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GIFT work plan for the period July 2015- June 2016 Coordination Team & Network Director, June 30, 2015

Introduction

This document presents a one-year work plan discussed at the GIFT's general stewards meeting and approved by GIFT's lead stewards (at their July 7th and 8th Washington, D.C. meetings respectively). It covers the period from July 2015 through June 2016 and essentially builds on the results, deliverables, engagements and lessons learned during the past year.

Housed at the headquarters of the International Budget Partnership, the Global Initiative for Fiscal Transparency (GIFT) engages key stakeholders from across sectors and around the world, from the local to international levels, to advance and institutionalize significant improvements on fiscal openness in countries around the world. GIFT's theory of change proposes that strengthening norms and incentives, providing technical assistance, and encouraging peer-learning, high level dialogue and use of technologies/open data, will help advance and institutionalize more transparent, participatory, and accountable fiscal decision-making processes and policies in countries around the world. This, in turn, should foster more efficient and effective use of public resources, and help curb corruption, enabling governments to provide better service delivery for citizens as well as financial and macro-economic stability, to advance the ultimate goals of poverty alleviation and, more broadly, inclusive and sustainable human development.

From the beginning, GIFT and its stakeholders have agreed that the best ways to move towards these goals would be to organize activities around work streams lead by Stewards with an expertise or a particular interest in the activities undertaken. GIFT's core work focuses on five main activity streams: 1) the institutionalization of a more coherent and comprehensive global architecture of norms on fiscal transparency and participation; 2) broadening the group of countries actively pursuing improvements in fiscal transparency and participating through the Open Government Partnership Fiscal Openness Working Group; 3) production and dissemination of an enhanced body of impact evidence as incentives for engaging and strengthening country efforts and the production of practical lessons and innovations in fiscal transparency approaches; 4) the use of new technologies and open data platforms to further help countries to disclose fiscal information and 5) the development and expansion of the current GIFT multi-stakeholder action network.

This documents reports on the activities and results of the period May 2014-June 2015 and, from there, identifies the activities and deliverables for the period July 2015-June 2016. It contains five sections, one for each of the works streams listed above.

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Work stream 1 – Global Norms

Increase harmonization of global architecture of fiscal transparency norms to address some of the gaps and inconsistencies in the current guidelines of the field

Action highlights of the work plan going forward (2015-2016):

- 1) Facilitate and engage with stewards and stakeholders discussions in order to facilitate the convergence of guidelines and principles of global fiscal transparency norms and standards;
- 2) Work with the Performance Expenditure & Finance Accountability program to produce an indicator on public participation in fiscal policies and test it in several countries;
- 3) Continue the collaboration with IFAC in the Accountability.Now campaign;
- 4) Draft a proposal for a Convention on Fiscal Transparency, Participation and Accountability;
- 5) Continue pushing for the inclusion of open budgets, fiscal transparency and participation in the Sustainable Development Goals
- 6) Continue building a normative instrument to encourage citizen engagement in fiscal policies, with practices and indicators.

GIFT has been helping to strengthen the architecture of fiscal transparency by facilitating harmonization and addressing gaps. International standards provide incentives for governments to implement reforms through individual and comparative performance assessments by providing guidance on good practices, and by indicating which reforms might be effective in increasing transparency. For the period 2015-16, GIFT will continue encouraging activities related to this work stream, as described below.

Taking the GIFT High-Level Principles on Fiscal Transparency, Participation and Accountability, endorsed by the United Nations General Assembly in 2012, into account, GIFT has collaborated in the revision of the Code on Good Practices on Fiscal Transparency of the International Monetary Fund, the Open Budget Survey of the International Budget Partnership, and the Principles for Budgetary Governance of the Organization for Economic Co-Operation & Development during the past two years. One of the goals of this revision process has been the alignment of these sets of norms and making the overall set more comprehensive: for instance, the IMF code and OBS have been more closely aligned regarding timelines, budget document disclosure, definitions, coverage and public participation. As a result, the IMF announced in July 2014 that the new version of the Code on Good Practices on Fiscal Transparency would include a principle on public participation, while Principle 5 of the OECD's Budgetary Governance document now includes the need for an inclusive, participative and realistic debate on budgetary choices.

