

(When) Do Open Budgets Transform Lives?

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Background

- Fiscal openness is an important and fast-moving field which has yielded a range of new studies over the past five years.
- A 2015 survey documented some impacts on corruption, electoral accountability, and resource allocation.
- For our update, we surveyed 55 leading scholars and practitioners, which yielded 30+ responses with 200+ citations.
- We reviewed these to identify our core collection:
 - Independent variable: government provision of budget information or participation opportunity at any stage of the budgetary process
 - Various outcomes: budgets, governance, development, etc.
 - Strength of research design, especially causal inference or robust correlations
 - Published since 2015 (when a previous review was conducted)

(Some of) what we found

- 31 studies covering participation (14), transparency (15), or both (2).
- Public policy scholars and political scientists concentrate on participation, economists on transparency, esp. audits.
- Some earlier gaps are getting a look, e.g. procurement, revenues, mechanisms, participatory budgeting beyond Brazil.
- Causal impacts documented in 8 studies, covering effects of audits on budgets, corruption, and electoral accountability in several countries.
- Important new angles on audit quality (Vannutelli 2021) and potential side-effects (Gerardino et al. 2017).

1: Working with governments

- Explosion of field experiments on transparency and accountability, including with budget information (e.g. Metaketa I).
- Mostly focused on NGO or researcher-led treatments, e.g. scorecards, flyers, SMS messages, etc. (Dunning et al. 2019).
- Perhaps donor driven and easier than working with governments (de Souza Leão & Eyal 2020), but often unclear implications for government budget openness.
- We need more experimental work in collaboration with government, evaluating government action directly, and feeding into government decision making (Krause & Hernández Licona 2020).

2: From programs to systems

- Budget systems combine actors and processes which are embedded in broader contexts that affect their performance.
- Field experiments follow a program logic focused on partial equilibrium effects.
- Natural experiments may get us closer to understanding accountability (eco)systems, including the role of the media, but there are other actors beyond SAIs to integrate, e.g. legislatures.
- Building understanding of multiple interlinked changes across different actors with no predefined endpoint.

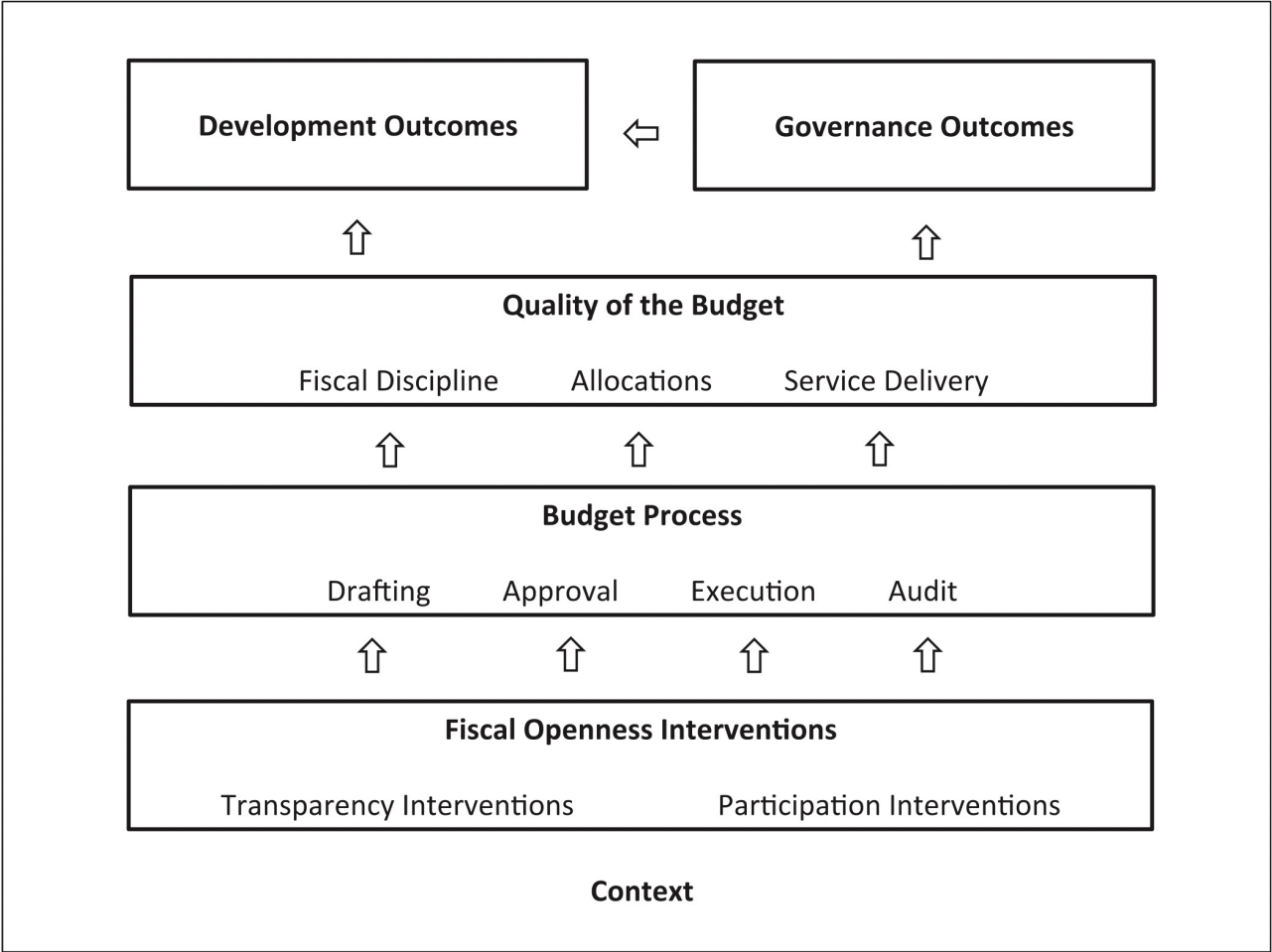
3: Clarify the transparency-participation nexus

