INSTITUTIONS AND THE PRACTICE OF PARTY FINANCING MODALITIES IN MALAWI (1994 – 2015)

M.A. (POLITICAL SCIENCE) THESIS

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DECLARATION

I, the undersigned hereby declare that this thesis is my own original work which has not been submitted to any other institution for similar purposes. Where other people's work has been used acknowledgements have been made.

Full Legal Name

Signature

Date

CERTIFICATE OF APPROVAL

The undersigned certify that this Thesis represents the student's own work and effort and has been submitted with our approval.

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Main Supervisor

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Member, Supervisory Committee

DEDICATION

This work is dedicated to the Discalced Carmelites in Malawi.

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ABSTRACT

This study was set to analyse institutions and processes governing the practice of party financing modalities in Malawi. The question central to this study was; which institutions are governing party financing in Malawi in the absence of national regulations? Employing an institutional approach to political analysis the study was premised on the assumption that where party financing is not properly regulated, party financing activities are guided by informal practices. The major finding is that party financing in Malawi is unregulated. In fact, there are no documented rules in Malawi on party financing. The key argument is therefore that party financing activities in Malawi are guided by informal institutions. This situation has entrenched lack of transparency and accountability in financial matters in Malawi and within the Malawian political parties.

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LIST OF ABBREVIATIONS AND ACRONYMS

AFORD	Alliance for Democracy
CDP	Christian Democratic Party
CLP	Congress Liberation Party
DPP	Democratic Progressive Party
EU EOM	European Union Electoral Observance Mission
FPTP	First-Past-the Post
IDEA	Institute for Democracy and Electoral Assistance
EISA	Electoral Institute of Southern Africa
KANU	Kenya African National Union
MEC	Malawi Electoral Commission
MCP	Malawi Congress Party
MMD	Movement for Multiparty Democracy
MPs	Members of Parliament
NEC	National Executive Committee
NIS	National Integrity System
PP	People's Party
SADC	Southern Africa Development Community
SG	Secretary General
TG	Treasurer General
UDF	United Democratic Front
UFP	United Federal Party
UK	United Kingdom
UNIP	United National Independence Party

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

This study sought to analyse institutions and processes governing the practice of party financing modalities in Malawi and within the Malawian parties. The study mainly focussed on political parties that have been involved in over three general elections; from the 2004 to the 2014 general elections and have contributed at least six members to the current 2014-2019 parliament.

The history of political party competition in Malawi can be traced back to the year 1961, when the country held its first multiparty elections. A few years later, after independence, in 1966 a new Constitution was enacted which led to the abolishment of the multiparty elections. President Hastings Kamuzu Banda (1966–1994) established a one-party state and outlawed all opposition parties (Mpesi: 2011). Thus, the Malawi Congress Party (MCP) became the only legitimate political grouping in the country for the following thirty years.

In matters of financing the MCP being the only lawful party in Malawi enjoyed both direct and indirect public funding. This was possible because of the very thin line separating government and the party in government. The hangover that has spilled over to the current multiparty democratic system reintroduced in 1994. MCP also depended on the selling of membership cards as one way to finance their activities.

Every Malawian was a member to the party and was forced to buy a membership card (Muula and Chanika: 2004). Since MCP was the only political party, there was no political competition and the issue of party finance was put to rest.

However, the collapse of the cold war in tandem with the shifting geo-political movement in favour of democratisation in the early 1990s, compelled the MCP government to succumb to pressure for political pluralism. Malawi reintroduced the multiparty democracy after the 14th June 1993 referendum and suspended Article 4 of the Constitution on 29th June of the same year, which barred the existence of opposition parties in the country.

Since the reintroduction of multiparty democracy, there have been calls to put in place institutions and enforcements to regulate party financing in the country. The prevailing atmosphere is that there is unfair distribution of resources among political parties and their candidates. However, this challenge can hardly be proved with facts because parties in Malawi are not obliged, in any way, to be transparent in matters of financing.

This research contributes towards this cause by analysing the practice of party financing modalities in Malawi in relation to laws that are set for its regulation. A healthy party financing system that is well regulated is relevant for the proper functioning of any democracy. Moreover it allows democracy to thrive within certain levels of transparency and accountability (IDEA: 2014). This in a way confirms the connectivity of institutions, party financing modalities and levels of transparency and accountability.

Some scholars (Chinsinga: 2008; Patel: 2008) have asserted that the Malawian democracy is like a car stuck in mid gear for various reasons which are structural, institutional but also agential. This study was set to explore one institutional domain that of party financing. It explored institutions and processes that regulated party financing modalities in Malawi in the absence of national regulating institutions.

Schattschneider (1942) affirmed the centrality of political parties in modern democracies. One of the ways of finding out if political parties are actually fulfilling their obligation of promoting democracy, is to analyse their internal handling of money. This is so because political parties' internal handling or their access to and use of money are the foundation on which the rest of the political finance edifice is built (IDEA: 2014). In a democracy, political equality entails that policies implemented by government should be those likely to be preferred by the greater number of citizens. The issue of party financing becomes very fundamental in this respect because a completely unregulated system of party funding allows economic inequalities which are directly translated into political inequalities (Sunstein: 1997). Therefore greater transparency in party financing and accountability on the part of party members and leaders are essential for the growth of democracy. Any system of party finance which ossifies the competitive nature of party politics becomes therefore a fundamental problem to democracy.

Lwanda (2006) has shown how money power privileged the better networked business sector at the first United Democratic Front (UDF) convention in Malawi. At that convention the representatives of the people voted for those who had recruited them, those they knew personally and economically. This they did, with little or no concern for political ideology. Again in 2004 Bakili Muluzi, by then the President of Malawi, managed to impose his designated successor, Bingu Wa Mutharika, on a reluctant party and nation because of money (Lwanda: 2006). These instances in a way call for this kind of analysis on the sources of funding for political parties and candidates competing for public offices.

1.2 Problem Statement

Since the reintroduction of multiparty democracy in 1994, governing parties in Malawi are presumed of using "public resources" for their narrow political interests (Chinsinga: 2011). Between 1994 and 2004, the MCP which was the main opposition party, levelled such allegations against the UDF. From 2004 to 2012, the main opposition parties; the MCP and the UDF levelled similar allegations against the Democratic Progressive Party (DPP). Observers (Hussein and Hajat: 2012)[1] say that parties in power are using public resources for political patronage. From April 2012 till the May 2014 general elections, the opposition parties (DPP, MCP and UDF) kept criticizing the People's Party (PP) for having financial advantages over the opposition. These claims were vindicated in the revelations that dominated public discourses since September 2013 concerning the looting of public finances dubbed as Malawi's "cash gate".

Some studies have found out that political parties in Malawi lack transparency and accountability in matters of financing (Chinsinga: 2011; Lembani: 2006). This appears to confirm what Max Weber highlighted in the 1920s that party funding is one of the least transparent areas of party activity despite being one of the most

[1] Daily Times Wed. January 16, 2013

significant. It is from this background that there have been calls in Malawi for change that shall enable people to know the sources for party funding to the Malawian parties. Seemingly this call is made because people have realised that there cannot be fair political competition where there are no comprehensive rules governing party financing and their mechanism for enforcement. Therefore, this study stands to advocate that laws should be put in place, so as to oblige political parties to declare their sources of financing.

Coupled with this problem of lack of transparency, the opposition parties in Malawi have repeatedly complained about a frail financial status. They find themselves exposed to a highly unbalanced competitive battle field when facing elections and have always demanded for an effective legislation concerning the transparency of party finance. The trend shows that it is easier for governing parties to hold conventions as evidenced by the DPP and the PP than it is for opposition parties, as it can be observed with the same parties while in the opposition field. For example the DPP had no problems to hold its first convention by being in government, while being in the opposition; they kept postponing their convention due to financial problems. The PP when in opposition could not raise enough funds for a convention but easily did so a few months after getting into government. The UDF reportedly failed to hold its convention that was scheduled to take place from 19th December 2007 citing lack of venue as the problem, it was later revealed that in fact the party didn’t have enough funds to hold one (Malawi News, 19-25 January, 2008). In the running up to the 2014 general elections, another opposition party, the MCP had to cancel its convention at the eleventh hour, citing inability to raise enough funds for the convention as one of the reasons.

Despite the above observations, very little research has been done to investigate the practice of party financing in Malawi in the absence of national laws. Chinsinga and Chigona (2010) observed that in Malawi, there is lack of clear rules governing party financing. This begs the question: how are then party finances governed in the absence of formal rules as enunciated by Chinsinga and Chigona? While literature acknowledges three modalities of party financing which include member subscription, public funding and private funding, it is of paramount importance that sources of party financing in Malawi and their governing institutions be analysed. The formal and informal institutions governing party financing can only be effectively scrutinised in close reference to the findings on the funding modalities.

Questions central to this study were, which institutions are governing party financing in Malawi in the absence of national regulations? Where do political parties and candidates get funding? Where does most of their money come from and spent on? What procedures and processes are followed in the acquiring and spending of party funds? Answers to these questions are relevant if any meaningful reform on party financing is to take place in Malawi. Such kind of reforms can strengthen political parties and bring about transparency and accountability in matters of party financing. Walecki (2007) has asserted that reform of political finance regimes is very high on the agenda in all democratic countries.

1.3 Objectives of the Study

The main objective was to analyse institutions and processes regulating party financing modalities in Malawi. The specific objectives included:

- To examine the formal and informal institutions governing party financing in Malawi and within the Malawian parties.
- To asses party financing modalities.
- To examine the income and expenditure processes and proceduresof party financing.
- To determine the internal and external accountability systems in terms of money that come in and the money spent on party operations.

1.4 Assumption of the Study

The study is based on the assumption that where party financing is not properly regulated, party financing activities are guided by informal practices. Therefore if Malawi does not have sufficient regulations on party financing most likely party financing activities are guided by informal institutions.

1.5 Significance of the Study

Previous studies that have been carried out regarding party financing in Malawi have used either a comparative approach or a formal institutional approach to the study of politics. This particular study fills in the gap by employing both the formal and informal approaches to the study of party financing. The approach adopted in this study is relevant because literature (Pitcher, A., et al: 2009: Bienen, H.: 1971; Lemachand, R.: 1972) has shown that African politics revolves around the informal rules.

1.6 Weakness

Exploratory research generally utilizes small sample sizes and, thus, findings are typically not generalizable to the population at large. The exploratory nature of the research inhibits an ability to make definitive conclusions about the findings. Furthermore, while qualitative design is relevant in capturing experiences, concerns, worries, motivations, actions, attitudes and behaviours of the participants (Dawson: 2002), it relies on the individual interpretation of the researcher, hence it is difficult to generalise to cases outside the study. However, as mitigation to all this, the study tried to include a bigger number of participants for balanced conclusions.

1.7 Structure of the study

The study is divided into five chapters.

Chapter one: introduces the whole study. It gives the background, the problem statement, objectives and significance of the study.

Chapter two: provides review of literature. It discusses institutional approach to the study of party financing and some core literature underling party financing systems as it happens in practice. Some party financing modalities have also been explored in this chapter.

Chapter three: sets the research design and methodology. It looks into issues of sampling, data collection methods, review of party documents, the method of discourse analysis, ethical consideration and limitation of the study.

Chapter four: presents research findings and data analysis. The chapter explores the formal institutions governing party financing in Malawi and within the parties in relation to the actual practice of party financing. This is done in order to pin down the interplay between formal and informal institutions of party financing in the country.

Since institutions governing party financing regimes go together with corresponding modalities, the chapter also assesses party financing modalities existing among the political parties in Malawi. The chapter further examines the income and expenditure processes and procedures of party financing in Malawi and within the Malawian parties. These processes and procedures ought to be enshrined within the institutions of party financing, either at party level or at the national level. The measurement of their availability and unavailability within party documents and national institutions helped to understand whether they operate through the formal or informal path. Finally, the chapter determined the internal and external accountability systems in terms of money that come in and the money spent on party operations. This was done by looking at the institutional provisions governing such accountability systems and the practice of the same within parties, and in Malawi as a whole.

Chapter five: provides a summary of key issues that have been discussed in the thesis.

The study shall finally present references and guiding questions that were used for the key-informants.

