

POLITICAL PARTY AND CAMPAIGN FINANCING IN GRENADA¹

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This research was conducted in Grenada as part of a Comparative Study on Political Party and Campaign Financing - Caribbean

In Grenada there is neither legislation nor regulations governing Political Party and Campaign Financing. The study therefore sought to garner the views and opinions of respondents in so far as the subject of the study is concerned.

The State of Grenada comprises three islands, namely Grenada, Carriacou and Petit Martinique, the largest of which is Grenada measuring 120 square miles. All three islands together measure 133 square miles. Grenada became an independent nation from Britain on 7th February, 1974 and has a population of approximately 100,000 inhabitants. The number of registered voters is approximately 82,000. It must be pointed out here that there is grave doubt as to the accuracy of this number. There is speculation that some of the registered voters may have since died and that their names were never removed from the voters list. Additionally, many have migrated and now resident abroad and their names are still on the existing list. This is due to the fact that there is no mechanism in place to properly manage the list. Every five years there should be an enumeration process at which time every eligible voter is recorded and a completely revised list published. This exercise has not been done in almost nine years. It is, however, currently being undertaken, at the conclusion of which a true list should be in place.

The Grenada Parliamentary system is patterned after the British Westminster/Whitehall model with two Houses, an Upper House or Senate and a Lower House or House of Representatives. The Lower House is composed of members who are elected in a general election. There are thirteen constituencies from which come the members of the House of Representatives. The other, the Upper House or Senate comprises nominated members. The Grenada Constitution Order 1973 provides for a Senate of thirteen members, seven of whom are appointed by the Governor-General acting in accordance with the advice of the Prime Minister; three in accordance with the advice of the Leader of the Opposition, and three in accordance with the advice of the Prime Minister after the Prime Minister has consulted the organisations or interests which the Prime Minister considers the Senators should be elected to represent. The Grenada Constitution provides for Local Government elections with respect to the sister island of Carriacou. To date, however, no such elections have been held and a Local Government Authority established.

The electoral system is based on the 'winner take all' as distinct from a system of proportional representation. The party winning the most seats in general elections forms the government, with the other party or parties gaining the remaining seats in the same elections forming the opposition.

¹ The opinions expressed in this document do not reflect the official position of the Organization of American States.

At present there are two major political parties in Grenada. There is the New National Party (NNP), the party currently in office with a total of eight of the fifteen seats. This is the party's third successive term in office. The second major political party is the National Democratic Congress, the party in opposition to the government with seven seats. The other two parties of significance are the Peoples Labour Movement and the Grenada United Labour Party. Neither of these two parties has any seat in the present Parliament.

Grenada's population is predominantly of African origin. Grenadians of East Indian descent occupy second place. There is, however, no distinct cleavage in terms of political affiliation or even party composition based on ethnic origin.

Cost of Campaigning: The cost of campaign financing varies considerably among the three political parties taking part in the study. In two cases it was in the vicinity of EC\$250,000.00 to \$300,000.00 while in the case of the other party it was put at approximately \$1.2m.

In determining the overall cost of election campaigning two major elements are relevant. On one hand there is the cash expenditure and on the other there are the in-kind contributions which in some instances could outweigh the cash. All three parties disclosed both cash expenditure as well as in-kind contributions in their campaigning. The in-kind financing included the making of vehicles and personnel available by business and other organizations, refreshments, t-shirts, bandanas, flags and the like by supporters and well wishers.

Among the participating parties in this research the use of the media was not seen as a major part of their political campaigning strategy. All three parties made greater use of the lower cost electronic media opportunities. Those opportunities included the off peak time schedules as well as the shorter 10, 20 and 30 second spots. To a limited extent the parties made use of the local newspapers by taking centre, half and quarter page spots, but this was not on a long term sustained basis. They all disclosed that the cost of media slots, both in the print as well as the electronic media was prohibitive.

