INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH AND ANALYSIS

ISSN(print): 2643-9840, ISSN(online): 2643-9875

Volume 08 Issue 05 May 2025

DOI: 10.47191/ijmra/v8-i05-90, Impact Factor: 8.266

Page No. 3045-3053

The Reverberation of Campaign Finance Regulations on Electoral Outcomes in Developing Countries Using Meta-Analysis

Nisha Sriram[1], Dr. Abhishek Pratap Singh Sachan[2]

[1]CHIREC International School, Hyderabad

[2]Economist & Public Policy Expert, India

ABSTRACT: As classified by the International Monetary Fund, 85% of the world's population resides in 152 developing nations. The financial system is the backbone of those economies. Financial regulations and policies related to controlling finance in the nation are the responsibility of the ruling political parties. During their political campaign, political parties, through their memorandum, promise the efficient utilization of the nation's money, but what about campaign finance? Isn't it important? This research paper is an investigation using a meta-analysis of how campaign finance regulations lead to more equitable representation in developing countries and to what extent campaign finance regulations reduce the influence of corruption in election outcomes in developing countries concerning India, Mexico, and South Africa.

KEYWORDS: Campaign Finance Regulation (CFR), Good Governance, Developing Nations, Impact Assessment, India, Mexico, and South Africa.

1. INTRODUCTION

Understanding the impact of campaign finance regulations on electoral outcomes in developing countries is crucial, as these regulations can shape elections' fairness, transparency, competitiveness, and legitimacy. Developing countries, in particular, have higher corruption rates than developed countries for several reasons, including poor governance and lack of transparency in electoral processes (Murray, 2015). This corruption has many costs, resulting in the misallocation of funds and the deprivation of public services funding in developing countries (Rose-Ackerman, 2017). Corruption in developing countries has also contributed to increasing income inequality (Zandi et al., 2022). Developing countries also generally experience less inclusivity in their political representation, with higher disparities based on class, gender, and education than in developed countries (Burgoon et al., 2022). Marginalized groups in these countries often face more barriers to political participation, reducing their influence on policymaking (Mathisen & Peters, 2023). This research paper investigates three major economicdriven economies: India, Mexico, and South Africa. Hence, campaign finance regulation could be instrumental in changing electoral outcomes and improving these conditions.

2. RESEARCH OBJECTIVES

The following are the research objectives to investigate in detail:

1. To what extent do campaign finance regulations lead to more equitable representation in developing countries?
2. To what extent do campaign finance regulations reduce the influence of corruption in election outcomes in developing countries?

3. RESEARCH METHODOLOGY

To analyze more effectively, the authors use meta-analysis as a statistical method that combines data from multiple independent studies to provide a more precise estimate of the overall effect of an intervention. Past and current approaches to campaign finance by developing countries, this paper will focus on three developing countries: India, Mexico, and South Africa.

All countries' regulations on campaign finance have significantly evolved over the past decades. India, after becoming a democracy, took up The Representation of the People Act of 1951, which established the framework for conducting elections in the country. In 1969, the government imposed a complete ban on corporate donations, only for it to be lifted in 1985 due to unaccounted corporate black money in the electoral system due to the initial ban. In 2003, The Election and Other Related Laws Act mandated the disclosure of donations over ₹20,000, promoting transparency in political donations (Kumar, 2024). However, this transparency was reduced due to The Electoral Bonds Scheme Act, which was introduced in 2017 and permitted anonymous donations by purchasing bonds. The scheme faced much criticism for violating the public's right to information, and the Supreme Court finally invalidated it in a landmark 2024 decision, citing concerns over corruption and lack of transparency. This decision mandated the disclosure of donor identities (Sinha, 2024).