CHAPTER TWO

REVIEW OF RELATED LITERATURE AND RESEARCH

2.1 Chapter Overview

The previous chapter presented the background, problem statement and objectives of this study. It also justified the importance of taking this particular study. This second chapter discusses institutional approach to the study of politics and some core literature underling the practice of party financing which traditionally has three sources of income; namely: public funding, private funding and member subscription (Hague and Harrop: 2007).

2.2 Public Funding in practice

Public funding is the support given to political parties and candidates using taxpayers' money. This is done either directly or indirectly. The most common forms of indirect public funding are accessing free media time and acquiring special taxation status.

A lot has been written about public funding of political parties, its characteristics and consequences for parties behaviour (Scarrow: 2006; Tavits: 2007). These studies have investigated the effects that high dependence on public financing has had on the development of organizational structures and the internal shifts of power within individual parties (Van Biezen: 2003). More recently, research has also looked at the consequences that state funding has on the individual development of political parties and, more generally, on the party system overall (Knapp: 2004; Birnir: 2005; Casas-

Zamora: 2006; Spirova: 2007). In these works, party financing by the state is seen as both a bane and a blessing for the encouragement of strong party competition. Scholars such as Katz and Mair (2005) hold the view that state funding that is only available to the established parties can, in fact, freeze the existing patterns of party competition even more.

Nassmacher (2001) indicated that many Western democracies have the provision for public funding. The 2014 IDEA report confirms this view by showing that 70 % of political parties in Northern, Western and Southern Europe depend on public funding. However, contrary to these European democracies, the United Kingdom does not provide public funding to political parties. Valentino Larcinese (2012) has argued that such ealthy private scenario is not good for democracy as it puts political parties in danger of elite capture by individuals and corporations.

In Africa, by the beginning of the year 2002, fourteen countries were known to be funding political parties directly, with or without legislation. The IDEA report (2014) shows that these countries were Benin, Burkina Faso, Chad, Egypt, Equatorial Guinea, Gabon, Malawi, Morocco, Mozambique, Namibia, the Seychelles, South Africa, Tanzania and Zimbabwe. However, it has been noted that in these countries public funding was so much restricted that very few parties were able to benefit from it. In fact out of these fourteen countries, only three[2] had guaranteed sums of public funding sizeable enough to make a difference to the performance of the opposition parties.

[2]These three countries included South Africa, Morocco and Seychelles.

Laws on public funding to political parties are very strict in emerging democracies of Africa. This has resulted into serious financial constraints for opposition parties since most of them can hardly qualify for public funding. In the cases where they have qualified, the amount of money they receive does not make any difference to the operational activities of the party. Literature (Katz and Mair: 1995) has referred to this system as “cartelisation” thesis. It is an attempt by the powerful existing political parties to reduce the impact of those parties seeking to challenge the political status quo. This they do either by introducing a system of public funding to those parties with a certain level of electoral support, or, when already in place, by increasing the legal requirements for having access to those subsidies (Scarrow: 2006; Biezen and Rashkova: 2012),thereby, freezing the party system (Katz and Mair: 1995; Biezen: 2004).

As a matter of fact, governing parties in most African countries have often applied the “cartelisation” thesis. Once they are booted out of power, they cease to be competitive even in general elections because of lacking the financial muscle. In Malawi this has been the case for the MCP and the UDF which are struggling to get back into power. The success of the DPP in the 2014 general elections was an exception. In Zambia, similar constraints have affected the United National Independence Party (UNIP) and the Movement for Multiparty Democracy (MMD) and in Kenya the Kenya African National Union (KANU). Due to frail financial status, opposition parties in most African countries have been weak when it comes to competing for public offices. This indicates the value of party financing as one of the prerequisites in the building of sustainable competition among political parties.

Sokomani (2005) has made two observations on public funding in the SADC region. The first is that a significant number of countries have made available public money to political parties and candidates. The second is that not all political parties have access to public resources and that governing parties in the region have an unfair advantage in this area (EISA/ECF, Monitoring and Observation in the SADC Countries: 2003).

In Malawi, public funding is restricted to parties that have managed to get one-tenth of the national vote in the elections (Constitution 40 par. 2). This clause begs for two investigations: Firstly, to analyse the processes and procedures that are used to determine the qualification of such parties and the processes and procedures for sending money to the qualified parties; secondly, since the clause leaves many parties in the country with freedom to find their own ways of funding (IDEA Database), it is necessary to establish which other modalities political parties use to finance their activities.

So far, public funding has faced mixed reactions among scholars. Some have argued in favour of it and others against it. Biezen (2003), one of the scholars in support of public funding has argued that public funding helps to compensate for the growing cost and the increasing scarcity of resources and guarantees free and fair political competition. Scholars (Katz: 2002; Bartolini and Mair: 2010), who are against public funding have argued that taxpayers should not be forced to support parties financially which they did not approve politically. They have also argued that public funding petrifies party system especially when the funding policy depends on the previous elections.

2.3 Private Funding in Practice

Private funding occurs when political parties and candidates are financed through private means. Such sources of financing may be internal or external to the party; it may also come from within or outside the country.

Private funding to political parties and candidates has been characterised by corruption. Scholars (Biezen and Kopecky: 2007) have argued that parties that rely heavily on contributions are mostly corrupt. The bottom line is that most donations and contributions come from undesirable sources and have strings attached. It is believed that when political parties that rely on donations come into power, they are obliged to pay back to their financers. Such payments are in form of favouritism in decision making processes or offering them government contracts. This is one reason why states are advised to take measures to regulate private funding to political parties; to avoid conflicts of interests, prejudice to the activities of political parties and ensure transparency of donations.

In Western democracies, private funding is strictly regulated. However, despite such strict regulations, cases of corruption have still occurred. Heywood (1997) has indicated that in the United Kingdom, opaque forms of fundraising appear to have been more sporadic. He gives the example of the Conservative Party under Thatcher and Major who accepted substantial contributions from foreign nationals with economic interests in the UK. The Labour Party also obtained funding which appears to have been aimed at influencing specific government decisions. The clearest example being the large donation received from a motor racing tycoon prior to exempting motor racing from a blanket ban on tobacco advertising (Heywood: 1997).

Evidence of similar arrangements has emerged in Belgium, Germany, Greece and Ireland. In Italy, scandals relating to private funding known as “clean hands” were instrumental in bringing about transformation of the Italian party system between 1992 and 1994. In Spain, it overturned the long standing socialist government in 1993 and 1996. In France, scandals relating to private funding contributed to the crushing defeat suffered by the French Socialist in 1993 (Hopkin: 2004).

In Africa, private funding is said to be the main source of income especially for opposition parties. The problem is that it is largely under-regulated (Sokomani: 2005). It is generally a matter of unregulated self-help.

Apart from having kickbacks, another limitation that has been noted with private funding is lack of predictability. Private contributions do not provide political parties with a stable source of income to rely on. Again there is unequal access and unequal distribution of private donations to political parties which consequently undermines equal competition. Biezen (2003) has shown that in 1993 the governing party in the Slovak Republic raised three times, as much money as all the other twenty-two parties taken together. This shows how private funding practices can be unfair, especially in societies with great disparities of wealth and where party financing is not regulated.

While private funding to political parties and candidates is essential, it should be strictly regulated so that it may not undermine the very democratic values it is supposed to espouse. This is one reason why some scholars (Roper: 2002; Protsyk: 2002; Pinto-Duschinsky: 2002; Nassmacher: 2003; Smilov and Toplak: 2007) have heavily focused their work on how to regulate private funding.

In their view, private funding can be regulated by setting limits on the acceptable amount of contributions. Such limits may consist of a maximum threshold on the amount of money that may be accepted from a single source, whereby different ceilings may apply for different types of donors. Restrictions may also consist of a limit on the total sum of acceptable private contributions. Different thresholds may exist for different types of party activity such as routine operational costs and parliamentary or presidential elections. If limit enforcement only applies to the amount of money an individual donor may contribute rather than to the total sum of permissible private donations, then the law may contain a loophole, allowing wealthy contributors to divide up a large donation into various smaller ones. Similarly, if there are restrictions only on the total sum but not the amount per donor, parties could still come to depend on a few donors or a single private donor. However, in order to reduce the concentration of money only in a few hands and to diminish the dependence of political parties on a small number of private donors, a combination of both a maximum threshold on the amounts per donor and the total sum of donations per year is advisable.

2.4 Member Subscription in practice

As indicated by Biezien (2004) historically political parties in Western Europe primarily depended on mass party structural flow of income from the fees paid by its members. In the same year Hopkins (2004) observed that there was a decline in party membership and as such member subscription also went down. This means that political parties could no longer depend on membership fees. Mair and van Biezen (2001) have for example indicated that in the British Labour Party, the contribution of membership fees to the party's overall annual income dropped from more than 50% in

1992 to approximately 25% in 1997. The cause of the decline has been attributed to the increase in other sources of funding (such as public subsidies), which has diminished the relative importance of party membership fees.

Despite this challenge, member subscription is generally regarded as the most democratic and legitimate form of party funding. This is because unlike private funding membership contributions are not accompanied by demands aimed at influencing party agenda. Therefore, from a normative point of view, membership fees are the most unproblematic form of party financing.

The belief is that parties that rely on fee-paying members pay heed to a greater number of citizens than more elitist parties. This helps the party to pursue the policy preferences of the greater number of citizens. It therefore entails that parties with a close connection to their grass roots through membership fee are in a better position to ensure that their leaders are closer to representing the broader interest of the people at large, rather than the narrow interests of large contributors. Member's contribution to parties guarantee a certain degree of influence of party members on official party politics without allowing single financially privileged persons or groups too much influence.

In Malawi and other emerging democracies, political parties are fragmented due to ethnic and geographical divisions. Coupled with poverty this problem has been a drawback on the reintroduction of membership fee to party members. During the time of one party system of government party membership was coerced from all Malawians. As such every Malawian was asked to buy *khadi la umembala* (party membership card). The selling of membership cards was one of the sources of income for the only party in the country. However, since the reintroduction of the multiparty democracy in 1994, some political parties have tried to introduce membership card system to no avail.

2.5 Common practices of Party financing in Africa

Most of the observations that have been made concerning the practice of party financing in Europe can as well be applied to Africa. The difference however between Europe and Africa is that there is more effort to regulate party financing in Europe than in Africa. The stipulated guidelines on party financing in most African countries are just provisions rather than laws. They are provisions in the sense that mostly they do not stipulate the traditional sources of funding as provided in literature and the kind of restrictions that are required for transparency and accountability. For example, the Political Parties Act in Kenya (2007) only makes the provision for public funding to political parties. It is silent on the other modalities of party funding and does not have restrictions on donations that parties may receive (Mwangi: 2008).

In Nigeria, the problem of unregulated party funding is traced back to 1950's at the beginning of the politics of nationalism. This trend has continued up to the present Nigeria where there are no strict legislation to regulate party funding. This situation has made it possible for politicians and political parties in the country to engage in illegal party financing and corruption. Although the 1999 Nigerian Constitution mandates the Independent National Election Commission (INEC) to monitor the finances of political parties, this has not changed anything in matters of party financing corruption (Adetula: 2008).

In Uganda, literature (Stratmann: 2005) has shown that political parties both the incumbent and the opposition are facing difficulties in relation to financing. These difficulties are often more to the opposition parties than to the party in power especially when it comes to elections. During the election period it has been observed that the playing field is skewed in favour of the party in power. This is largely because the governing party controls the human and material resources of the state and the media. This challenge has been worsened by the absence of separation between the State and the party in power (Ssenkumba: 2005). There are also calls in Uganda to put in place an effective legal framework for the funding of political parties and election campaigns. This confirms the assertion of Waleck (2007) that reforms of party financing regimes is very high on the agenda in all democratic countries.

In the Southern African Development Community (SADC) region, a majority of the countries have endorsed public funding for political parties (Matrosa: 2004). However, they have done this without putting measures to ensure that public funds are used for the benefit of the citizenry in a transparent, accountable and responsive manner.

