Why OPEN Government?

Looking at incentives for fiscal openness through the eyes of experts and reform champions

GIFT
GLOBAL INITIATIVE FOR FISCAL TRANSPARENCY

IBP

Synthesis note

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1. BACKGROUND

The stated objective of the Global Initiative for Fiscal Transparency (GIFT) is to "advance and institutionalize global norms and significant, continuous improvements on fiscal transparency, participation, and accountability in countries around the world."[1] GIFT aims to achieve its objective through a variety of channels of influence and areas of work, from the development of new international norms to the promotion of norm convergence, from the organization of peer learning activities to working with different actors – financial markets, the media, civil society, international initiatives like the Open Government Partnership, etc. – to shape and advance a global action agenda around fiscal transparency, participation and accountability.

In order to better target its efforts, developing a thorough understanding of what are some of the key incentives that shape governments' willingness to improve their 'fiscal openness' – as a shorthand term that encompasses transparency, participation and accountability in fiscal matters – has been a key part of GIFT's agenda.

Past research in this area has been scant. A paper commissioned by GIFT in 2012 assembled a list of potential domestic and external factors that might work in favour of increased fiscal openness, and identified a few that GIFT could directly or indirectly influence.[2] These included international initiatives like the Open Government Partnership (OGP), global norms and standards for fiscal openness, and access to international financial markets. The paper drew on existing evidence and on reasonable assumptions drawn from GIFT's theory of change, and was broadly aimed at pinpointing areas where GIFT could push for short-term gains, rather than providing a deeper understanding of the root causes of fiscal openness. A more ambitious cross-country research project promoted by the International Budget Partnership resulted in a book published in 2013.[3] The project included a series of quantitative cross-country studies and a set of in-depth country cases, and identified four main factors affecting prospects for fiscal openness across countries. These relate to: (a) processes of political regime change and increasing political competition; (b) fiscal and economic crises; (c) corruption scandals leading to public outcry; and (d) the external influence of donors and other international actors and initiatives.

These initial findings, while useful, only paint a preliminary and incomplete picture of why, when and how governments decide to promote fiscal openness, and provide

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[1] GIFT is a global network that facilitates dialogue between governments, civil society organizations, private sector, and other stakeholders to find and share solutions to challenges in fiscal transparency and participation. It works through advocacy, peer-learning and technical assistance, research, and tech for participation. More about GIFT can be found at http://fiscaltransparency.net

[2] M. Petrie (2012): *Towards Stronger Incentives for Increased Fiscal Transparency, Participation and Accountability*. Discussion Paper for GIFT Lead Stewards.

[3] S. Khagram, A. Fung and P. de Renzio (2013): *Open Budgets: The Political Economy of Transparency, Participation and Accountability*. Washington, DC: Brookings Institution Press.

limited guidance with regard to the role that international initiatives such as GIFT could play to strengthen incentives for fiscal openness across the world.

In order to promote a deeper understanding around the incentives that governments face for the adoption, implementation and sustaining of fiscal openness reforms, over the past three years GIFT has undertaken additional research, structured around two components:

a) A set of think-pieces written by senior academics and practitioners, based on their own past research and policy experience, aimed at gathering the reflections and insights of individuals who have studied, thought about and worked with fiscal openness reforms (or other transparency-related reforms) over many years and across different country contexts;
b) A set of interviews with politicians and senior officials considered "reform champions" in their respective countries, to gather first-hand personal testimonies from people at the forefront of successful fiscal openness reforms about the incentives that they faced during the various stages of the reform process, from formulation to implementation.

This note summarizes the main issues and findings from these two inter-related projects. Sections 2 and 3 look at each of them in turn, while Section 4 tries to identify interesting commonalities and overlaps, looking at both current evidence and future research. Section 5 concludes with some recommendations for what GIFT might do to strengthen incentives for fiscal openness.

2. THINK PIECES: MAIN ISSUES AND FINDINGS

The think pieces were written by academics and practitioners with broad experience in the fields of public financial management, public accounting, access to information and government accountability. Five pieces were commissioned and written between October 2014 and March 2015, by Alasdair Roberts (then at Suffolk University), David Heald (University of Aberdeen), Stephen Kosack (University of Washington/Seattle), Greg Michener (Fundação Getulio Vargas, Brazil) and Alta Fölscher (independent consultant and Collaborative Africa Budget Reform Initiative).[4] They address a wide range of topics and approaches related to government openness, highlighting different ways to understand the incentives that governments face when it comes to introducing and sustaining open government reforms. The sections below summarize the main issues and findings.

