TRUST ACCOUNTABILITY & INCLUSION COLLABORATIVE

Governing the Backbone: Fiscal DPI for Governance Outcomes

A scoping brief by Mariam Umarji

EXECUTIVE SUMMARY

As governments digitize their fiscal systems — from budget execution and procurement to social transfers and audits — fiscal digital public infrastructure (fiscal DPI) is becoming central to how public finance is planned, managed, delivered, and experienced. These systems are no longer just back-office tools; they are fast becoming the backbone of public financial management (PFM). Recognizing the significance of this transformation, the Trust, Accountability, and Inclusion Collaborative (TAI) commissioned this exploratory scoping study to examine the governance implications of fiscal DPI, with a particular focus on its effects on transparency, participation, accountability, and inclusion (TPAI).

"Fiscal DPI" is a working term used in this scoping study to describe the foundational digital solutions, such as systems, platforms, and tools, that underpin digital PFM, including budgeting, procurement, revenue, payments, and audits. While not a universally codified term, fiscal DPI is proposed here to distinguish the fiscal layer of digital public infrastructure from other domains, such as digital identification or sector-specific applications in areas like health or education. The term reflects an effort to frame these platforms not merely as technical tools, but as core components of governance infrastructure with direct implications for TPAI. The design and use of these systems influence institutional behavior, users and citizen experience, as well as public outcomes.

This rapid scoping study draws on two primary sources:

1. Semi-structured interviews with funders, implementers, and civic actors from a variety of regions and institutions, and
2. A rapid review of emerging tools, cases, documentation, and standards relevant to fiscal DPI.

Rather than providing a comprehensive mapping, this scoping aims to surface key risks, recurring patterns, and emerging lessons to inform how funders can better support governance-integrated fiscal DPI. The analysis was guided by eight core research questions, and the findings reflect early-stage experiences and evolving evidence in this fast-moving field.

The window to shape the governance of fiscal DPI is open, but it is closing rapidly. Current systems are being designed primarily for automation and efficiency, often relegating governance safeguards to an afterthought. This has led to a fragmented ecosystem where vendors retain control over core infrastructure through long-term contracts (typically seven to ten years, sometimes more), civic actors are sidelined from design processes, and a lack of donor coordination perpetuates project-based, siloed, and inconsistent approaches.

Design decisions in fiscal DPI, such as eligibility rules, data access rights, and grievance or appeals processes, determine who is visible to the state, who receives services, and who has recourse when harms occur. These are not neutral technical choices: they are political decisions that shape power and accountability. Without proactive intervention, fiscal DPI risks institutionalizing opacity, reinforcing exclusion, and bypassing public oversight altogether. The findings that follow illustrate how these dynamics are unfolding in practice and outline the necessary steps to address them.

Fiscal DPI is not politically neutral. It redistributes power. Design choices regarding eligibility, appeals, data visibility, and vendor models have a significant impact on access to public services and the ability to obtain redress. Across nearly all interviews, respondents emphasized that fiscal DPI is more than a technical upgrade, it is a form of political infrastructure. Governance considerations are often treated as optional or deferrable rather than fundamental. The same integration that enables efficiency also enables monitoring and control, with real-time tracking of transactions creating unprecedented surveillance potential. Vendor lock-in creates technical dependencies that are difficult to escape, effectively ceding sovereignty over critical infrastructure to companies.

While some interviewees acknowledged legitimate pressures to prioritize speed, many warned that efficiency gains without embedded safeguards risk excluding vulnerable groups and eroding trust. As one respondent noted, "We are automating opacity faster than we are building safeguards."

Strategic tensions shape every implementation decision. Fiscal DPI implementations navigate fundamental trade-offs between competing priorities:

- Efficiency vs. Inclusion (e.g., rapid scaling vs. beneficiary exclusion due to technology choice).
- Technical Control vs. Public Value (proprietary systems vs. open source, cost-efficient, and inclusive of monitoring features platforms).
- Speed vs. Safeguards (mechanical transfer of funds or procedures vs. addressing grievances).

These are not simply design preferences — they are political and ethical choices with real distributional impacts.

Civic participation is frequently symbolic or missing. Despite the promise of digital tools to democratize public finance, civic participation in fiscal DPI remains limited, symbolic, or absent. Digital systems such as budget portals and open contracting dashboards present continued opportunities to enhance citizen engagement and institutional accountability but often fall short due to shallow design processes and weak legal and governance frameworks, as well as lack of access to a regular flow of updated data.

Civic actors and communities are routinely excluded from the design, procurement, and piloting phases of digital fiscal systems. When public-facing components do exist, they frequently lack updated or disaggregated data, clear legal mandates, or mechanisms for meaningful user interaction. As a result, engagement tends to be performative rather than substantive, failing to influence decision-making or foster accountability.

Funding patterns further entrench these shortcomings. Most resources are directed toward technical infrastructure, with governance and civic engagement treated as optional or secondary components. Exclusion audits, end-user capacity-building, and feedback loops are rarely prioritized or funded. Grievance redress systems and transparency portals, key enablers of trust and accountability, are still exceptions rather than norms, even in major donor-backed reforms.

These gaps are especially pronounced in PFM-linked delivery systems, such as procurement, auditing, and service delivery tracking. Without deliberate investment in participatory mechanisms and accountability safeguards, digital fiscal reforms risk reinforcing existing power asymmetries rather than transforming them.

