Fiscal Openness

Fiscal Openness is a Mainstay of the Open Government Movement

Millions of dollars are spent on public services such as education, health care, and infrastructure each year. Citizens have a right to know how their governments are collecting money, and they should have a say on how those funds are being spent. Opening up fiscal and spending processes can be both a powerful tool for planning and risk mitigation, as well as an important safeguard to prevent corruption. Given the added financial hardships caused by the COVID-19 pandemic, public oversight of government spending, including record-breaking stimulus packages in many countries, is more essential than ever before.

Fiscal openness—which encompasses transparency, public participation, and legislative oversight throughout the budget and fiscal cycle—delivers greater value for money and reduces the cost of borrowing. Participatory budgeting, especially, can improve the efficiency of public service delivery and strengthen tax compliance. Publicly-available spending audits can help lead to better electoral outcomes for elected officials that have clean audits.

Over the past decade, OGP has provided reformers around the world with an opportunity to move from ideas to action. Members have used their action plans to increase participation in budgeting (specifically by women and marginalized groups), ensure that fiscal information is published in accessible language, and more recently to publish COVID-19 emergency funds. Open spending is a foundational policy reform for any anti-corruption and Open Response, Recovery, Renewal efforts.

Trajectory in OGP

Fiscal openness has been a consistently popular policy area among OGP members. In 2021 alone, 34 OGP members are implementing fiscal openness commitments from their 2019 or 2020 action plans. Altogether, over 90 percent of members have made a total of 671 fiscal openness commitments since OGP was established in 2011, which is more than nearly any other policy area. According to OGP’s Independent Reporting Mechanism (IRM), which tracks progress of members, fiscal openness commitments tend to have much higher ambition and stronger early results than the average OGP commitment.

Additionally, the latest OGP Vital Signs research shows that advancing open budgets through OGP action plans is positively associated with improved “real-world” performance. Specifically, OGP countries that have made commitments related to open budgets—ambitious commitments across multiple action plans, especially—have become more open than other countries according to third-party assessments.

About OGP and this series

In 2011, government leaders and civil society advocates came together to create a unique partnership—one that combines these powerful forces to promote transparent, participatory, inclusive and accountable governance. As the Open Government Partnership (OGP) completes 10 years, this series of thematic snapshots provide a glimpse how policy areas have advanced, as accelerated by the OGP platform and a growing global community of reformers in governments, civil society, business, media and international organizations.
How OGP Supports Fiscal Openness

Fiscal transparency has been the core to OGP since founding

Since OGP’s launch in 2011, timely publication of essential budget documents has been among the core eligibility requirements. By positioning the building blocks of open budgeting as a core criteria for membership, OGP helped set a standard for basic fiscal openness. OGP members such as Argentina, Côte d’Ivoire, Malawi, Senegal, and Tunisia, all improved on the fiscal openness criteria in the run-up to their OGP membership.

An exciting element of fiscal openness has been that much of the innovation has come from outside of long-established democracies. OGP founding members Brazil and South Africa were quick to recognize the benefits of fiscal openness. Through intergovernmental exchanges and learning between civil society and government, this soon spread to other countries. Italy’s portal allows citizens to track public expenditures and is seen as an innovative tool to fight corruption. Finland’s portal has increased confidence in the professionalism of government purchases, winning multiple awards.

These commitments seem to make a difference as well. In addition, between 2011 and 2017, countries that had been in OGP for more than five years demonstrated consistently strong open budgeting records while non-OGP members regressed.

From transparency to accountability and participation

Participation in budget—especially at the national level—and openness of budgetary oversight are newer areas, and performance and commitments are relatively nascent.

OGP members’ work on fiscal openness often follows a pattern. Early initiatives focus on transparency. A number of members have built on transparency with citizen participation in budgeting. Several commitments proactively link budgets and either publication of audits or social audits to strengthen accountability.