On private funding, studies that have been conducted by the Institute for Democracy in South Africa (Idasa) indicate that there are five main problems faced by this modality (Matrosa: 2005). These problems are: donations come with strings attached; donations are never or (are hardly ever) publicly disclosed; donations are not or (hardly ever) regulated in the same way as public funding; in utilising private donations, parties are not accountable to either electoral management bodies or and registration authorities; and private donations to parties also present a risk of undue influence of money on politics and democratic process (Matrosa: 2005). These challenges are due to the fact that the practice of party financing in most African countries remain hugely unregulated.

2.6 Party Financing in Malawi

There is no much research done on party financing in Malawi. Studies that have so far made reference to party financing were centred on intraparty democracy. These studies include that of Chinsinga and Chigona (2010), Lembani (2006) and Chirwa (2009). Coincidentally, all of these studies have discussed party financing in relation to intraparty democracy in Malawi. In all cases party financing has been taken as one of the variables for measuring intraparty democracy in the Malawian parties. On one hand, Lembani (2006) noted that party funding is one of the vexing issues in Malawi that has crippled intraparty democracy. While his study was able to point out some guidelines for party financing in Malawi, it fell short of analysing those guidelines in reference to the findings on the practice of party financing since such activity stood out of the scope of his study.

Lembani applied the two institutionalism theories of rational choice and historical institutionalism. The rational choice theory helped to pin down the interest behind the practice of the political actors, for example what motivates men to do what they do (Lembani: 2006). On the other hand, the historical institutionalism helped his research to discover the legacy of the past which has bearings on the present political practices (Krasner: 1984). The study of Lembani left out the informal aspect of institutions, and thereby, not able to unveil laws governing party financing in Malawi in the absence of formal institutions.

Furthermore, the study conducted by Chinsinga and Chigona (2010) adopted a comparative approach. The comparison was done on the institutions of party financing as enshrined in different party constitutions. This entails that the study leaned towards formal institutions as provided within political parties. This was done excluding national institutions governing party financing in the country. The finding was that parties are unable to mobilize financial resources as outlined in their respective party constitutions, thereby in a way, confirming that political parties have applied informal institutions in their sourcing and spending of party funds.

Chirwa (2009) came up with an interesting observation on party financing in Malawi. He asserted that in practice, Malawian parties tend to rely heavily on the personal funding from their founders or leaders, and on certain individuals as main fundraisers. As such they lack transparency and collective ownership. This finding also requires a deeper study as to ascertain the modalities of party funding to political parties in Malawi.

The Institute for Democracy and Electoral Assistance (IDEA: 2014) report held that the way in which political parties handle their internal finances depends on both their capacity and their political willingness. Parties, especially in young democracies, often struggle to establish a transparent and well-functioning control framework for income and expenditure due to a lack of financial management capacity (pg 5). Such limitations cannot just be captured by looking at the formal institutions neither by applying the quantitative method but rather by taking into consideration the attitudes, emotions and perceptions of the people involved.

Therefore, this particular study is relevant as it shall help to complement the available literature by capturing those aspects of party funding that have escaped scholarly attention in the previous studies. The relevance of this approach is in line with what some scholars (Bienen: 1971; Lemachand: 1972; Pitcher A., et al: 2009) have asserted that African politics revolve around informal rules. In addition to this contribution in literature, this study also generates evidence to support, modify or contradict some theoretical claims already made, concerning party financing in Malawi.

2.7 Common Challenges of Party Financing

Knowledge of the common challenges that party financing faces is crucial for the drafting of legal framework to regulate party financing. These common challenges can be considered relevant since all traditional sources of party funding have loopholes. Therefore having in place a legal framework and its enforcement mechanism can help to minimise the challenges of party financing systems.

The IDEA 2014 report has shown the common challenges of party financing in two categories; political system challenges and political finance challenges. Table 1, below, shows their synopsis.

Table 1: Political System Challenges and Their Political Finance Challenges

Political system challenges	Political finance challenges
• Unequal access to funding for different political actors	• Unsuitable legislation (ambiguous or overly ambitious legislation or rules not suitable for the context)
• Ability of wealthy interests to unduly influence politics	• Lack of political will to control money in politics
• Influx of illicit funding into politics	• Popular acceptance of vote buying
• Co-optation of politics by business interests	• Lack of independence of enforcing institutions
• Abuse of state resources	• Biased enforcement of political finance regulations
• Widespread vote buying	• Lack of resources for enforcing regulations

The table above has been adopted from the IDEA report 2014 (pg 20)

The legal framework should be drafted in such a way that these challenges that have been noticed in different democracies are controlled. Once such challenges are taken on board can bring about improvements in matters of party competition within the polity and can as well entrench intraparty democracy.

2.8 Institutionalism

Different scholars have defined institutions differently. According to North (1989), institutions are rules, enforcement characteristics of rules, and norms of behaviour, that structure repeated human interaction. While Helmke and Levitsky (2004) defined institutions as rules and procedures that structure social interaction by constraining and enabling actors' behaviour, Hodgson (2006) would understand institutions as systems of established and prevalent social rules that structure social interactions.

Literature (Helmke and Levitsky: 2007) identifies two forms of institutions. They are formal and informal institutions. Formal institutions are responsible for the written constitutions, laws, policies, rights and regulations that are enforced by official authorities. Scholars (Helmke and Levitsky: 2004) have understood informal institutions as socially shared rules, usually unwritten, that are created, communicated, and enforced outside the officially sanctioned channels.

This study employs an institutional approach suggested by Helmke and Levitsky (2004) which argues that the study of institutions especially in new democracies must consider both formal and informal institutions. This framing is relevant because some scholars (Pitcher, A., et al: 2009; Bienen, H.: 1971; Lemachand, R.: 1972) have found that African politics revolve around the informal rules. Furthermore, there is a broad agreement among scholars (Lowndes: 2002; Levi: 1990; North: 1990; Hall: 1986) that in defining institutions, the focus should be on both formal and informal institutions and practices in order to have a comprehensive discussion on the subject matter. Similarly Levi (1990) has argued that the most effective institutional arrangements incorporate a normative system of informal and internalised rules. North (1990) confirmed this position by asserting that the most significant institutional factors are often informal.

The call to focus on both formal and informal institutions when studying political behaviour comes from the belief that, on their own, formal institutions do not explain issues concerning clientelism, corruption, executive-legislature relations, etc. (Helmke and Levitsky: 2006; O'Donnell: 1996). This is an indication that political clientelism is an inevitable and omnipresent feature of the modern state (Walle: 2003), therefore making the study of this kind on both formal and informal institutions is truly necessary.

2.8.1 The interaction between Formal and Informal Institutions

Lauth (2000) discusses three types of informal institutions based on their interactions with formal institutions: complementary, substituting and conflicting. Helmke and Levitsky (2004) expanded Lauth's typology by classifying conflicting informal institutions into accommodating and competing subgroups and presented four types of informal institutions based on outcomes (convergent versus divergent) that result upon interaction with formal institutions (effective versus ineffective).

The interaction between the formal and informal rules and norms can therefore be understood as being complementary, accommodative, competing or overlapping as well as substitutive (Jutting et. Al.: 2007; Leftwich & Sen: 2010). When complementary, they help in reinforcing formal institutions and thereby play a key role in making them work. Complementing institutions "fill in gaps" either by addressing contingencies not dealt with in the formal rules or by facilitating the pursuit of individual goals within the formal institutional framework (March and Oslen: 1989). These informal institutions often enhance efficiency. They can also act as foundation to formal institutions by creating incentives to comply with formal rules that might otherwise exist merely on paper (Stokes: 2008).

Accommodative informal institutions allow actors to change institutional outcomes without violating formal rules. They may contradict the spirit, but not the letter, of the formal rules. Accommodative informal institutions are often created by actors who dislike outcomes generated by the formal rules but are unable to change or openly violate those rules. As such, they often help to reconcile these actors' interests with the existing formal institutional arrangements. Hence, although accommodating informal institutions may not be efficiency enhancing, they may enhance the stability of formal institutions by dampening demands for change (Helmke and Levitsky: 2004).

Competing informal institutions create multiple systems of legal obligation. This happens when the informal institutions coexist with ineffective formal institutions. In such cases, usually, the formal rules and procedures are not systematically enforced and hence enabling actors to ignore or violate them (Helmke and Levitsky: 2004).
Informal institutions are substitutive when they are achieving what weak formal institutions were designed to achieve, but failed. Substitutive informal institutions are employed by actors who seek outcomes compatible with formal rules and procedures. Substitutive institutions exist in environments where formal rules are not routinely enforced. Hence, substitutive informal institutions achieve what formal institutions were designed for, but failed to achieve (Helmke and Levitsky: 2004). This scenario exemplifies the situation that shows the need to have enforcement mechanisms in place if formal institutions are to produce the desired results.

2.8.2 The Practice of Party financing in the Absence of Formal institutions

Literature on the practice of party financing in the presence or absence of formal institutions is very scarce if not none-existent. However, the observed pattern indicates that the presence and absence of formal institutions in an environment of party financing have brought mixed results. Where there are insufficient formal restrictions, party financing has been a matter of unregulated self-help without any demand for transparency and accountability. In an environment where formal institutions have been fixed to regulate party financing, cases of corruption have been minimised but not eradicated.

Biezen (2003) indicated that, in Europe, the different scandals that were extensively reported in the media and underpinned by judicial investigation awakened the public opinion to the problem of illicit party financing and its relation to corruption. Such revelations prompted the drafting of guidelines to regulate party financing and the financing of election campaign. However, despite having formal institutions in place, cases of party financing corruption have still emerged in some parts of Europe (De Sousa: 2010). Such experiences have in a way catalysed changes and modifications to party financing regimes in most parts of Europe. It means that regulating party financing system by formal institutions is a progressive activity. The work to put in place effective legal framework for party financing cannot be done once and for all, it is a process. In Portugal for example, De Sousa (2004) has argued that the regulation of party financing has taken place through successive waves of reform.

Observations show that even in the old democracies of Europe where formal institutions are fixed, illicit party financing practices have always been identified at all levels of political activity. This is the reason that explosion of scandals concerning party financing have been reported in various European democracies such as Portugal (De Sousa: 2010), German (IDEA: 2013), Italy (Hopkin: 2004) and UK (Heywood: 1997) just to mention but a few. This is an indication that party financing laws in most European democracies have not been followed and have failed to prevent political actors from indulging in corrupt practices.

The above scenario exemplifies a situation that formal institutions cannot work by themselves. There is always need for the modern party financing regimes to find mechanisms to enforce the laws. This should be done with a belief that those enforcement mechanisms shall, in turn, determine the nature of accountability required in matters of party financing.

