

RESEARCH FOR THE WORLD

Does increasing transparency in political party funding increase voters' trust?

Published May 2024



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Pre-election campaigning in South Africa has shone a light on political party funding laws. **Sarah Brierley** and **Daniel de Kadt** explain why party finance is now in the public eye, and how their current research project is exploring the relationship between transparency and public trust.

On 29 May 2024, South Africans will vote in what is likely to be the most competitive national election since the end of apartheid. Recent polls suggest that the African National Congress (ANC) – the party that has been in power since Nelson Mandela's historic victory in 1994 – could lose their parliamentary majority for the first time.

As we write, many opposition parties have united under a pre-election pact named the Multi-Party Charter (MPC), with plans to form a coalition government should these parties win a majority of seats in the National Assembly. The MPC consists of the largest opposition party, the Democratic Alliance, alongside 10 smaller parties. Members of South Africa's National Assembly go on to select the president.

Critical issues in the election include the ongoing energy crisis, which has resulted in years of unpopular "load shedding" (the rotating allocation of electricity), decades of high unemployment especially among the youth, and accusations of corruption and "state capture".

This final issue has recently renewed interest in the topic of political party financing. Yet there is relatively little understanding of what South Africans know or think about the issue, or the importance of transparency around party funding in terms of public trust. Working with LSE's Film and Audio team, we produced a short film describing recent reforms to South Africa's political party financing laws. We are now conducting a nationwide survey of South Africans to explore what impact information about political finance has on people's trust, satisfaction, and engagement with democracy.



Over nearly three decades prior to the passage of the Act, there existed effectively no constraints on who could donate to parties and how much. ”

Explaining South Africa's Political Party Funding Act

Our video explains how the introduction of the Political Party Funding Act (PPFA) in 2021 transformed the country's political finance landscape. Over nearly three decades prior to the passage of the Act, there existed effectively no constraints on who could donate to parties and how much.

The incumbent ANC originally introduced the PPFA. On 27 March 2018, one of its parliamentary leaders, Mr Vincent George Smith, introduced the Bill for its second reading at the National Assembly, arguing that "[the] Bill is about building a Nation where the rand [South African currency] never reigns superior to the will of the people... [that] those with big bank balances or who have easy access to party bosses never usurps the will and interests of the general electorate or party supporters who might not be as moneyed."

The PPFA introduced four critical reforms:

1. It changed the formula to allocate public funds to political parties.
2. It banned monetary donations from foreign entities.
3. It capped how much a single donor could donate to a political party in a year (R15 million).
4. It forced political parties to declare donations above a threshold of R100,000.



If the ANC is re-elected, the expectation is that it will [make changes] allowing for larger donations and reducing transparency by making fewer donations public. ”

Why is the ANC now against its own Act?

In recent months, however, as a potentially seismic election approaches, the PPFA has come under attack from the ANC, whose financial position appears to have taken a significant hit due to the Act. In March 2024, the ANC-majority parliament passed the Electoral Matters Amendment Bill, assented to by President Ramaphosa in early May. While the primary purpose of this bill was to amend recent legislation related to independent candidates running for political office, the ruling party used the bill as an opportunity to edit the PPFA.

The amendments grant the presidency greater power in determining the cap on total annual donations and the threshold over which donations must be declared. If the ANC is re-elected, the expectation is that it will increase both of these figures, allowing for larger donations and reducing transparency by making fewer donations public.

Now that the President has assented to the bill, there is currently effectively a break in the law with no annual cap, and no threshold for declaring donations. Parties are free to take any size of donations, and the public is unable to monitor these actions.

Remarking on these developments, Robyn Pasensie, a researcher at the South African civil society organisation My Vote Counts, which has launched an interactive tool that allows citizens to easily get information on each party's main funders, said: "Substantive proposed changes to the law, including to the President's powers in determining how reporting thresholds and donation limits can be set, have the potential to limit transparency and increase funding secrecy. It also locks voters out of accessing information necessary for their political decision-making. Funding laws like the PPFA are essential in the fight against corruption and undue private influence. The hard-won gains of the PPFA should be extended, not undermined."



Our survey will generate critical information on citizens' attitudes towards party financing and political finance reforms. ”

What will South Africans make of these changes?

What do citizens make of the turbulence in legislation surrounding political party funding? Did citizens approve of the original reform? To what extent do citizens link party financing with corruption? And are they willing to fight to protect the intention of the original clauses of the PPFA? These are the research questions we set out to answer in our project.

Our project exposes a nationwide sample of South Africans to the video displayed above and assesses their reactions. To accurately measure responses to the reform and the recent reversal, we adopt an experimental approach comparing citizens' reactions in a control group who will not watch the video with those who will.

More generally, our survey will generate critical information on citizens' attitudes towards party financing and political finance reforms. For example, we will ascertain citizens' perceptions of different types of donors and the extent to which they support further regulation. This is vital information in the context of sub-Saharan Africa in a continent with the lowest levels of political finance regulations globally.



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With the elections looming, it remains to be seen whether the ANC's assault on transparency will cost them electorally. One thing is for certain: civil society and opposition parties are ready to fight for transparency and accountability. Which citizens will join them? ■

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