

POLITICAL FINANCE IN THE DIGITAL AGE: THE CASE OF NIGERIA

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Victor Adetula

EXECUTIVE SUMMARY

Nigeria is a country of over 250 ethnic groups and 500 languages with a population of approximately 230 million people. It operates a presidential system of government based on the 1999 Constitution of the Federal Republic of Nigeria (as amended), introduced by the military which governed the country for almost half of its existence since independence in 1960. The evolution and development of the country's electoral system have closely followed the country's constitutional development path, dating to the colonial period when the elective principle was first introduced into the legislative assembly. The country's electoral system has changed markedly since the pre-independence period. Laws regulating the financing of electoral politics, including on political party and campaign finance, are guided by the 1999 Constitution, the 2022 Electoral Act, and the Independent National Electoral Commission's (INEC) 2022 Regulations and Guidelines for Political Parties. In addition, there are concurrent statutory provisions in the laws establishing most anti-graft agencies, notably the Independent Corrupt Practices Commission and the Economic and Financial Crimes Commission.

Despite the existing control and regulatory frameworks, political finance laws, guidelines and regulations are violated with impunity in Nigeria. Regulation of the private funding of political parties and campaigns has been complicated further by the digital revolution and globalization processes that are fast blurring national boundaries. Thus, the misuse of digital media campaigns and the financial transactions associated with them has been recently added to the catalogue of abuse, including the use of financial technology (fintech) to finance campaigns. Existing regulatory frameworks are arguably insufficient to effectively address the risks associated with the irregular use of money in

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politics generally and the violations of political party and campaign finance regulations in the digital realm, in particular. Nigeria's experience has revealed several shortcomings and the continuing vulnerability of the country's electoral process to exploitation by powerful interests. For example, the performance of INEC and other oversight institutions is inhibited by the challenges of limited human and financial capacity. In addition, the near-absence of regulation and control of the country's cyberspace has further complicated the monitoring of the activities and operations of digital media services providers.

Continuous efforts will be needed to close legislative loopholes and implementation gaps to improve the overall effectiveness of the political finance regime in the country. When it comes to the risks associated with the digitalization of political finance, INEC needs to focus on fostering specific skills and knowledge in order to track and monitor the deployment of digital and financial technologies in the country's electoral landscape. Other oversight agencies, such as the Central Bank of Nigeria, the Nigeria Data Protection Bureau, the National Broadcasting Commission and the National Information Technology Development Agency, also have a critical role to play in providing effective synergies, thereby making the task of monitoring, controlling and regulating the operations of political parties less cumbersome for INEC. Political parties should also be encouraged to maintain the integrity of online campaigning through, for example, the development of a code of conduct. The importance of the role of civil society organizations (CSOs) as watchdogs cannot be overemphasized, but they can only be effective if their capacity is strengthened and they are able to access the necessary data and information for analysis.

INTRODUCTION

Political finance systems worldwide have had to adapt to new realities and developments at various levels, but experiences have varied from country to country. In some cases, changes have sought to address scandal, corruption or betrayal of public trust; in others the escalating cost of politics or a desire by governments, especially in newly established democracies, 'to nurture free elections' (Alexander 2003: 5). To varying degrees, most countries have also introduced information and communications technologies (ICTs) into their electoral systems, which has implications and consequences for the process, practice and outcomes of elections, including political finance.

In Nigeria, sections 47, 50(2) and 62(2) of the Electoral Act 2022 give the Independent National Electoral Commission (INEC) legal backing to introduce technological upgrades. Thus, in the context of the Act, INEC has been able to develop and deploy new technologies that have automated certain aspects of the electoral process and procedures (see INEC 2024). As critical stakeholders, political parties and election candidates are also adjusting to the new realities of digitalization. They are using social media platforms, notably Twitter (now X), Facebook and Instagram, to promote themselves and their campaign, as

well as engaging with digital media companies to design campaign materials, using Internet platforms for fund-raising activities beyond national frontiers, and receiving donations and contributions through financial transactions driven by digital technologies.

The deployment of digital technology in Nigeria's electoral processes has drawn attention to various loopholes in the country's campaigning and political finance regulations. For example, the prevailing weak or non-existent regulatory framework on the use of social media makes it easy to spread disinformation and hate speech during elections. During the 2023 general elections, for instance, a letter claiming that an investigation had been launched into the All Progressives Congress (APC) presidential candidate, Senator Bola Tinubu, in relation to drug-related accusations, purportedly written and signed by an INEC spokesperson, was made public through social media. However, the letter was a forgery that originated on WhatsApp and was circulated rapidly across social media platforms. Unregulated access to Internet platforms is a major concern in the country.

