

FOURTH DEBATE IN THE SERIES ON PUBLIC FINANCES

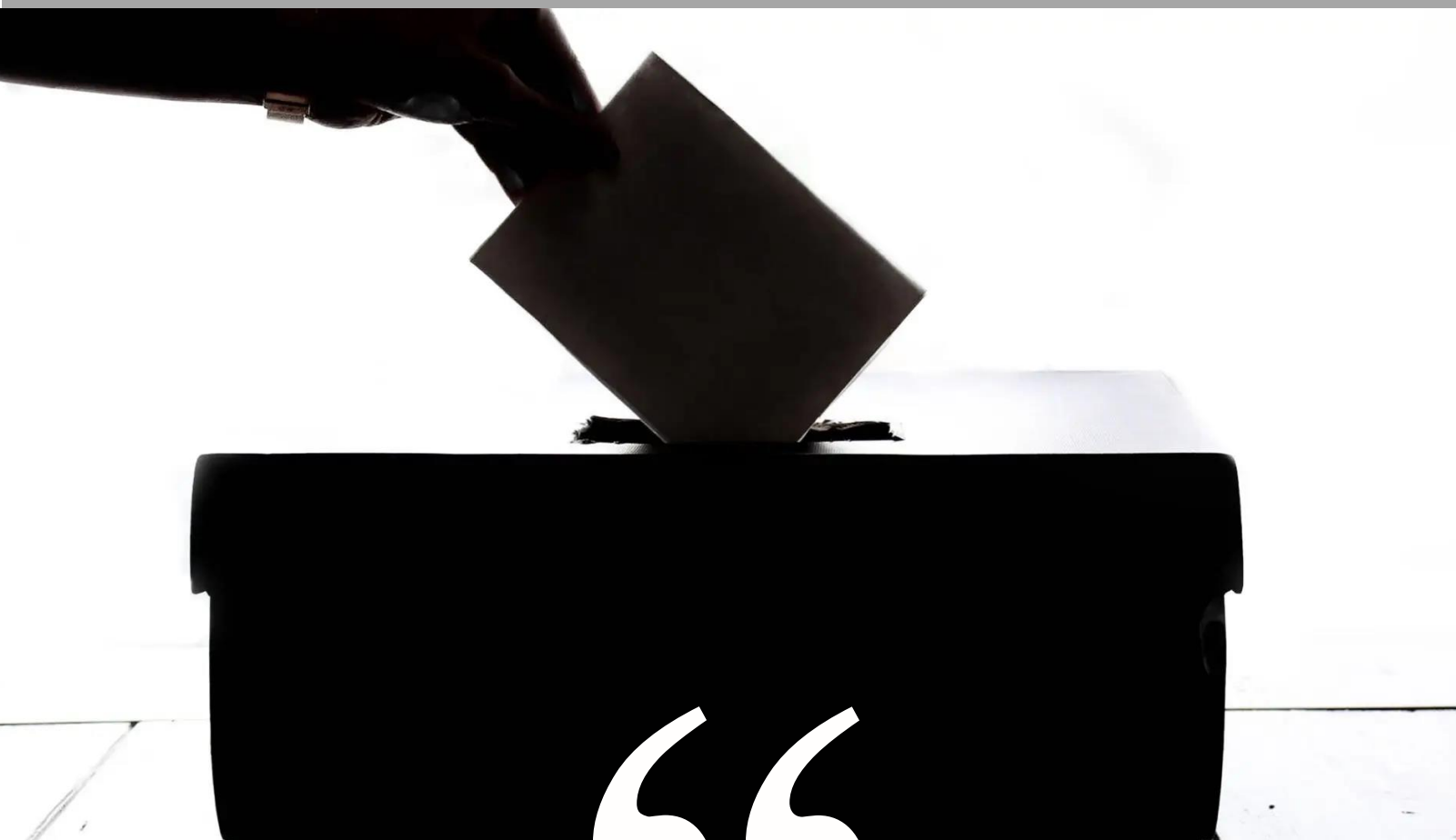
The electoral process in Mozambique is very costly and serves as a “slush fund” for political parties.



On the 14th of March 2024, the Budget Monitoring Forum (FMO) conducted the fourth webinar in the series on public finances. Titled "Dynamics of electoral financing transparency and its impact on public finances," the event occurred at a critical juncture, preceding the general elections in Mozambique by seven months.

The debate on the financing of the 2024 elections is particularly relevant due to the current pressures on public expenditure and the challenges in generating domestic revenue. This is compounded by the expectation of reduced external funding and the difficulty in securing donations.