All three parties disclosed direct cash donations from some friends overseas, which was used in varying degrees on election campaigning. Cash expenditure was on items such as stipends to some campaign officials both before Election Day, on Election Day and after election to enable them to move about the respective constituencies. Cash was also utilized in meeting expenditure on printing, stationery, local transportation and assistance to campaign staff to enable them to get around the respective constituencies.

In the case of one party, the estimated overall cost of the campaign for the most recent election was in the vicinity \$1.2m. Of that sum, approximately one third was in the form of cash. The bulk of the support was in the form of in kind contributions. In kind contributions took the form of tee shirts, scarves, bandanas and similar type promotional material.

The sources of the political parties' campaign financing were both local and overseas. Additionally, the persons and institutions making the contributions varied from individuals to business organizations in support of the respective parties.

In costing an election campaign there is also the element of voluntary support given to respective parties by various groups, organizations and individuals. In some cases this form of campaign support can be as much as 10-20 percent of the overall cost. The voluntary support is usually given prior to Election Day and on the day itself. It involves making time and personal resources available to the process. Resources such as personal and or organisational vehicles, refreshments and time are accounted for under this heading.

Most if not all of the major business organizations in Grenada have been reluctant to get involved in political party campaign financing. In cases where this is done the contribution is believed to be generally small. While no exact figures have been given, it is believed that their contributions do not usually exceed EC\$5,000 per party or organization. In a previous election campaign, however, it is believed that significant sums of money were given by an off-shore company to at least one party to enable it to conduct its campaign

Sources of Funds: The information garnered from the interviews suggests that the sources of finance for campaign purposes among the three political parties were varied. In so far as cash contributions were concerned, some were raised locally. However, a significant amount was derived from nationals and supporters outside of the State. The same applies to in-kind contributions. Most of the in-kind contributions were in the form of tee-shirts, caps, bandanas and other promotional material.

Candidates themselves were responsible for contributing some funds to the financing of the campaign. In most cases the candidates contributed based on their ability rather than a fixed sum being demanded of each candidate.

Further, with respect to funding, all three parties categorically stated that to the best of their knowledge they were not the recipients of any funds derived from drugs or illegal means.

Regarding the labour movement, all parties expressed the view that they were not the recipients of money from any such source. The reality is that there are no wealthy labour unions in Grenada, and the likelihood of anyone of them being in a position to fund a political campaign is very slim.

In so far as media promotion by the respective parties is concerned, the cost was said to be prohibitive in most cases. As a result the parties resorted to limited media promotion. They opted instead for house-to-house campaigning, public meetings, t-shirts, bill boards strategically placed on utility poles, flyers and similar type material. As with most political campaigning in this part of the world, food and drink both form a part of political campaigning. Grenada is no exception. The exact amount of money involved on the part of the respective parties has not been ascertained, but it is believed to run into several thousand dollars. This food and drink are usually served whenever the political party meets in an informal setting and sometimes at meetings. In the case of the parties taking part in this survey, fireworks did not form part of the recent campaign. The parties claimed that they neither had the funds for this purpose, nor did they consider it necessary.

With respect to the participation of women in the electoral process in Grenada, they have the same opportunities as men. In fact, Grenada has a rich tradition of women's

involvement in the political process. From the information available, money has never been an obstacle to their participation.

The information suggests that party funds are distributed as evenly as possible, with greater concentration being given to harder to win areas.

Six organizations participated in the study. Three were political parties with the other three representing Civil Society. The political parties participating in the Study were the National Democratic Congress, The Grenada United Labour Party and the People's Labour Movement. The ruling New National Party declined the invitation to participate, declaring it was 'not interested'. The Civil Society organizations were the Grenada Trades Union Council, The Conference of Churches Grenada and The Grenada National Council of the Disabled. Other organizations approached with a view to having them participate in the Study were the Grenada Media workers Association, the Grenada National Organization of Women, The Grenada Employers Federation and the Grenada Chamber of Industry and Commerce.

