

## Openness, Transparency, Accountability: *towards* OECD Budgeting Principles

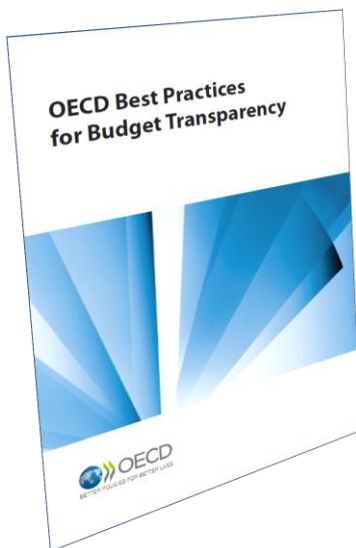
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PEMPAL Cross-CoP Meeting on Fiscal Transparency and Accountability  
Moscow, 27 May 2014

### OECD's starting point

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- “Openness about policy intentions, formulation and implementation”
- Budget reports (7 in total)
- Specific disclosures
  - Non-financial assets
  - Contingent liabilities
- Integrity & accountability
  - Audit
  - Parliamentary scrutiny
  - Public availability on internet
  - Promote public understanding

## Since 2002 ...

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- OECD Senior Budget Officials
  - *Regional networks: MENA, LAC, CESEE, Asia; also CABRI*
  - *Thematic networks: Budget Accounting (Accruals); Performance & Results; PPPs; Independent Fiscal Institutions; Health Budgeting*
- Budget Reviews / Public Governance Reviews
- Fiscal Network
- *Restoring Public Finances, 2011, 2012*
- *OECD Survey of Budget Practices & Procedures, 2007, 2012-13*



## Developments & Priorities in budgeting

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- from annual to **medium-term** budgeting
- heightened focus on management of **fiscal risks**
- Trend towards **accrual accounting (budgeting?)**
- Budgeting **across levels of government**
- from inputs to outputs, **performance** and impacts
- from MoF to **independent institutions**
- greater engagement of **parliament** and **citizens**
- Wider **international focus** on budget transparency
- budgeting as an instrument of **public governance**



## What do we mean by “Transparency” now?

### Of what?

- Revenues
- Expenditures
- Processes
- Plans
- Performance
- Risks

### To whom?

- Citizens
- Parliament
- Peers
- Int’l bodies
- Markets
- Auditors

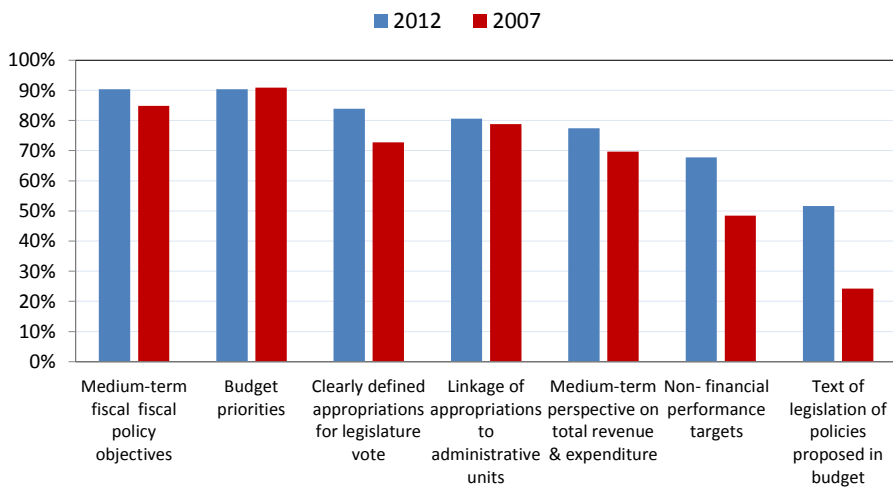
### For what?

