



POLICY ANALYSIS

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Reforming Campaign Finance Laws to Shield Nigerian Democracy from State Capture

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Executive Summary

Campaign finance has become one of the most critical threats to democratic governance in Nigeria. The rising cost of elections, weak enforcement of spending limits, and opaque sources of political funding have created conditions where wealthy individuals, political godfathers, and corporate interests exert disproportionate influence over electoral outcomes and public policy. This phenomenon commonly referred to as state capture, undermines democratic accountability, distorts policy priorities, and erodes public trust in governance.

Although the Electoral Act 2022 introduced spending limits and disclosure requirements, enforcement remains weak due to institutional capacity constraints within the Independent National Electoral Commission (INEC) and limited coordination with anti-corruption agencies such as the Economic and Financial Crimes Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC). Without reforms, Nigeria's electoral system risks becoming increasingly dominated by moneyed interests, reducing elections to a contest of financial power rather than democratic choice.

To protect Nigeria's democracy from state capture, the National Assembly may consider the following reforms:

- ✓ The National Assembly, through its Senate and House Committees on INEC and Electoral Matters may wish to initiate an amendment to Sections 94 of the Electoral Act 2026 to: Introduce mandatory digital reporting of campaign donations and expenditures; require real-time disclosure of donations above ₦50 million and mandate quarterly financial reporting by political parties.
- ✓ The Senate and House Committees on INEC and Electoral Matters, may wish to sponsor legislation empowering the Independent National Electoral Commission (INEC) to establish a Campaign Finance Monitoring and Audit Unit responsible for: auditing political party finances; monitoring campaign expenditures and conducting financial investigations during elections.

1. Introduction

Campaign finance refers to the funding of political parties, candidates, and electoral activities, including campaign advertisements, rallies, logistics, and mobilization. In modern democracies, regulating campaign finance is essential to ensure fair competition, transparency, and equal political opportunity.



However, elections in Nigeria have become extremely expensive¹. The monetization of politics has intensified since the return to democracy in 1999². Candidates have often been reported to spend far beyond legally permitted limits to secure party nominations, finance campaigns, and influence voters³.

This can lead to political offices become accessible primarily to wealthy individuals or those backed by powerful sponsors. Elected officials may prioritize the interests of their financiers rather than citizens. Additionally, corruption risks increase as politicians attempt to recover campaign expenditures once in office. As a result, the integrity of Nigeria's democratic institutions is increasingly threatened by state capture, where private interests shape public policy to serve their own economic or political goals.

Consequently, this brief examines the weaknesses in Nigeria's campaign finance framework and proposes legislative and institutional reforms that can improve transparency, accountability, and democratic integrity.

2. Content Analysis: Campaign Finance Framework in Nigeria

Nigeria's campaign finance system is primarily governed by the Electoral Act and the regulatory oversight of the Independent National Electoral Commission (INEC)⁴.

The Electoral Act 2026 makes substantial revisions to Nigeria's campaign finance framework. Sections 89, 91, 92, and 93 and 94 collectively govern INEC's power to limit contributions to political parties, candidate spending limits, prohibition on political party ownership of foreign funds, and party expenditure reporting. The most consequential changes are the increased spending limits across all elective offices, ranging from 100% to 400%, and a tenfold rise in the individual donation cap, from N50 million to N500 million.

Section 89 reinforces the constitutional ban on parties holding or retaining funds outside Nigeria. Violations attract forfeiture of such funds or assets to INEC plus a potential minimum fine of N5, 000,000. Section 91 empowers INEC to cap contributions by individuals to parties or candidates, and to demand source-of-funds information. A party exceeding the limit faces a fine of up to N10, 000,000 and forfeiture; an individual faces five times the amount in excess of the prescribed limit.

Section 92 sets the maximum campaign expenditure a candidate may incur from the date of notice of election to polling day. All caps are substantially higher than the 2022 Act:

¹ Vanguard NG. (13 September 2025). High cost of elections: How Nigeria spent N981.5bn on 7 polls in 24 years. *Vanguard NG*. <https://www.vanguardngr.com/2025/09/high-cost-of-elections-how-nigeria-spent-n981-5bn-on-7-polls-in-24-years/>

² Accord (13 December 2018). Practice and Perils of Vote Buying in Nigeria's Recent Elections. *Accord*. <https://www.accord.org.za/conflict-trends/practice-and-perils-of-vote-buying-in-nigerias-recent-elections/>

³ Olumide, S & Godwin, A. (2026). Election campaign spending to stress-test CBN's naira, inflation grip. *The Guardian NG*. <https://guardian.ng/featured/election-campaign-spending-to-stress-test-cbns-naira-inflation-grip/>