Fragmentation undermines the foundations of TPAI. The promise of TPAI hinges on the existence of interoperable, standards-based systems that allow for consistent civic engagement and oversight. Today’s fiscal DPI is fragmented and shaped more by donor mandates, vendor interests, and ad hoc national solutions than by shared standards for transparency, participation, or equity.

Digital fiscal systems have evolved unevenly across proprietary platforms, bespoke government solutions, and isolated donor-funded initiatives. The lack of interoperability and common frameworks limits the scale, usability, and replicability of successful governance innovations (even within countries), making it difficult to connect fiscal data with participatory platforms or grievance mechanisms. This directly weakens the core of TPAI by preventing joined-up, citizen-centered accountability.

While open digital public goods (DPGs) such as the Open Contracting Data Standard (OCDS), BOOST (the World Bank's public expenditure database to enhance fiscal transparency), and GovStack's fiscal modules (a standards-based, interoperable framework developed by a multi-stakeholder initiative led by the German government and involving a wide array of partners) offer more equitable and transparent alternatives, they remain underutilized due to entrenched procurement preferences, limited stakeholder awareness, and the lack of mandates requiring alignment with TPAI principles.

A power imbalanced ecosystem undermines coordination and accountability. The current landscape reveals critical power imbalances: ministries of finance typically lead acquisition and implementation but often show limited commitment to TPAI outcomes. Civic organizations such as the International Budget Partnership (IBP) and BudgIT possess deep fiscal transparency expertise but are frequently excluded from the co-design of DPI. Vendors dominate the market through proprietary contracts, while DPGs, including tools like the OCDS, BOOST, OpenSpending, and GovStack struggle to gain traction despite offering clear cost, time, governance and interoperability advantages. Meanwhile, multilateral funders deploy millions of dollars annually to support digital fiscal systems yet often fund technical components in isolation from accountability or civic engagement mechanisms.

The evidence gap is severe, limiting learning, accountability, and change. Despite a surge in global digital investments, only a small proportion of studies systematically evaluate impacts on TPAI. No standardized indicators exist for measuring governance outcomes in fiscal DPI systems. Research overwhelmingly focuses on technical metrics such as processing speeds, cost reductions, transaction volumes, transaction compliance, etc., while governance outcomes remain unmeasured. The evidence base is fragmented across sectors and countries, with limited representation from affected communities, developers and researchers from the Global South. As one interviewee put it, "Speed is outpacing safeguards."

This scoping exercise revealed three critical interventions that funders can pursue to align fiscal DPI with governance outcomes:

1. **Embed governance by design, not as a retrofit.** Essential components include public dashboards that citizens can understand and use, grievance systems that provide real-time resolution, and participation modules that enable input into, for example, public planning and budgeting priorities. It is recommended supporting three to five country pilots, selected based on political interest and commitment, to prioritize governance, ensure sufficient civic space for meaningful participation, and achieve basic technical readiness. These would integrate transparency, grievance, and participatory features from the outset. TPAI features would be integrated into procurement requirements, and participatory design processes, including engaging citizen users and key civil society organizations (CSOs), could be tested. We expect that a minimum of 15% of project budgets would be ring-fenced for governance features and stakeholder engagement, including parliaments, supreme audit institutions (SAIs), media and others.
2. **Build common benchmarks and standards through participatory and inclusive processes.** Funders can support the development of measurable indicators for TPAI in fiscal DPI that build on existing frameworks (e.g., Public Expenditure and Financial Accountability (PEFA) Framework[1] and the Open Budget Survey[2]) while adding digital-specific indicators for participation methods, algorithmic transparency, and redress mechanisms. Development must involve multi-stakeholder working groups with strong representation from the Global South, with pilot countries testing draft indicators before a broader rollout. This creates the foundation for cross-country comparisons and race-to-the-top dynamics.
3. **Coordinate and share lessons through a sustained learning infrastructure.** There is opportunity to invest in platforms that enable peer learning and exchange, align donor efforts, and elevate civic perspectives beyond scattered reports and bilateral exchanges. This includes regular summits that bring together diverse practitioners, working groups focused on specific challenges (such as procurement reform or inclusion testing), and the systematic documentation of both successes and

failures. Unfortunately, current knowledge management is limited. Genuine learning requires honest assessment and South-South practitioner exchanges funded at scale.

Fiscal DPI has the potential to enhance state capability, accelerate service delivery, and strengthen public trust, but only if governance is a first-order priority. The current trajectory toward efficiency-first, vendor-driven systems risks creating a digital infrastructure that prioritizes control over democracy. As one informant said, "We need to invest in both the pipes and the people."

This moment offers a critical opportunity to align infrastructure and inclusion. The governance architecture being built now will determine not just how money flows but who is visible, included, contributing, and empowered in the digital age. Funders, governments, and civic actors can act now to ensure that the next generation of fiscal systems is **not only faster but also fairer**. The window for shaping these foundational choices is closing rapidly.

Fiscal DPI is fast becoming the governance backbone of public service delivery. Whether it enables accountability or authoritarianism or otherwise will depend on the design choices and governance investments made now. Funders and reform partners must move beyond infrastructure and efficiency to invest in coalitions, safeguards, and shared standards that embed TPAI at the heart of digital fiscal transformation.

1: PEFA is a framework developed by multiple development partners (including the World Bank, International Monetary Fund (IMF), and European Union (EU)) to assess the condition of PFM systems. PEFA assessments have included transparency and participation elements and could be further expanded. Learn more *here*

2: The Open Budget Survey is conducted by International Budget Partnership and is available *here*