[4] A seminar was held in Rio de Janeiro in February 2015 to comment on drafts, discuss preliminary findings and identify common topics. Further details about the think pieces are available in Annex 1.

What do we mean by openness?

A number of authors questioned the degree to which a broad consensus and a clear definition exist of what "fiscal openness" means in practice, and warned about some possible contradictions that arise from this. Heald and Michener, for example, argue that governments might pursue nominal transparency and participation practices – what could be termed "window dressing" reforms – to comply with international standards or respond to urgent domestic pressures, without any intention to promote real openness, and therefore preventing more effective measures that respond to the needs of different actors and stakeholders and that create the conditions for improved government accountability.

This issue might be particularly relevant in countries that depend heavily on foreign aid, and where donors influence the recipient government's reform agenda. Improving budget transparency might come as an imposition of donor conditionalities, but with few domestic supporters and real local demand. This might lead to a focus on the formal aspects *of* reforms without any real functionality. The incentives that governments face in this case are skewed towards forms of fiscal openness that are not likely to meet many users and have a big impact on either accountability or development.

Another important aspect of the lack of a common understanding of the meaning of openness stems from the differences in perceptions and emphases held by various actors in the fiscal openness arena. For some – including ministries of finance, central banks, private investors and international institutions like the IMF or the European Commission – transparency is fundamental to guarantee fiscal discipline and allow fiscal surveillance. For others – sector ministries, civil society actors and citizens more generally – transparency and openness are important to ensure that governments are accountable and direct resources to better service delivery, development and growth. The types of information disclosures that each set of actors demands of government are different, according to Fölscher in her think piece. The former is focused on macro-level information on fiscal aggregates and on central government, while the latter is more interested in disaggregated, sector-specific and often local information complemented by different types of planning and performance data. The incentives that governments face to provide both kinds of information are different, and currently skewed towards the macro side of things. Most budget documents are currently rich in macro-information, but found lacking on the micro-information. While this may help monitor government compliance with aggregate fiscal discipline, it does not allow much space for accountability around many of the aspects of fiscal openness that are relevant to the majority of the population, which revolves around the quality of day-to-day delivery of services.

The dilemmas of openness

One of the key dilemmas of openness – fiscal or otherwise – is common to other reform areas. Those who are key to making the reforms work (politicians, officials, etc.) are those who are likely to want them the least. "No government adopts a transparency policy regarding its own conduct voluntarily", says Roberts in his think piece; "All actors want to maintain autonomy, and transparency threatens autonomy". On the other hand, those who need the reforms the most (citizens, civil society, etc.) are usually those least equipped to do anything about them. Thinking about incentives for fiscal openness therefore implies: (a) understanding the perceptions of reformers and decision-makers more generally with regard to the costs and benefits of reforms; (b) identifying some of the ways in which those perceptions can be altered, for example by either removing obstacles and reducing costs, or by highlighting and enhancing the perceived benefits; (c) taking into account both positive and negative incentives, and therefore also think about ways to increase the costs and reduce the benefits of NOT adopting and implementing fiscal openness reforms; and (d) finding ways of tilting the balance of power in favour of those who benefit from fiscal openness reforms, for example by enhancing their capacities or lowering the costs of collective action.

Another important dilemma in fiscal openness – highlighted by Heald in his think piece – is that some of the different actors involved can play conflicting roles, and face contradictory incentives. Citizens, for example, have a clear role to play as the ultimate beneficiaries of fiscal openness, if and when it leads to government accountability. Their economic interests, however, are likely to diverge significantly, and lead them to seek particularistic interests and patronage rather than the diffuse interests that fiscal openness is often associated with. Parliamentarians also have conflicting loyalties when it comes to promoting and upholding fiscal openness principles and practices. Depending on the political system, they are bound by party politics, by their electoral constituencies (which in many cases implies patronage), and by their broader commitment to representative democracy. Finally, donors and international organizations seeking fiscal information from governments often distort domestic accountability processes, and push for reforms for which there is limited ownership, leading to window-dressing measures with limited impact. Understanding how these contradictions – and the contradictory incentives that they generate – play out in different environments is an important aspect of the broader incentives agenda.