Furthermore, in April 2015 GIFT produced comments and organized an event as part of the consultation process around the recently-published draft of the IMF Resource Revenue Management Pillar of its Fiscal Transparency Code (Pillar IV). This event, presented by the IMF, with discussants from the Inter-American Development Bank, the Extractives Industries Transparency Initiative, the Natural Resource Governance Institute, Publish What You Pay (USA office), the World Bank, Oxfam America and GIFT, was further enriched by the participation of representatives from other various other organizations and expert institutions. Acknowledging the positive results of the meeting in which the GIFT submission was widely cited, the IMF announced that more consultations would be held, and that aspects of the other code pillars would also be revised, including potentially the public participation principle in pillar II, in order to broaden the scope of participation beyond budget preparation. Taking into consideration that transparency, participation and accountability are particularly important in resource-rich economies, GIFT and other interested parties sought to ensure that this new addition to the Code fully reflects the High-Level Principles. For the near future, GIFT will continue facilitating and engaging in these exchanges in order to facilitate the convergence of guidelines and principles of global fiscal transparency norms and standards.

The Public Expenditure and Financial Accountability Program issued its updated framework for consultation and is currently pilot testing before finalization and release. This new framework also

reflects an increased effort of alignment. For example, the PEFA Indicator #10 was revised and is now more closely aligned with OBS and IMF (they have included a budget proposal, a pre-budget statement, and citizens budgets to their original list, which included annual budgets, year-end reports, and audit reports – so everything from the High Level Principles on this issue has been included, except the stipulation of a mid-year budget report). In the case of the PEFA Indicator #28, the need for public hearings in the process of legislative scrutiny has been added.

GIFT's submission to PEFA also contained a suggestion to add a dimension assessing direct public participation in the budget preparation process, as well as additions to three other indicators. Although PEFA has not yet incorporated GIFT's recommendation to add an indicator on public participation in the budget process, the PEFA secretariat has agreed to continue a dialogue with GIFT about defining, framing and measuring public participation in fiscal policies. This collaboration now includes the possibility of GIFT and PEFA working together to trial a public participation indicator as part of the PEFA country assessments, when country governments are willing to participate in this challenge. The government of the Philippines, a GIFT lead steward, has confirmed its willingness to pilot the public participation indicator in the PEFA assessment that is taking place between June and August of this year. From this experience, PEFA and GIFT will consider the next steps, which might include some revision of the indicator based on experience, and the use of the indicator in other countries, whose governments are interested in measuring this dimension in their public finance management systems. As part of this effort, GIFT will also test the indicator in countries with the collaboration of local partners from the IBP network or with other local CSO experts.

On April 2015, GIFT lead steward the International Federation of Accountants held a roundtable around the coalition formed to launch the *Accountability.Now* Campaign through a very engaging discussion. The campaign aims to convince key decision-makers in the public sector to improve transparency and accountability and strive for high-quality reporting, through the adoption of international public sector accounting standards. The presence of more than twenty-five high level representatives from all relevant sectors at the roundtable made it clear that the Campaign has the potential to contribute to better use of public resources, to improve comparability of the financial condition of governments and their financial sustainability, and to increase the attention given to intergenerational equity. In order to fulfill its promise, this campaign will require a multi-stakeholder approach supported by a strong communications campaign. GIFT will continue its engagement in this important and challenging endeavor which includes activities in the research agenda, described below.

GIFT has continued working towards a United Nations Convention on fiscal transparency, participation and accountability (FTPA). The subject has been addressed in strategic meetings with representatives from various governments, some of whom have asked GIFT to work on a draft proposal of such an instrument. With this in mind, GIFT has commissioned an expert to review selected existing UN Conventions and other instruments for possible models or approaches that should be considered in a FTPA Convention: identifying possible core elements of such a Convention and preparing a draft skeleton outline of a Convention on FTPA. This draft, which should be ready in August 2015, will include an evaluation of the suitability of the model for international instruments that are based on high level principles, methods used to enhance the incentives for signatories to comply with their responsibilities arising from the instrument, the principle of common but differentiated responsibilities in regard to implementation, monitoring and enforcement of compliance, and the capacity of the model for adaptation and evolution. This draft will allow GIFT to continue its dialogue with governments on a more substantial and concrete basis, in face of an international community that seems to be increasingly welcoming to the concept of fiscal transparency and public engagement.