There is overwhelming evidence in Nigeria's electoral history that unregulated political finance threatens electoral integrity. This case study examines the regulatory environment in relation to political finance, from guidelines and strategies to norms, practices and patterns of spending on digital campaigns in Nigeria. It also documents some of Nigeria's recent experiences with the deployment of digital media campaigns and assesses the performance of the country's political finance oversight agencies. Finally, it examines the future of digital campaigns, the use of financial technology (fintech) in financial transactions during elections, and strategies for regulating the adoption of digital technologies. The study is based on a literature review of academic and policy papers, as well as 12 key informant interviews with selected officials at INEC, political party officials, CSO representatives and activists.

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1. POLITICAL AND LEGAL FRAMEWORK

General political and electoral context

Nigeria is a federation of 36 states and the Federal Capital Territory (FCT). It has a population of approximately 230 million. The 1999 Constitution of the Federal Republic of Nigeria, introduced by the military that governed the country for almost half of its existence since 1960, retains the federal system handed down by the British colonial administration at independence. However, the Constitution introduced a presidential system with a bicameral legislature.

The evolution and development of the Nigerian electoral system have closely followed the country's constitutional development path, dating from the colonial period when the elective principle was first introduced into the legislative assembly. The country's electoral system passed through various phases before reaching its present state, based on universal adult suffrage, an open ballot and the first-past-the-post electoral system. The electoral system

reflects the values of the most recent reforms, which include party primaries, inclusive electoral processes, the use of electronic technology for voting and the transmission of results, and accountability and transparency on campaign finances. INEC is the main electoral management body. In February 2023, it organized the seventh general elections since the country returned to civilian rule in 1999, in which 18 of the 19 registered political parties participated. The 2023 general elections were conducted under the 2022 Electoral Act, which introduced new elements into the country's campaign finance regulations.

Main political finance and related laws

The structure of political finance and its regulation in Nigeria have changed markedly since the pre-independence period. The laws regulating party and campaign finance are guided by the 1999 Constitution of the Federal Republic of Nigeria (as amended), the 2022 Electoral Act and INEC's 2022 Regulations and Guidelines for Political Parties. In addition, there are concurrent statutory provisions such as the 2000 Corrupt Practices and Other Related Offences Act, the 2004 Economic and Financial Crimes Commission Establishment Act, the 2006 Advance Fee Fraud and Other Fraud Related Offences Act, the 2020 Money Laundering (Prevention and Prohibition) Act, the 2020 Companies and Allied Matters Act (CAMA) and the 2022 Terrorism (Prevention and Prohibition) Act. The plethora of laws, regulations and guidelines regulating how electoral politics is financed in the country reflect the concerns of critical stakeholders regarding the need for electoral integrity in the country.

Main sources of party income and funding

In the past, political parties in Nigeria were funded by INEC using public funds. However, public funding is no longer available to political parties. Political parties receive funds from membership fees, nomination fees, selling the party manifesto and souvenirs, donations and individual contributions. The funds raised from party membership fees, or the sale of the party manifesto and other materials, are minuscule and parties must therefore seek alternative sources of funding. Political parties are not allowed to hold any funds outside of Nigeria or to retain funds sent to them from abroad.

Private donations

There is contradictory information with regard to permissible sources of donations to political parties and candidates. Chapter VII, Part I, section 221 of the 1999 Constitution states that: 'No association, other than a political party, shall canvass for votes for any candidate at any election or contribute to the funds of any political party or to the election expenses of any candidate at an election'. This means that only political parties can fund their campaigns, solicit votes for their candidates and incur expenses for their campaigns. Any other association, such as a non-profit organization, a religious group or a business, is prohibited from engaging in such activities. At the same time, section 88(8) of the 2022 Electoral Act states that: 'No individual or other entity shall donate to a candidate more than N50,000,000', which would appear to allow entities to donate up to NGN 50 million (USD 35,145) to support their preferred candidate. Similarly, section 90 of the Electoral Act 2022 contains several provisions that allow for donations from individuals and entities. It is,

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therefore, unclear whether corporations or other legal entities can contribute to political parties or candidates. In addition, while political parties cannot receive funding from foreign sources, there is no such prohibition for candidates.