Political incentives

Incentives that governments face belong to different spheres – economic, institutional, etc. One sphere that past research has covered in some detail, with pretty consistent findings, relates to political incentives for transparency reforms. These can be broadly categorized under three headings, or "three incentive streams and political rationales that drive commitments to transparency", as highlighted by Michener in his think piece: (a) the quest for "legitimacy", whereby governments seek domestic and/or international recognition and approval; (b) the need for "insurance" against a prospective change in government, to prevent competitors from managing resources secretly once they come to power; and (c) the interest in "monitoring" government action, to prevent misbehavior and promote efficiency. These three incentive streams work differently in different political systems and environments, and their effectiveness often depends on the number and strength of the various accountability actors tasked with ensuring that reforms happen and stay on track.

Motivation and capacity

Whether incentives work or not – whether they lead to an actual shift in the actions or behavior of a certain actor – depends on both *motivation* and *capacity*. The disclosure of a certain type of fiscal information by government, for example, implies both a strong enough motivation by the government official or agency which produces or holds this information to start disclosing it, and sufficient capacity (technical, institutional, financial, etc.) to ensure that the information can be produced and published in a reliable and timely fashion. When motivation is absent, existing capacity is likely to remain idle or used for other purposes; and when capacity is weak, motivation by itself may not be sufficient. When motivation is strong enough, however, actors might be prepared to invest in the necessary capacity if it doesn't exist. Thinking about incentives might entail considering both elements. Donors using conditionalities to push for an increase in the quantity and quality of publicly available fiscal information, for example, may provide a strong enough motivation for governments to reform, but may need to support the development of necessary capabilities before reforms can actually be successfully implemented. They also need to avoid focusing exclusively on building capacity without ensuring that the underlying motivation exists to use that capacity effectively.

Motivation or capacity constraints, however, may also exist on the side of those who are supposed to provide incentives for governments to introduce fiscal openness reforms. Legislatures in countries where dominant parties control the majority of seats might lack a serious motivation to request that the executive be transparent, for example. But they may also lack sufficient capacity to analyze budget information, gather citizen views and hold the executive accountable. Similarly, citizen groups typically lack the specific analytical capacities and skills required in order to access fiscal information and use it to monitor government action. At the same time, their motivation might also be thwarted in environments where they perceive limited openness by governments to engage in serious dialogue and debate on the policy issues that they are seeking to influence. This might lead them to rely on informal patronage networks rather than seek to strengthen broader, formal accountability.

The quest for meaningful fiscal openness

Linked to some of the issues already mentioned, Kosack and Fölscher advance similar arguments related to the limitations of the current global consensus on fiscal openness, and how useful it is for generating citizen engagement and enhancing government accountability. Useful fiscal information, they argue, is that which is relevant to the needs and interests of average citizens, it varies across contexts and needs to be sufficiently specific and detailed to spur them into action, individually or through organized groups, to ask for changes in service delivery and/or government behavior.

Similarly, useful opportunities for citizen participation in the budget process are those that allow for meaningful engagement between government officials and individuals or CSOs, addressing issues of immediate concern and providing avenues for influencing government decision-making and holding public officials accountable for their actions and results.

The requirements of useful – or meaningful – fiscal openness are quite distant from the current state of affairs in many countries, where fiscal information, when made publicly available, is mostly proactively provided by governments in standard aggregate formats that usually do not correspond to those that citizens would need for accountability purposes, and where participation opportunities are scarce and often not very effective. To a certain extent, existing international norms reinforce such state of affairs, being mostly focused on macro-transparency aimed at fiscal discipline, and not at micro-information aimed at service delivery improvements. This might even create a "Catch-22" situation whereby existing fiscal openness practices do not allow citizens and other actors to meaningfully engage with governments, making it more difficult for them to provide some of the key incentives that governments need to face – citizen and media pressure, for example – in order to reform those practices. In other words, for some of the key incentives to work, disclosed information needs to be useful, but for information to be provided in useful formats, governments need to implement reforms that depend on the right incentives being provided.

3. INTERVIEWS WITH REFORM CHAMPIONS: MAIN ISSUES AND FINDINGS

Six interviews were carried out between 2015 and 2016, providing very interesting insights into the direct experience of frontline reformers in designing, implementing, and sustaining fiscal openness reforms across a broad range of country contexts.