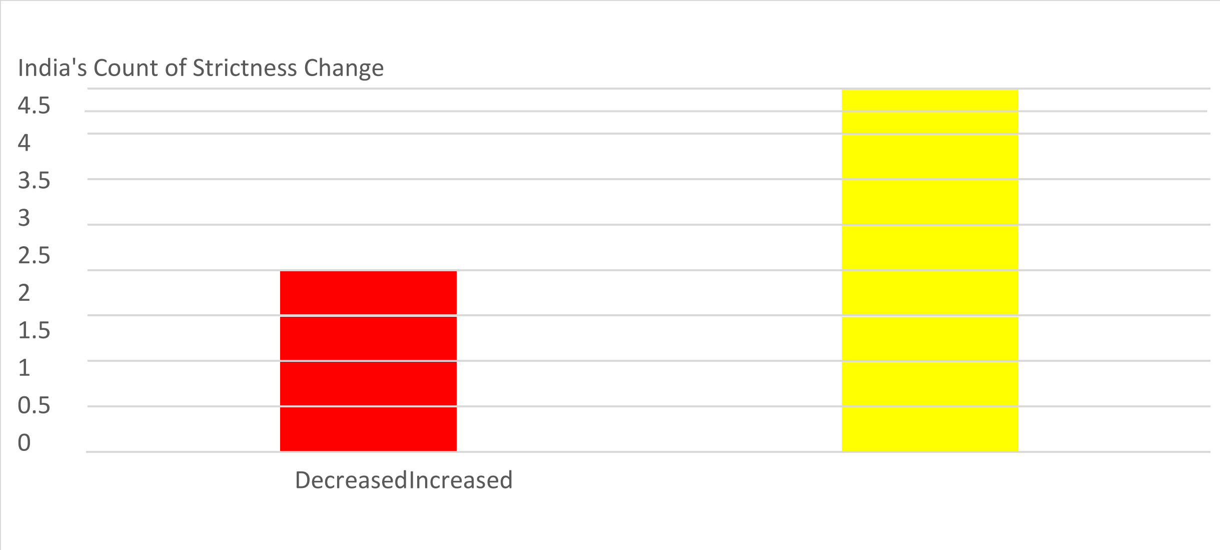
Mexico introduced public financing for its political parties in 1987 to reduce dependence on private donations and promote equity amongst candidates and parties. Following that, a 1996 constitutional reform mandated that public financing prevail over private funding for party activities, further promoting equity and reducing excessive influence from large private donors. In 2007, new reform rules prohibited individuals and third parties from purchasing television ads to influence elections, significantly (Gerken, 2009) reducing the amount of money available for campaigning. Reforms in 2009 reduced public financing for parties but strengthened the oversight system through financial reporting and auditing procedures (*Instituto Nacional Electoral*, n.d.).

South Africa, in 1997, enacted The Public Funding of Represented Political Parties Act, establishing a framework for the public funding of political parties represented in Parliament and provincial legislatures. In 2004, The Western Cape High Court ruled that political parties were not obliged to disclose their funding sources in response to a lawsuit by The Institute for Democracy in South Africa (IDASA). However, later in 2018, The Political Party Funding Act was passed, introducing public and private funding regulations for political parties (*Political Party Funding I - History And The Current Position In South Africa*, n.d.). It mandated disclosure of donations above a certain threshold and prohibited donations from foreign governments and agencies (*Party Funding Background - Electoral Commission of South Africa*, n.d.).

