

THE CASE FOR FISCAL OPENNESS

SILVIA VANNUTELLI

ASSISTANT PROFESSOR, NORTHWESTERN UNIVERSITY, DEPARTMENT OF ECONOMICS

WHY WE NEED FISCAL OPENNESS?

- Tool to ensure accountability of government at any level (principal-agent)
- Helps us solve the rules vs. discretion trade-off in regulating bureaucratic behavior
- Becomes particularly important when accountability is compromised by special circumstances, e.g. in times of crisis and/or in low capability contexts
- What are the determinants of effectiveness of fiscal openness? when is it more useful?

THE ROLE OF MONITORING AND AUDITS

- Auditors play a dual role:
 - they use information provided by fiscal openness
 - they interpret it and transmit it to other agents (Supreme Audit Institutions, Citizens)
- The design of monitoring institutions really matters for audits quality

FUTURE AREAS OF RESEARCH

1. Working with Governments

- 1. What is the objective of government monitoring? how can we ensure that governments benefit from interventions? What are the trade-offs involved in policy designs?

2. From Programs to Systems

- 1. Institutional designs, how much different institutions affect the quality of auditing?

3. Clarifying the Transparency-Participation Nexus

- 1. How do we engage citizens? how much the quality of the information provided affects participation?

4. Understanding Trade-offs, especially in low capability contexts

- 1. How much the effectiveness of audits change in different contexts, e.g. depending on the strength of the institutions that can sanction bad behavior?