Profile of interviewees and summary of reform initiatives

1) *Jorge Hage Sobrinho* was Deputy Minister of Brazil's Federal Comptroller General (*Controladoria-Geral da União*, or CGU) from 2003 to 2006, and its Chief Minister from 2006 to 2014. While at CGU, he oversaw significant transparency reforms, including the launch of Brazil's fiscal transparency portal, a user-friendly online tool for searching and downloading detailed budget information that has drawn wide praise both within and outside Brazil. During this period, Brazil has achieved the best Open Budget Index score in Latin America, and the second best score among middle-income countries.[5]

[5] The International Budget Partnership's Open Budget Index is the world's only independent, comparative measure of budget transparency. The Open Budget Index assigns a transparency score on a 100-point scale using a subset of Open Budget Survey questions that focus specifically on whether the government provides the public with timely access to comprehensive information contained in eight key budget documents. The Open Budget Index measures the overall commitment of the 100+ countries assessed on transparency and allows for comparisons among countries.

2) *Mustafa Mastoor* has been Deputy Minister at the Ministry of Finance of Afghanistan since 2008. Previously, Dr. Mastoor served as Director General for Budget in the same ministry. In these functions, he has promoted a series of budget transparency reforms that resulted in impressive improvements in Afghanistan's Open Budget Index score.

3) *Trevor Manuel* was South Africa's Minister of Finance from 1996 to 2009, serving under three different presidents. During his long tenure, he built South Africa's Treasury into a strong and well-respected organization and introduced wide-ranging budget reforms — including many that greatly improved budget transparency, thrusting South Africa to the top ranks of the Open Budget Index.

4) *Florencio "Butch" Barsana Abad* was Secretary of the Department of Budget and Management (DBM) of the Philippines during the period 2010-2016. As Budget Secretary, he championed active citizenship and open government through citizen participation in planning and budgeting and making essential budget documents and information publicly available. Through the Bottom-Up Budgeting (BUB) Program, he institutionalized people's participation in the budget process and enabled civil society organizations to partner with their local governments to address poverty in their communities.

5) *Florence Kuteesa* served 21 years in the Ugandan Ministry of Finance, Planning, and Economic Development, rising from the level of economist to the post of Budget Director, which she held until December 2004. She then worked in a private consulting firm and at the International Monetary Fund until 2016. In the Ugandan government, she introduced a number of budget reforms that turned Uganda into a regional example in PFM systems and budget transparency practices.

6) *Benjamin Hill Mayoral* held a series of important policy positions in the Government of Mexico, both in the Ministry of Public Administration (Executive Secretary of the Inter-Ministerial Commission for Transparency and Corruption Control, and Head of the Transparency Policy and International Cooperation Unit) and at the Ministry of Finance (Head of the Performance Evaluation Unit). While at the Ministry of Finance, Mr. Hill oversaw the creation of Mexico's fiscal transparency portal, an award-winning initiative that has greatly improved citizens' access to budget information.

The interview sample is clearly biased — it covers only countries where reforms were successful, and where those who led the reforms agreed to be interviewed — and so the findings are clearly neither exhaustive nor generalizable. Nevertheless, the interviews identify factors that shape reform processes and outcomes that are likely to be at work across a much broader range of contexts, and these findings can inform reflections and decisions by a range of different actors in other countries, including reformers within governments, domestic reform advocates outside governments, and external actors that promote and support reforms. The following sections group the evidence by the different types of incentives the governments faced during the reform process.

Believing in the power of transparency: political and professional motivations as incentives

Most of the reform champions interviewed highlighted the fact that some of the strongest incentives for improving fiscal openness are not external — i.e. they do not come from other actors or from outside government. Instead, the strongest incentives are based on reformers' own personal convictions and beliefs that transparency and openness represent important values in and of themselves, which should guide government processes and practices regardless of other circumstances.

In some cases, such belief was of a political and ideological nature, and was ingrained in the electoral manifestos that brought some of the reform champions into government. The successful campaigns that led to the election of Lula in Brazil and Benigno Aquino in the Philippines were based on strong pro-democracy and anti-corruption platforms, in which transparency and participation were key pillars of a new way of "doing government" and of managing public resources. Both governments invested a lot of political capital in fiscal openness reforms that were part of their electoral promises. Jorge Hage, as head of the Comptroller General's office in Brazil, and Butch Abad, as budget secretary in the Philippines, both pushed transparency reforms because they believed — and their parties and presidents believed — that governments should be managed in a more open manner, and that citizens have a right to be informed and be part of decisions around the use of public resources. In Uganda transparency became a political necessity as a tool in the fight against poverty, which was President Museveni's main early political battle horse. When it became clear that anti-poverty spending was not getting to service delivery units, transparency and decentralization were identified as key strategies to improve the impact of public spending.