3.1 Variables in campaign finance regulation and their impact on representation and corruption

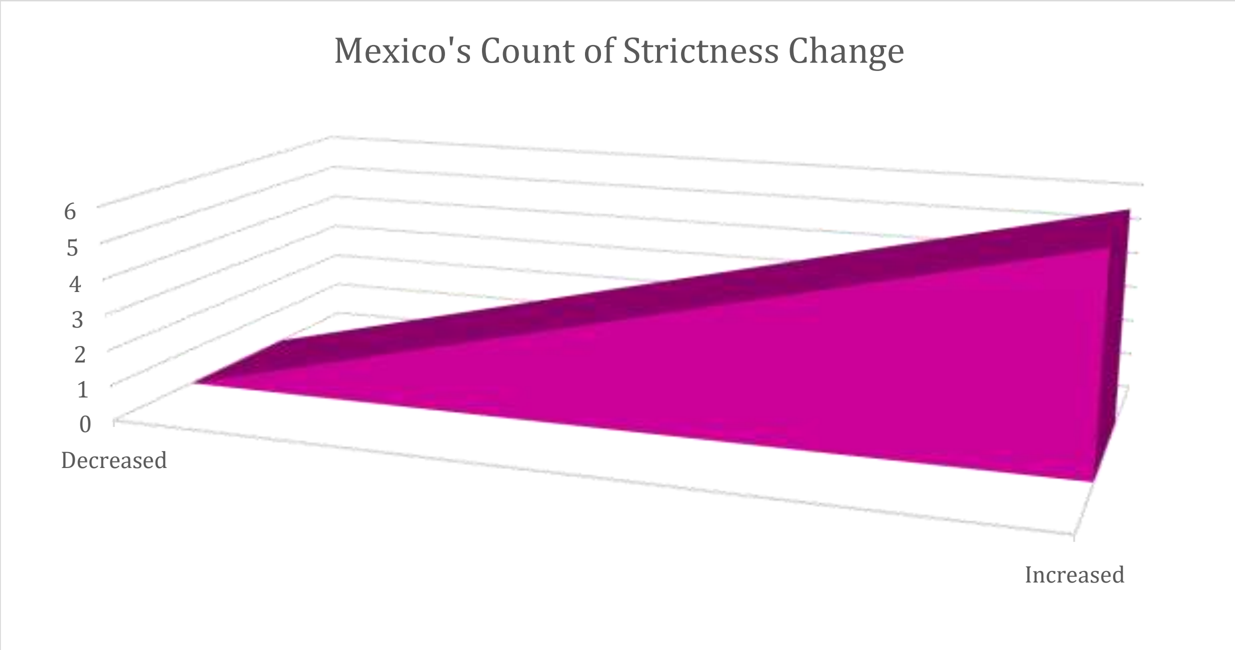
India

Variable	Year	Regulation Change	Strictness Change	Source
Private Donations	1985	Ban on corporate donations lifted	Decreased	Reforming India's Party Financing and Election Expenditure Laws
Public Funding	1996	Introduction of partial state funding for elections	Increased	Financing of Election Campaigns - PRS Legislative Research
Spending Limits	2003	Mandatory disclosure of donations over ₹20,000	Increased	Transparency and Accountability in Political Funding
Foreign Donations	2010	Enactment of the Foreign Contribution (Regulation) Act, regulating foreign donations	Increased	Political Funding in India: Overview of Rules and Recent FCRA Amendment
Third-Party Contributions	2017	Introduction of Electoral Bonds allowing anonymous donations	Decreased	Transparency and Accountability in Political Funding
Third-Party Contributions	2024	Supreme Court strikes down Electoral Bonds scheme, reinstating transparency	Increased	Supreme Court Invalidates Electoral Bonds Scheme



