Financing Democracy: 
Supporting Better Public Policies and Preventing Policy Capture

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Growing demand for better management of political finance

- Levels of trust in government are low, trust in political parties is even lower

Source: Eurobarometer
Promoting a level playing field: Public funding

- Balancing funding through direct and in-direct public contributions

**Direct public funding to political parties**

**Most common types of in-direct public funding**

- Tax relief: 65%
- Space for campaign materials: 24%
- Premises for campaign meetings: 21%
- Free or subsidised postage cost: 12%
- Free or subsidised transport: 6%
- Free or subsidised postage cost: 6%
- No: 6%

Source: International Institute for Democracy and Electoral Assistance
Promoting a level playing field: Private funding

- Promoting or limiting private funding?
- Increasing trend to regulate private funding in order to avoid risk of undue influence and corruption

Source: International Institute for Democracy and Electoral Assistance
Promoting a level playing field: Spending limits

- Promoting integrity and fairness or a limitation of political expression?
- Causing a disadvantage for challengers who need more funds to unseat an incumbent?
- 47% of OECD countries have introduced spending limits for both parties and candidates.

Source: International Institute for Democracy and Electoral Assistance
Ensuring transparency and accountability

- Requiring disclosures as well as enabling scrutiny
- Verifying and auditing the data are equally important

Public disclosure of information in reports from political parties and/or candidates in OECD countries

Source: International Institute for Democracy and Electoral Assistance
Ensuring transparency and accountability

- Identifying individual donors is necessary to enhance transparency
- In 73% of the countries, the identity is disclosed on an ad-hoc basis

Source: International Institute for Democracy and Electoral Assistance
Fostering a culture of integrity

- Promoting standards of professionalism, integrity and transparency in private donors
- Stakeholders (e.g. lobbyists) also support regulations
- Self-regulation alone is not sufficient

Stakeholders believe that there should be rules on lobbying in place
Self-regulation of lobbying is sufficient to alleviate actual or perceived problems of inappropriate influence peddling by lobbyists
Ensuring compliance and review

- Assuring independent and efficient oversight
- Dissuasive and enforceable sanctions
- Appraising the system
- Support to political parties to facilitate compliance

Institution(s) receiving financial reports from political parties and/or candidates

Sanctions for political finance infractions in OECD countries

Source: International Institute for Democracy and Electoral Assistance
Conclusion

- Trust in public institutions is driven not only by the substance and outcomes of policies, but also by the process of policy making.

- A consistent and holistic approach to political finance is needed.

- Enforcement remains crucial for successful PF management.

- Links with other risk areas in the public decision making process need to be identified (e.g. lobbying, public procurement, etc).

- The OECD to host an international meeting on financing democracy in December 2014.