Face to face interviews were conducted with representatives of the organizations listed above. A listing of the persons participating in the interviews on behalf of their respective organizations is given as Appendix 1.

I. NATURE OF FINANCING REGIMENS (PUBLIC, PRIVATE AND MIXED)

A) GOVERNMENT DIRECT FUNDING

One organization is totally against any government direct funding to political parties for campaign purposes. The view of that organization is that political parties should raise their own campaign finance. The organization however has no objection to indirect government financing to political parties for campaign purposes. It is also not particularly concerned about the areas of operation to which the government finance is put. What it strongly recommends is that any government funding to political parties for campaign purposes should apply to all parties in equal amounts.

1. Conditions for eligibility: The view of one respondent group is that to be eligible for direct government funding a party must be fielding candidates in at least fifty (50) percent of the total number of seats being contested. The same respondent group offered no objection to parties contesting all seats being given a higher percentage of funding than parties offering candidates in fewer seats. What is of importance is that equity should prevail throughout based on set criteria, and that no one party should be favoured over another.

Another respondent group is of the view that to qualify for direct government funding, the party making application must show unmistakable evidence of existence through such means as a membership list, organizational structure, financial statements and that it would be contesting all seats in any elections for which direct government funding is being sought.

2. Limits/amounts: One respondent group is of the view that the issue of limits/amounts should be a fixed percentage of the national budget for the year immediately preceding the election year.

3. Fund Distribution:

a. To parties. The views of respondents to government direct funding to political parties for campaign purposes centered mainly on electoral campaign and research/capacity building. Three respondents each favored the use of government direct funding to those areas. Two respondents thought that government direct funding could be used in a mixed way.

b. To candidates. One respondent group is totally against any government direct funding being given to candidates. Three respondents however favor the allocation of government direct funding to candidates for parliamentary elections. Two are of the view that any such funding should be given to and administered by the party and not the candidate. One respondent group's view is that any distribution of Government direct funding for parliamentary elections should be given across the board to all candidates in equal amounts.

c. To party caucus or individual members of Parliament/Congress: No respondent seemed in favor of the allocation of any direct government funding to party caucus or individual members of Parliament/Congress.

d. Other Organizations. Two respondent groups favor Government direct funding to other organizations and identified registered *civic awareness* building type organizations to be the beneficiaries. One respondent expressed the view that any such funding should be geared towards promoting '*come out and vote*' on the part of the electorate.

4. Election Funding:

Five respondent groups are in favor of government direct funding for parliamentary elections. One also favors government direct funding for *local municipal* elections whenever it is introduced into the State.

5. Time of Disbursement:

Four respondent groups favour the disbursement of direct government funding before campaign begins. One respondent further suggests that any such funding should be disbursed between six months and one year before the elections. One respondent favors the disbursement during the campaign, while another is in favor of a combination of disbursement times.

6. Criteria for Distribution:

Five respondent groups favor distribution of direct government funding in equal proportion. One group is of the view that the distribution of direct government funding should be based on the number of candidates being offered by parties for any elections. One

group is also of the view that for parties to be eligible for government direct funding they must be fielding a minimum number of candidates in any election for which funding is being sought.

B) INDIRECT GOVERNMENT FUNDING

1. Objects of financing:

The views of respondent groups to the objects of financing varied widely. Two favoured its use for transportation purposes, four for meeting the cost of publications, two each under the headings exemptions and grants, and three each under the headings get-out-and vote campaigns, political broadcasting and training. One respondent recommends its use in meeting the cost of advertisements.

C) NON-GOVERNMENTAL FUNDING: CONTRIBUTIONS RESTRICTIONS

1. Contribution limits: One respondent suggested a limit of US\$1m, while another recommends a limit of EC\$10,000.00.

2. Prohibitions: One respondent recommends prohibition on non-government funding where the source of funds is questionable. Prohibitions are also recommended on funds from foreign donors, unions, questionable associations/corporations and anonymous donors.