2.9 Analytical Framework

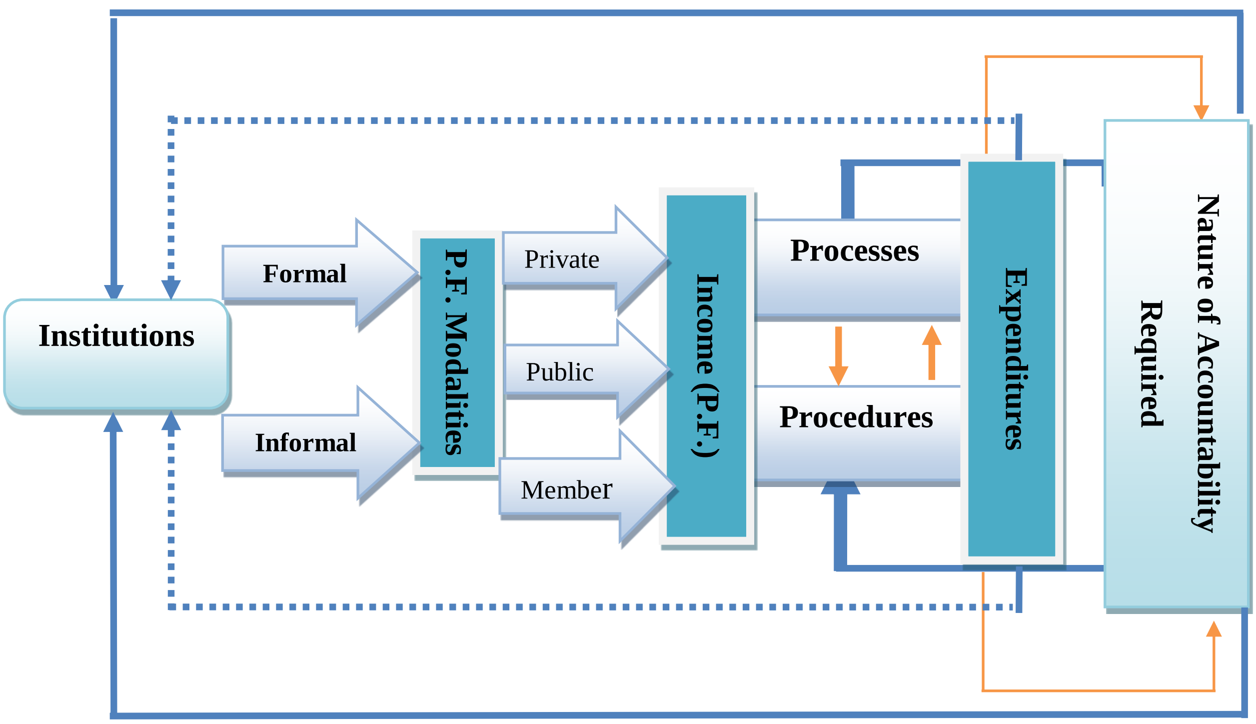

Figure 1: The Connectivity of Institutions, Party Financing Modalities and the Nature of Accountability required

The figure above indicates how institutions both formal and informal exert their influence on party financing modalities of private, public and member subscription which results into the income of the party funds. Party funds follow some processes and procedures to be spent and the spending leads into expenditures. These processes and procedures directly determine the nature of accountability required. For example, if the nature of accountability required is high, the processes and procedures shall strictly be followed as it is required. But if the nature of accountability required is low then anything goes in so far as the processes and procedures are concerned. The nature of accountability required influences in turn the processes and procedures that are followed. For example, if the levels of accountability required are low, it will make it hard for proper processes and procedures to be followed. Expenditures in terms of what the money has been used on, also determines the nature of accountability. If what has been purchased is to the detriment of the party's popularity, the levels of accountability will be very low. On the other hand if the nature of accountability required is very high, party funds are spent carefully on things that cannot dent unnecessarily the party image.

At the same time institutions directly influences the expenditures which in turn affect levels and nature of the accountability required. The processes and procedures that are involved in the acquiring and spending of party funds interact in such a way that they are understood as one and the same thing. The reason is that, in the cases of informal institutions, there are no procedures as theory and blue print and yet processes are known to the actors. In such situations to talk of processes is the same as talking about procedures. Consequently it follows that, institutions directly affect the levels of accountability required and the levels of accountability required, in turn, depend on the institutions. The nature and the level of accountability required influence institutions especially when understood as informal since they are the ones that shape the rules of the game.

2.10 Chapter Summary

This chapter has discussed mainly two things, namely literature underlining the practice of party financing modalities and the institutional approach to the study of politics. On the modalities of party financing, it has discovered that out of the three traditional modalities of party financing; public funding, private funding and member subscription, member subscription is on the decline in most of the democracies. This has left parties to get funding from two modalities; public and private sources. However, for a healthy party financing regime, there is need to have laws to regulate the processes and procedures for acquiring and spending party funds. This led to the discussion on the institutions, where an issue concerning formal and informal institutions has been analysed. The thrust is that party financing is always governed by some institutions. These institutions might either be formal or informal. Accountability in matters of party financing is enhanced by the guidelines that are in place. If such guidelines are weak, then the levels of transparency output required are also poor. Having solid formal institutions in place can entrench transparency and accountability in party financing activities. Therefore the following chapter is set to provide the operationalisation of this study through research design and methodology.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Chapter Overview

Basing on literature that has been discussed in the previous chapter on the practice of party financing modalities and institutional approach to the study of politics, this chapter presents the research design and methodology for the study. It focuses on methods, tools and sources of research data collection, target groups and organizations where data was collected. It further discusses how data was processed and analysed. The chapter shall proceed to provide the limitations of the study, ethical framework that guided the study and the summary for the whole chapter.

3.2 Research Design

Every type of empirical research has an implicit, if not explicit, research design. Yin (1994) has defined research design as a logical plan for getting from here to there where ‘here’ is the initial set of questions to be answered by the participants and ‘there’ is some set of conclusions derived from the findings (p. 19). Other scholars such as Creswell (1997), Marshall and Rossman (1999) have understood research design as a logical progression of stages or tasks, from problem formulation to the generation of conclusions or theory, that are necessary in planning or carrying out a study.

To effectively address the research problem and provide answers to the questions which the problem has raised, this study adopts a case study approach. This approach is relevant to this study because it is exploratory in nature. The connection of the two, case study approach and exploratory research is well elaborated in Bell (1999). He argued that a case study approach is particularly appropriate for individual researchers because it gives an opportunity for one aspect of a problem to be studied in some depth within a limited time scale. Basically, a case study is an in depth study of a particular situation rather than a sweeping statistical survey. It is a method used to narrow down a very broad field of research into one easily researchable topic. The advantage of a case study approach is that it is flexible. In terms of overarching research purpose, it can support exploratory inquiry to gain a better understanding of certain situations or to generate ideas and concepts for use in follow up works.

3.3 Research Methodology

Research methodology looks into the methods of identifying, collecting, condensing, organising and analysing the data that were used in a particular study (Bryan *et al*: 2005). Maxwell and Miller (2008) further confirms that, in research methodology the researcher looks into the when and where to observe, whom to talk to, or what information sources to focus on.

Framed within formal and informal institutions, the qualitative approach was the most applicable one as the study sought to get data in the form of words as opposed to generating numerical data as it is in the case of quantitative methods. Furthermore, the qualitative method helped to provide individuals' own accounts of their attitudes, motivations and behaviour on party financing. This, in turn, endowed the researcher with richly descriptive reports of individuals' perceptions, attitudes, beliefs, views and feelings with regard to party financing, which helped to discover and encapsulate meanings from the collected data.

The choice of qualitative method was further justified by the objectives of the study that displayed features that require a qualitative study. These features included, that the research was conducted within the natural setting of the actors (their offices and at parliament), the focus was more on exploring the processes and procedures of party financing, and that the study sought to understand party financing in Malawi without being overzealous in making some sort of generalised theoretical notion.

3.3.1 Sampling Method

The study adopted a purposive sampling method. This is a strategy in which particular settings, persons, or events are deliberately selected for the important information they can provide that cannot be obtained from other choices (Maxwell *et al*: 2008). This approach was relevant for this study mainly for two reasons. Firstly, it helped to achieve representativeness or typicality of the political parties and individuals selected. This is important in research because a small sample that has been systematically selected for typicality and relative homogeneity provides far more confidence (the conclusions are able to adequately represent the average members of the population), than does a sample of the same size that incorporates substantial random or accidental variation. Secondly, purposeful sampling helped to capture adequately the heterogeneity in the population. The goal was to ensure that the conclusions adequately represent the entire range of variation rather than only the typical members or some subset of this range.

The study purposefully sampled out parties that have been involved in over three elections ranging from the 2004 elections to the 2014 elections and has contributed at least six members to the current parliament (2014-2019). The assumption was that these parties have had enough experience in matters of financing for their day to day party activities and for elections.

The fact of having contributed at least six members to parliament also helped to make comparisons on data that was provided by the majority members of the same party. The sampled parties included the MCP and the UDF. Since Malawi has had governing parties that have not been involved in the three elections understudy, such parties were also included in the sample. These parties were the DPP and the PP. It was deemed necessary to include them so as to pin down differences in party financing strategies to parties in government and parties in the opposition.

Each of the sampled parties contributed six people for interviews, thereby having twenty four interviews from members of political parties. The sample also included the parliamentary staff; this was done in view of understanding the processes and procedures that are followed in the distribution of public funds to the qualified political parties. The researcher therefore used purposeful sampling to get data from respondents and informants that he thought had first-hand or second hand knowledge and information about the practice of party financing. In total, this study involved twenty six participants.

Table 2: Units of the Study

UNIT	NUMBER OF RESPONDENTS	OFFICE OF RESPONDENTS	PLACE OF IDENTIFICATION
Political parties	4X6 = 24	Members of Parliament and national executive committee members	Party head offices/ Parliament
Parliamentary Staff	2	Those directly involved with disbursement of public funds to parties	Parliament

3.3.2 Data Collection methods

These are the different ways that were used to capture data for this study. In this case there were two ways that were used. They included the review of documents and key-informant interviews.

3.3.2.1 Review of Documents

The study made use of party constitutions. Using these documents the study analysed institutions governing party financing within the Malawian parties. It also looked into national documents to explore institutions governing party financing in Malawi. The national documents that were reviewed are the 1994 Malawi Constitution, the 1993 Parliamentary and Presidential Elections Act, the 1994 Corrupt Practices Act and the 1993 Political Parties Act.

This exercise helped to pin down the formal rules governing party financing in Malawi.

3.3.2.2 Key Informant Interviews

While the study was originally designed to reach the population of forty two participants, the researcher only managed to get in touch with twenty six. It was somehow a frustrating work, especially when the intended informants could not turn up for interviews. This in one way or the other might have affected the data that was collected because some of the key-informants, who did not turn up for interviews, hold key positions related to finances within their parties. However, this challenge has not affected the results of this study since all those who were interviewed were at one point or the other at the core of their parties and therefore knowledgeable enough in party financing transactions within their political parties.

There was a varied period of time that a single interview required. The first five to six interviews were taking more than one hour. However, as the number of interviews conducted increased, time was reduced to between thirty five and fifty minutes. It is worth noting that the researcher relied solely on written notes and post interview reflections. This happened even though the researcher had a recorder. The recorder could not be used because none of the people who were interviewed was comfortable to be recorded. This, in a way, affected the time that was taken to complete a single interview because the researcher relied solely on the notes he was taking.

In-depth interviews were conducted with Members of Parliament that belong to the sampled parties, the executive members of parties and parliamentary staff. A total of twenty six key informants were involved. Out of the twenty six informants, each of the sampled parties contributed six. The number six was relevant for the researcher for comparative purposes which he intended to get on the originally planned population of ten. The number of six was therefore adopted for comparative purposes on the collected data and at the same time maintaining confidence in the findings. Parliament contributed two people for interviews. This was just according to the planned population. The two were chosen for purposes of verification on the same data collected. An open ended questionnaire (interview guide) was used to gather the opinions of these key informants. For data collection, in-depth interviews with the relevant key informants were the major method employed. Face to face interviews were used. This approach helped to provide a free exchange of ideas and allowed the researcher to ask more complex questions for probing and clarification from which he was able to get more detailed responses.

As argued by Krauss (2005, p. 764):

> face-to-face interaction is the fullest condition of participation in the mind of another human being, understanding not only their words but the meanings of those words as used by the individuals…allows us a glimpse into how and why and the meaning behind individual's behaviour.

The challenge was that it was not easy to schedule long time interviews with busy people, and most of the key-informants were not willing to speak longer. After each interview, the researcher was taking some time to make additional notes and organise initial findings or impressions.

3.3.3 Data Analysis

Data was analysed using the method of discourse analysis. This method has been expounded by scholars such as Florian Schneider (2013), Paul Chilton (2004) and Fairclough (1998). The primary exercise in this method was not to sort out which of the statements about the world in the research material were right and which ones were wrong (although a critical evaluation was carried out at a later stage in the analysis). On the contrary, the researcher worked with what was actually said or written, exploring patterns in and across the statements and identifying the social consequences of different discursive representations of reality (Marianne Jorgensen and Louise Phillips: 2002). In this study, the collected data was read a number of times; thereafter data was reduced to specific themes. These themes were developed in relation to the objectives while trying to give answer to the questions raised in the problem statement.

3.4 Ethical Considerations

The consent of those who were interviewed was sought. In the cases where some people did not wish their names to be mentioned in reference to their contribution to this study, such data has been treated with confidentiality. Results of this study focused mainly on the content of the discussion rather than identifying who said what. This approach encouraged most participants to be comfortable and willing to openly share their opinions. However, there were still some who did not feel comfortable despite assuring them that their responses would be kept confidential.