Self-funding and nomination fees

Most individual candidates are responsible for funding their campaigns, covering all campaign expenses. This is a crucial source of operational revenue for political parties, by which they fund their activities, including organizing rallies, events and outreach programmes. For instance, two leading political parties, the APC and the People's Democratic Party (PDP), accrue huge revenues from nomination fees from prospective candidates. During the 2015 general elections, the PDP's presidential election nomination fee was NGN 22 million (USD 110,792), while the APC's was NGN 27 million (USD 135,972). In 2019, the nomination fee for the presidential election was NGN 45 million (USD 147,183) for the APC and NGN 12 million (USD 39,250) for the PDP. In 2023, the APC set the presidential election nomination fee at NGN 100 million (USD 242,600), governorships at NGN 50 million (USD 121,300), Senate nominations at NGN 20 million (USD 48,520), House of Representatives nominations at NGN 10 million (USD 24,260) and State Assembly nominations at NGN 2 million (USD 4,852) (Ojo 2022). The PDP imposed similar fees: presidential NGN 40 million (USD 97,040), governorship NGN 21 million (USD 50,945), Senate NGN 3.5 million (USD 8,490), House of Representatives NGN 2.5 million (USD 6,065), and House of Assembly NGN 600,000 (USD 1,455) (Ojo 2022). The nomination fees for those seeking political office are considered excessive and out of reach of those with limited financial means, especially young people and women (Olukotun 2022; Itodo 2022). The commercialization and monetization of party primaries, representation and participation in electoral processes arguably restrict these to moneyed elites that wield influence in the political sphere because of the power of their purse (Olukotun 2022).

Spending limit

The 2022 Electoral Act sets expenditure limits for candidates and political parties during an election. The campaign expenditure limit for presidential candidates is NGN 5 billion (USD 3.5 million), and the campaign expenditure limit for political parties is NGN 4 billion (USD 2.8 million). For candidates for the National Assembly, the campaign expenditure limit is NGN 70 million (USD 49,203) for senatorial candidates and NGN 40 million (USD 28,116) for House of Representatives candidates. The maximum campaign expenditure limit for candidates for governor is NGN 1 billion (USD 702,907). The regulations and guidelines on election expenses, particularly campaign expenses such as advertisements, campaign materials and campaign rallies, are quite elaborate but do not adequately cover the spending of political parties between elections. While there are spending limits for candidates and political parties during elections, there are no such limits outside the electoral period, which makes election-related spending limits redundant. Reports indicate that political advertisements started appearing on social media long before the official campaign period for the 2023 presidential election (Alayande 2022).

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Regulation of third-party campaign financing

Third-party funding of campaigns is permitted in Nigeria but must conform to specific disclosure requirements. Third parties must report any campaign expenses to INEC and disclose their funding sources. There have been several instances of abuse by groups and individuals using third-party funding to circumvent regulations on spending limits. In preparation for the 2023 general elections, even before the party primaries, many groups and collectives sprang up with the sole aim of boosting support for their preferred candidates. These support groups claimed to have funded nomination forms and even bought cars as part of their support (Ojo 2022). The challenge of tracking financial transactions made in cash by third parties has further complicated effective monitoring. Until recently, Nigeria was essentially a cash economy. Efforts by the Central Bank of Nigeria (CBN) to implement a nationwide cashless society have met with resistance from Nigerians, who have concerns about electronic payment platforms. The policy was suspended in 2017 and was recently being reintroduced in stages.

Reporting, disclosure and oversight

INEC is the main oversight body in Nigeria, and it has the power to monitor political finance and investigate related violations. It has the statutory responsibility to audit the accounts of political parties, monitor compliance with donation and expense limits, and report any political finance infractions. According to INEC guidelines, political parties must publish their audited returns in at least two national newspapers within six months of the election, and these audited returns should also be made available to the public by INEC. The Constitution empowers INEC to deregister any political party that violates section 225, which includes failure to submit financial reports as prescribed in the Constitution and the Electoral Act.

2. MAIN TRENDS IN POLITICAL AND CAMPAIGN FINANCE IN NIGERIA

Electoral spending in Nigeria has been increasing year on year. During the 2015 general elections, INEC estimated that political parties in Nigeria spent nearly NGN 196 billion (USD 982 million) on contesting various offices, almost twice the amount spent in 2011 (Daily Trust 2018). During the 2019 presidential election, the two main parties—the APC and the PDP—accrued an NGN 11.6 billion (USD 38 million) bill in campaign expenses (INEC 2021). INEC provides further insight into the spending on traditional media by the two major political parties during the 2019 federal elections: the PDP/Atiku coalition spent approximately NGN 2.9 billion (USD 9.5 million), while APC/Buhari spent NGN 4.6 billion (USD 15 million). These figures exclude other expenses, such as transporting party cadres to rallies, the cost of hiring campaign venues, and obviously the cost of illicit electoral activities such as vote buying, bribery, hiring thugs to intimidate opponents, stealing ballot boxes and disruption of the election generally (INEC 2021: vxi).