This expanding scope matters. Assessments from the IRM show that fiscal-openness commitments generally outperform other policy areas in ambition and effectiveness, and none do so much as participatory-budgeting commitments.

There are several innovative examples of public monitoring of information across OGP, such as South Africa partnering with civil society organizations to launch Vulekemali, a platform with user-friendly fiscal data, complemented by direct community engagement. Georgia created a website, BudgetMonitor, with information, data, and visualizations on the budget and audit findings, and allowed citizens to suggest audits based on this information. In the Philippines, citizen-participatory audits of major public expenditures, including roads and schools, have helped save hundreds of thousands of dollars. More recently, Colombia committed to establish citizen audits for government expenditures on COVID-19 emergency measures. Such reforms benefit from the credibility and global reach that OGP offers by publicly sharing country progress and challenges.

Furthermore, building on these reforms, civil society and government reformers have used OGP action plans to scale up reforms. In Sierra Leone, an open budgeting commitment contributed to growing levels of momentum around auditing reform. More
recently, in reforms outside of OGP, Sierra Leone worked to make audit reports more accessible to citizens and organized public hearings on report finding. In Latvia, the government will provide municipalities with guidelines and training on public engagement to increase citizen participation through channels such as participatory budgeting.

Fiscal openness is also a key area of interest at the local level, where governments and citizens connect most often and most closely. Through the OGP Local program, OGP offers local government reformers, civil society advocates and citizens an opportunity to “do” government differently. São Paulo committed to providing data on public contracts, bidding, and budgetary execution through a single online portal, and the city will train citizens to better understand their capabilities for oversight of the budget. Madrid implemented participatory budgeting through which the city council allowed the public to decide the allocation of 100 million euro. Citizens proposed potential expenditures through a co-creation process and then voted on the finalized proposals.

Partner organizations at work
The scale of progress and reform that has taken place over the last decade would not be possible without partner organizations. The International Budget Partnership (IBP), Global Initiative for Fiscal Transparency (GIFT), People Powered, and several others have provided timely, consistent technical assistance, advocacy support, and measurement expertise. IBP’s Open Budget Survey is the key index that showcases how countries, including OGP members, are performing on transparency and oversight of fiscal processes.

International partners also play a role at the domestic level with the co-creation and implementation of these reforms. IBP has played a pivotal role in Kenya and Guatemala among others, working with domestic reformers to translate recommendations into results. The Open Government Support Program in Francophone Developing Countries (PAGOF) helps enable open budgeting reforms in French-speaking Africa. In Burkina Faso, PAGOF trained 130 representatives from 12 municipalities to use fiscal data for advocacy and holding local governments accountable.
Looking Ahead

While much has been accomplished, much remains to be done. The work of the last few years points to promising pathways, including:

- Continuing to link budgets to more formal accountability mechanisms, from auditors and supreme audit institutions to elected officials.
- Increasing citizen monitoring and participation in budgeting, including the participation of marginalized groups.
- Opening up new types of information to public scrutiny, including program-based budgeting and, perhaps most importantly, spending data to improve budget credibility.
- Adding and making public analyses that look at the differential impacts of spending and revenue collection.
- Strengthening capacity and oversight for fiscal openness, especially in times of crisis.
- Continuing to gather evidence on the impacts of fiscal openness, from human development to issues of tax morale, trust, and incumbency.

References

5 Commitment data analyzes all commitments through the 2020 action plan cycle.
6 A commitment is deemed to have early results by the IRM if it’s given a star (potentially transformative and complete) or a major or outstanding “did it open government” assessment. In other words, the open government commitment had shown substantial progress in making government more open, participatory or responsive by the end of two years of implementation.
7 According to third-party data, particularly IBP’s Open Budget Survey (OBS), as assessed in the OGP Vital Signs - 10 Years of Data publication. However, it’s unclear if these trends will hold in the latest edition of the OBS to be released in 2022.