D) LIMITATIONS ON EXPENDITURES

1. Political Parties:

Amount. Three respondent groups are in favor of limitations on expenditure by political parties. One favors a limit of US\$5m, the other, US\$900,000. One was non-committal in so far as an amount is concerned.

2. Candidates:

With respect to limitations on expenditure by candidates, one group recommends a limit at forty thousand dollars (EC\$40,000.00) Eastern Caribbean currency per candidate in the case of parliamentary elections.

E) ESTIMATED COSTS OF POLITICAL FINANCING

1. Previous elections:

a. Parliament. The responses to this question varied from EC\$1 - \$4 million in the case of parties and EC\$100,000 – EC\$250,000 in the case of candidates.

b. Private financing. One respondent group indicated that it is its belief that approximately 80% of the cost of financing general elections comes from abroad.

4. Allocation: greater costs on the campaign

The lone respondent to this question is of the view that the greater costs on general elections campaign is on advertisement and promotion utilizing the major channels of communication, namely radio, television and the print media. This is followed by expenditure on transportation and staff salaries.

II. ACCESS TO THE MEDIA

A) FREE POLITICAL BROADCASTING

In Grenada, as a general rule, there is no free political broadcasting. All political parties are required to meet the cost of access to all media. This does not mean that individual media houses do not from time to time grant concession of free space or time or even reduced rates to a party or parties of choice.

The views expressed by respondents to this aspect of the survey are as follows:

1. Electoral time slots:

Two respondent groups voiced the opinion that it should be obligatory on the part of both State-run media and Private media to offer some free time to all political parties for political broadcasting. One group also favors voluntary time slots by private media. A third group argues strongly that it should be obligatory on the part of state-run and private media to provide free electoral time slots to all political parties.

2. Type time slots: One view expressed is that Type b. Principal (paid political broadcasting does not exceed the electoral time slots) should be considered for possible introduction into Grenada.

3. Time slots in non-electoral periods: The lone respondent to this question favors time slots at a reduced rate during non-electoral periods.

4. Cost of time slots: The view of one respondent group is that time slots should either be completely free or State sponsored, and that all parties meeting a set criteria should enjoy that benefit/privilege. This benefit/privilege should however be regulated with respect to frequency and duration.

5. Access to time slots:

One view expressed is that access to time slots should not be based on any of the listed criteria, but rather on concrete evidence that the party applying for access to time slots is fielding candidates in no less than 50% of the constituencies for which elections are being contested. Another respondent argues that access to time slots should not be based on

previous election results, number of votes polled or positions gained), but rather on a carefully thought out policy that offers equal access to all parties satisfying asset criteria.

6. Production cost (time slots). (b). Non-paid. Three respondents are of the view that the State should meet a percentage of the cost of any media production. This cost should be based on the same principle as that enunciated with respect to access to time Slots, which is that the party should be fielding candidates in no fewer than 50% of the constituencies being contested.

B) CONTRACTING OF TIME SLOTS

1. Advertising paid by parties, candidates, etc:

Limits: The view of one group is that limits on advertising paid for by parties, candidates, etc should be left to the discretion of individual parties. The view of this group is that no one party should be allowed to buy up all the available time.

III. PUBLIC DISCLOSURE

1. Who discloses? Five respondents are of the view that political parties should be required to make public disclosures, with one respondent advocating that the task be made the responsibility of the party leadership. Four respondents have advocated that candidates be required to make public disclosures with three advocating that donors be equally responsible for disclosures. One group that favors public disclosure by all players makes the point that in the case of donors, business organizations should be particularly made to disclose donations.

2. What is disclosed?

a. Parties: Cash Contributions. Two respondents advocate itemized disclosure of cash donations, with three advocating aggregated disclosure.

In-kind contributions: An equal number of respondents (three) favour both itemized and aggregated public disclosure of all in-kind contributions.