Political advertising on social media platforms

Digitalization and the 'digital effect' are rapidly changing Nigeria's political and social landscape. In January 2023, Nigeria boasted nearly 122.5 million Internet users, with an Internet penetration of 55.4 per cent. The number of active social media users increased from 27 million in 2019 to 31.6 million at the start of 2023 (Kemp 2023). WhatsApp is the most popular social media platform, and it is used by 91.9 per cent of social media users in Nigeria (Kemp 2022). Facebook is the most preferred platform for accessing news online, which probably explains why President Goodluck Jonathan of the PDP declared his intention to run for president on Facebook on 15 September 2010. Other presidential candidates in the 2011 general elections, notably Muhammadu Buhari of the Congress for Progressive Change (CPC), Nuhu Ribadu of the Action Congress of Nigeria (ACN) and Alhaji Ibrahim Shekarau of the All Nigeria Peoples Party (ANPP), had a strong presence on Facebook and other social media platforms.

Recent developments in fintech digital payments also suggest notable progress. The CBN national domestic card payment scheme, AfriGo, launched in partnership with the Nigeria Inter-Bank Settlement System (NIBSS), now operates in the same space as Mastercard, Visa and Verve by Interswitch. Digital payments in Nigeria are 'expected to show an annual growth rate of 13.70 per cent' (compound annual growth rate 2023–2027) (Emejo 2023), resulting in a projected total transaction value of USD 27.89 billion by 2027.

With this level of digital penetration, recent elections in Nigeria have witnessed remarkable growth in the use of digital and social media platforms for political and election campaigns. However, determining how much political parties and candidates spend on online campaigns presents significant challenges. Several factors contribute to these challenges. There is a low level of compliance with spending limits and disclosure requirements by political parties and candidates and only limited itemized detail in relation to reporting and disclosure requirements. In addition, the data, digital and media companies hired to carry out campaigns often work anonymously. The Labour Party is a case in point. It has admitted extensive use of social media platforms for campaigning, especially among the party's youthful supporters. However, it claims that the party has no budget for such campaigns and that the remarkable upsurge in the use of Internet platforms for campaigning and canvassing was spontaneous rather than an organized strategy. Like similar claims by other political parties when questioned about their budgets for digital media campaigns, this claim cannot be easily verified or disproved.¹

Use of digital service providers for campaigning

Rumours about election-influencing services in Nigeria have been circulating since 1999. However, there has been no conclusive evidence of their use by candidates or political parties until recently. It is now common knowledge that political parties and candidates engage with data analysis service providers

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¹ Interview with Dr Tanko Yunusa, Labour Party spokesman, Abuja, 2 December 2023.

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to collect citizens' personal data and information in order to design personally targeted campaigns to influence their voting behaviour.

It is important to note that the deployment of digital technologies for political purposes, or the hiring of digital service providers, is not done in the same way by all political parties and candidates. In the period leading up to the 2013 governorship by-election in Anambra, for instance, the APC worked with AKPD Message and Media, a public relations consulting group that uses quantitative research techniques, data modulation and party branding to influence voters' decisions. The party Chair later confessed that he did not understand the value AKPD could add to APC campaigning efforts until it demonstrated its expertise in that by-election (Akande 2020: 480). AKPD assessed the party's political fortunes in the by-election and predicted disaster. The APC candidate lost, just as AKPD predicted. The company subsequently became a critical component of the APC's thinking and planning machine as it prepared for the 2015 general elections.

The APC maximized the benefits of digital media in its 2015 presidential campaign and was ahead of others across all Internet platforms, followed closely by the PDP. Other parties contesting the presidential election used the Internet only sparingly. In the absence of ideological divides among the political parties, the struggle for political power in Nigeria is characteristically focused primarily on personalities, ethnic groups and geopolitical zones. Thus, electoral politics is carried out through political mobilization, manoeuvring and stage management (see LeVan 2019). The AKPD's approach, however, was different. It advised the APC to stay away from a focus on sentiment and to 'keep talking about change and jobs', stressing that 'the largest reason voters would support APC at that time was that they wanted change and APC should continue to say "APC means change" over and over again'. Based on the polling conducted by the AKPD, the 'voters were telling them that they wanted to hear more of "change for jobs"' (Akande 2020: 481). The AKPD also advised the APC on which geopolitical zones to invest in for the 2015 elections, that 'General Buhari must be at the top of the presidential ticket', and 'that APC should stay away from personal attacks on Jonathan and focus its critique of him on "not doing his job well", particularly by not creating the jobs Nigeria needed' (Akande 2020: 483). The PDP feared losing the 2015 presidential election. In a panic, it cried foul and accused the APC of using the services of a 'propaganda machine'.

