

# Opening Government to Accelerate Poverty Reduction

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## **A Moment of Opportunity**

- The Open Government Partnership (OGP), the leadership on transparency and accountability shown by a number of governments across the world and the rise of new technologies for sharing information, have created a moment of opportunity for the emergence of a global movement for transparency and accountability.
- By taking advantage of this opportunity, governments and civil society can empower people with the information that they need to take greater control of their own development and make an important contribution to accelerating progress on governance, public policy and poverty reduction.

## **Transparency and Accountability: More resources, better spent on reducing poverty**

- People have the right to know what funds their governments have available to invest in poverty reduction, how those funds are spent and what results they achieve. By enabling people to see how their governments spend resources, transparency and accountability can play a key role in: increasing the responsiveness of governments to citizens; reducing corruption and other potential leakages; promoting economic efficiencies; harnessing innovation; and, improving the delivery of key public services.
- Transparency and accountability can help to ensure that resources are invested effectively to meet the needs of people. This will help to improve people's access to the health services and schools that they need, and ensure that the investments needed to boost agricultural productivity, to develop essential infrastructure and to nurture an attractive business environment are made.
- The "resource dividend" generated by making public finance more transparent and accountable can accelerate countries' progress along the road out of poverty, towards prosperity and beyond dependence on aid. To maximise this "resource dividend" it is essential that all development resources – including aid, climate finance, taxes, and natural resource revenues – and the budget processes through which resources are allocated and spent are transparent and accountable.
- The Open Government Partnership, the G20, the Fourth High Level Forum on Aid Effectiveness and the emerging Global Initiative on Fiscal Transparency (GIFT) provide important opportunities for making public policy and finance – revenues and expenditures – more transparent and accountable. Specifically, they offer opportunities for making progress on transparency and accountability in relation to foreign aid, natural resource revenues and budget processes. Below, we set out a number of commitments that governments could make to promote transparent and accountable public finance.

## **What Does the UK Government Need To Do?**

- As part of the Open Government Partnership: Commit to measures – on transparency around aid, budgets and natural resource revenues – that will contribute to enhancing transparency and accountability about public finance in developing countries.
- At the G20: Consider establishing a Working Group on Transparent and Accountable Public Finance, and – in 2012 – developing a multi-year Action Plan to enhance transparency and accountability.
- At the Fourth High Level Forum on Aid Effectiveness: Support an integrated agenda on transparent and accountable public finance for greater development effectiveness, with a particular focus on the linkages between aid and budget transparency. Make time-bound commitments to progress on this agenda.

### ***Aid Transparency***

- Publish timely and comprehensive information on aid flows – including amounts, destination, purpose, and conditions – in a manner that, in line with the International Aid Transparency Initiative (IATI), is comparable and compatible with other donor reporting and partner budget systems (donor governments).
- Support accountability and enable country ownership by citizens in developing countries through transparent and open decision-making processes. This should include regular and mandatory dialogue with key stake-holders in-country (national and local governments and parliaments, civil society, the private sector) on development policies, strategies, and programs (all governments).
- Be clear about development objectives and be honest about development results. Through an open and consultative process, donor and developing country governments should mutually determine objectives for development programs and projects, collectively channel resources to meet those goals, and be transparent in reporting on development outcomes (all governments).

### ***Natural Resource Revenues***

- Champion legally-binding full country-by-country financial reporting requirements at the project-level for oil, gas and mining companies. This will enable citizens and governments to see what they are getting for their resources, improve accountability and help to ensure that countries are receiving a fair deal for their natural resources. Section 1504 of the US Dodd-Frank Act is an example of this type of legislation (all governments).
- Join the Extractive Industries Transparency Initiative (EITI) as a candidate country. EITI acts as a forum for civil society engagement and by creating transparency over payments made and revenue received allows discrepancies to be spotted. By joining the EITI, countries can also contribute towards the EITI becoming the globally recognised transparency standard for the extractive industry (all governments).
- Publish extractive industry contracts. These contracts between governments and oil, gas and mining companies determine the benefits, obligations and indeed the transparency of the agreements between countries and industry. They are central to any effort to trace revenues and expenditures in the extractive industries (all governments).

### ***Budget Processes***

- Encourage and support governments in developing and emerging economies to make their budgets more transparent throughout the budget cycle, with room for citizen engagement at national and subnational levels, so that revenues from all sources and expenditure in all sectors can be tracked (donor governments).
- Link efforts to promote aid transparency with efforts to promote budget transparency, in ways that are sensitive to the capacity constraints faced by many developing countries, and which fit within a framework of mutual accountability between aid donors and recipients (all governments).
- Play an active role in the Global Initiative on Fiscal Transparency (GIFT) in order to advance global norms for fiscal transparency that help and incentivise countries to improve their fiscal transparency (all governments).

### ***Conclusions***

- Transparency alone will not deliver the accountability that is needed to ensure that resources are invested effectively in poverty reduction. Politics is key. But without transparency, political choices are poorly informed and there can be no accountability.
- With the Arab Spring's demands for better governance fresh in our minds, now is the time to open government in order to accelerate progress on poverty reduction.