- Participation
- Trust
- Lower costs
- Integrity
- Quality
- Stability
- Better decisions
- Impacts

\* Wehner & Rezio, IBP 2011



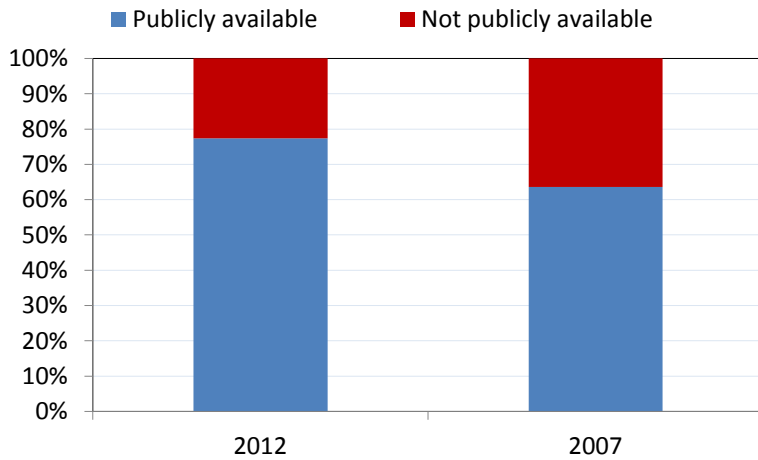
## Elements disclosed in the budget



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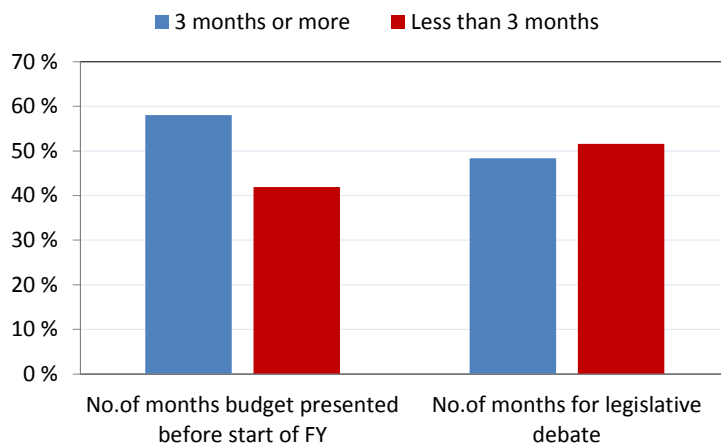


## ¾ publish the macroeconomic assumptions and methodology



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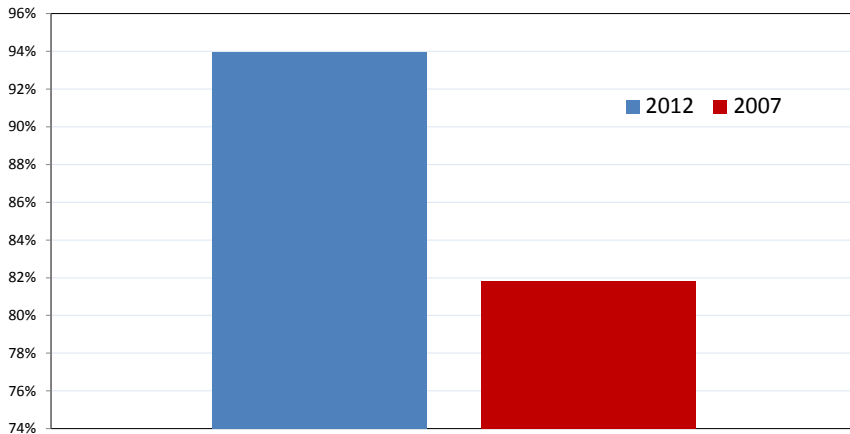
## Time for legislative budget debate