⁴ PLAC. (2026). Electoral Act (2026). <https://placng.org/i/wp-content/uploads/2026/02/PLAC-Factsheet-on-Campaign-Spending-2026-2.pdf>



The Act prescribes the following spending limits:

S/N	Office Contested	Maximum Campaign Spending
1	President	₦10,000,000,000 (₦10 billion)
2	Governor	₦3,000,000,000 (₦3 billion)
3	Senator	₦500,000,000 (₦500 million)
4	House of Representatives	₦250,000,000 (₦250 million)
5	State House of Assembly	₦100,000,000 (₦100 million)
6	Chairman of Area Council	₦100,000,000 (₦100 million)
7	Councillor	₦10,000,000 (₦10 million)
8	Donation Cap (per individual/ entity)	₦500, 000, 000 (₦500 million)

Source: Electoral Act 2026.

Penalty regime (S.92): A candidate who violates the spending ceiling is liable to a fine of 1% of the permitted limit or 12 months' imprisonment, or both upon conviction. A party that spends beyond the limit is liable on conviction to forfeiture of the excess amount and a maximum fine of ₦10, 000,000. An individual or entity which donates beyond the ₦500, 000,000 limit faces a fine of five times the excess amount. Accountants who falsify campaign expenditure records face a fine of at least ₦5, 000,000 or three years' imprisonment upon conviction, directly targeting professional enablers of financial misconduct.

Section 93 governs party-level expenditure. Key obligations include: publication of the return in at least two national newspapers and on the party's official website. A fine of up to ₦10, 000,000 for non-filing of audited return, plus ₦1, 000,000 per day for every day the return remains overdue after the deadline.

These provisions were designed to promote fair political competition, reduce money politics, prevent state capture by wealthy sponsors and improve electoral transparency.

However, election observers—including groups like the Centre for Democracy and Development and the International Republican Institute, have repeatedly noted that actual campaign spending often exceeds the legal limits, especially in presidential and gubernatorial elections.

3. Key Issues in Nigeria's Campaign Finance System

- i. Weak enforcement mechanisms: The Independent National Electoral Commission (INEC) has the legal mandate to monitor campaign finance, but its enforcement capacity is limited. The Commission lacks the forensic financial investigation capacity, weak sanctions for violations, and delayed prosecution of offenders. Consequently, many candidates spend far above the legal limits without consequences.
- ii. Lack of transparency in political donations: Many campaign donations in Nigeria are undocumented, it can be channelled through proxies, or paid in cash. This allows illicit funds, including proceeds of corruption to enter the political system.
- iii. Influence of political godfathers: political godfatherism remains a defining feature of Nigerian politics. Wealthy political sponsors finance campaigns in exchange for possible



control over government contracts, also influence over appointments and access to public resources⁵. This creates a system where public office becomes an investment venture.

- iv. Vote buying and electoral clientelism: Campaign finance violations often translate into vote buying, particularly during elections. Candidates distribute cash or goods to voters in exchange for support.
- v. Vote buying undermines electoral credibility, citizen autonomy and policy-based politics in Nigeria.
- vi. Weak inter-agency collaboration: Although agencies such as the EFCC and ICPC possess financial investigation expertise, there is limited collaboration with INEC in monitoring political funding⁶. This institutional fragmentation weakens enforcement.

4. Implications for Democratic Governance

Failure to regulate campaign finance effectively has serious implications:

- i. Policy capture: Wealthy donors may influence public policies, including taxation policies, government contracts, and regulatory decisions
- ii. Political inequality: Candidates without financial backing—especially women and youth, are excluded from political competition.
- iii. Corruption in public office: Politicians have been reported to often divert public resources to repay campaign sponsors or recover campaign expenses⁷.
- iv. Declining public trust: Citizens lose confidence in democracy when elections appear to be controlled by money rather than votes.

5. Comparative campaign finance Frameworks

Country	Constitutional and Legal Provisions	Key constitutional provisions	Regulatory Body	Penalties for Violations
Ghana	Political party financing in Ghana is rooted in the Constitution of Ghana 1992 ⁸ and the Political Parties Act 2000 (Act 574) ⁹ .	Article 55(14) Political parties are required to declare their revenues and assets to the Electoral Commission annually Article 55(15) Political parties must publish their sources of funding and assets in the national gazette and the media.	Electoral Commission of Ghana	Accepting foreign donations is prohibited and may lead to criminal prosecution. Political parties that fail to submit audited accounts may face suspension of operations.

