdog roles and who funnel citizen interests to the political space. When information is not made available timeously (e.g. months or years after elections or at the end of financial or other reporting periods, etc.), there is an added concern that the information, when it is made available, will be less relevant and may miss key moments of public interest. There could also be a possibility that the delays will result in the falsification of information or the deliberate burying of information (Pfeiffer and Speck, 2008).

To ensure sound political finance regulations that work, we need a system of effective sanctions. The oversight also needs active participation from civil society who can act as a watchdog. Research in OECD countries has shown that, when civil society organisations are involved in political finance in this way, they are effective in helping the existing anti-corruption achieve its goal.



PART FOUR

Recommendations for public funding

It is the position of this paper that if we are to have a responsive and responsible government that fosters public participation, there must be an end to over reliance on private money. While private funding is regulated under the PPFA, there are still significant loopholes that still allow for a toxic relationship between money and politics. To break this link, it is necessary to source funding from a different place. Public funding is the way to go. While public funding has its detractors — most notably, that it will actually end up putting greater distance between politician and citizen — research has shown that public funding can work for the goals that we want if we first identify that the goal is to be responsible to the people. Funding needs to be founded on broad-based public support and political parties must seek the buy-in (literally) from the public. This should be measured as a greater representation of what the public wants and needs, rather than the large donor.

Importantly, research has shown that funding without legislation and framework is an issue, in particular with private money. The use of public money is twofold:

1. To create a society in which citizens feel they are represented; and
2. To link money to service i.e. the view of money changes from self-enrichment to public service.

The issue with public funding remains the perception that access to state resources will diminish the capacity





of the government and elected officials to work for the people. It is therefore important to make public funding responsive to the people. To do this, the following should be noted:

1

Public funding can take the form of both direct and indirect funding. South Africa has both. To ensure that political parties are equally able to contest and to lessen the need for cash in hand, indirect funding — e.g. through the use of venues or free TV advertisements on state broadcasters — should be made available to all political parties, especially smaller, non-represented parties. This discourages the need to source private funding for campaigning purposes.

2

Public funding should be dependent on support from the people. A key concern with public funding is that if political parties are not directly funded by the people, then they will not be concerned with their needs. However, in South Africa, donations made directly by the public are minimal and private influence by elite individuals is rife. Therefore, public funding that is tied to the level of actual support given by citizens in small donations could be a better way of measuring support. Tying public funding to broad-based public support should go some way to disincentivise the appeal of large private donations.

3

To combat the culture of elitism, public funding can also be used to implement specific measures of recourse and further limit the use of private funding. Private funding can also be curtailed to only pay for certain expenses of the political party, such as campaigning.



4

Public funding should be seen as a part of a broader strategy of political funding and should not be implemented in isolation. Any and all legislation that covers party funding should have the express goal of creating accountable governance and should dovetail with one another. Presently, the PPFA is being implemented in isolation because public funding legislation by comparison is scattered, more complicated and difficult to access.

5

Given point 4, it will be necessary to create one comprehensive public funding legislation that includes a similar disclosure process as the PPFA, and which creates more rigorous criteria for qualifying for public funding how the funds may be spent. Thus, as the only other piece of funding legislation, the PPFA will need to be strengthened to limit its loopholes, namely the threshold limits, not covering investments, investment vehicles or holding companies, and not covering interrelated donations.

6

All funding information should be available in a timely manner in language that is clear and easily accessible. Research into the process of accessing funding information by MVC has shown that it is an arduous and tedious exercise that is presented in a format that's difficult to understand. For the sake of public scrutiny and participation, funding information should be easily available and understandable.



Conclusion

The presence of money in politics is a necessity for political parties, however, the exertion of undue influence on political parties by donors can undermine a democracy. This paper does not argue for no money in politics; instead it argues for better, more regulated funding models that will work towards both maintaining the political party and maintaining a democracy. In the case of South Africa, the ever-declining levels of trust in democratic institutions coupled with deep corruption — some at state-sponsored level — have brought the country to a crisis point. The need to curb corruption and stem the tide of a government perceived as out of touch requires urgent action.

The implementation of the PPFA was the first step in this regard and it has begun to provide evidence of the toxic relationship between money and politics that we should dismantle. However, given that private funding is just one part of the funding structure (the other being public funding), it stands to reason that public funding should also have an additional layer of regulation. Public funding in South Africa is, however, complicated as it is legislated under numerous acts, and it does not require the same level of reporting and disclosure as the PPFA. To engender the transparency and accountability needed by a democracy, the opportunities for politics to be taken over by elites must be brought to an end. The unique nature of public funding being derived from taxes allows a new level of regulation and change to be implemented by directly invoking democratic principles as a criterion for accessing public funding because without (literal) public buy-in, public funding cannot be maintained. The funding models in South Africa must therefore dovetail each other and reinforce the same principles. Public funding should be used as the mechanism to change the current political context of self-enrichment to public service. Political party funding should work transparently to keep the political party afloat so that it can deliver on its mandate given by voters. It must not operate as a cash cow for politicians who use the democratic space as a business venture.



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