The Political Economy of Fiscal Transparency, Participation and Accountability
The origins of the research project

- Open Budget Survey started in 2006, and now covers 100 countries
- Huge disparities in levels of budget transparency across the world
- Some interesting bivariate correlations looking at possible explaining factors, but not much more...
- Scarcity of existing research on the causes and consequences of fiscal transparency
- Increasing international interest
Key research questions

1) How and why do improvements in fiscal transparency and participation come about, and how are such changes sustained over time?

2) Under what conditions and through what type of mechanisms do (or might) increased fiscal transparency and participation lead to more government responsiveness and improved accountability?

3) More broadly, how can we improve our understanding of the complex interrelationships among transparency, participation, and accountability in fiscal matters?
Research design

Quantitative and statistical studies

1) Political factors
2) Resource abundance
3) Aid dependency
4) Impact on sovereign credit ratings
5) Impact on human development outcomes

Country case studies

1) South Africa
2) Brazil
3) South Korea
4) Mexico
5) Guatemala
6) Tanzania
7) Vietnam
8) Senegal

And a few additional ones...
Quantitative and comparative studies

• Elections and political competition have a positive impact on budget transparency
• Oil income negatively affects budget transparency, but only in autocracies; dependency on mineral resources has no clear effect
• Donor behaviour, rather than overall aid dependency, is key in determining aid’s impact on budget transparency
• More transparent countries get better access to international financial markets to finance govt debt
• Budget transparency is positively correlated with HD outcomes, but evidence is weak (and causal chain too long…)
Overall synthesis

FISCAL TRANSPARENCY
(participation/accountability)

Table 1-5. Factors Affecting Fiscal Transparency in Case Study Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Political transitions, elections, competition</th>
<th>Fiscal and economic crises</th>
<th>Corruption scandals</th>
<th>External influences</th>
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<td>South Africa</td>
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</tbody>
</table>

Source: Authors.

a. X indicates a major role or presence, while x indicates a minor role or presence.
Country ideal types and trajectories

Brazil, South Korea, ...

South Africa, Mexico, Guatemala, Kenya, ...

Tanzania, Uganda, ...

Vietnam, Senegal, China, ...

Source: Authors.
The accountability ‘funnel’

Figure 1-4. The Transparency, Participation, and Accountability Funnel

Decreasing number of countries

Fiscal transparency

Participation

Accountability

Increasingly stringent conditions

Source: Authors.

“Truth often fails to lead to justice” (J. Fox)
Ground for hope?

- International norms and initiatives have proliferated
- Donors are increasingly emphasising and promoting (budget) transparency as a key aspect of governance
- Civil society and other accountability actors have increased interest, capacity and engagement with budget policies and processes
CSO impact case studies

- Parallel research project aimed at understanding when and how civil society can have an impact on budget policies and processes
  - The *Subsidios al Campo* campaign in Mexico obtained and published official data on the recipients of agricultural subsidies, focusing on inequality in their distribution, leading the government to reform the system.
  - In South Africa, the *Treatment Action Campaign* used budget analysis, mass mobilisation and litigation to push the government to massively increase the distribution of anti-retroviral treatment.
  - The *National Campaign for Dalit Human Rights* in India undertook monitoring of funds aimed at benefiting marginalised groups, pressurising the government to admit to diverting these resources and then commit to repay the money.

- Increasing evidence base, but in need of further systematisation
Looking forward

• More reflection on policy relevance of findings
• Need to further unpack and understand incentives for change in governments
• Investigate the linkages from transparency and participation to accountability (‘opening up the funnel’)
• Work in progress, to be continued ...
THANK YOU!

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http://www.brookings.edu/research/books/2013/openbudgets