Expenditures: Four respondents favour 'listed by categories or itemized' disclosure of expenditure, with three favouring aggregated disclosure. One respondent advocates disclosure of expenditure in excess of \$1000.00 and that the disclosure should be to a confidential authority.

Names of donors: Four respondents favour an 'itemized listing' of the names of donors with three favouring a 'no donor names listed with contribution amounts'.

Addresses of donors: Three respondents favour public disclosure of the full addresses of donors. One favors partial address disclosure and one, no address.

Personal assets: Four respondents favour the requirement that parties be required to file a listing of personal assets.

b. Candidates: Cash contributions: Two respondents recommend an itemized declaration of cash contributions above \$10,000.00 by candidates with another two recommending an aggregated declaration.

In-kind contributions: Four respondents favor an itemized declaration of in-kind contributions with one favoring an aggregated declaration.

Expenditures: Respondents are equal in so far as the declaration of expenditure by candidates is concerned.

Addresses by donors: Respondents are also equal in so far as a declaration of the addresses of donors is concerned. One favors the declaration of the full address. Another favors the declaration of part of the address with two favoring no declaration of the address.

Names of vendors: One respondent recommended an itemized listing of the names of vendors.

5. What kind of monies can the party or candidate legally receive?

Two respondents each recommended that candidates be legally allowed to receive funds in the categories Private funds, foreign company funds, corporate funds, foreign nationals funds, union funds and expatriate nationals funds.

6. What sources of illicit funds for parties and candidates are suspected?

Respondents have listed the following sources of illicit funds for parties and candidates as suspect. Organized crime, drug trafficking funds, laundered funds, foreign influence funds

IV. ENFORCEMENT

Respondents differ as to- whether cash and in-kind contributions should be disclosed, and if they are disclosed, whether the disclosure should be in itemized or aggregated format. The dominant view is that all cash and in-kind contributions should be disclosed in an itemized format. A few respondents are however of the view that all cash and in-kind contributions should be disclosed in an aggregated form.

Expenditures: With regard to expenditures, the opinions again vary on whether they should be disclosed in an itemized or aggregated format. The predominant view is that expenditures by parties should be disclosed in an aggregated manner, but that a detailed listing of donors and their full addresses be disclosed without detailing the amount donated.

Names of donors: One respondent's view is that public disclosure should take the form of an itemized listing of names and full address of all donors. Another respondent is of the contrary view.

Personal Assets: One respondent is of the view that parties should be required to file all personal assets.

3. Do party and candidate expenditure record campaign and operational expenditures separately?

Respondents differ in their positions as to whether campaign and operational expenses should be recorded separately. The dominant view is that they should be recorded separately. Most respondents are of the view that campaign and operational expenditures should be recorded separately.

4. Are reporting requirements in this country temporary or permanent?

Here again there are no reporting requirements or practices.

5. What kind of monies can the party or candidate legally receive?

One respondent group is of the view that parties and candidates should be free to receive all kinds of money including private funds, foreign company funds, corporate funds, foreign nationals' funds and union funds.

6. What sources of illicit funds for parties and candidates are suspected?

One respondent is suspicious that illicit funds destined for parties and candidates are suspect from organised crime, drug trafficking and laundered funds. Another respondent suspects foreign influence funds.

The same respondent is of the view that parties should be required to file a listing of all personal assets.

Candidates: In the case of candidates the respondent's position is that all candidates should be required to make public an itemised listing of all cash and in-kind contributions above EC\$10,000.00.

Similarly, all candidates should be required to disclose all expenditure above EC\$10,000.00 by categories.

7. What is the name of the body receiving the financial disclosure reports? In Grenada there is no such body. One respondent is of the view that such a body is necessary and should either be created by statute or constitutionally.

IV. ENFORCEMENT

A) CONTROLLER AGENCIES

1. Nature of regulatory agencies:

At present there is no controller/regulatory agency in place in Grenada. When interviewed, most respondents advocated the appointment of such a body. One respondent favors an Electoral Management Body. Two respondents argue for an agency comprising judges with electoral jurisdiction. One respondent is in favour of an auditing body, while three others are in favor of a body composed of persons from all of the above mentioned areas.