The webinar aimed to contextualize and discuss the dynamics of electoral financing transparency and how these can affect the country's public finances, at a time when political decisions are often influenced by the electoral landscape. This text is a summary highlighting the main conclusions and inferences resulting from the event, the recording of which is available on the FMO's digital platforms.



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The Right to Information Act, Law number 34/2014 of 31st December, provides for the principle of proactivity in the provision of information of public interest. It even allows for the sharing of certain types of information that, through a systematic interpretation, also encompasses information related to electoral financing.

Ericino de Salema (debate moderator)

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The electoral process in Mozambique is politicized for the benefit of political parties – *Joseph Hanlon*

Hanlon notes that Mozambique was encouraged to adopt a politicized electoral machinery rather than a neutral one. This entails 50 thousand people appointed by parties at all levels of the electoral system. The speaker emphasizes that voluntarism was considered part of the bad old days of socialism and that in the free market, all tasks should be paid for, and as a result more than 50 thousand party workers are paid. Donors were willing to invest resources for elections and pay all these people. Now, donor support has dwindled, leaving behind a costly and politicized infrastructure that now must be maintained internally.



Hanlon proposes simplifying processes and cutting unnecessary expenses. "There are many members in the parties, and each polling station has a representative from each party. Additionally, the party has representatives on the National Electoral Commission (CNE) and the Technical Secretariat for Electoral Administration (STAE), who receive high salaries. A politicized system incurs high costs," he advanced.

Attention was also drawn to the lack of accountability in the electoral process. Despite receiving funding, parties have never been held accountable. This lack of transparency creates a gap that has persisted for decades, turning the process into a "slush fund" for political parties.

For Hanlon, transparency is the essential first step for any significant change. He highlights that many crucial decisions in the Mozambican electoral system are made in secret, with no accessible documentation to the public or available on any official website. This includes changes in electoral results, budget allocation, and even the choice of suppliers for electoral equipment.

Hanlon contrasts the politicization of the Mozambican electoral system with South Africa, where electoral management is neutral and transparent, with processes involving the public and ensuring access to information. He emphasizes the urgent need for Mozambique to adopt a full level of transparency in its electoral system, citing the positive aspects of the model involving independent electoral management and public participation in all procedures..

The administrative court should monitor and issue reports and assessments on the use of electoral fund –

Jorge Matine



Jorge Matine, in his analysis of the transparency of electoral financing in Mozambique, agrees with the characterization of a "slush fund." He refers to the term as a common practice where entities or individuals with political or public power can use state funds without being held accountable, thus perpetuating a cycle of opacity and lack of accountability.

Matine expresses concern that this practice has been recurring and furthermore accepted and tolerated, revealing a kind of agreement among the political class on how to finance themselves without proper accountability.

While it is essential for the Administrative Court to exercise its role in overseeing public funds, they fail to include political financing audits in their reports. Matine also laments the fact that there has never been any parliamentary interrogation regarding the omission of electoral expenses within the scope of the Administrative Court's reports or in other forums.

Regarding civil society, he emphasizes the importance of civic education and active citizen participation in interpreting and questioning political financing. He highlights the need for greater literacy about how political parties operate and how they are funded, as well as the importance of actions such as petitions and demands for information to ensure greater transparency and accountability.

Additionally, Matine proposes that both the CNE (National Electoral Commission) and the STAE (Technical Secretariat for Electoral Administration) and the political parties themselves undergo regular audits to ensure that public money is used ethically and efficiently. One of the most urgent issues raised by Matine is the lack of clarity about who is responsible for ensuring proper accountability. He emphasizes the need to clearly define the roles and responsibilities of these stakeholders to prevent gaps that may lead to public distrust.

What can we learn from Angola and South Africa? – José Gama

Since the advent of elections in Angola in 1992, the political scene has witnessed considerable turmoil, characterized by the proliferation of political parties. This period saw the emergence of approximately 180 parties, a number that reflected not only a genuine desire for political representation but also opportunistic pursuit of state subsidies. Many of these parties were not founded on clear ideologies or commitments to voters but rather as vehicles to access government resources.



This situation led the Angolan authorities to intervene, introducing a clause in party legislation that established the automatic extinction of any party that did not obtain at least 0.45% of the votes in consecutive elections. This measure aimed to reduce the fragmentation of the political system, consolidating it around the most stable and representative parties. As a result, the number of parties was significantly reduced, although the issue of genuine democratic representation remained a concern.

Regarding the funding of political parties, Gama mentioned the existence of two main sources. Firstly, regular funding, distributed annually by the state. Parties with parliamentary seats receive an amount proportional to the number of votes obtained in the previous elections, which encourages competitiveness and electoral representativeness. Additionally, parties are allowed to seek financial support through donations, state subsidies, and fundraising.