Nonetheless, as the 2015 general elections drew closer, the PDP needed to enhance its presence in the digital media space, and the political consultancy firm Cambridge Analytica came to the rescue. Cambridge Analytica is widely reported to have meddled in the country's elections, using covert methods and the dark arts of disinformation to distort reality, as well as confidential material stolen from the campaign of APC presidential candidate Muhammadu Buhari to discredit him and boost the electoral fortunes of the PDP and Jonathan (see Kaiser 2019).

There are many unanswered questions on the funding sources for the campaigns of almost all the political parties. While there is no concrete evidence linking the procurement of external services by either the APC or the PDP to illicit funds, rumours have circulated about the use of state treasuries by serving governors and senior government officials to finance political parties during the 2015 elections. In addition, widely reported incidents of financial misappropriation, such as the alleged looting of funds from the CBN under the Jonathan administration during the 2015 elections, including a purported withdrawal of USD 2.1 billion, raise concerns regarding the legitimacy of the funds used by the PDP to engage services such as those of Cambridge Analytica (Akanke 2020: 484). The use of these firms continues, including in the most recent elections in 2023.

Disinformation and misinformation

While digital technology platforms have made a significant contribution to the political discourse, there have been instances where they have been used directly or indirectly to attack opponents, spread false rumours and hate, and incite violence, which have had serious consequences. The volume of misinformation circulated online during elections in Nigeria, particularly by paid social media influencers, could have misled many into unfounded political judgments. The tactics used by social media influencers to shape the political behaviour of prospective voters include promoting political agendas through hashtag manipulation, deliberate mistranslations, impersonation, and manipulating audio and video material. For example, while the 2011 general elections were said to be among the fairest in Nigeria's history and credited with remarkable use of social media platforms, they were also among the country's bloodiest. It is believed that the use of social media to attack opponents and spread false rumours and hate contributed to the violence, as well as tensions witnessed before, during and after the elections in many parts of the country (Okoro and Adibe Nwafor 2013).

The waves of misinformation during national elections create lucrative opportunities, particularly for young people. The youth in Nigeria have become increasingly socially conscious and politically active, using social networks and contemporary information technology, including the Internet, which has promoted the proliferation of electronic information exchange. Young people find opportunities on every popular social media platform to promote their preferred candidates for elections, engage in informal campaigns and unofficial debates, and sometimes engage in misinformation, disinformation, fake news, hate speech and character assassination. Some of the most prominent political influencers on social media are hired by political parties and candidates and can earn up to NGN 500,000 (USD 1,090) a month. Those with smaller followings are likely to receive near NGN 50,000 (USD 109). Some influencers also receive lavish gifts, government contracts and political appointments for spreading false narratives and stories to enhance the chances of their clients. None of this spending is ever reported by the political parties or candidates. According to a BBC report, an influencer can receive up to NGN 20 million (USD 44,000) for delivering a result (Nwonwu, Tukur and Oyedepo 2023).

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3. LOOPHOLES AND IMPLEMENTATION GAPS

Seven general elections and a sizeable number of by-elections and off-cycle elections have been held in Nigeria since the return to electoral democracy in 1999. Over the years, many improvements have been made to the country's electoral system alongside great strides regarding the use of ICT tools for election management. However, threats and risks associated with the use of technology and political and campaign finance persist.

Limits of the legal and institutional framework

The legal and institutional frameworks for election management and administration in Nigeria lack sufficient regulation over campaign and political party finance, thereby failing to effectively curb the influence of wealthy elites over the country's politics. There are numerous loopholes and contradictions in the legislation, particularly regarding political donations from legal entities as outlined above, which create confusion and the potential for abuse. Moreover, the existing regulations are silent on the role and impact of digitalization on political and campaign finance, and the legislation that governs public communication and laws against fake news and falsehood are barely enforced. The National Broadcasting Commission (NBC) has powers to regulate and control the broadcast industry, and the Nigerian Communications Commission (NCC) regulates the communications industry according to the Nigerian Communications Act (Cap. N97, Laws of the Federation of Nigeria, 2004). The 2000 Corrupt Practices and Other Related Offences Act, the 2004 Economic and Financial Crimes Commission Establishment Act, the 2006 Advance Fee Fraud and Other Fraud Related Offences Act, the 2020 Money Laundering (Prevention and Prohibition) Act and the 2020 Companies and Allied Matters Act (CAMA) also play a role. While these laws address some dimensions and elements of digital campaigning and political finance, they are not well focused on helping to control and regulate digital political finance and digital media in Nigeria.