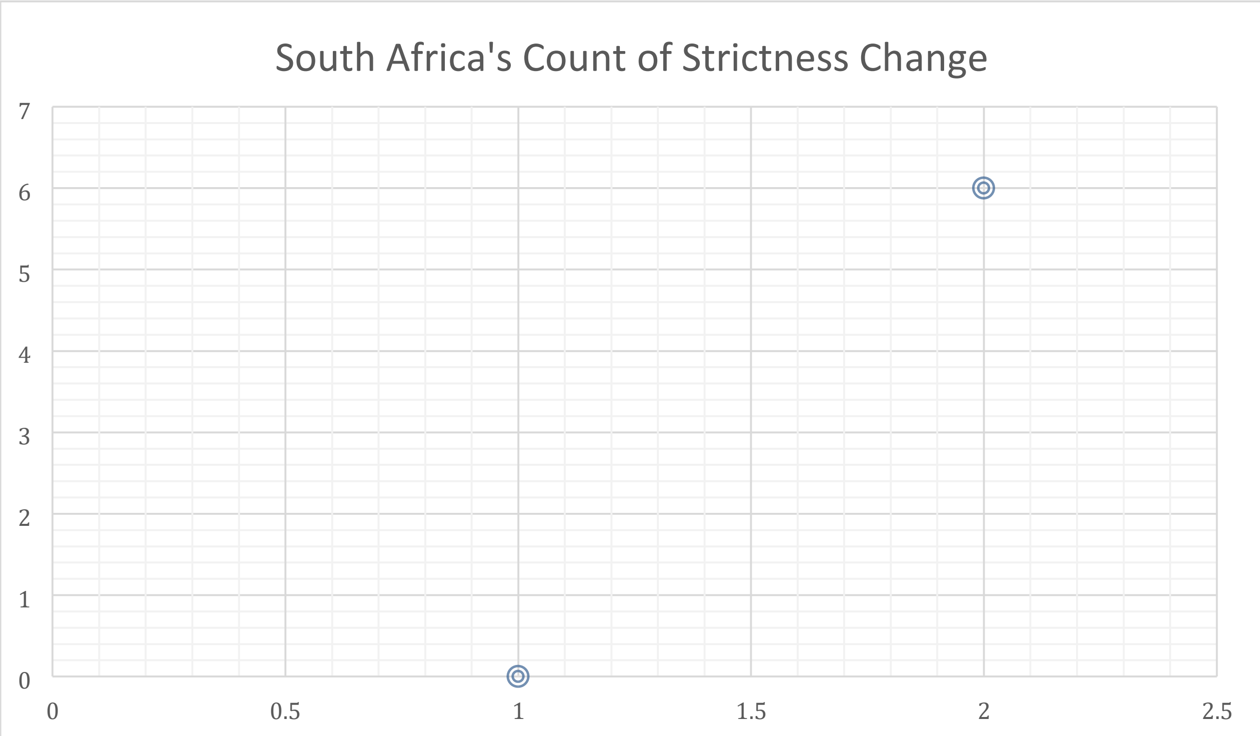
Mexico

Variable	Year	Regulation Change	Strictness Change	Source
Public Funding	1987	Introduction of public financing for political parties	Increased	Campaign Financing in Mexico - Council on Foreign Relations
Foreign Donations	1993	Prohibited foreign contributions to political parties	Increased	Campaign Financing in Mexico - Council on Foreign Relations
Private Donations	1996	Imposed stricter limits on private contributions	Increased	Campaign Financing in Mexico - Council on Foreign Relations
Spending Limits	2007	Reduced amount of money available for campaigning	Increased	Campaign Finance South of the Border - Brennan Center for Justice
Third-Party Contributions	2007	Prohibited individuals and third parties from purchasing television ads to influence elections	Increased	Campaign Finance South of the Border - Brennan Center for Justice



South Africa

Variable	Year	Regulation Change	Strictness Change	Source
Public Funding	1997	Enactment of the Public Funding of Represented Political Parties Act	Increased	Public Funding of Represented Political Parties Act 103 of 1997
Private Donations	2018	Introduction of the Political Party Funding Act regulating private funding	Increased	Political Party Funding Act 6 of 2018
Spending Limits	2018	Imposed limits on donations and required disclosure of donations above a threshold	Increased	Private funding of political parties - Electoral Commission of South Africa
Third-Party Contributions	2018	Prohibited donations from foreign governments and agencies	Increased	Political Party Funding Act 6 of 2018
Foreign Donations	2018	Prohibited donations from foreign governments and agencies	Increased	Political Party Funding Act 6 of 2018
Private Donations	2021	Political Party Funding Act mandates parties to keep records of all private donations and disclose donations above R100,000	Increased	Political Party Funding Act now in effect, parties must keep records of donations



4. ANALYSIS

In a comparative analysis, it is important to note that India's system features anonymous donations, Mexico's system is characterized by public funding for political parties, and South Africa has a unique blend of public and private funding. This diversity underscores the distinctiveness of each country's approach to campaign finance, with South Africa's system standing out as a hybrid model that allows for both types of funding (Party Funding Background - Electoral Commission of South Africa, n.d.).

4.1 Impact Assessment

Political financing laws in India, Mexico, and South Africa have produced mixed results. Although spending caps and disclosure enable the public to perceive the process as equitable in India, there are high levels of illicit or undeclared funds. In Mexico, public financing has helped small parties, but there is evidence of drug cartels secretly controlling the process because this has led to a complex situation. Public and private funding is used in South Africa, but strict disclosure requirements are in place. Therefore, this has helped promote transparency and inclusivity, but insufficient resources exist to monitor the laws. This has helped to promote transparency and inclusivity, but there are insufficient resources to monitor the laws; thus, the laws are not fully effective. In general, the laws help to improve public confidence, inclusiveness, and transparency, but illicit or undeclared funding and weak monitoring remain prominent. Hence, we need to improve the rules (Party Funding Background - Electoral Commission of South Africa, n.d.).

4.2 Challenges and Barriers

There are many problems with campaign finance regulations, and they are hard to enforce.