3.5 Limitations and Challenges of the Study

Qualitative methods and analysis tend to focus on a single or very few cases in order to gain an in-depth understanding of the research subject and heavily relies on the interpretation of the researcher. This makes generalizability over many cases outside the study difficult (Marsh and Stoker: 2010). However, to overcome this problem the study adopted a key informant interviews and tried as much as possible to include a good number of participants in order to come up with balanced conclusions.

It is important to acknowledge that the list of respondents was limited to members of political parties who were also serving as members of parliament and the parliamentary staff. This limited nature of respondents might have impacted on the overall study of the findings. However, the fact that this study interviewed the main actors in the practice of party financing, still provide confidence in the findings and the conclusions which this study has made. Some party members were not comfortable to be interviewed. They could promise to come for interviews but were not turning up. Others were asking for a payment to be interviewed. There were also others who were giving email addresses that the researcher should send them the questionnaire but they never responded even after sending them the questionnaire. This in a way reduced the initial population on which the study was designed. However, the use of key informants still gave confidence to the researcher to believe in the validity of the conclusions that could be made from the data that was collected.

3.6 Chapter Summary

This chapter has indicated the research design and methodology that were used to conduct the study. It has presented tools that were used for data collection, the sample, population, limitations, challenges and also ethical considerations for the study. The next chapter shall present the findings and some analysis on the practice of party financing in Malawi from the perspective of the formal and informal institutions.

CHAPTER FOUR

RESEARCH FINDINGS AND DATA ANALYSIS

4.1 Chapter Overview

The main objective of this study was to analyse institutions and processes regulating party financing modalities in Malawi. It had four specific objectives as already stated. This chapter provides empirical research findings, discussions and data analysis focussing on institutions of party financing, modalities of party financing, income and expenditure processes and procedures for party financing and the internal and external accountability systems of party financing in Malawi.

Firstly, the two components of institutions shall be highlighted; namely formal and informal institutions. The first component of formal institutions shall focus on party financing laws as enshrined in the Malawi Constitution, Parliamentary and Presidential Elections Act, Corrupt Practices Act, Political Parties Act (Svasand: 2013)[3] and Party Constitutions. The second component of informal institutions shall focus on what the government and parties do, given the inadequacy of the formal rules.

[3] He has shown that there are three types of regulations of political parties in Malawi; The Constitution, Acts directly related to political parties, Acts regulating functions that parties perform but which are not necessarily monopolised by parties.

Secondly, the funding modalities shall focus on both political parties and party candidates. This shall help to understand the different funding modalities that exist among political parties and party candidates in Malawi.

Thirdly, the income and expenditure processes and procedures shall explore the acquiring processes for private funding, public funding, member contribution, dinner dances and party leaders and the processes that are followed to spend party funds.

Fourthly, the section on internal and external accountability systems shall focus on the accountability systems within and outside the political parties. The chapter shall further discuss the relevance of the framework used in this study and shall also provide challenges that party financing system is facing in Malawi. This shall be done focussing on party leaders as modality of party funding, the position of governing parties within the political system, the reliance of candidates on personal investments and the absence of the national legal framework for party financing. Finally there shall be a chapter summary.

4.2 Institutions governing party financing

The study has found out that there are two forms of institutions governing party financing in Malawi. These are the formal and informal institutions.

4.2.1 Formal Institutions governing party financing

Data used in this section was generated through hand coding of the Malawi Republican Constitution, the Parliamentary and Presidential Elections Act, the

Corrupt Practices Act, the Political Parties Regulation Act and the constitutions of the four political parties under review which are the MCP, the UDF, the DPP and the PP. The results show that in Malawi there are very few documentary laws governing party financing. In fact, there are only two national documents that tangentially mention party financing. These documents are the 1994 Republican Constitution and the Parliamentary and Presidential Elections Act of 1993. While one could expect to find some laws on party funding in the Political Parties Regulation Act and the Corrupt Practices Act, these documents have failed to stipulate laws for party funding. The study has further discovered that political parties have some rules within their party constitutions that regulate party financing.

4.2.1.1 Party Financing in the Malawi Constitution

While literature has indicated that there are three party financing modalities (Hague and Harrop: 2007), the 1994 Malawi Constitution recognises only one modality, that of public funding. Section 40 (2) of the Constitution stipulates that:

> The State shall provide funds so as to ensure that, during the life of any Parliament, any political party which has secured more than one-tenth of the national vote in elections to that Parliament has sufficient funds to continue to represent its constituency.

This section is hugely deficient to address issues of party financing on public funding when compared to those of other countries like Zambia and Ghana. The Constitution of Zambia in section 4 (a) requires that political parties that receive public funding submit audited accounts. In Ghana, the Constitution (Section 55 (14b) obliges political parties to publish annually their audited accounts. To have party accounts audited and published annually, are some of the issues which the Malawi law on public funding could have taken on board. Other issues of similar importance are the determination of parties that qualify for public funding (who determines and how) and the periodical disbursement. Furthermore, public funding to political parties in Malawi is so restricted that only few parties do benefit from it, thereby confirming literature which has indicated that in Africa, where public funding is practiced, is so much restricted (IDEA Report: 2014 and Sokomani: 2005). This practice petrifies political party system because the funding policy is based on the previous elections. Again it leaves political parties with a lot of freedom to find other modalities (not mentioned in law) of financing their activities.

4.2.1.2 Party Financing in the Parliamentary and Presidential Elections Act

Another national document that mentions party financing is the Parliamentary and Presidential Elections Act of 1993. While the Malawi Constitution mentions only public funding, this Act alludes only to private funding. Section 66 (2:01) of the Act stipulates that:

> Every political party may, for the purpose of financing its campaign, appeal for and receive voluntary contributions from any individual or any non-governmental organisation or other private organisations in or outside Malawi.

This Act foresaw that to finance the election campaign and other daily party activities, political parties shall need money. Therefore it allows parties to find various means of financing their activities. This assertion has also been confirmed by the Local Government Elections Act of 1996 (Section 50). While the intention of the provision is to promote the multiparty democracy, it may also thwart democracy by its failure to put in place legal measures for accountability on the part of political parties and candidates.

The legal framework on private funding as it stands does not provide for any limitation on campaign expenditure. Neither does it require disclosure of the amounts and sources of funding. The only restrictive measure on party funding in Malawi is to be found on section 193(4) of the Constitution which prohibits the use of state resources, other than parliamentary funding, for campaign purposes of any political party. It is from this perspective of inadequacy that the legal framework of party financing in Malawi has always been questioned (National Integrity System report: 2013).

The weaknesses of the legal framework of party financing are evidenced by different election reports (EISA Report on the 2004 Elections; Commonwealth Observer Group Report on the 2009 Elections) which have indicated that governing parties in Malawi have an upper hand in the raising of funds for campaign as compared to their counterparts in the opposition. This challenge can be attributed to lack of depth and clarity within the legal framework on how political parties should raise funds and mobilise resources.

Other aspects the legal framework could take into consideration are the disclosure of sources of party financing by compelling parties to publicise their accounts, the setting of limits for donations to parties and clarity on the separation of the activities of the party in government and government activities. An attempt towards this direction can be relevant because unregulated party financing system undermines accountability and good governance. This implies that laws governing party financing should be tight enough to curb some unorthodox practices that are detrimental to party competition. As such institutions should encourage political parties to undertake transparent and accountable ways in their financial activities.

4.2.1.3 Party Financing in Corrupt Practices Act

This is one of the national documents one could expect to find issues concerning corruption in party financing. Literature has shown that corruption in party financing is common among political parties and some corrupt practices have influenced hugely in the political landscape of other countries like Italy, Spain and the United Kingdom. However, there is nothing on the corrupt practices on party funding in the Malawi Corrupt Practices Act. Hence there is need to re-evaluate how corrupt practices in party funding activities can be incorporated in the Malawi Corrupt Practices Act.

4.2.1.4 Party Financing in Political Parties Act

The 1993 Political Parties Act has concentrated much on the registration of political parties. This has been done at the expense of other aspects of party activities like that of party funding. In fact, the Malawi Political Parties Act is silent in as far as party funding is concerned. There is need to include a section on "funding and accounts of political parties" in the Political Parties Act of Malawi. This would not be something out of context because Political Party Acts of other countries have already done so. For example, the Kenyan Political Parties Act of 2012 has devoted the whole chapter three on the regulations of party financing. Some issues that have been included on party funding include the sources and distribution of public funds; other sources of party funding and their restrictions; offences related to party funding; publishing sources of funds just to mention but a few areas of consideration. In fact, the Kenyan Political parties Act offers an example to which the Malawi political parties Act can emulate.

4.2.1.5 Party Financing in Party Constitutions

The general observation is that all the constitutions of the four political parties under review have some guidelines on party financing. Table 2, below, shows some relevant issues on party financing as depicted from different party constitutions.

Table 3: Relevant Issues on Party Financing as Depicted from Different Party Constitutions

PARTY	DONATIONS	MEMBER CONTRIBUTION	INTERNAL ACCOUNTABILITY	EXTERNAL ACCOUNTABILITY	DECLARATION
UDF	✓	✓	X	X	X
PP	✓	X	✓	X	X
MCP	✓	✓	✓	X	X
DPP	✓	X	✓	X	X

The table above indicates that while all parties under review have provisions to get funding through donations, they do not have provisions for external accountability and declarations. After receiving funds, political parties are not obliged by any law to be accountable for the funds received.

The common factor on party financing laws within parties is that, they are very porous and thereby inviting informal practices for supplementary. Most respondents showed some dissatisfaction with the institutions governing party financing within their parties. They have found laws on party financing within party constitutions inadequate in different aspects. Some of the areas, which the respondents raised concern are that; parties rely too much on one person for funding and it is difficult for things to work according to the laws (the cases of UDF, PP and DPP); laws do not reflect the new situation of the multiparty system (the case of MCP where laws were framed during the one party era); laws as provided in party constitutions are not laws per se but controls. As such, controls are difficult since they cannot oblige political parties to have their accounts audited. This implies that political parties in Malawi have used the absence of party financing laws as scapegoat to avoid auditing of their accounts.

Moreover, huge gaps have also been noticed on party financing laws as provided in party constitutions. Such gaps include; the modalities of party funding to be used by political parties, processes and procedures for acquiring and spending of party funds, limits of donations which individual party members can make to the party, internal and external accountability laws, enforcement mechanism and punitive measures for failure to adhere to the precepts of the law. These gaps on party financing are very suggestive that party financing in the Malawian parties is mainly regulated by informal institutions as a complementary to the formal institutions. March and Oslen (1989) held that complementing institutions "fill in the gaps" either by addressing contingencies not dealt with, in the formal rules or by facilitating the pursuit of individual goals within the formal institutional framework.

4.2.2 Informal Institutions of party financing

Basing on the findings on formal institutions governing party financing in Malawi, this section focuses on the informal practices of party financing in relation to the two national documents that have mentioned something on party financing. These documents are the1994 Malawi Constitution and the 1993 Parliamentary and Presidential Elections Act.

4.2.2.1 The Informal practices in relation to the two national documents

Given the inadequacy of the formal rules, party financing activities in Malawi have mainly followed the informal path. While Section 40 (2) of the Malawi Constitution states that any political party which secures more than one-tenth of the national vote in an election qualifies for public funding, the general practice has so far been to consider 10% of representation in parliament. This scenario exemplified a situation where informal institutions are substitutive. This happened because the formal institutions could not achieve what they were designed for, due to the electoral system that is being practiced in Malawi. Hence this shift from the formal to the informal institutions has helped the formal institutions to achieve what they were designed for, but failed to achieve (Helmke and Levitsky: 2004).

The disbursement of public funding to political parties with just 10% of representation in parliament entails that the words “more than” as provided in the Constitution have in practice been removed. This, in turn, has allowed political actors to change institutional outcomes they do not like i.e. missing out on the list of beneficiaries for public funding without violating formal rules. This is an accommodative aspect of the informal institutions. Accommodative informal institutions are often created by actors who dislike the outcomes generated by the formal rules but are unable to change or openly violate those rules.