- Khagram et al. (2013) noted the relationship between transparency, participation, and accountability was not straightforward.
- Olken (2007) systematically compared the relative efficacy of participation and transparency.
- A single new study (Gonzalez et al. 2020) reassesses Olken and suggests the two may be substitutes rather than complements.
- Are they complements or substitutes? If the latter, which is (more) effective? Under what conditions? Are there limits to participation?

4: Understanding tradeoffs, especially in low capability contexts

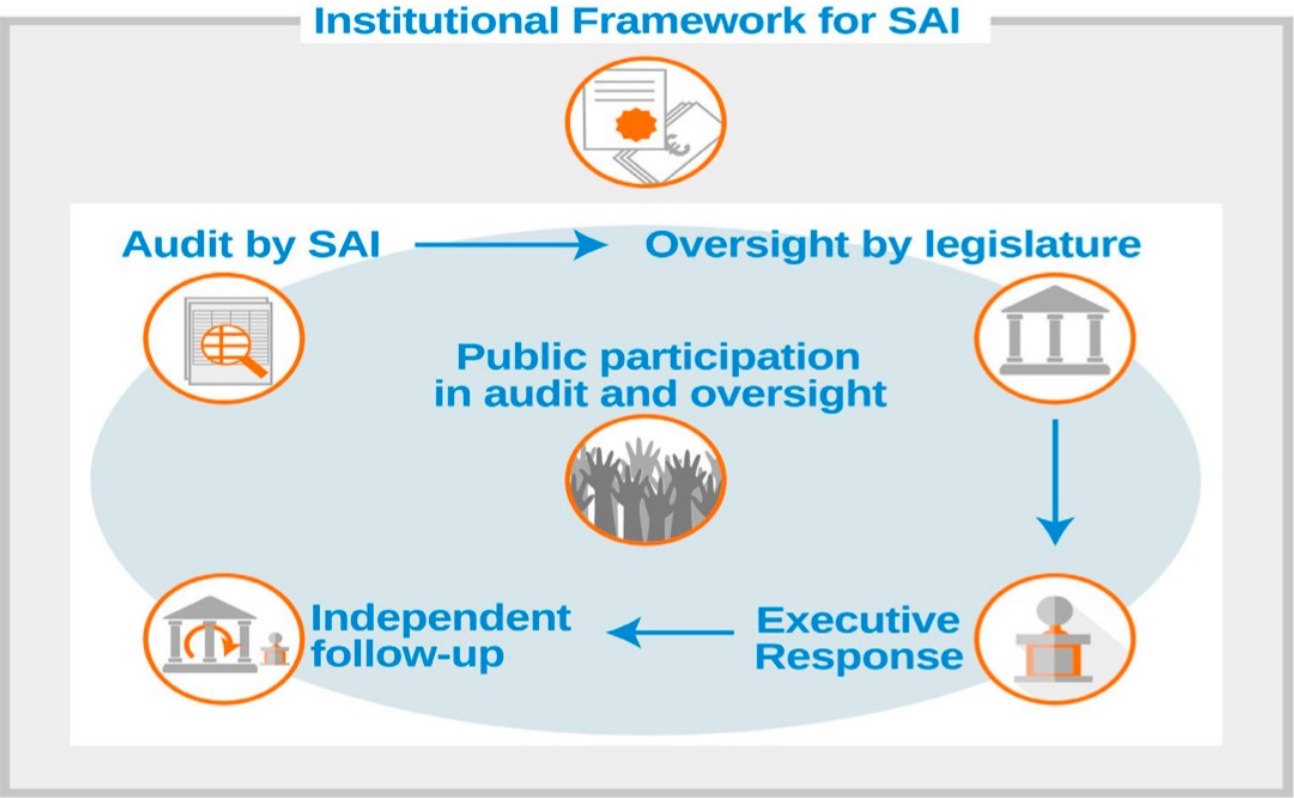
- Important to remember opportunity costs, and to be pragmatic rather than dogmatic about fiscal openness reforms.
- In low capability settings, other PFM reforms such as MTEFs or performance budgeting have been criticized for diverting scarce resources and skills from better uses.
- More nuanced understanding might especially profit from deeper engagement between scholars using qualitative and quantitative methods, as well as between academics and practitioners.