Challenges and risks of the 'free' digital space

As highlighted above, despite its increased use for campaigning purposes, social media remains an unregulated space. While the Constitution bans anyone other than a political party from campaigning for political parties and candidates, in practice anyone can place political advertisements on social media in support of or opposing a political party or candidate without complying with the rules governing political finance. The costs involved in third parties placing advertisements are often undisclosed. While it is possible to argue that everybody has an equal chance in an era of digital technology, the size of the purse determines the scope of a party's or candidate's opportunities and the benefits they gain. In that regard, political parties and candidates with resources are able to spend more both offline and online, procure consulting groups for digital media services and conduct a more influential campaign with a broader reach. There is a saying in Nigeria, particularly among members of the political class, that 'elections are not won on social media'. However, using different social media platforms to share views on candidates cannot be without benefit to those sponsoring online campaigns.

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Inadequate capacity for oversight enforcement

The INEC, through its Election and Party Monitoring Department (EPM) and under the supervision and guardianship of the Election and Party Monitoring Committee (EPMC), has developed a mechanism for tracking, collating and reporting campaign expenditures by parties and candidates. While INEC's efforts to track campaign finances during the 2015 general elections were unsuccessful, these improved for the 2019 general elections. It inaugurated an Inter-agency Campaign Finance Monitoring Group (IACFMG) to promote synergy between INEC and other relevant agencies in monitoring the sources of funding and spending of all candidates and political parties to ensure they did not exceed the approved ceiling.² The group comprised the Economic and Financial Crimes Commission (EFCC), the Financial Intelligence Unit, the CBN, the NBC, the NCC, the Centre for Social Justice, the Nigeria Police Force, the Federal Inland Revenue Service, the Independent Corrupt Practices and Other Related Offences Commission and the Nigerian Press Council. Its inauguration was well received, but the IACFMG became a talking shop that rapidly fizzled out as it did not receive adequate support from INEC and other relevant agencies.³ For example, some member agencies had no budget to undertake the tasks that fell within their mandate.

For the 2023 election, INEC deployed observers to monitor the campaigns of political parties and candidates to ensure that they complied with all laws, regulations and codes of election conduct. It was meticulous at tracking expenditure on billboards, posters and jingles in the media to estimate funds spent by both the parties and the candidates. In addition, INEC provided campaign finance tracking forms to political parties, candidates and media houses for them to complete and submit within six months of the general elections (INEC 2024: 122). Despite these efforts, INEC faced several challenges in relation to effective oversight. Among these were problems with its technical workforce, a lack of proper coordination with other relevant agencies, and the limited or absence of information from political parties and candidates. At no time was it able to mobilize and deploy an adequate number of personnel to monitor and track political parties' income and expenses effectively.⁴

Moreover, enforcement of the financial regulations on political parties was weak, partly due to the lack of clarity in some of the provisions of the political finance laws and regulations. Apart from a few cases in the 1950s and 1960s, the laws on campaign finance have not been tested in the courts. No political parties or candidates have ever been sanctioned for political finance infringements. Greater clarity is also required on the enforcement regime. For example, it is not clear whether INEC is authorized to impose fines after

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² The IACFMG replaced the Political Finance Monitoring Group (PFMG) established in 2007. The IACFMG is made up of representatives of about 50 organizations and has a mandate 'to articulate and drive critical reforms relating to political finance regulation' (INEC 2021: 15).

³ Interview with officials working for the Barrister Eze Onyekpere, Executive Director, Centre for Social Justice, and member of the Inter-agency Campaign Finance Monitoring Group (IACFMG), Abuja, 6 December 2023.

⁴ Interview with officials at the Election and Party Monitoring Department (EPM), INEC, Abuja, 5 December 2023.

administrative hearings or, if it can, how this power fits with the powers of the courts.

Political parties and candidates have been found to have violated political finance regulations with impunity, and have exhibited a total refusal to complete and return their expenditure tracking forms.