The practice of the disbursement of public funds to political parties in Malawi has been that once the government has determined the amount of money to be made available to qualifying parties in a given financial year, it is left to parliament to determine how the actual distribution is to be made. There is no actual written formula on the distribution of public funds to the qualified parties. However, according to the Financial Controller at Parliament, a "tradition" has been established to proportionally distribute the funds available, based on the votes of winning parliamentary candidates.[4]

After elections, the Malawi Electoral Commission (MEC) sends results to the Clerk of parliament who works on the figures that voted for the winning parliamentary candidates. This is done excluding the votes of the parliamentary candidates of the same party who lost the elections and also excluding the results of the presidential candidates.[5] It means that parliament counts the votes of the winning candidates only. This falls short of listing the national vote of parliamentary candidates of a particular party contrary to the Constitutional provision which raises the need of pinning them to the total national vote.

According to formal institutions, the function of public money to parties is to help them to continue representing their constituencies. However, from the respondents, it transpired that, public funding to parties in Malawi has three other functions. The first function is that of parliamentary research. The money enables the party to do some parliamentary research for responses to the business of the house.[6] For example, responding to the presidential speech, the leader of the opposition is required to provide a response to the parliamentary opening speech of the president and parties are also expected to respond to the report of the finance minister. This task is taken to experts who are paid for their work. The second function of public funds is to assist

[4] This was also collaborated in an interview with Roosevelt Gondwe.
[5] Interview with Roosevelt Gondwe
[6] Interview with Roosevelt Gondwe (Liwimbi Committee Clerk, National Assembly, 10 August 2014)

parties in their operational course. Such functions include providing tea to party members and buying of stationary. The third function of this money is to comply with the Constitutional provision for government to support multiparty democracy. However, reading between the lines, there have been specific times when political parties have pressured parliament to release public funds. This pressure has always coincided with times when there are elections or by-elections.[7] The behaviour which presupposes that, political parties have sometimes used public funding for campaign and electoral purposes.

The disbursement of public funding to political parties does not have specific procedures that are followed. Political parties have often instructed parliament on the bank account they should use to send the money. The challenge with this practice is that sometimes cheques are written in the names of the Secretary General, Treasure General or the president. In most cases, other party members are not told about this money, for example, how much has been received and how it has been spent. Furthermore, there are no reports from political parties in the way the funds have been used. This therefore confirms the observations that legal framework governing party financing in Malawi lacks meaningful accountability mechanisms (The Nation, Wednesday, January 30, 2013) and that party financing in Africa is a matter of unregulated self-help (IDEA report 2004).

The Parliamentary and Presidential elections Act of 1993 has helped to widen up the formal stipulation of party funding modalities. This it has done by acknowledging the existence of private funding modality to political parties. However, the Act has failed

[7] Interview with Roosevelt Gondwe

to put in place measures to enhance accountability. It has fallen short of setting limits either on campaign expenditure or on disclosure of the amounts and sources of funding. These gaps within the legal framework on party financing have left its practice to the interest and convenience of the political actors.

4.2.2.2 Informal institutions of Party financing in the Malawi Political Parties

While the formal institutions governing party financing within parties have been found lacking in depth and clarity, it transpired that party members and leaders hardly follow the written rules.

This provides an answer to the puzzle which Chinsinga and Chigona (2010: 22) had left in their work:

> Most parties in Malawi make provisions for audited accounts to be presented at appropriate membership forums. They go further to provide for inspection of party finances by *bonafide* party membership. Party constitutions clearly promote ethos of transparency and accountability in financial management but it is quite doubtful whether this, indeed, happens in practice.

The respondents were asked on their perception if party leaders and members generally comply with the guidelines that are provided in party constitutions on party financing. Most respondents from the three parties UDF, DPP and PP indicated that leaders do not comply with party financing guidelines as provided within their party constitutions. One of the explanations that can be given could be that party leaders in these political parties have amassed a lot of powers, such that they are identified with the law and whatever they say is considered lawful. For example, in UDF, three respondents explained that issues concerning party financing are often a one man show. In fact, party members are just told what has been done but have no say on what should be done with party money. This happens because party leaders source more funds for the party than all other party members. This fact has given powers to party leaders of spending the money in the way they like, without recourse to party financing guidelines.

This is contrary to the respondents from MCP who indicated that party leaders and members generally comply with guidelines as provided for within their party constitution. The explanation to this finding could be that MCP does not depend on the leader for funding like the other three parties UDF, DPP and PP. This is vindicated by the fact that the party has a new leader who may not have financial muscle to pull strings within the party. Hence the reasonable way of making party financing activities working is by following the guidelines as provided within the party constitution. Therefore the major argument is that parties that heavily depend on their leaders for funding can hardly comply with laws.

4.3 Party financing Modalities

On this theme, respondents were asked to state where their parties get funding. Since this question was more direct, and could easily be avoided, another question was to follow on the sources of funding for other political parties besides their own. The common modalities that were mentioned include private funding, member contributions, public funding, party leaders and dinner dances. However, respondents from MCP also indicated rentals as the source of their party funding. Table 3, below, shows the perception of funding modalities by members of the four major parties.

Table 4: Perception of Funding Modalities by Members of the Four Major Parties

Party	The way members of other political parties perceive their funding modalities	The way party members perceive funding modalities of other Parties
MCP	It is viewed as the richest party because it has investments that bring money to the party.	Governing parties use public funds for their party activities. Mostly the party leader is the financer. Once the party is in government they don't lack funds and tend to struggle financially when they come out of government.
DPP	Parliament, well-wishers, fund raising activities and government coffers.	Well-wishers, parliament, estates (MCP) and fund raising activities.
PP	President, well-wishers, fund raising activities and government coffers.	Parliament, well-wishers and fundraising
UDF	It is only public funding other means of financing are not known to members of other parties.	Fund raising like dinner dances, well wishers, public funding and rentals are among their sources of financing party activities.

The observation is that parties in government and their leaders have more money as compared to their counterparts in the opposition. The first reality that uncovers this mystery is the well-wisher modality of party financing. Well-wishers in Malawi tend to sponsor parties in government than those in the opposition for different reasons.

According to some respondents, there are two groups of well-wishers in Malawi that are supporting political parties financially; the business people and the professionals. The business people are mostly Indians who come to leaders of the governing party with the list of their businesses seeking security and protection. They make donations to the governing party in view of getting lucrative government projects. These days many Malawian professionals have joined the wagon. They sponsor parties in power in view of getting lucrative jobs and positions in government. The second explanation to the mystery of governing parties having more money than opposition parties is the relationship that exists between government and the party in government. In Malawi just as in many other African countries, there is a very thin line separating government from the party in government. This lack of separation between the two has facilitated the crossing over of resources from government to the party.

Another connection that has been highlighted between party in government and having more funds is that governing parties in Malawi tend to monopolise public resources. Parties in government enjoy unauthorised use of public resources such as motor vehicles, fuel and public media. Table 4, below, provides a summary on sources of party financing modalities in Malawi.

Table 5: Summary on Sources of Party Financing Modalities in Malawi

PARTY	MEMBER CONTRIBUTION	PRESIDENT	RENTALS (INVESTMENTS)	PRIVATE	PUBLIC
DPP	✓	✓	X	✓	✓
MCP	✓	X	✓	✓	✓
PP	X	✓	X	✓	✓
UDF	✓	✓	X	✓	X

The table above shows that the four major political parties in Malawi have no investments except for the MCP. Parties therefore depend on funding modalities other than investments. The table also shows that private funding is the only common modality to all parties. Since literature has shown that private funding is often associated with corruption, the finding that private funding is the common funding modality to political parties indicates that Malawi seriously requires laws to moderate private funding to curb corruption.

In terms of the modality that contributes more to the party finances, the average of the figures which the respondents gave were calculated. Figure 2, below, gives a reflection on the responses which the key-informants gave.

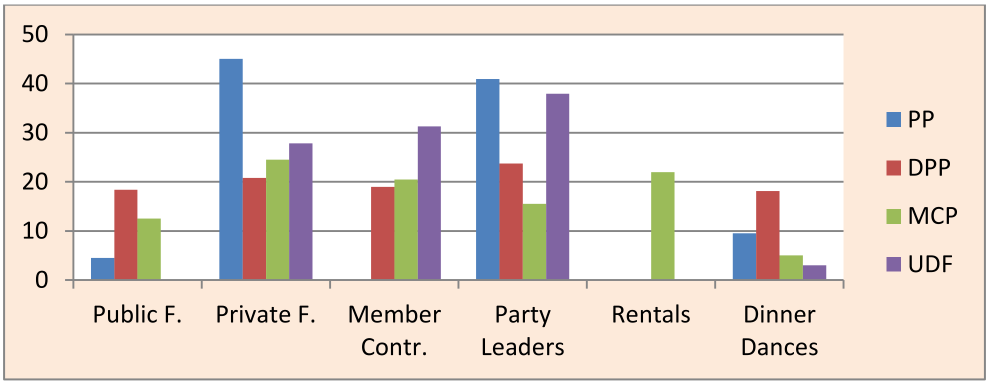

Figure 2: Contribution of each Financing Modality to the Parties

The above graph it shows that PP gets most of its finances from private funding and party leader. This is no surprise because these two modalities are associated with incumbency and being in power. PP is the party that came out of government in the 2014 tripartite elections. It therefore enjoyed massive private funding and its leader was able to accumulate funds which she could use to finance party activities. Respondents from the party referred to private funding as hidden donors. As earlier indicated in literature review, parties that rely heavily on private funding are deemed to be corrupt because they lack transparency and accountability. This was vindicated by reports that dominated public discourses from the year 2013 where public resources were looted by people associated with the governing party and its leadership. The above explanation on the funding modality of party leader in the PP can also be applied to the DPP. It should be noted that when DPP came out of government, it slowly started losing out its financers and therefore reductions on its revenue from private sources. In UDF, while members are contributing some funds to the party, the leader still contributes a substantial amount. This can explain the reason as why the leader still yields a lot of power within the party.

The graph reveals that political parties in Malawi have some untraditional sources of funding which are the president (leader of the party) and the holding of dinner dances. These two modalities have contributed heavily to the functioning of the parties like the DPP and the PP. The UDF which was once in government is getting a lot of funding from its leader. This means that leaders of governing parties in Malawi have other means of getting funds while in power that they use to fund their parties. This confirms what Sam Mpasu (2013) said on how Bakili Muluzi became powerful in UDF:

> You had business people with fat business trooping to party leaders with financial support, to at least, get some government business offers. So, even when parties had offices of treasure general, it was the party leader who kept the finances.

This is the reason that MCP is an exceptional for not relying on its leader for funding. However, the possibility is that the moment MCP would become a governing party; its leader might also be able to yield a lot of powers within the party. This shows how private funding to political parties can be detrimental to democracy.

The genesis of the independent candidates in the Malawi elections is traced from party financing modalities. Party leaders who are the main financers of their parties have single handedly handpicked candidates for the party to run in elections. Those who deem the process unfair have left their parties to compete as independent candidates. After winning elections most of such candidates have rejoined their political parties.

4.3.1 Financing Modalities for party candidates

Respondents were asked about the sources of their funds for campaign, the amount of money (in percentage) they got from the different avenues and if they got any support from their parties. Figure 3, below, indicates how the party candidates responded to their funding modalities.