Politicians do not like them because they do not always make things better. Although India, Mexico, and South Africa have very different problems, they are all grappling with the same challenges regarding campaign finance laws, and the politicians do not like to follow the rules. Moreover, they do not like to make them stricter. Thus, they do not want to ensure that others follow the rules. Rules are difficult to implement; therefore, the agencies require resources, workforce, and expertise to ensure that the rules are implemented. People, including politicians, political parties, donors, and others, will find ways to circumvent the rules, so sometimes the law creates unintended problems. For instance, India recently passed a law to curb black money in politics, and the government created electoral bonds, which allow donors to use the bonds to donate money to parties. However, the bonds disguise who is donating the money; thus, now we know less about who is donating money to parties. Organized crime can also be an issue; for example, in Mexico, drug cartels donate to candidates and parties, and therefore, it is a significant problem in the country (Mathisen & Peters, 2023).

4.3 Role of International Organizations

International organizations assist countries, particularly developing countries, in reforming and implementing campaign finance laws, and they provide expertise, funds, and benchmarks. International organizations provide expertise, funds, and benchmarks, so they help countries design and implement laws. The UN, Transparency International, International IDEA, and OECD help countries design and implement laws. Therefore, they advocate transparency and share best practices. They advocate transparency and share best practices; thus, they help countries learn from success and failure. Transparency International monitors corruption and advises governments on preventing money in politics because it raises awareness about the risks of unregulated campaign financing and the need for strong laws. The Open Government Partnership (OGP) encourages countries to adopt transparent and fair campaign finance practices, including openness about donors, spending, and election financing. This includes openness about donors, spending, and election financing, which helps ensure that politicians act in the public interest. The international community provides technical and financial assistance to countries and creates a sense of urgency for change by establishing benchmarks. It creates a sense of urgency for change by establishing benchmarks; therefore, it helps to build citizens' trust in electoral systems. It helps to build citizens' trust in electoral systems; thus, it also helps to reduce the corrupting influence of money. Countries need to be willing to change and have the money to implement reforms because countries also need to have the money to implement reforms. Without political will and funding, even the best advice and benchmarks will not lead to change, so countries must be willing to change and have the money to implement reforms (Gerken, 2009).

4.4 Gender and Inclusivity

Money can make it easier for women to enter politics, and when women receive money, they may be more likely to run for office. In Mexico, the government provides money to all political parties, which has helped women get elected. Mexico saw a significant increase in women in politics as a result. Therefore, this increase is a significant development. However, this is not the case for India and South Africa because women continue to enter politics at low rates, and money is just one issue. Culture also plays a huge role, and it is an important factor to consider (Roulet, 2024).

4.5 Policy Recommendations

To improve the effectiveness of campaign finance regulations, the following policy recommendations are proposed:

1. Ensure that campaign finance regulations are enforced, and this involves providing the agencies responsible for enforcing them with the resources and authority they need to do so effectively. If campaign finance regulations are not enforced, they are ineffective because effective enforcement is necessary for the regulations to have any impact.
2. Another critical aspect of improving campaign finance regulations is eliminating loopholes in the laws. These loopholes can lead to the influx of dark money or outside-spent money, creating opportunities for corruption and the abuse of power. By closing these loopholes, the integrity of the electoral process can be safeguarded.
3. Require disclosure of all contributions. This means that all donations, regardless of their size, should be disclosed. This will ensure that citizens are aware of who is funding political campaigns, which can increase the legitimacy of the electoral process.
4. Increase public financing of political campaigns, which involves government funding of candidates' campaigns so that they are not dependent on private donations. This is a more equitable system because all candidates and parties receive the same amount of funding, regardless of their wealth.
5. Collaborate with other states, which involves exchanging information and adopting best practices from other states. This allows states to learn from each other, thus adopting better campaign finance rules, because collaboration can lead to more effective and efficient regulation (Kumar, 2024).

4.6 Limitations of campaign finance regulations in developing nations

Despite implementing regulations to increase transparency, reduce corruption, and improve equity, there may be barriers to achieving these goals through campaign finance regulations.

Even though regulations may be extensive, a lack of strong enforcement mechanisms may make the laws difficult to implement effectively. Good enforcement requires vast resources, which may challenge developing countries. Politicians and donors also frequently exploit loopholes in the laws in order to bypass restrictions. This can allow them to evade specific regulations. Methods like indirect contributions and third-party expenditures (via Super PACs or opaque trusts, for example) make money difficult to trace, sometimes allowing parties to bypass donation limits and disclosure requirements. Similarly, undocumented funding accounts for a significant portion of campaign financing in developing countries, coming from unregulated sources such as organized crime groups like drug cartels in Mexico or undisclosed private donors, including businesses (Roulet, 2024). This undocumented funding, enabled by the lack of vigorous enforcement, undermines campaign finance regulations and leads to further corruption.