Appendix



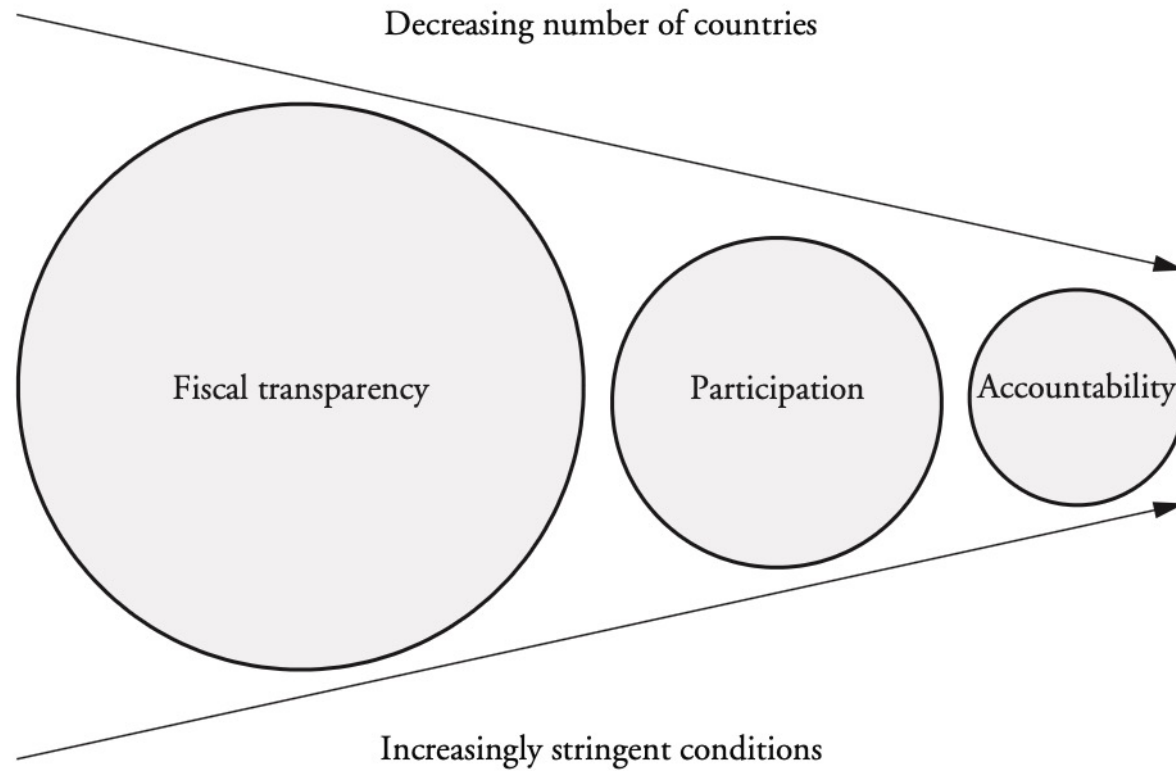
Source: de Renzio & Wehner (2017).

FIGURE 2. SIX ESSENTIAL COMPONENTS OF THE AUDIT AND OVERSIGHT ECOSYSTEM



Source: IDI & IBP (2020).

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



Source: Authors.

Source: Khagram et al. (2013).