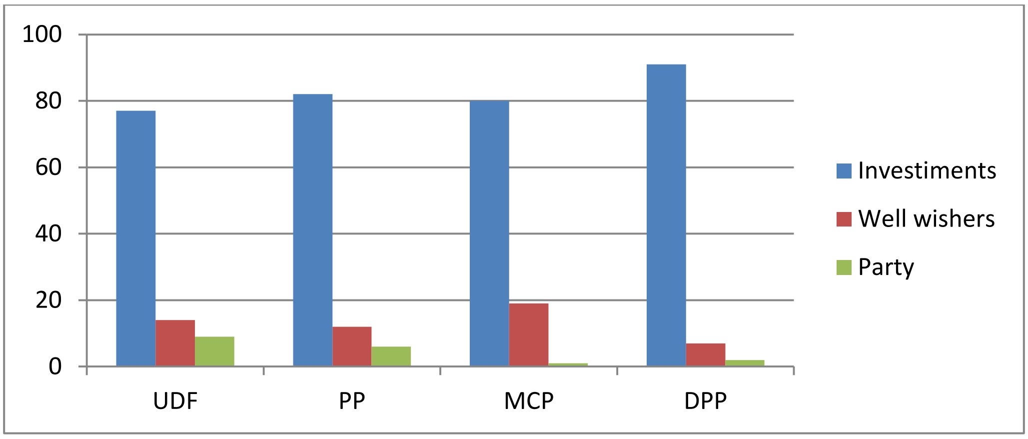

Figure 3: Funding Modalities for Party Candidates

Although candidates were from different parties, their sources of funding were common. They included personal investments and well-wishers. The well-wishers were mostly friends and relatives. Out of the two sources, the one that contributed more was the personal investments as shown in the graph above. Personal investments contributed about 80% of the finances they required for campaign. Their political parties supported them only with campaign materials. The average amount which candidates spent for their campaign hovers around thirteen million kwacha. It is worth noting that there is no law in Malawi or within the parties that regulates the flow of finances among party candidates. Utmost, laws are mentioning issues to do with party money and not money that the candidates use. This calls for a review of institutions on the flow of money among the political actors and not just the flow of money among political parties.

Basing on the findings, the challenge is that candidates are heavily relying on their investments for funding. This practice could prevent people from poor background to contest for public offices.

4.4 Income and Expenditure Processes for Party financing

Institutions governing party financing at both national and party levels have failed to stipulate legal and acceptable processes and procedures for party financing. This in turn has left parties and candidates free to follow the informal path.

4.4.1 Income Processes

These are the processes and procedures which are involved in the acquiring of party funds. This section shall discuss them according to the different party financing modalities.

4.4.1.1. Private Funding processes

The key-informants indicated that party members are free to source funds for their parties. This money is deposited directly into the party accounts or the account of the member involved in the sourcing. The member then transfers the money into the party account. However, in most cases, it has been found that party leaders are the ones sourcing funds for the party. The challenge with this practice is that sometimes money does not reach the party coffers as it ends up in private pockets of the individual members. This accounts for the reason that there have been accusations of misappropriation of party funds among political leaders.

4.4.1.2. Public Funding processes

There are no legal provisions regarding the processes and procedures for disbursement of public funding. The practice is that parliament has always depended on the advice from political parties. This money is given to parties according to the proportion of their representation in parliament, the more the number of representation, the higher the quota of public funding. Processes and procedures that are involved in the calculations are not documented anywhere. It is only the parliamentary staffs that are directly involved in matters of public funding that knows exactly the calculations.

4.4.1.3. Member funding processes

All the political parties under review have some provisions in their constitutions as regards party membership. The practice in Malawian parties is that party members are only those who contest on party ticket and the rest are just followers. For example, respondents from DPP showed that for one to contest as parliamentary candidate, there is a membership fee of MWK50,000 to the party and those who would like to contest as councillors pay MWK20,000 as membership fee. In this case, it means that those who can be considered party members are only those who are holding responsibilities within the party and candidates who have represented the party in different elections.

Apart from the token that is paid to the party, respondents indicated that members contribute to the party when there are meetings in the area of the member. In such circumstances, party members like members of parliament and the councillors are asked to shoulder some costs of the meeting as their contribution to the party.

The findings on member subscription in Malawi confirm what some scholars (Kadzamira, Patel and Mawaya: 1998) hold, that parties in Malawi have no clear idea of the size of its membership. In addition, parties do not distinguish between party members and party supporters. The reason is that parties do not have membership requirements and membership registration system (Chijere Chirwa: 2009). This, therefore, implies that political parties in Malawi are losing out a lot in terms of member subscription.

4.4.1.4 Dinner Dance processes

Another modality of party funding that came up predominantly from the key informants is the holding of dinner dances in an attempt to raise funds for the party. Political parties in Malawi do hold dinner dances to source funds for the running of the party activities. Dinner dances are often held when there is need for money for a certain activity. Parties always choose places where they can raise more funds. Often a committee is set to look into the modalities that are necessary for the event. The committee works in collaboration with the party leaders for example the SG and the TG. There are also special people who are invited to the event. These people are invited knowing that they will contribute to the purpose of the function.

The observation is that, dinners that are held by governing parties are well publicised and attended as compared to those of the opposition parties. Consequently, governing parties are able to raise more funds than their counterparts in the opposition. This area of party financing is also unregulated, hence there are no processes and procedures that are necessarily followed even within the political parties.

4.4.1.5 Party Leaders as sources of funding; processes and procedures

Most respondents especially from UDF, DPP and PP indicated that party leaders yield a lot of powers in matters of party financing. This confirms the observation of Chijere Chirwa (2009) that in practice, parties tend to rely heavily on the individual funding of their founders or leaders and on certain persons as main fundraisers. This is actually the reason that in cases where guidelines on party financing are silent party leaders are the ones who decide. This practice has ruled out formal processes and procedures in the acquiring and spending of party funds. Two respondents acknowledged having received money from party leaders directly for purposes of campaigning and that there were no specific processes and procedures which they followed and the money was given by hand.

4.4.1.6 Rentals

Only MCP indicated to have offices and houses for renting. However, due to gaps on party financing laws, MCP has always failed to realise the amount of money they could raise in normal circumstances. One respondent indicated that some people within the party are collecting money in the name of the party and yet the money does not reach the party coffers. Hence, there is a need to tighten up rules on party finances in areas they have been loose.

4.4.2 Expenditure Processes

Respondents indicated that it all starts from the SG who commends to the TG (depending on the activity at hand and the amount of money required); the TG makes consultations with the president before payments are made. Others held the view that there is no specific routine that is followed to spend party money. In such cases, the processes and procedures for spending party funds are controlled by the party leader. In fact, party financing processes and procedures in Malawian parties are *ad hoc*. It is from this respect that there have been times when party members have gone straight to the president to get funds for one party activity or the other. Four respondents from MCP indicated that the voucher system is followed in order to make some party payments. However, two respondents from the same party held a different view, that there are no processes and procedures that are followed. This implies that while there are some processes and procedures that are followed within MCP, there is need to have them in written form.

Most respondents also indicated that parties spend money on activities like travelling, paying utility bills, holding conferences, buying party materials, paying support staff and campaigning. Out of these activities, most of the funds are spent on paying workers and campaign. In reference to the total amount of money that parties are able to raise in a year, many respondents were not sure of the total. However, they confirmed that parties have abilities to raise a lot of money that should be counted in billions of Malawian Kwacha. When the money enters the party accounts, it is just put in one basket. There is no money set aside for particular activities.

4.5 Internal and External Accountability Systems

The available documented laws on party financing have no provisions to either encourage or enforce accountability on party funding. The only national document that mentions private funding in Malawi is the Parliamentary and Presidential Elections Act of 1993. Although literature has shown that private funding is associated with corruption, the provision for private funding to political parties in Malawi does not include any measure that can encourage transparency and accountability on private funds that have been received from within or outside the country. On the practice of external accountability, most respondents had shown reluctance to disclose party financial reports to the public. In fact, some had to say that party financial reports are not for public consumption. This practice has been encouraged due to the fact that most financers do not demand financial reports.

The Republican Constitution is the only document that has stipulated the need for public funding to political parties. While this provision can be applauded, section 40 (2) that regulates public funding does not stipulate how parties should be held accountable for the funding. This is why even within the party itself, most party members do not know the amount of money their parties are getting from the government.

The bottom line is that parties in Malawi have no laws to compel them to be accountable in the way they transact party finances. Lack of external accountability system has been attributed to hidden donors who don't want to be known. This finding concurs with the assertion of Chirwa (2009) who indicated that party funding is an aspect of the Malawian party politics that totally lacks accountability and transparency to the public. He attributed this problem to lack of formal institutions to govern accountability system in party funding. This was affirmed by one respondent who indicated that it is not practical to expect political parties to publicise their financial information when there is no law that requires them to do so.

4.6 The Relevance of the theoretical framework on the findings

The theoretical framework that has been used in this study indicated that institutions both formal and informal exert their influence on the party financing modalities of private funding, public funding and member subscription which results into the income of the party funds. According to the findings, the practice of party financing modalities is influenced by both the formal and informal institutions. In the case of Malawi, this influence has come in due to the inadequacy of the formal institutions that have invited the informal institutions as a supplementary to the formal rules. For example the determining of parties that qualifies for public funding. Malawi does not have formal rules on whom and how to determine parties that qualifies for public funding and also the calculations as how much should the qualified political parties receive from government.

Furthermore, it could be hard to study institutions governing party financing in Malawi without having recourse to the informal practices. In fact, most of the practices of party financing in Malawi are guided by the informal rules.

The theoretical framework also indicated that the spending of party funds follows some processes and procedures which in turn determine the nature and level of the accountability which parties exhibit in terms of their party financing systems. The findings have confirmed that parties that rely heavily on party leaders have difficulties to ask for some accountability measures on party finances within the party on two levels, firstly in the way the funds are acquired and secondly in the way the funds are spent.

4.7 Challenges of Party Financing Practices in Malawi

It is clear that the available party financing institutions are loose and that there is need of tightening them up. However, it is not easy to embark on the reformation path. The difficulty shall come from the sectors that are benefiting from the status quo. According to the findings, party leaders and the governing parties are the ones who are benefiting from the situation. These two groups will find it hard to advocate for institutional reforms in party financing.

4.7.1 Party Leaders

Party leaders are the beneficiaries of the status quo on two levels, the first one is on its lack of transparency and the second one is on its ability to help them in the accumulation and consolidation of power within political parties. Party leaders will always feel comfortable living in the atmosphere that does not demand accountability and transparency in matters of financing. This helps them to cover up some questionable sources of party funding. Again no one can dare to ask them why people should come to them for the financing of party activities instead of going to the TG of the party. The loose laws have left them free to deal with the party finances the way they may wish.

4.7.2 Governing Parties

Governing parties have always benefited from the weak institutions governing party financing. This is mainly because of the institutions' lack of accountability system. In Malawi, governing parties are the monied parties as compared to those in the opposition. It is very difficult to tell where governing parties get funding. Similarly, the parties in the opposition would not like to change the laws so that they too could benefit from them once they are ushered into government.

Most of the respondents indicated that if the bill on party financing is tabled in parliament, they will support it. In their view, this bill would help to increase transparency and accountability on party funding in Malawian parties. However, with the challenges that have been raised in this study regarding party financing in Malawi, it will not be easy for such a bill to pass into law. In Malawian politics, party leaders are very much respected and whatever they advocate for, most of their members go for it. On the other hand, governing parties have a good number of representations in the legislature, and their party benefits a lot from the status quo. This makes it very difficult for these members to support the bill that encourages transparency and accountability.

4.7.3 Reliance on Personal Business and Investments

Most candidates indicated that for their campaign in the elections, they depended so much on their investments. This has always brought problems to the Malawian political leaders, who instead of searching for the well-being of their people are busy serving themselves and making sure that by the time they leave offices, they have accumulated a lot of resources for their survival. This has been happening because politicians have taken politics as an investment and source of income.

Again reliance on personal investments can deter candidates who can make good leaders from contesting in an election because of not having enough investments that can help in their campaign. There is a need to put in place some institutions that can help to promote such candidates when they express a desire to compete in elections.

4.7.4 The Absence of the National Legal Framework on Party Financing

Malawi is a unitary state as such national laws apply at all levels. The absence of the legal framework governing party financing at a national level is felt at all levels of society. The way political parties in Malawi are financed is what one can describe as the “best kept secret”. With the absence of the political financing regulatory regime, of course, few things can be known. For instance, it is known that those political parties that secure more than 10% of the national vote in national elections are entitled to state funding according to Section 40(2) of the constitution. However, according to the information available at the parliament, this amount is rather meager. Since 2009, the annual allocation for public funding to political parties has been MWK35,000,000 (translating into US$87500). Between 2009 and 2014, three political parties qualified. The Democratic Progressive Party (DPP) was entitled to 56% of this total, the Malawi Congress Party (MCP) was allocated 23% and the United Democratic Front (UDF) received 21%. In real terms, this means that even a party such as DPP that was receiving the lion's share of public funding, had at its disposal only about US$4000 monthly as public funding. According to one respondent from MCP, the public subsidy is “too little for any party to rely on”. Parties use this money mainly to meet some of their administrative costs. For election campaigns, they have to look to other sources.