IBP, the World Bank and other GIFT stewards have been pushing for the inclusion of open budgets, fiscal transparency and participation in the Sustainable Development Goals, particularly since this new set of development goals will require the mobilization of large amounts of money. These stewards will be engaging in important side events at the Financing for Sustainable Development Conference in Addis Ababa in July 2015, a critical part of the FfSD agenda, given the importance of transparency,

participation and improved public expenditure efficiency for creating fiscal space for SDG priorities and more effective policy implementation.

By the same token, and thanks to the strategic intervention of a broad range of stakeholders, GIFT celebrates the draft document of the Addis Ababa Accord on the Third International Conference on Financing for Development, which establishes in its action agenda, as part of domestic public resources, that control mechanisms will be strengthened and that transparency and equal participation in the budgeting process will be increased, as well as promoting gender responsive budgeting and tracking. Furthermore, the document takes note of the OGP, with the promotion of accountability, responsiveness and transparency. GIFT will continue providing support and sponsoring this agenda. The High-Level Principles on Fiscal Transparency and GIFT work were also showcased in June 2015 at a G-20 anti-corruption committee meeting held at the World Bank, thanks to the invitation of the US Treasury. This meeting allowed stakeholders to discuss the various ways in which governments can benefit from the action network to advance the agenda on fiscal transparency. A more fluid and frequent communication between GIFT and other multi-stakeholder initiatives (OGP, Open Contracting, Transparency International, etc.) has resulted from this encounter.

Lastly, the most significant effort to contribute to the comprehensiveness of the global architecture of norms on fiscal openness has been the drafting of a normative instrument to encourage citizen engagement. Since July 2014, GIFT has held several workshops on public participation in national budget processes, aimed at generating greater knowledge about the fiscal areas and processes with opportunities for public participation. Workshop topics have included engaging with central government finance ministry officials, officials in line ministries, local authorities, members of the legislature and legislative support bodies, officials from audit institutions, and a wide range of civil society representatives (CSOs, academics, and researchers). GIFT has also produced a Primer (“The Time is Now: Advancing Public Participation in Fiscal Policy & Budget Making”) designed as an entry point for public authorities, civil society organizations and citizens who are seeking additional information about why and how public participation can be incorporated into national-level fiscal and budgetary policy cycles. In addition GIFT commissioned eight country case-studies of public participation in fiscal policy (see the research agenda later in this document). The objective has been a broad, plural and diverse discussion around these principles in order to produce a draft version for public consultation in August 2015, based on relevant cases from around the world (the principles into practice section). As mentioned, work has also proceeded on developing a draft indicator to measure public participation in fiscal policy: GIFT will continue this work with the goal of having a final version of principles on public participation in fiscal policies and measurement indicators (broader than the one constrained to the PEFA methodology) later this year, or early in 2016. This is in response to the stewards’ mandate that GIFT support the development of guidelines, knowledge about practices and proposals about measurements to public engagement in fiscal policies and budget making.

Work stream 2 – Learning at the OGP Fiscal Openness Working Group

Peer-to-peer learning and experience sharing at the Open Government Partnership-GIFT Fiscal Openness Working Group among OGP member countries on implementing fiscal transparency commitments, encourage more ambitious country commitments, and potentially provide analytic or technical support.

Action highlights in the FOWG-peer-to-peer activities for the period July 2015- June 2016:

- 1) Continue the engagement with Ministries of Finance and CSOs on work streams, like the GIFT principles on public participation and its measurement indicators (Mexico, South Africa, Indonesia, Supreme Audit representatives, the Philippines, etc.);
- 2) Facilitate a dialogue between the Ministries of Finance and CSOs on fiscal transparency, in order to ensure implementation of OGP commitments: Tunisia, Mexico, Paraguay, South Africa, and Brazil;
- 3) Facilitate peer-to-peer learning within, and eventually among, regions (Latin-America on fiscal transparency portals and virtual schools; Asia on capacity building for disclosure, PFM and record keeping) and between practitioners and experts, through the use of the new Community of Practice;
- 4) Work with partners to implement measures to promote the domestic entrenchment of new policies on fiscal openness, for example through initiatives that consolidate the norm of consultation, and by raising the political costs of policy reversal (Guatemala, the Philippines);
- 5) Provide technical assistance on national OGP processes and help countries develop and implement stronger action plans.