2. Election/composition of controller agencies: One respondent sees a controller agency as comprising representatives of civil society and government.

3. Functions/responsibilities: The one person who addressed this question saw the functions/responsibilities of a regulatory agency as setting standards regarding the receipt and expenditure of funding to parties.

4. Institutional capacity: Respondents to this question saw the institutional capacity of such an organization as including financial and human resources and a level of technical capacity.

B) SANCTIONS REGIMES

Mechanisms: Five respondents are of the view that the Sanctions Regimes mechanisms should include a systematic and permanent oversight. Two respondents are of the opinion that it should be a complaint-based system, with another two arguing for a random auditing mechanism. One respondent favors a system involving a combination of all of the above mechanisms.

Sanctions Regimes: *Financial penalties.* Four respondents favor financial penalties being imposed on the political parties. Two respondents prefer financial penalties being placed on the candidates with one seeing it placed on the donors.

Legal sanctions: Five respondents see the legal sanctions as being correctly placed on the political parties.

C) CULTURE OF COMPLIANCE AND PUBLIC OVERSIGHT

a. Incentives for voluntary compliance:

One respondent group is in favor of incentives for voluntary compliance. The group recommends the training of campaign workers, technical assistance, the provision of material support, subsidies for auditing services and public education as incentives for voluntary compliance. One respondent recommends the appointment of a body to be charged with the responsibility of compliance and public oversight. The respondent sees this body, whether temporary or permanent, being appointed before general elections. One respondent

recommends that civil society be given a significant role in the naming of the members of this body.

b. Public oversight of resources:

One respondent group's recommendation is that a body, permanent or temporary, should be established before elections for the public oversight of resources. The respondent also recommends that the social partners should have a say in naming the body.

V. INFORMATION ABOUT PARLIAMENTS

1. Total cost to Parliament: Grenada does operate on a system of campaign financing by central government. Consequently, this question is interpreted in the context of the total cost to Parliament for conducting general elections and maintaining the nation's Parliament. The cost to the nation for conducting the 1995 general elections (last year for which figures are available) was EC\$374,000.00. The total cost of operating the Parliament on a yearly basis is approximately EC\$1.1m. The figure for 2003 is EC\$1.123m.

2. Who is the Parliamentary budget administrator? The Parliamentary budget administrator is the Clerk of Parliament.

Appendix 1.

List of persons interviewed.

Mr. Peter David	-	General Secretary, National Democratic Congress
Dr. Francis Alexis	-	Political Leader, People's Labour Movement
Mr. Wilfred Hayes	-	President, Grenada United Labour Party
Mrs. Gloria Payne-Banfield	-	Political Leader, Grenada United Labour Party
Mr. Osmore Gall	-	General Secretary, Grenada United Labour Party
Mr. Jerome Romain	-	Assistant General Secretary, Grenada United Labour Party
Mr. Ronald Mc Sween	-	Treasurer, Grenada United Labour Party
Mr. Guy Alexander	-	Assistant Treasurer, Grenada United Labour Party
Mr. Herbert Preudhomme	-	Member, Grenada United Labour Party
Canon Leopold Friday	-	President, Conference of Churches, Grenada
Miss Ismay Maloney	-	Secretary, Conference of Churches, Grenada
Mr. Raymond Roberts	-	General Secretary, Grenada Trades Union Council
Mr. Joseph Budd	-	Field Officer, Grenada National Council of the Disabled
Miss Hilary Gabriel	-	Co-coordinator, Grenada National Council of the Disabled
Mr. Kimani La Touché	-	Member, Grenada National Council of the Disabled
Miss Neila Duncan	-	IMANI Trainee, Grenada National Council of the Disabled
Miss Pauline Jacob	-	IMANI Trainee, Grenada National Council of the Disabled