⁵ International Institute for Democracy and Electoral Assistance. (2025). Combatting corruption in political finance: Global trends, challenges and solutions. *IDEA*. <https://www.idea.int/publications/catalogue/html/combating-corruption-political-finance-global-trends-challenges->

⁶ Kimpact Development Initiative. (2025). PoliMoney: campaign and political finance monitoring report of the 2024 Edo and Ondo states off-cycle governorship elections. *KDI*. https://kimpact.org.ng/storage/publications/campaign_finance_report/2024/

⁷ International Institute for Democracy and Electoral Assistance. (2025). Combatting corruption in political finance: Global trends, challenges and solutions. *IDEA*. <https://www.idea.int/publications/catalogue/html/combating-corruption-political-finance-global-trends-challenges->

⁸ Food and Agriculture Organisation. (2020). Ghana's Constitution of 1992 with Amendments through 1996. <https://faolex.fao.org/docs/pdf/gha129754.pdf>

⁹ LawsGhana. (2000). Political Parties Act 2000 (Act 574). *LawsGhana*. <https://lawsghana.com/post-1992-legislation/table-of-content/>



Kenya	Constitution of Kenya 2010 ¹⁰ and Political Parties Act 2011 ¹¹	Article 92 (f) provides that Parliament is mandated to enact legislation that provides for the regulation of political party funding and expenditure. Article 91(2) Political parties must operate transparently and accountably.	The Office of the Registrar of Political Parties regulates party funding.	Withdrawal of public funding, financial penalties, and deregistration of political parties. Political parties that fail to comply with reporting requirements may lose access to the Political Parties Fund.
South Africa	Constitution of South Africa 1996 ¹² and Political Party Funding Act 2018 ¹³	Section 236 of the Constitution provides that: Political parties represented in national and provincial legislatures are entitled to public funding to enhance multi-party democracy.	The Independent Electoral Commission of South Africa	Administrative sanctions and criminal prosecution

Source: Authors compilation from reviewed countries Legal Frameworks

Lesson for Nigeria

From these international experiences, several important lessons emerge for Nigeria.

- i. Electoral management bodies must possess the authority and resources to audit party finances and enforce sanctions;
- ii. Nigeria can adopt a transparent disclosure system for political donations and public funding tied to democratic representation, as it is done in other climes;
- iii. Nigeria can learn from Kenya by establishing a public political party funding framework and linking funding eligibility to financial transparency and gender inclusion.

6. Key Areas for Legislative Intervention

To protect Nigeria's democracy from state capture, the National Assembly may consider the following reforms:

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- ii. The Senate and House Committees on INEC and Electoral Matters, may wish to sponsor legislation empowering the Independent National Electoral Commission (INEC) to establish a Campaign Finance Monitoring and Audit Unit responsible for: auditing political

¹⁰ Food and Agriculture Organisation. (2010). The Constitution of Kenya, 2010. <https://faolex.fao.org/docs/pdf/ken127322.pdf>

¹¹ ConstitutionNet. (2011). Political Parties Act 2011. https://constitutionnet.org/sites/default/files/the_political_parties_act_2011_1.pdf

¹² South African Government. (1996). Constitution of South Africa 1996. <https://www.gov.za/sites/default/files/images/a108-96.pdf>

¹³ South African Government. (1996). Constitution of South Africa 1996. <https://www.gov.za/sites/default/files/images/a108-96.pdf>



- party finances; monitoring campaign expenditures and conducting financial investigations during elections.
- iii. The National Assembly may wish to strengthen oversight of political party finances by ensuring annual independent audits of political party finances, submission of audited reports to INEC and public disclosure of party
 - iv. The Senate Committee on Anti-Corruption and Financial Crimes and House Committee on Financial Crimes, through its oversight functions may wish to propose legislation establishing a formal coordination framework between the Independent National Electoral Commission (INEC), Economic and Financial Crimes Commission (EFCC), and the Independent Corrupt Practices and Other Related Offences Commission (ICPC), to investigate suspicious political donations and illicit campaign financing.
 - v. The House Committee on Justice and Senate Committee on Judiciary, Human Rights and Legal Matters may wish to utilize oversight, to initiate the amendment of Section 89(4 & 7) of the Electoral Act 2022 to introduce stricter sanctions including: disqualification of candidates who exceed spending limits.

7. Conclusion

The growing influence of money in Nigerian politics poses a significant threat to democratic governance. Weak campaign finance regulation has enabled powerful individuals and interest groups to capture political institutions and shape public policy in their favor. Reforming campaign finance laws is therefore essential for safeguarding democracy in Nigeria. Stronger transparency mechanisms, improved enforcement, and legislative reforms can help reduce the influence of illicit money in politics and restore public confidence in the electoral system. If implemented effectively, these reforms will strengthen democratic accountability and ensure that elections in Nigeria are determined by citizens' votes rather than financial power.

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