In other cases, the belief was less a political/ideological priority and more a part of the professional ethic of civil servants working in finance ministries. Core groups of officials within the ministries of finance of South Africa, Mexico and Afghanistan, for example, promoted budget transparency — among other things — because they felt it was the right thing to do, and as part of their vision of what it meant to do their job well, ensuring that key actors within and outside governments had access to all the information they needed, which in turn could help government take better, and better-informed, decisions.

The varieties and contradictions of pressure from domestic actors: parliaments, civil society, and the media

Even where reformers follow personal convictions and see transparency as a value and/or a right, other actors often work to strengthen and complement those internal incentives, putting pressure on the executive to provide more fiscal information or open up the budget process to public consultations, and so on.

Parliaments are one obvious such actor, given their institutional function in holding the executive to account for the use of public resources, and their need for information in order to do so. However, only two interviewees mentioned their parliament as a source of demand for information that motivated the executive to make more fiscal data publicly available. In South Africa Trevor Manuel identified parliamentarians as the key "target audience" for the Treasury's efforts to produce and publish fiscal information that was readily accessible and understandable. And in Afghanistan's presidential system, Mustafa Mastoor highlighted the fact that the National Assembly closely scrutinizes executive action. Despite these broad claims, both interviewees also noted that the use that parliament makes of fiscal information is often either limited — as in the South African case — or focused on narrow interests and specific items of information, such as allocations to specific constituencies — as in the case of Afghanistan.

In both Afghanistan and South Africa, civil society and the media were considered to have been generally ineffective in putting pressure on government to be more transparent. With limited capacity to understand and analyze fiscal information, civil society activists and journalists in both countries were seen by reformers as unable to credibly use existing data, let alone ask for more. The situation was different in the other countries, however, where more active and skilled civil society organizations (CSOs) were able to mobilize and use the media to put pressure on governments to improve their fiscal openness practices. In Brazil various CSOs were invited to be part of a Transparency Council and advised government on transparency reforms. Once the fiscal transparency portal went live, journalists and activists kept pushing the government to include more and different datasets, which led to the creation of special portals for mega events like the soccer World Cup and the Rio Olympic Games. In Mexico influential organizations and think tanks appeared often in the media to ask for greater transparency, and some engaged directly with the Ministry of Finance to discuss specific transparency asks, highlighting the benefits that could accrue to the government by improving its Open Budget Index score. In the Philippines demand for information came from various quarters of civil society, especially after a "pork barrel" scandal was exposed, which led to the arrest of several members of Congress for syphoning off funds intended for projects in their constituencies. Finally, dialogue between the government and CSOs in Uganda was facilitated by informal ties but resulted in interesting opportunities for monitoring local poverty-related spending.

The multiple incentives generated by external influences

International influence was mentioned by most, if not all, of those interviewed as the source of important incentives for fiscal openness, albeit usually not a determining one. In aid-dependent countries like Afghanistan and Uganda, the role of donors played out in very different ways. The Afghan Ministry of Finance was keen to gain control over the large amounts of foreign assistance flowing into the country and invested in budget transparency improvements to convince donors that it was safe to channel aid funds through government systems, in the form of General Budget Support. As a consequence, it undertook specific actions aimed at improving its score on the Open Budget Index (OBI). In Uganda, on the other hand, the incentives provided by donors were more in the form of policy advice and financial support to transparency reforms — at least during the period recounted by Florence Kuteesa. Donors provided technical assistance to the Ministry of Finance to formulate and implement a transparency strategy, as well as resources to hold public consultations on budget proposals.

In middle-income countries where donor presence or influence was less prominent, external influence tended to be related more to issues of reputation, legitimacy, and emulation. Reformers from Brazil, Mexico, and the Philippines all cited the Open Budget Survey as an important tool in their own self-assessment of fiscal openness practices, and as a source of important comparisons *vis-à-vis* other similar countries. Scoring top in their region was important for Brazil and the Philippines to demonstrate international recognition — while at the same time strengthening domestic legitimacy — of reform efforts. Brazil's improvement efforts were driven partly by the willingness to join the Open Budget Index's "top league" (countries scoring above 80), while Mexico's efforts at setting up a fiscal transparency portal were also motivated by the fact that Brazil — a country that Mexicans often compare themselves to in their quest for regional leadership — already had one. Brazil's invitation to join the Open Government Partnership as a founding member, and other countries' participation in the same initiative, also gave reformers some leeway in pushing for reforms.
Finally, interviewees from South Africa and the Philippines also mentioned their governments' attention to fiscal transparency as a way to improve their credit ratings, improve their international reputation, and attract foreign investment.

