

# Open Government Partnership: Fiscal Transparency

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Every year, governments collect and spend billions of taxpayer funds to pay for services such as education and healthcare. **Citizens have a right to know how their governments are collecting and where they are spending their money.**

**Openness across the budget and fiscal cycle** – through transparency, public participation, and legislative oversight – allows citizens to hold their government accountable and reduce waste. Over time, this can ensure that government spending reflects the people’s interests and needs.<sup>1</sup>

**Fiscal transparency is essential to fight corruption, which predominantly hurts the poor and marginalized.** Transparency and broad-based public deliberation are important determinants of whether public infrastructure such as hospitals, schools, roads, electricity and water supply are well planned, well built, and well maintained; public services are of good quality and generally deliver what the public wants; and tax officials are honest in their dealings with taxpayers.<sup>2</sup>

## I. Potential Thematic Priorities

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### **1. BUDGET TRANSPARENCY**

Budget transparency is publishing budget reports and relevant financial data in a format that is understandable and accessible to all citizens, such as through the use of plain language and accompanying information to explain more complex aspects. Examples include Citizens’ Budgets and Mid-Year Review of budget implementation.

### **2. REVENUE TRANSPARENCY**

Revenue transparency is publishing and making available all relevant financial data regarding the revenues collected by governments from various industries -- especially those relating to infrastructure, development and extractive resources -- bringing industry, government and civil society stakeholders into the monitoring process. This information should be in a format that is understandable and accessible to all citizens, such as through the use of plain language and accompanying information to explain more complex aspects.

### **3. PARTICIPATORY BUDGETING**

Participatory budgeting is governmental actions to increase citizen participation throughout the entire budget cycle. Commitments that encouraged public participation in budgeting significantly opened up decision-making processes.

### **4. SECTOR-SPECIFIC BUDGETING**

Sector-specific budgeting occurs when open and participatory budgeting is applied to the health, education, and environmental sectors, etc. to improve public service delivery

### **5. GENDER BUDGETING AND INCLUSION**

Use budgeting as an opportunity to advance gender equality and women’s empowerment by including gender-responsive budget reviews – budgeting that ensures that public resources are allocated in ways that promote gender-equitable spending and represent the interests of all citizens

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<sup>1</sup> For more information see <https://www.opengovpartnership.org/policy-area/fiscal-openness/>

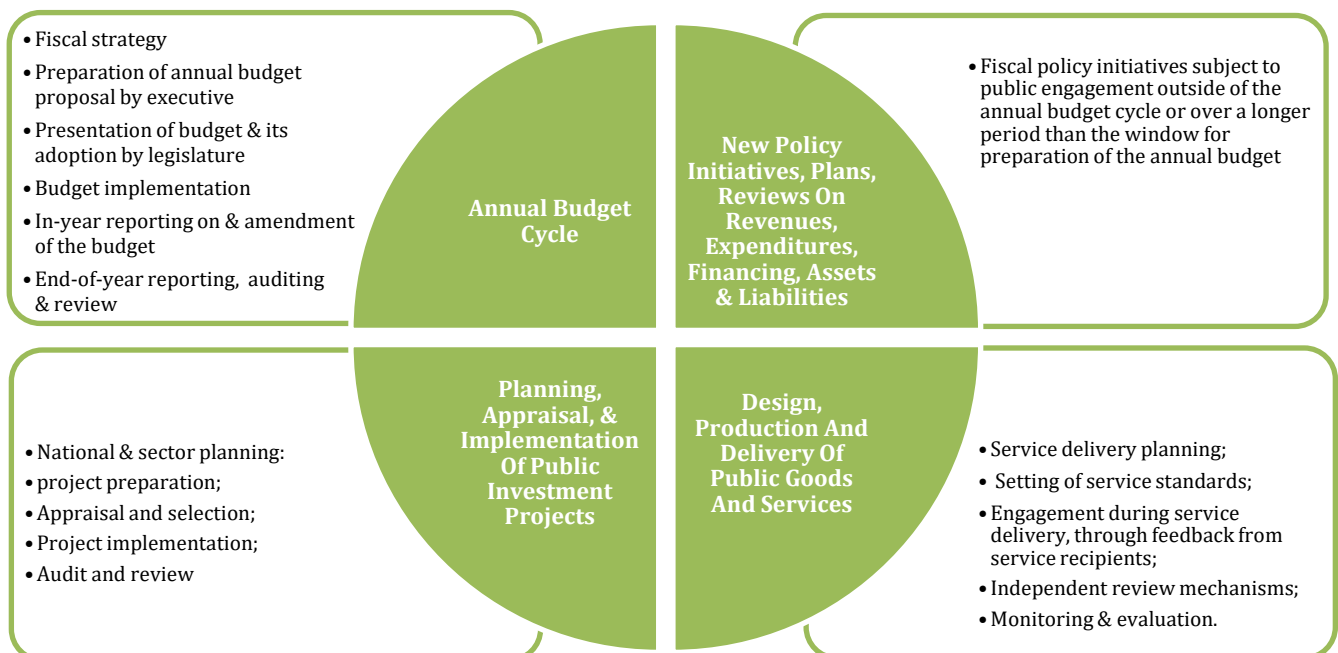
<sup>2</sup> For more information see <https://www.opengovpartnership.org/stories/what-steps-to-increase-fiscal-transparency-and-participation-should-ogp-countries-take-in-their-next-action-plans/>