Political parties in Malawi therefore survive largely on private funding. This takes various forms. Membership fee is one source but not worth reckoning with, given the fact that no party in Malawi has a well defined provisions for party membership. The larger portion of private funding comes from the founders and the so-called well wishers and ‘senior members of the party’. The finding in this study that party leaders have been at the whims of financial muscle for their political parties confirms the observation that, for quite some time, former President, Bakili Muluzi has been the main financier of UDF and that Bingu Wa Mutharika was the main financer of DPP.

The party in power often tends to exploit its incumbency advantage. The European Union Observer Mission to the 2014 general elections in Malawi noted that, the lack of explicit prohibition of the use of state resources for campaigning, as already highlighted by the 2009 EU EOM, opens up the possibility of blurring between the ruling party resources and state resources. In their report, they recommend the introduction of a clean and enforceable ban on the use of state resources for campaigning purposes, together with an independent oversight mechanism.

Questionable sources of private funding have also been noticed in Malawi. For example, the South African based defence and aerospace firm, Paramount Group allegedly funded the Peoples Party President Joyce Banda's campaign in the 2014 polls. Banda had lavished the company with lucrative contracts in armaments, fuel and agriculture.

Having in place a legal framework on party financing can help to curb such alleged practices. However, political parties by themselves cannot do much without the national legal framework. There is need for a national body of rules from which parties can look to, in a way, to tighten up their own party laws.

4.8 Chapter Summary

This chapter has analysed the institutions governing party financing modalities in Malawi. It has shown that Malawi lacks documented institutions to guide the practice of party financing. In the absence of national body of rules on party financing, its practice has been regulated by the Republican Constitution, the parliamentary and presidential elections Act and some guidelines as provided within the constitutions of the political parties. However, these laws have been deemed porous, hence the many challenges that have led to the informal practices of party financing in the country. These challenges have been observed from all the modalities of party financing. Moreover, lack of formal institutions on party financing in Malawi has created other modalities of party funding like party leaders and the holding of dinner dances. The following chapter presents the summary of the findings and makes a conclusion to the study.

CHAPTER FIVE

SUMMARY AND CONCLUSION

5.1 Chapter Overview

This chapter provides the summary of major research findings on the institutions and the practice of party financing modalities in Malawi. This summary focuses on the formal and informal institutions of party financing, party financing modalities, income and expenditure processes and procedures, internal and external accountability systems. The chapter ends with a conclusion drawn from the whole study.

5.2 Summary of major research findings

These summaries have been drawn from the previous chapter. They are presented in this section for clarity and specification. This is relevant as it shall help to bundle together the findings of this research.

5.2.1 Formal and Informal institutions

The study has found out that formal institutions on party financing in Malawi are very scarce. On the national level, there are only two documentary laws governing party financing. These documents include the Republican Constitution and the Parliamentary and Presidential Elections Act. In the Malawi Constitution, there are two sections that mention or insinuate party financing. These are Section 40 (2) and Section 193 (4). Section 40 (2) provides for public funding to political parties and

Section 193 (4) restricts the use of public funds for campaign purposes. On the other hand, the Parliamentary and Presidential Elections Act section 66 (2:01) alludes only to private funding. The study has further found out that apart from these two national documents, each political party has some rules in its party constitution to regulate party financing. However, these laws are inadequate and party members are not satisfied with them.

On the informal rules, the study has shown that parties that get ten percent or more of Members of Parliament (MPs) are the ones that qualify for public funding in Malawi. This translates into parties that have a threshold of at least 19 Members of Parliament in the 193 member National Assembly. This substituted the formal rule which holds that only parties that get more than 10% in the national vote qualify for public funding. Within political parties, the study has found that despite having some guidelines on party financing within party constitutions, these laws are not followed. Party leaders and members prefer to follow the informal path as they have found them a boost to their interest of power consolidation within the ranks and files of their parties.

5.2.2 Party financing modalities

Malawi has five party financing modalities. These modalities include private funding, member contribution, public funding, party leaders and dinner dances with an exception of one party (MCP) that indicated having investments from which it gets funding. The study has further shown that governing parties have financial advantage over their counterparts in the opposition. This is due to various reasons firstly that well wishers in Malawi tend to support parties in government than those in the opposition. Private corporations and individuals fear to be known as financers of the opposition in view of being in good books with government. The second reason is that there is a relationship that is too close among business, political parties and government. In Malawi, there is a thin line that separates government and the party in government. This has made public resources to easily cross over to the party in government. Thirdly, governing parties tend to monopolise public resources. They always enjoy indirect public funding in different forms such as unauthorised use of public resources like motor vehicles, fuel and public media. The study has also revealed financing modalities for party candidates. These modalities include personal investments, well wishers and the party. Personal investment contributes hugely to the total amount that is needed for campaigns.

5.2.3 Income and Expenditure Processes and Procedures

There are no processes and procedureslaid down as to how political parties should acquire and spend funds. These activities are regulated by the informal practices which party members cannot question. This is due to having party leaders as main financers and also depending so much on the so called ‘hidden donors’. It is very important to note the name which key informants have given to private funding modality in Malawi, that is, ‘hidden donors’. ‘Hidden donors’ cannot come out in the open to claim transparency from the party on the funds they have donated. They don’t want to be known in any way for fear of reprisals.

The same practices have been determined in the spending of party funds. In most cases, party leaders are involved in the spending of party funds. Often funds are directly remitted by the leader him/herself. In some cases, voucher system is used in order to spend party funds. This system has been detected in only one party, the MCP. The reason for this difference is that the MCP does not depend on the leader for funding according to the findings. This reason is supported by the fact that the MCP is the only party which has investments and also has new leadership.

Other parties within the sample UDF, DPP and PP have been on the whims of government. Leaders of these parties most likely used their incumbent advantage to gain financial muscle that has helped them to consolidate powers within their parties by directly sponsoring them. On the other hand the MCP as the only party in the one party regime of Dr Kamuzu Banda managed to put in place structures that are bringing some finances to the party. This has helped the party not to be centered on the leader.

5.2.4 Internal and External Accountability Systems

All the political parties have constitutional provisions to have their accounts audited and presented to the party members. However, the practice shows that parties do not give financial reports to members. Most respondents indicated that they have never seen financial reports of their parties.

On the external accountability system, the study has found that parties are very reluctant to disclose their financial reports to the public. They have shown that they are not ready to do it. Some key respondents even supported this practice saying that there are no laws obliging them to make public their financial reports because party money is not public money. When asked about public funding, they retorted that public funds are too little for the parties to rely on. This confirms the finding that no political party or candidate in Malawi has ever made a report on any financial information.

5.3 Recommendations for future Research

In view of the limitations in the design and scope of this study, the following aspects are suggested for future study:

- The study does not assume that formal institutions are an absolute solution to the problem of party financing in Malawi. Party financing remains a grey area for various reasons. Therefore future studies should come in to understand the problems which party financing may encounter while having the formal institutions in place.
- This study might have been compromised by secrecy that surrounds party financing in Malawi. Future studies may carry on this study in view of concretising these results.
- Literature indicated that party financing has three modalities and yet this study has established five modalities of party financing in Malawi. Future studies may also explore reasons to this difference in financing modalities.
- Party financing is one important variable for party democracy. This study has established that informal institutions have affected the practice of party financing. Future studies may join this discussion to analyse how party financing as an institutional domain has influenced the Malawi democracy.

5.4 Conclusion

The need to establish party financing modalities and their regulations in Malawi cannot be overemphasised. This is because money provides access to the basic tools of every modern democracy and that healthy political life is not possible as long as the use of money remains unrestrained. It was necessary to identify modalities of party financing so that corresponding institutions can be put in place to enhance transparency and accountability in matters of party financing.

This research has made a step towards the required reforms in party financing activity. It has done this by examining the formal and informal rules governing party financing in Malawi and within the Malawian parties, by assessing party financing modalities, by determining the internal and external accountability systems in terms of money that come in and the money spent on party operations and finally by examining the income and expenditure procedures and processesof party financing. Building on its assumption, this study can safely conclude that party financing activities in Malawi are guided by informal institutions. This is due to lack of formal rules on both national and party levels.

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APPENDICES

Appendix 1: Guiding questions for the Key-informants (Members of Parliament that belong to political parties)

Respondent Name (Optional): …………………………………………

Position in the party (If applicable): …………………………………….

Political Party: ………………………………………………..

Constituency: …………………………………………….

Place of interview: …………………………………

Date: ……………………………………….

Section A

(Questions relating to specific objective 1 on Institutions)

1. Do you know of any guidelines within your party on party financing?

2. If any do you find these guidelines sufficient?

3. In the cases where these guidelines have been silent who makes decision on the way forward?

4. What is your general perception; do party leaders and party members comply with guidelines that are provided for party financing?

5. How do generally things work according to rules on party financing?

6. Who authorises expenditures in your party?

7. What do the guidelines say in matters of disclosing the sources and spending of party funds?

8. Do you have laws enforcing transparency in party financing in your party?

Section B

(Questions relating to specific objective 2 on financing Modalities)

1. Where do other political parties get funding for:

   a. Running the party

   b. Campaign

   c. Conventions

2. Where does your party get money for:

   a. Running the daily party activities

   b. Campaign

   c. Conventions

3. Roughly how much in percentage does your party get from these different avenues?

4. How much money roughly does your party get?

5. Is there any difference between money for campaign and money for other activities in your party?

6. Where did you get money for your campaign?

7. Roughly how much money in percentage did you get from the different avenues?

8. Did the party give you any financial support?

9. How much money did you require for your campaigning?

Section C

(Questions relating to specific objective 3 on expenditure processes and procedures for party financing)

1. How much money does the party require for:

   a. Campaign

   b. Running of the party

2. On what does most of the money spent?

3. What processes and procedures are followed to spend party money?

4. How much money did you require for your campaigning?

5. Have you ever received party money?

6. How much did you receive from your party for campaigning?

7. What procedures and processes did you follow to get the funding?

Section D

(Questions relating to specific objective4 on internal and external accountability)

1. How many times in the year are party accounts presented in your party?

2. In what forum are these accounts presented?

3. Who are the bonafide members of this forum to which these accounts are presented?

4. Does the party accounts disclose the following items:

   a. Where the money come from?

   b. How much money is received from that particular source?

   c. How the money is spent?

5. Why is it that your party does not publicise such accounts?

6. Who are the signatories for the party accounts?

7. How many should sign to withdraw the money?

8. Who solicit funds for your party?

9. When the money has been solicited, does it go straight to the account of the individual who solicited it or to the account of the party?

10. Is your party required to give financial report by its financers whether private or public financers?

11. Were you required in any way by any person or institution to make accounts for the money you spent on your campaigns?

12. If you have ever received money from the party, were you required to provide accounts on how you spent the money?

13. To which forum or individual were you supposed to give your accounts?

14. Do you have any accounts showing the amount of money you spent for campaign?

15. Are there penalties in case you have failed to provide accounts to your financers?

16. If any, what kind of penalties are they?

Appendix 2: Guiding questions for the Key-informants (the Parliamentary Staff)

Respondent Name (Optional): …………………………………………

Place of interview: …………………………………

Date: ……………………………………….

(Questions relating to specific objectives 3 and 4)

1. How does a political party qualify for public funding in Malawi?

2. Who satisfies such parties as qualified?

3. How do you send funds to political parties that qualify for public funding?

4. How do political parties collect this money?

5. Why does government give money to some parties and not others?

6. What is the purpose for this government money that is given to political parties?

7. How do you ensure that political parties have used the money according to its intended purpose?

8. How often do you fund the parties?

9. Does this money that is given to political parties make any difference in the life of these parties?

10. How do you determine which party qualifies for public funding?

11. How much money are parties roughly getting?

12. Do you require them to give report on the use of the money?

13. Have you ever received complaints from other members of the party that receive public funding?

14. Are there procedures for the disbursement of public funding to political parties?

Appendix 3: Number of representation of the Interviewees from each category

PARTY	**NUMBER**
MCP	6
PP	6
UDF	6
DPP	6
PARLIAMENT	2