Not all incentives are positive: resistance to change and reputational costs

In the previous sections, we looked at factors and actors that provided "positive" incentives, motivating governments to promote fiscal openness. It should come as no surprise that in most countries there were strong countervailing forces, or "negative" incentives, working against reforms as well. While Trevor Manuel in South Africa did not feel that there was strong resistance to the reforms being pushed by the Treasury, in other countries opposition manifested itself at two levels: political and bureaucratic. In the aftermath of the "pork barrel" scandal in the Philippines, Congress pushed back against further reforms, stalling them for some time or at some points halting them altogether. In Uganda opposition to civil society involvement in policy making reportedly led to acts of intimidation, as the leading member of an NGO network was shot and wounded for his vocal criticisms of the government. In other countries — like Mexico and Afghanistan — resistance to change came from within the bureaucracy, as people struggled to accept a culture shift from past practices based on opaqueness and secrecy to new ones that promoted openness and accountability.

Another kind of "negative" incentive, not based on active resistance to reforms but on the perceived costs of not reforming, was mentioned by a few of the interviewees as they recounted the arguments they used to overcome forces opposing reforms. In Mexico, for instance, the government did not want to be seen as being against transparency, dragging its feet or lagging behind other countries. In Brazil and the Philippines, transparency reforms were adopted after corruption scandals broke out, or as part of a strategy to either prevent their negative consequences or avoid them happening again.

Other interesting issues and findings

Above and beyond the various actors and factors affecting fiscal openness reforms identified above, two additional interesting issues came up the in interviews that seem relevant for discussions on incentives for fiscal openness: *reform entrepreneurship* and *reform backtracking*.

The first one relates to *reform entrepreneurship*, defined as the purposeful strategies adopted by reform champions to create favorable conditions in which reform processes can be successfully implemented. The conversations on Brazil and Mexico, in particular, highlighted how reform champions were acutely aware of the need to show the benefits of fiscal openness to maintain support and win over resistors. Their strategies were focused not just on exploiting the positive incentives that existed, and trying to address the negative ones, but to actively generate positive ones by constructing new and alternative narratives that made fiscal openness reforms necessary, generating buy-in and ensuring sustainability.

The second issue is based on accounts of how reforms evolved over time in Afghanistan, the Philippines, and Uganda and raises the ever-present problem of *reform backtracking*. Afghanistan's early rise in the Open Budget Index was not long lasting, and although it might be partly due to how the OBS methodology is designed, it signals a partial backtracking on previous transparency gains. Some of the fiscal openness practices that were established in Uganda were discontinued as the years went by and as the Museveni regime continued to hold on to power. And the changes in government that followed the 2016 elections in the Philippines and Dilma Rousseff's impeachment in Brazil might negatively affect the continuation of the reform initiatives introduced by Secretary Abad and Minister Hage. In other words, incentives for fiscal openness can shift over time in response to a number of political and economic factors. As a consequence, unless reforms are adequately institutionalized and internalized, regression is always a concrete possibility.

How did different factors interact to determine reform outcomes?

Looking across the various cases and interviews, it is also interesting to see to what extent the various factors identified above interact with each other to shape reform trajectories.

a) Inevitably given the nature of the research approach, the role played by reform champions was key in all six countries. Their personal motivations and convictions – whether political/ideological or professional – provided an important backdrop to all reform efforts. However, they were particularly important in overcoming resistance to reform – by generating quick wins, convincing skeptics, etc. – taking advantage of reform opportunities generated by corruption scandals or external support, and constructing pro-reform narratives that shifted the terms of the debate on fiscal openness.

b) The strength and importance of other incentives and factors varied a lot more across countries. Horizontal accountability pressures, i.e. from Parliaments, did not seem to be very strong in any places, nor complementary to other incentives. Pressure from CSOs and the media, on the other hand, was very important in the countries that adopted deeper and more successful reforms, like Brazil, Mexico and the Philippines. Reform champions were able to exploit such pressures, building alliances across the government/citizens divide, to push for reforms.

c) Reform champions also took strategic advantage of whatever external support was available to reinforce their position, gain legitimacy and support the advancement of reforms. However, in those cases where external actors played a more direct role, as in aid-dependent countries like Afghanistan and Uganda, notable short-term gains seem to have been less sustainable over time, as domestic support for reforms was less intense.