These barriers question the effectiveness of campaign finance regulations in developing countries. As covered in the previous section, the two main goals of increasing campaign finance regulations in India, Mexico, and South Africa are increasing election equity and decreasing corruption. Through this, we derive the two questions examined in this paper: To what extent do campaign finance regulations lead to more equitable representation in developing countries? and to what extent do campaign finance regulations reduce the influence of corruption in election outcomes in developing countries?

4.7 Future Trends

New methods of contributing to campaigns have emerged, including AI, blockchain, and social media. They can be helpful to campaigns but also introduce novel challenges because they require new strategies to address them. Artificial intelligence can analyze campaign contributions to detect patterns and be used to detect fraud. Artificial intelligence can also target voters with advertising, leading to controversy. Therefore, it must be used responsibly. Blockchain provides transparency and security of funds. Thus, it can allow for the anonymity of donors, but this can make it difficult to trace where the funds came from. Social media can help fundraising, but it can also spread fake news and enable foreign interference, which can have serious consequences. The emerging states face more formidable challenges because they have weaker legal and technical infrastructure to address such new tools, which can disadvantage them (Zandi et al., 2022).

Governments must also write new rules and regulations to protect data and clarify digital fundraising. Therefore, they must partner with tech firms to ensure compliance with the law. New tools can also help governments because AI can monitor campaigns, and blockchain can secure funds; thus, citizens must be educated about the safe use of technology in elections. So, just to sum up, new tools are great, but not without risk, and we are all going to have to work together to ensure that the bad guys do not get any advantage; therefore, new countries are going to have to find a way to balance access to technology and the protection of their elections (Zandi et al., 2022).

4.8 Broader Implications

Beyond this, good campaign finance laws can also help to improve democracy, government, and public trust in both of these, and they can also address corruption and help to ensure that everyone has a fair chance of getting into politics. This is particularly important for ensuring that people from different backgrounds have an equal say because this is crucial for democracy to function correctly and to be strong. When people see where the money campaign comes from and who controls it, they will better trust elections, and thus, they will also feel confident that their leaders and the system are honest. This makes people less bitter and more likely to vote; therefore, trust in government helps to keep things peaceful. Good laws about campaign finance can also help the economy and society in the long run, so they are essential for a country's development (Sinha, 2024).

Additionally, no one is bribing candidates with cash. In that case, public funds will not be so easily stolen, and that is good for the economy and everyone because it also encourages investment and growth. It also ensures the government spends money where it is most needed; thus, this is particularly important for emerging economies because it can unite people and prevent conflict. If everyone has an equal chance at politics, rich and poor, people from different regions can work together, making a country more stable. In sum, good campaign finance laws are suitable for a country. Therefore, they should be implemented and enforced effectively (Sinha, 2024).

5. CONCLUSION

In summary, more regulations on campaign funding are necessary to bring about more positive changes in elections in developing countries, and much has been achieved. However, there is still more work to be done in terms of the implementation of the rules, clarity, and alignment with new trends because if the developing countries address these challenges and harness new tools such as artificial intelligence, blockchain, machine learning, and modern social media differently, they can achieve credible, clean, and transparent elections. This will make elections freer and fairer, contribute to lasting peace, more jobs, and a better standard of living, thus making the overall situation a more stable and prosperous nation economically and non-economically with good governance (zero tolerance policy against corruption).

REFERENCES

1) BILL – C11 – Opinion and Review – My Personal Blog. https://marksdeepthoughts.ca /2023/02/14/bill-c11-opinion-and-review/
2) Briffault, R. (2010). Campaign finance disclosure 2.0. Election Law Journal, 9(4), 273-303.

