**Evaluating the Impact of Fiscal Openness Initiatives**

**Call for proposals for impact evaluations by GIFT members**

*October 2017*

In 2015, the Global Initiative for Fiscal Transparency (GIFT) commissioned a review of existing evidence on the impacts of fiscal openness, intended as covering both transparency – the provision of budget information by the government – and participation – opportunities for citizens to engage in the budget process.[[1]](#footnote-2) The review identified 38 empirical studies that discuss the effects of fiscal transparency or participation in budgeting. While overall evidence points to positive impacts of fiscal openness, only few studies are designed in a way that allows to make strong claims on the specific causal effects of fiscal openness initiatives.

The most convincing impact evaluations have generally produced encouraging findings, and suggest that fiscal openness has desirable impacts on resource allocation, corruption, and accountability. For example, a field experiment in Indonesia evaluated alternative approaches to lower corruption in village road projects.[[2]](#footnote-3) Some randomly selected villages were told that their project would be audited by the central government audit agency, and audit findings would be published and discussed at open village meetings. As a result, the amount of misused funds (measured as the difference between actual costs and an estimate provided by independent engineers) was significantly lower compared to villages that were not audited.

To strengthen the case for fiscal openness through a solid evidence base, and to improve our understanding of “what works”, GIFT is interested in supporting further impact evaluations in this area, in collaboration with governments. For this purpose, we would like to hear from GIFT stewards/members who are interested in conducting an impact evaluation of a fiscal openness initiative.

The evaluation can focus on existing fiscal openness initiatives – for which the government wants to assess impact – or on new ones that the government intends to adopt. Relevant initiatives can relate to any stage of the budget process (planning, approval, execution, or audit), and may involve the disclosure of budget information, participation opportunities, or both. For instance, an evaluation might focus on understanding how citizen participation in budget decision-making affects budget allocations and/or service delivery, or on examining how the disclosure of specific budget information – for example through the creation of an online fiscal transparency portal – can improve budget execution and/or project implementation. An audit agency might want to know how best to disseminate audit findings and to engage stakeholders, so that financial management improves in future years. These are just examples – if you think you have a relevant program that you would like to evaluate in collaboration with GIFT, or if you are interested in exploring this idea further on the basis of your government’s ongoing commitment to fiscal openness, we would like to invite you to discuss your ideas with us.

What are the benefits of a properly designed impact evaluation?[[3]](#footnote-4) First, participating organizations can learn “what works” so that they can prioritize different activities. If the findings reveal that some initiatives work, while others do not, then the participating organizations gain insights into where best to focus effort and scarce resources in the future. It is also possible that some initiatives only work in particular contexts, and this can be explored as part of an impact evaluation. The results of such a study thus have huge potential to make participating organizations more effective, by boosting the impact of their work on the management of public resources – and on the lives of those who rely most on public services. Another benefit is that an evaluation in collaboration with GIFT could be very valuable in helping participating organizations to credibly demonstrate the impact of their work to a domestic audience, as well as internationally.

Our aim is to keep the administrative burden to participating governments as small as possible. The evaluation would be designed on the basis of a detailed understanding of the needs and constraints of participating governments. What you want to do, and feasibly can do, is the starting point for this discussion. Ideally, the evaluation largely involves activities that a participating government would be carrying out anyway, and the crucial benefit of collaboration with GIFT would be that the process is carried out in a way that ensures impacts can be rigorously evaluated. With this approach, the extra costs (that is, additional to resources committed anyway) in terms of staff time are mainly about coordination, and likely to be modest in size, although they would need to be defined on a case-by-case basis. They would involve a few meetings of a steering group over the course of the research project (which might vary between one and two years), a main contact person, and regular liaison while the project is underway. GIFT would seek to address any particular requirements or concerns. The necessary financial resources, if not available from participating governments, would be raised by GIFT and its research partners.

If you have an ongoing fiscal openness initiative whose impact you would like to assess, or a new one that is being introduced, and would like to explore the possibility of collaborating with GIFT to carry out an impact evaluation, please get in touch with us. We would facilitate a discussion of your ideas, bringing together a small group of people with relevant expertise. While we would hope that such a discussion leads to a joint project, it would be completely exploratory, and imply no obligations on your part.

We are considering the possibility of convening a workshop with interested governments in the coming months. Please send your initial ideas and proposals – with a brief description of the initiative(s) that you are interested in evaluating – to:

1. Juan Pablo Guerrero (GIFT): [guerrero@fiscaltransparency.net](mailto:guerrero@fiscaltransparency.net)
2. Paolo de Renzio (IBP): [pderenzio@internationalbudget.org](mailto:pderenzio@internationalbudget.org)
3. Joachim Wehner (London School of Economics): [j.h.wehner@lse.ac.uk](mailto:j.h.wehner@lse.ac.uk)

1. Paolo de Renzio and Joachim Wehner (2016). “The Impacts of Fiscal Openness.” Latest version available at <http://ssrn.com/abstract=2602439>. A blog post summarizing the findings is available at: <http://blog-pfm.imf.org/pfmblog/2015/09/does-it-make-any-difference-reviewing-the-impacts-of-fiscal-transparency-and-participation.html>. [↑](#footnote-ref-2)
2. Benjamin A. Olken (2007). “Monitoring Corruption: Evidence from a Field Experiment in Indonesia.” Journal of Political Economy 115(2): 200-249. [↑](#footnote-ref-3)
3. Rachel Glennerster and Kudzai Takavarasha (2013). Running Randomized Evaluations: A Practical Guide. Princeton, NJ, Princeton University Press. [↑](#footnote-ref-4)