4. BRINGING IT ALL TOGETHER: SOME REFLECTIONS ON OVERALL ISSUES AND FINDINGS

The work behind this paper started with the need to improve our understanding of some of the key incentives shaping government behavior in promoting fiscal openness. This section tries to pull together some lessons, both related to improving current knowledge and future research.

Broad points linking think pieces and interviews

a) Fiscal openness reforms, like all reforms, are based on a calculus of costs vs. benefits that actors involved carry out. The result of such calculus will shape each actor's motivations and position in support or against specific reforms. The personal convictions in favor of fiscal openness which shaped reform champions' views and actions were derived from their political and professional beliefs. Other powerful incentives for openness relate to actors' search for legitimacy vis-à-vis domestic and external audiences, insurance against competitors' opaqueness, and need for monitoring other actors' actions. All of these were visible in varying degrees across the countries where reform champions were interviewed. Participation and good performance in international initiatives and assessments like OGP, OBI and GIFT were used to motivate and mobilize support from both domestic and external actors. The consolidation of fiscal openness initiatives, either through enacting laws or setting up specific institutions was seen as a guarantee against future backsliding and regime changes, and fiscal openness brought about opportunities for improving efficiency and effectiveness through the monitoring of public spending. While this list of incentives is not exhaustive, it provides some powerful insights into how actors' motivations are shaped and can influence reform outcomes.

b) One of the key reform conundrums is always about how to tilt the cost/benefit balance towards the likelihood of reform, in a world in which those against reforms are usually more powerful and better organized than those in favor of them. As seen in the interviews, reform champions are often a fundamental element of that struggle to “break” the reform conundrum, reshape incentives and tilt the balance in favor of reform. This, however, begs the question of what happens when there is nobody to take on that role. Reforms do happen even where no clear reform champion exists, and in cases where reform ownership is more diffuse. While this project cannot shed any specific light on this problem, it is important to think about how international initiatives like GIFT can identify and support potential reform champions, or how fiscal openness reforms can be promoted by a constellation of actors, acting in coalitions and shaping public discourse in ways that gradually shift incentives even where no individual champion is available.

c) Ensuring that fiscal openness reforms go beyond “window-dressing”, and that they more effectively respond to citizens’ needs requires a very specific effort. International norms are skewed towards, and governments are used to and more comfortable publishing macro-fiscal information in technical language, which often has limited relevance for citizens. As can be gleaned from the interviews, it is in countries where non-government actors – including CSOs and the media – are able to articulate an alternative vision of fiscal openness, including both publishing additional types of budget information, making it more easily understandable and creating opportunities for direct engagement with service providers, that governments feel more compelled to respond in positive ways, and where fiscal openness reforms start moving towards more useful, meaningful mechanisms and approaches. Building both the technical and political/ advocacy skills of those demanding fiscal information is therefore important for moving beyond some of the limitations of current fiscal openness initiatives

The need for a complex, multi-dimensional analysis of incentives

The issues and findings summarized in this paper point to the need for analyzing government incentives for fiscal openness through a multi-dimensional framework that recognizes the complexity of the topic, and that depend on a number of contextual factors. Such a framework could ensure that any future research looking at the issue of incentives for fiscal openness is better able to unearth the deeper drivers of government behavior.

The key dimensions that such a framework should include are:

1) *Incentives and disincentives*: the framework should recognize the existence of both positive and negative incentives, linked to the expected benefits and costs of implementing fiscal openness reforms and to the costs of not implementing them,

and help investigate the factors that shape the cost/benefit calculus of key reform actors.

2) *Different incentive spheres*: the framework should recognize that incentives might belong to different spheres of government action, and be linked to costs and benefits in these various spheres. For example, in the political sphere, incentives will be linked to gaining or maintaining power and control over offices, resources, etc. In the economic sphere, they will be linked to costs and benefits to the public purse, including revenues, spending and borrowing, and to prospects for economic growth. In the institutional sphere, they will be based on the complementarities and contradictions between formal rules and informal behavior, etc.

3) *Actors involved*: the framework should recognize the broad range of actors at both the providing and receiving end of incentives, including different sets of actors within the executive, legislators, oversight institutions, citizens and civil society organizations, the media, private investors and financial markets, international and supranational institutions, donor organizations, etc. It should also recognize the contradictory roles that some of these actors play, and their possible synergies and complementarities.

4) *Components of fiscal openness*: the framework should recognize that in some cases incentives for fiscal transparency might be different from incentives for participation in fiscal matters, for example, as actors and their interests differ, and the political and economic stakes involved might also change.