## II. OGP Recommendations

- Increase citizen participation throughout the budget cycle to open up decision-making.
- Apply open and participatory budgeting to specific sectors such as health, education and the environment.
- Advance gender and inclusion through gender-responsive budget reviews.

## III. Public Participation in Fiscal Policies

There are four main domains in which direct public participation should be sought in the design and implementation of fiscal policies<sup>3</sup>:



<sup>3</sup> Global Initiative for Fiscal Transparency (GIFT)'s domains of public participation in fiscal policy [http://www.fiscaltransparency.net/pp\\_principles/](http://www.fiscaltransparency.net/pp_principles/)

## IV. Principles of Public Participation in Fiscal Policies:

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Governments should endeavor to ensure that citizens and other non-state actors have effective opportunities to participate directly in public debate and discussion with respect to the design, implementation and review of fiscal policies, observing the following inter dependent principles<sup>4</sup>:

<b>1. Accessibility</b>	Disseminate complete fiscal information/data in formats & mechanisms that are easy for all to access, understand, & to use, re-use and transform & in open data formats.
<b>2. Openness</b>	Provide full information on the purpose of each engagement, it's scope, constraints, intended outcomes, process & timelines;  Provide full information on the expected & actual results of public participation.
<b>3. Inclusiveness</b>	Pro-actively use multiple mechanisms to reach out to engage citizens & non-state actors;  Promote inclusion of traditionally excluded & vulnerable groups, without discrimination on any basis including nationality, race, ethnicity, religion, gender, sexual orientation, disability, age or caste;  Consider public inputs on an objective basis irrespective of their source
<b>4. Respect for self-expression</b>	Allow & support individuals & communities to articulate their interests in their own ways, & to choose their preferred means of engagement;  Recognize that there may be groups that have standing to speak on behalf of others.
<b>5. Timeliness</b>	Allow sufficient time in the budget & policy cycles for the public to provide inputs in each phase  Engage early while a range of options is still open  Where desirable, allow for more than one round of engagement
<b>6. Depth</b>	Provide all relevant information, including key policy objectives, options, choices & trade-offs;  Identify potential social, economic & environmental impacts;  Incorporate diversity of perspectives;  Provide timely & specific feedback on public inputs & their incorporation or not in policy or advice.
<b>7. Proportionality</b>	Use a mix of engagement mechanisms proportionate to the scale and impact of the issue or policy concerned.
<b>8. Sustainability</b>	All state & non-state entities engage on a on-going & regular basis to increase knowledge sharing & mutual trust;  Institutionalize public participation where possible, ensuring feedback leads to review of fiscal policies decisions;  Regularly review & evaluate experience to improve future engagement.
<b>9. Complementarity</b>	Ensure mechanisms for public participation and citizen engagement complement and increase the effectiveness of existing governance and accountability systems.
<b>10. Reciprocity</b>	All state & non-state entities are open about their mission, interests they seek to advance, & who they represent;  All entities should commit to & observe all agreed rules for engagement;  Should cooperate to achieve the objectives of the engagement.