Lack of will of political actors

There is also the problem of a lack of political will on the part of political actors, often expressed in their laid-back attitude. Political parties and candidates have been found to have violated political finance regulations with impunity, and have exhibited a total refusal to complete and return their expenditure tracking forms. Several months after the 2023 general elections were concluded, for example, no financial report on the expenditure of political parties in compliance with the campaign and political finance laws and regulations had been submitted to INEC by any political party. When they were submitted, several parties failed to provide adequate information on the expenditure incurred by candidates, making it impossible for INEC to properly monitor party and candidate campaign finances (INEC 2024: 228).

At the same time, the National Assembly has not demonstrated sufficient support for effective control and regulation of campaign finance. For example, article 226 of the Constitution establishes that INEC must investigate a political party's accounts and report to the National Assembly if it considers that the accounts have not been maintained properly. Article 228 outlines the powers of the National Assembly to impose sanctions. However, no sanctions have ever been imposed for the many political finance infractions identified by INEC (Adenekan 2022). Article 228 also states that the National Assembly may provide an annual grant to INEC to be disbursed to political parties equitably to help them carry out their functions. However, the National Assembly has never provided a grant to INEC to enable it to reduce the excessive dependence of political parties on private funding from moneyed interests.

Low-level capacity of civil society

Civil society groups are critical stakeholders in the Nigerian electoral process. However, Nigeria's experience of engaging with CSOs and coalitions during electoral processes is very recent. It was only in 1999 that civil society groups got their first taste of organized electoral participation, and the scope of their involvement has since been expanded. In terms of monitoring political party and campaign finance, however, their engagement is still marginal and uncoordinated. They lack the organizational capacity and necessary resources to monitor campaign finance and effectively engage with government, political parties and INEC to advocate for better transparency and accountability and the necessary reforms. Moreover, political parties have become increasingly intolerant of civil society, especially in campaign finance, and are unwilling to share their financial reports with CSOs. Some efforts have been made by international organizations to strengthen the capacity of civil society and media outlets to demand transparency and accountability in campaign finance, but more needs to be done.

4. NEXT STEPS AND RECOMMENDATIONS

It is possible to argue with some conviction that the prospects for effective regulation of campaign and political party finance in the digital age are bright. The commitment of INEC's leadership first to electoral reform and second to the cyber sphere represents a landmark for Nigeria. There is also increased consciousness across the country, most noticeable in official circles, of the benefits of digitalizing critical processes and procedures in the political arena, as expressed in the spirit of the pillars and objectives of the National Digital Economy Policy and Strategy, 2020–2030 (NDEPS). This aims to leverage digital technologies for economic growth and to lift millions of Nigerians out of poverty (Federal Ministry of Communications and Digital Economy 2020). The activities and operation of the Ministry of Communications and Digital Economy, which has been mandated to develop and implement harmonized and coordinated policy on the digital economy for Nigeria, align with the above vision (Ibietan 2023: 3–4). Similarly, the digitizing of critical activities and operations in the country's public services, such as the use of Bank Verification Numbers, Treasury Single Accounts and the Integrated Payroll and Personnel Information System (IPPIS), signals considerable promise. In addition, the proactive positioning of the CBN as the country's apex bank for addressing the loopholes in digital currency transactions through checking, monitoring and regulating to prevent misuse, fraud and illicit transactions is highly commendable.

On the other hand, the country's domestic context provides a significant constraint and some dominant social forces in the country demonstrate a lack of interest in genuine political finance reform. Among the major challenges that face reform of political finance in general and online campaign finance in particular are: (a) the growing level of political corruption linked to the dominance of a money-driven political culture that pervades almost every area of social life, supported and encouraged by a continuing attraction to ostentatious living by many; (b) a lack of political will and of any readiness on the part of the political class to undertake and support reform; and (c) a general apathy, and lack of capacity and courage, on the part of civil society in the country to engage in a reform project.

Strengthen regulatory frameworks

In view of the weakness of existing regulatory frameworks, efforts need to be made to close the gaps, such as addressing the challenges posed by digital technologies and monitoring campaign finance. The virtual space in Nigeria is almost a 'free for all zone' and the lack of an effective regulatory framework compounds the situation. This has implications for the scope and intensity of the penetration of digital technologies into the electoral process. Any future electoral reform must be broad enough to factor in the realities of the digital era and include regulation of social media platforms, the procurement of digital media services and the hiring of influencers, among other things. In addition, the future legal and institutional framework should underscore the importance of effective coordination and collaboration between different agencies beyond

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merely setting up joint committees and specify the modality of cooperation, resource allocation and capacity development.