5) *Phases of the budget cycle*: the framework should recognize that incentives for fiscal openness might also change depending on the various stages of the budget cycle. It might be easier for a government to disclose information and create opportunities for participation during budget planning and formulation, than during budget execution or during the audit stage, where arguably real accountability takes place. Again, at different stages of the budget cycle actors and their interests differ, as do the costs and benefits of fiscal openness reforms.

5. PROMOTING BETTER INCENTIVES FOR FISCAL OPENNESS: THE ROLE OF GIFT

Both think-pieces authors and reform champions were asked to provide some ideas and suggestions about what international initiatives like GIFT could do to strengthen incentives for fiscal openness.

Most think pieces authors were quite clear in their assessment that external actors like GIFT have a limited set of options in supporting stronger incentives for fiscal openness. This is due to the fact that many of the key incentives are domestic and context-specific in nature, making it difficult for external actors to intervene and affect them. Even so, various areas in which GIFT could make an important difference were identified by the authors, which can in turn be divided into more direct action at international level, and indirect action at country level.

Internationally, GIFT could strengthen incentives for fiscal openness by:

a) Continuing its work on norm development and norm convergence;
b) Helping move beyond the focus of existing fiscal openness norms and practices on macro-information, fiscal aggregates, central government and *ex ante* accountability, for example by developing complementary norms and practices around more useful fiscal openness, which focuses on micro-information, disaggregated data, transparency and participation at local level, and *ex post* accountability;
c) Building and expanding the existing evidence base on the benefits of fiscal openness, and documenting and disseminating good practice examples;
d) Working with various donors and international organizations to address the issue of "nominal" or "window-dressing" fiscal openness reforms;
e) Linking up with other complementary communities of practice, such as that linked to freedom of information issues, and using its convening power to bring together relevant actors through existing or new international networks – for example journalists and the media.

Working indirectly with domestic actors and partners at country level, GIFT could also contribute to improving country-level incentives for fiscal openness by:

a) Addressing the "missing user" problem by helping to build the capacity of different users of fiscal information, both in analyzing fiscal information and in advocating for more extensive opportunities for participation in the formulation and execution of fiscal policy;
b) Using its multi-stakeholder setup as an example to assist in building networks of domestic accountability actors and institutions – including the media – in specific countries, helping them overcome mutual distrust and collective action problems.

The responses of reform champions readily acknowledged the work that GIFT is already doing as very valuable and complementary to the efforts of country reformers. For example, GIFT's efforts around promoting and advancing international norms and standards for countries to follow, or in collecting and disseminating evidence of the positive impact of fiscal openness and of good practice examples. Other suggestions included:

a) Target some more specific audiences, such as: (i) politicians at highest level, tailoring evidence to convince them of the case in favor of fiscal openness; (ii) investors and credit rating agencies, to get them to recognize the importance of fiscal openness; and (iii) the United Nations, to see how fiscal openness can contribute to the Sustainable Development Goals;
b) Better tailor international assessment tools so that they are more adaptable to different country contexts and can better assist in setting domestic fiscal openness reform agendas;

c) Complement comparable evidence on fiscal openness with new indices looking at the quality and efficiency of public spending, which in the end is more important to the lives of citizens;
d) Help build the capacity of civil society organizations to more effectively use fiscal information;
e) Promote the use of new, “proper” technologies that can facilitate access to fiscal information and promote accountability.

ANNEX 1

List of think pieces

Alta Fölscher, Fiscal Openness to Make Government Work Better: Are We Doing Enough?

David Heald, Surmounting Obstacles to Fiscal Transparency

Stephen Kosack, On Incentivizing Useful Budget Transparency

Greg Michener, Why Policymakers Commit to Transparency: Legitimacy, Insurance, Monitoring and the Importance of the News Media as Mediator

Alasdair Roberts, Promoting Fiscal Openness

List of interviews

Florencio Abad, From Domestic Accountability to International Recognition: Fiscal Openness Reforms in the Philippines

Jorge Hage, Starting from the Top: Political Leadership and Fiscal Openness Reforms in Brazil

Benjamin Hill, Weaving a New Narrative: How Budget Transparency Reforms Took Hold in Mexico

Florence Kuteesa, Budget Transparency as a Means to Reduce Poverty: Uganda's Fiscal Openness Reforms

Trevor Manuel, Building Budget Democracy: Fiscal Openness Reforms in South Africa

Mustafa Mastoor, Supply, Demand, and Sustainability: Tracking Budget Transparency Reforms in Afghanistan

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