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<sup>4</sup> OGP recommends its member countries put into effect the Global Initiative for Fiscal Transparency (GIFT) Principles of Public Participation in Fiscal Policy [http://www.fiscaltransparency.net/pp\\_principles/](http://www.fiscaltransparency.net/pp_principles/)

## V. Examples of Fiscal Transparency Ideas from Other Countries<sup>5</sup>:

### GOVERNMENT REVENUE TRANSPARENCY

#### Transparent Account System

##### **MONGOLIA (2014-2016)**

Establishment of a transparent account system in order to enable consistent, transparent reporting to the public and to provide comprehensive information on budget revenue collection, income and expenditure details, as well as on public procurement and investments.

#### Electronic Revenue Collection System

##### **AFGHANISTAN (2019-2021)**

Development of electronic revenue collection system for municipalities that facilitates civic participation and public scrutiny. Municipalities' revenue collection system ensures transparency and public scrutiny of revenue collection and expenditure within these authorities. System will facilitate reporting on revenue types, districts and other relevant aspects. Application of this system will promote transparency, accountability and unfold trust of public in the municipalities. Through implementation of this commitment certain changes are expected in municipality revenues and they deliver the best services to public with the collected revenues. System will generate various reports to public and CSOs from revenue collection to monitoring and expenditure of revenues. Reports will be generated monthly, quarterly and annually and be publically accessible.

#### Publish Online Information about Revenues and Spending of National and Municipal Institutions

##### **Lithuania (2016-2018)**

The objective is to create legal basis, which will provide conditions for the provision of information and data electronically to citizens about the revenue and expenses of the State and municipal institutions and agencies, and fund recipients as well as an information system to make public the revenue and expenses of the State and municipal institutions and agencies, and fund recipients, will be created and launched in order to prevent conditions for corruption and corruption risks.

#### Engage Canadians to Improve Key Canada Revenue Agency Services

##### **CANADA (2016-2018)**

Over the next two years, the Canada Revenue Agency (CRA) will undertake a number of key public consultation and engagement activities to respond to key challenges. A better understanding of the public's satisfaction with, and interest in, statistical tax publications and related data, is needed to meet the growing demand for data that is of value to Canadians. The CRA has committed to providing more information on the regulation of charities to the public in a timely manner and to ensuring the engagement of the charitable sector in support of rules that are fair, open, and easily accessible and understood.

#### Transparency and Accountability Measures for the Management of Natural Resources

##### **GUATEMALA (2014-2016)**

Promote transparency and accountability in the administration of Natural Resources to ensure that revenues from extractive industries are used to generate social welfare.

### PARTICIPATORY BUDGETING

#### The Citizen's Budget

##### **GHANA (2013)**

In addition to adopting measures to increase fiscal transparency, the Ghanaian government and civil society organizations collaborated to create a participatory budget that more directly reflected citizens'

<sup>5</sup> For more information on the examples please see: <https://www.opengovpartnership.org/policy-area/fiscal-openness/#commitments> and <https://www.opengovpartnership.org/wp-content/uploads/2019/05/Fiscal-Openness-Fact-Sheet-May-2019.pdf>

wants and needs.

### **Let Madrid Decide**

#### **MADRID, SPAIN (2016)**

Implemented participatory budgeting through which the city council allowed the public to decide the allocation of 100 million euros. In particular, citizens proposed potential expenditures through a co-creation process. The populace then voted on the finalized proposals.

### **Accountability through Access**

#### **TBILISI, GEORGIA (2016)**

Committed to implement a participatory budget mechanism to increase the government's accountability to citizens and improve cooperation between citizens.