Strengthen the capacity of INEC

Strengthening the financial and human capacity of INEC will be crucial to ensuring effective monitoring of political finance and enforcement of penalties and sanctions. For instance, enforcing the spending limits provided for in the regulations will require information on election spending to be systematically collected and collated for analysis. Various aspects of political finance oversight, including online campaign finance oversight, require specialist knowledge and competencies such as on database management, data analysis, social media communications, cybersecurity and information security, the digital economy and fintech. A proper audit of existing capacities must be undertaken to understand the training needs of the officials responsible for political finance monitoring and oversight, and subsequent programmes should be introduced to meet those needs.

Increase constructive collaboration among the oversight institutions

While INEC is the primary agency responsible for monitoring campaign finance, effective enforcement of the political finance regulations requires effective collaboration and synergies with other agencies with unique capacities and resources in specialized areas and functions. For example, the involvement of the EFCC in the screening of candidates for election should be encouraged, and the capacity of the Code of Conduct Bureau needs to be strengthened and it should be involved in monitoring the assets of public servants. In the same way, the CBN, the Nigeria Data Protection Bureau, the National Information Technology Development Agency, and other relevant agencies involved in monitoring and recording financial transactions need to develop a culture of working in collaboration with INEC. The effectiveness of inter-agency coordination must be enhanced by providing a clear mandate for each agency. Furthermore, the collaborating agencies need to be provided with adequate resources to function effectively, which includes equipping them with the capacities required to monitor and track online campaign finance.

Strengthen the capacity of political parties

The processes and outcomes of the 2023 elections demonstrated rapidly increasing deployment of digital media services by political parties and candidates. However, experience of and adjustment to the digital space varied from one party to another. For example, while new political parties such as the Labour Party emerged as successful players in the digital environment and could adapt their processes from the outset, established parties, notably the APC and the PDP, had not fully adjusted to the digital environment. Future electoral reform must address how political parties adjust to the realities of digitalization. This could make the task of monitoring, controlling and regulating the operations of political parties less cumbersome for INEC, which may need to insist on adopting various applications, programs and tools for ensuring transparency. While essential legislative reforms are being discussed, political parties themselves can take initiatives to improve their processes, practices and actions. For example, it is a tradition among the political parties

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to come together as the general elections draw closer to jointly develop a code of ethics, usually on how to conduct themselves and avert a breakdown of law and order. This understanding could be extended to adopting best practices on the use of digital and social media for campaigning.

Strengthen the capacity of civil society organizations

The CSOs in Nigeria are increasingly acknowledged as watchdogs, maintaining vigilance over the electoral process. Their monitoring ensures that campaign finance practices are transparent, and they are also actively engaged in advocacy for political finance reform. Very few CSOs are currently engaged in these activities as they lack the capacities. This warrants the design of systematic capacity-building programmes, particularly in the areas of tracking and monitoring online campaign finance, analysing the financial reports of political actors and running advocacy campaigns, as well as civil education programmes on the negative consequences of irregular party financing, among other things.

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ABOUT THE AUTHOR

Victor Adetula is a Political Science Professor at the University of Jos, Nigeria. He was previously Head of Research at The Nordic Africa Institute, Uppsala, Sweden (2015–2020), Claude Ake Visiting Professor in the Department of Peace and Conflict Research, University of Uppsala, Sweden (2013), and Nelson Mandela Visiting Professor of African Studies at the Centre for International Studies, Jawaharlal Nehru University, New Delhi (2011). He has worked extensively on money in politics and political corruption and edited a volume, *Money and Politics in Nigeria* (2008). His other research areas include democracy and governance, African politics and development, Africa's international relations, and peace and conflict. His recent published works include 'Electoral democracy, foreign capital flows and the human rights infrastructure in Nigeria' (2020) and 'Political economy of community-led security provisioning in urban Africa' (2024).

Contributors

Khushbu Agrawal is an Adviser for Money in Politics at International IDEA.

Yukihiko Hamada is a Programme Manager for Money in Politics at International IDEA.

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This case study of Nigeria was drafted between September and December 2023 and is part of International IDEA's 'Political Finance in the Digital Age' project, which collects empirical information about the ways countries adapt to and cope with political finance challenges associated with digitalization. Through the project, members of political finance oversight agencies and civil society organizations, political party officials and legislators can learn about good practices and lessons learned from various countries that can help them devise and implement political reforms to protect the integrity of political processes and institutions against existing and emerging digital risks.

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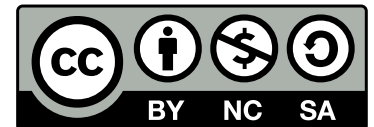
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International IDEA
Strömsborg
SE-103 34 Stockholm
SWEDEN
+46 8 698 37 00
info@idea.int
www.idea.int