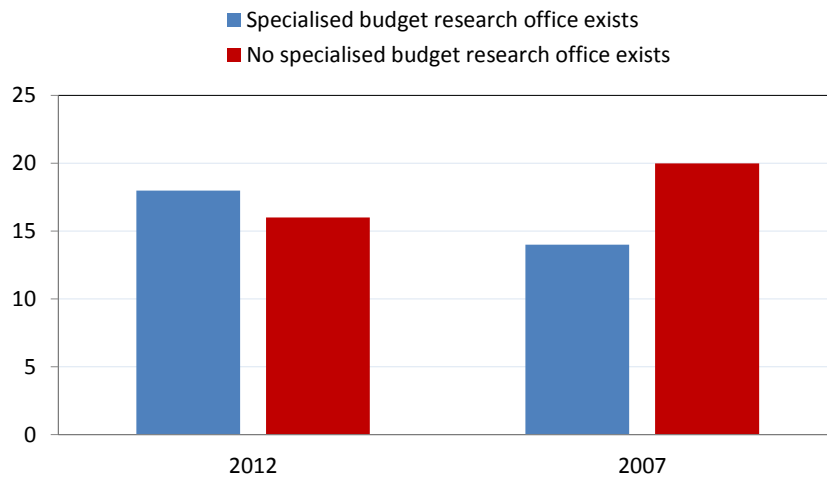
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## Fiscal rules

Percentage of OECD countries using fiscal rules

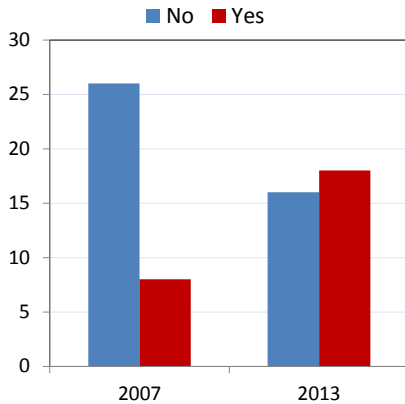


## Number of specialised legislative budget research units has increased

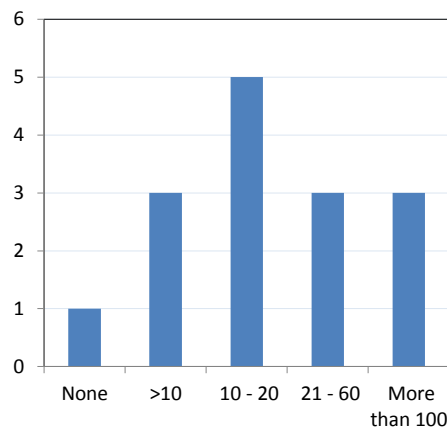


## More countries have established or are establishing independent fiscal institution

**Fig. 8.13 Countries with independent fiscal institutions**



**Fig. 8.14 Independent fiscal institutions - number of staff**



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## Principles of Good Budgetary Governance



## Transparency, Openness & Accessibility

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- Re-states Best Practices advice on budget reports
  - Enough time for effective discussion
- Beyond “openness” to “accessibility”
  - On-line
  - Open data formats
  - Analysed, re-used – role for CSOs / NGOs
- Open, standardised datasets covering all financial inflows and outflows
  - Open government
  - Integrity
  - Programme evaluation

## Inclusive, participative and realistic

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- Beyond openness to *understand, influence and input*
  - According to democratic mandate and prerogatives
- “Citizen’s budget” – standard and user-friendly
- Parliament – engage with budget process...
  - ... at all stages of budgetary cycle?
- Realistic engagement about difficult policy choices
  - Trade-offs, opportunity costs and VFM
  - Greater clarity from govt about evaluations, CBA studies?

## True, full & fair picture of the public finances

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- Nothing should be omitted or hidden “off-budget”
  - “budget sincerity” rules or declarations
- Full national overview – including sub-national dimension
- “Full financial costs and benefits” of budget decisions
  - Impact upon financial assets and liabilities
  - Accruals reporting
  - Cash accounting needs supplementary information

## Transparency → Accessibility → Participation?

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- Are budgets yet fully transparent?
  - Fiscal risks -- State corporations -- Long-term “holes”
- Are budgets yet fully accessible?
  - Bureaucratic -- technical -- open data -- lag times
- What are the modalities and limits of “participation?”
  - *THIS IS PARLIAMENT’S ROLE* – so get them more involved
  - *LISTEN & RESPOND DIRECTLY TO CITIZENS* – Swiss model
  - *CSOs CAN MEDIATE CITIZENS’ CONCERNS* – Social partnership
  - *OPEN GOVERNMENT MEANS OPEN DATA* – let citizens and CSOs find their own way – make their own paths
- Country-specific solutions *versus* international norms