3) Brody, R. G., Gupta, G., Ekofo, A. N., & Ogunade, K. M. (2020). The need for anti-corruption policies in developing countries. Journal of Financial Crime, 28(1), 131-141.
4) Burgoon, B., Lupu, N., Pontusson, J., & Schakel, W. (2022). Understanding unequal representation. *European Journal of Political Research*. https://doi.org/10.1111/1475-6765.12521
5) Casas-Zamora, K., & Zovatto, D. (2015). The cost of democracy: Campaign finance regulation in Latin America. Latin American Initiative, Foreign Policy at Brookings.
6) Cash, D., & Khan, M. (2024). Rating the Globe: Reforming Credit Rating Agencies for an Equitable Financial Architecture. United Nations University.
7) Chiquier, L., & Lea, M. J. (Eds.). (2009). Housing finance policy in emerging markets. World Bank Publications.
8) Elliott, K. A. (1997). Corruption as an international policy problem: Overview and recommendations. Corruption and the global economy, 175, 175-230.
9) Garrett, R. S. (2012). The State of Campaign Finance Policy: Recent Developments and Issues for Congress. Congressional Research Service.
10) Gerken, H. K. (2009). Mexico's 2007 Election Reforms: A Comparative View. Mexican Law Review, 2(1), 1-10. https://biblat.unam.mx/hevila/Mexicanlawreview/2009/vol2/no1/6.pdf
11) Instituto Nacional Electoral. (n.d.). https://portalanterior.ine.mx/archivos3/portal/historico/contenido/Reform_2009_English/
12) Kang, M. S. (2012). The end of campaign finance law. Va. L. Rev., 98, 1.
13) Kumar, A. (2024). The Role of Money in India's Elections: How Effective Is the Political Finance Regime? *Millennial Asia*. https://doi.org/10.1177/09763996241246054
14) Larcker, D., & Tayan, B. (2020). Corporate governance matters. FT Press.
15) Mathisen, R., & Peters, Y. (2023). *Political Participation and Unequal Representation* (pp. 196-216). Cambridge University Press. https://doi.org/10.1017/9781009428682.011
16) Murray, T. (2015). Corruption In Developing Countries: What Keeping It In The Family Means For Everyone Else. *Osgoode Hall Law Journal*, *53*(1), 268–300. https://digitalcommons.osgoode.yorku.ca/cgi/viewcontent.cgi?article=2977&context=ohlj
17) *Party Funding Background-Electoral Commission of South Africa*. (n.d.). https://www.elections.org.za/pw/Party-Funding/Party-Funding-Background?
18) *POLITICAL PARTY FUNDING I - HISTORY AND THE CURRENT POSITION IN SOUTH AFRICA.* (n.d.). Helen Suzman Foundation. https://admin.hsf.org.za/publications/hsf-briefs/political-party-funding-i-history-and-the-current-position-in-south-africa?
19) Rose-Ackerman, S. (2017). *Corruption and Development* (pp. 289–303). Routledge. https://doi.org/10.4324/9781315092577-16
20) Roulet, C. (2024). *Financing of political parties and electoral campaigns*. https://doi.org/10.1787/4c587c60-en
21) Rucker, T. (2019). The new frontier of campaign finance regulations: cryptocurrency. U. Louisville L. Rev., 58, 381.
22) Simon, D. J. (2004). Current Regulation and Future Challenges for Campaign Financing in the United States. Election Law Journal, 3(3), 474-487.
23) Sinha, A. (2024). The electoral bonds dilemma: balancing political funding with election fairness. *ShodhKosh Journal of Visual and Performing Arts*. https://doi.org/10.29121/ shodhkosh. v5.i2.2024.2743
24) Tokaji, D. P. (2018). Campaign finance regulation in North America: An institutional perspective. Election Law Journal: Rules, Politics, and Policy, 17(3), 188-208.
25) UN Women. (2025). *Women in politics: 2025*. UN Women. https://www.unwomen.org /sites/default/files /2025-03/women-in-politics-2025-en.pdf
26) Whitaker, L. P., & Cantor, J. E. (2005, September). Campaign finance reform: regulating political communications on the Internet. Congressional Research Service, Library of Congress.
27) Wood, A. K. (2020). Learning from campaign finance information. Emory LJ, 70, 1091.
28) WorldoStats. (2025). *Male vs female population by country: 2025*. WorldoStats. https://worldostats.com/male-vs-female-population-by-country-2025

29) Zandi, G., Shah Rehan, R., Hye, Q. M. A., Mubeen, S., & Abbas, S. (2022). Do Corruption, Inflation and Unemployment Influence the Income Inequality of Developing Asian Countries?
30) *International Journal of Applied Economics, Finance and Accounting*, *14*(2), 118–128.