### **Public Policy Management Councils**

#### **BRAZIL**

More than 50,000 on-going (bi-) monthly councils, at all levels of government, in which officials and civil society representatives deliberate and decide on new budget policies and monitor implementation.

### **Pre-Budget Consultations**

#### **KENYA**

The Ministry of Finance holds public hearings around the country during budget preparation, and there is a further two week window for public consultation on the Budget Policy Statement before it is submitted to the legislature.

### **Bottom up Budgeting**

#### **PHILIPPINES**

Local Poverty Reduction Action Teams of officials and CSOs throughout the country identify projects to be funded by the participating national agencies from the national budget.

## **PARTICIPATION IN THE PLANNING AND DELIVERY OF INVESTMENT PROJECTS**

### **Social Monitoring Pilots**

#### **SOUTH AFRICA**

Citizen based monitoring of the quality of public service delivery through community perception surveys, discussions at community meetings, and development of community scorecards.

### **Civic Participation in Procurement Processes**

#### **HONDURAS**

Opening up citizen participation in the monitoring of public procurement processes.

### **Platform for Citizens to Track Public Spending**

#### **MEXICO**

Building a public, open and interactive geo-referencing platform that allows citizens to track public resource allocation as well as the results of federal spending and public works.

### **Citizen Groups to Monitor Infrastructure Investments**

#### **UKRAINE**

Special citizen panels to be created to monitor the design and implementation of public infrastructure; and Open City platforms in 18 local authorities allow citizens to report problems with local infrastructure.

## **TRANSPARENCY OF CORE PUBLIC SERVICE SPENDING**

### **Feedback Portal for Public Services**

#### **NORTH MACEDONIA**

Introduce a citizen portal for feedback on public services.

### **Promotional Campaign for Citizen Engagement in Public Service Spending**

#### **COSTA RICA**

Strengthen the National System of Service Audits through a promotional campaign on its functions and the channels for citizen complaints and suggestions.

### **Publishing of Public Complaints of Government Agencies**

#### **DOMINICAN REPUBLIC**

Publish data on public complaints at the level of individual government agencies.

### **Publishing of Budgets of the Ministries for Health and Education**

#### **INDONESIA**

Publish local service delivery-level budgets in health and education.

## **BUDGET TRANSPARENCY**

### **Restoring Public Trust through Budget and Bidding Transparency**

#### **SÃO PAULO, BRAZIL**

São Paulo committed to integrating the digital systems containing data on public contracts, bidding and budgetary execution into a single online portal. The newly centralized data will be published in an open format, and the city will train citizens to better understand their capabilities for oversight of the budget.

### **Public Consultations on New Revenue or Spending Initiatives**

#### **CANADA**

Systematic public consultations on new fiscal policy proposals, such as new infrastructure projects or new tax and spending proposals, through a range of mechanisms, with public inputs published.

### **Web Portal of Government Spending**

#### **ITALY**

'Follow the money', a web portal that contains data on spending by all government agencies.

### **Citizens' Guides on Budgets**

#### **CROATIA**

Committed to publishing three Citizens' Guides: on annual and semi-annual state budget execution, and on the annual budget proposal.

### **Publish Accessible Financial Reports**

#### **GHANA**

Publish in-year budget execution reports, and simplified budget guides, and hold consultative budget meetings with CSOs.

### **Citizen Portal for Fiscal Education**

#### **HONDURAS**

Create a portal on the Secretariat of Finance's web-site devoted to fiscal education (to complement the Citizens' Budget).

### **Platform for Broadcasting Budget Updates via SMS and Radio**

#### **LIBERIA**

Develop a platform that provides regular budget updates to all citizens via SMS and associated technologies through various local languages; and provide periodic support to rural radio stations to broadcast the messages of the Open Budget Initiative.

### **Increasing Accessibility of Budget Information**

#### **PARAGUAY**

Build capacity among citizens to monitor public sector budget management by explaining the general budget proposal in plain and accessible language and creating citizen access to budget information on indigenous beneficiaries and investment made.