However, according to Gama, the issue of external funding has been a cause for concern, especially after the first elections in 1992. At that time, the politician Jonas Savimbi, president of the former guerrilla group that had just transformed into a political party, had accumulated wealth through diamond exploitation in Angola. Authorities feared that his party could receive more financial aid from abroad. In response, Angolan authorities limited external funding for political parties, although some circumvent this limitation through indirect agreements.

During electoral periods, the Angolan State grants a subsidy to all parties participating in elections, on the condition that they be accountable to the Constitutional Court. However, criticism is directed towards the composition of the Constitutional Court in Angola, where some judges are appointed by the

ruling party, which may compromise the impartiality of decisions related to elections.

In contrast to Angola, South Africa has adopted stricter measures to promote transparency in political financing. In South Africa, as a measure to prevent abuse by more powerful political parties and to promote transparency in political financing, a law was enacted in 2021. This legislation requires all parties to disclose their financial accounts, as well as any donation exceeding the value of three hundred and forty thousand meticaís. This information must be published on the website of the National Electoral Commission, ensuring public access to the data. If it is found that a donation exceeds the established limit, the party is required to declare that donation. Otherwise, the money can be blocked.

The rationale for this measure is that voters have the right to know the political and budgetary life of the parties they are voting for. They have the right to know who finances these parties, which directly influences their political decisions and agendas.

This approach contrasts with the situation in Angola where accountability is limited to what the state provides, with little or no justification about the donations received. This creates an imbalance and perpetuates opacity in the country's political process.

“We are sacrificing future generations at the cost of electoral financing!” - *Constantino Marrengula*



Marrengula emphasizes that while elections are a regular democratic necessity, the method by which we finance them is problematic. He notes that we often rely on external donors and/or go into debt to fund this process, which has long-term consequences due to debt burdens.

The most concerning aspect of this approach is the implication that we compromise not only the present but also the future of generations. By prioritizing electoral financing over fundamental investments in education and health, opportunities for sustainable development and social progress are sacrificed. To address this issue, it is necessary to rationalize the expenses associated with elections, and improving transparency and integrity throughout the electoral process can lead to significant cost cuts.

There is also private financing of elections, which requires detailed analysis, as it often entails significant future fiscal expenses, often in exchange for political favors. This practice raises concerns about undue private influence over elected officials. In this context, Marrengula considers it essential to examine the framework of granted tax benefits and the underlying political motivations.

Regarding expenditures, Marrengula mentions the lack of clarity about the electoral subsidies line. He highlights the importance of thoroughly investigating and understanding these expenses, including costs such as fuel and transportation rental, in order to identify areas where costs can be reduced.

Furthermore, the speaker criticizes the misclassification of electoral expenses as investment when they are actually consumption costs. There is a negative impact of this distortion, especially when compared to investments in vital sectors such as education and health. Ultimately, there is a need to rethink our electoral financing model and prioritize the well-being of our nation over short-term political interests.

Electoral package review must include measures for electoral financing transparency – *Benilde Nhalivilo*

Benilde Nhalivilo, Coordinator of the FMO, highlighted the value of the discussions that took place, as well as the importance of advancing the issue of electoral financing transparency to positively influence the public debate on the electoral package review, to ensure fairer and more transparent elections in Mozambique.



Benilde addressed the webinar discussions within the broader context of the ongoing series of debates on public finances, which, after starting with the issue of debt, now expands to a holistic discussion of challenges related to public revenues and expenditures.

The closure of this forum marks the beginning of new chapters of dialogue, collaboration, and action in the electoral package review process in Mozambique."

FORUM DE MONITORIA DO ORÇAMENTO
Quarto Debate da Série Sobre Finanças Públicas

Dinâmicas da Transparência do Financiamento Eleitoral e seu Impacto nas Finanças Públicas

14 de Março, Quinta-Feira
13h:30 - 15h:30 (Maputo)

ID: 836 9991 8812
Chave: FMO2024

Tradução Simultânea Português-Inglês



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FORUM DE MONITORIA DO ORÇAMENTO
Fourth Debate in the Public Finances Series

Dynamics of Electoral Financing Transparency and its Impact on Public Finances

March 14, Thursday
1:30pm-3:30pm (Maputo)

ID: 836 9991 8812
Key: FMO2024

Interpreting Portuguese into English and vice versa



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Joseph Hanlon
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Journalist



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Jorge Matine
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FMO's Coordination Group



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