Since 2013, the establishment and functioning of the Fiscal Openness Working Group (FOWG) has allowed GIFT to reach and, where invited, support, governments and civil society stakeholders in OGP. **A FOWG Background Paper was developed as an analytical and policy contribution to OGP working groups** (“Fiscal Transparency in OGP Countries, and the Implementation of OGP Commitments: An Analysis”), **and has been** regularly updated since then. It examines National Action Plans based on the reports of the Independent Review Mechanism (IRM). The methodology is based on tagging FTPA commitments from amongst all the commitments in OGP Action Plans; using the information in IRM reports to produce cross-country comparisons of levels of completion of FTAP commitments; developing a methodology to compare countries by level of ambition of FTPA commitments and level of completion; and producing cross-country rankings of performance on FTPA. The Background papers also analyze how well specified FTPA commitments are; identify innovative and ambitious commitments; and trace and compare budget transparency performance and trends (as measured by the Open Budget Survey) by country and OGP region. This document also includes recommendations on how OGP countries can implement their fiscal openness commitments more effectively as well as be more ambitious in their next (or first) National Action Plans.

GIFT is the sum of all the stakeholders, stewards and partners that collaborate through the network. From this perspective, GIFT is an enabler and facilitator of peer-to-peer learning, building bridges and facilitating the exchanges between government practitioners while adding the unique approach of the multi-stakeholder action network, particularly the dialogue with budget CSO and the technical perspective of international organizations. In addition, while the OGP’s operating rules did not allow it to use the data in IRM reports to compare performance across countries, GIFT was not constrained, and this provides an additional potential level to encourage countries to implement their FTPA commitments and to develop more ambitious FTPA programs. GIFT facilitates the provision of targeted and coordinated technical assistance: within this framework, some countries provide technical assistance based on their experience and others benefit from it.

Peer-to-peer learning

GIFT has organized four sessions/workshops at the OGP regional meetings (Bali, Dublin, San José and Dar es Salaam), and one additional workshop in Brasilia, raising the GIFT profile in the process. Overall, the sessions and workshops of the FOWG at the OGP regional meetings have triggered a series of activities and common agendas related to a dialogue on common problems and possible solutions through peer-learning and research.

In all cases, the OGP Support Unit has kept constant communication with GIFT and had been supportive of the FOWG. OGP-GIFT coordination includes Support Unit funding for the workshop to be held in the Philippines and for in field technical assistance in Paraguay and Guatemala. The OGP Support Unit has also been strategic in facilitating GIFT's technical assistance to Liberia and Ghana in their fiscal transparency commitment part of their National Actions Plans (see below).

Following discussions at the workshop in Costa Rica (November 2014), GIFT organized a learning tour to Brasilia (March 2015) that was successful from many perspectives. Twenty participants from six different Latin-American countries were present in Brazil. This group, which included representatives from the ministries of finance and budget CSO, participated in intense discussions with the Brazilian hosts over a two-day period. Among other important agreements obtained as result of the meeting that will be followed-up in the period 2015-2016, we have:

- 1) FOWG members (Fundar, IBP, and Brazil's General Comptroller of the Union) will continue to work on the methodology for assessing Fiscal Transparency Portals. Fundar, with IBP support, has already produced a draft assessment of these portals in more than 60 countries (*Online Budget Information Assessment – 2015*, Fundar, Draft).
- 2) The FOWG will develop sustainability strategies on fiscal transparency, with peer-to-peer learning and CSO engagement, in order to facilitate the involvement of political appointees and technocrats and ensure continuity of efforts, particularly in the cases of Guatemala and Paraguay, with the support of Mexico and Brazil, respectively.
- 3) A collaboration framework for taking advantage of the Scola Virtual in Spanish-language countries will be explored, including the development of a guide on how to use the budget information that is disclosed on these portals, engaging IBP, which is already in the process of publishing its introductory course on budget analysis in several languages.
- 4) Brazil's Secretary of Federal Budget agreed to work with GIFT in developing a system of open budget data that could be useful for many countries and that would allow comparisons among countries, an effort that GIFT has already begun in collaboration with the World Bank and its Open Knowledge partner.

These promising initial results will be further developed in the period 2015-2016. Specially, another FOWG workshop will take place in September in the Philippines, with the support of GIFT Lead Steward, the Department of Budget and Management. Focusing on the experience on public participation in the budget process in that country, the meeting is aimed at finding ways of further cooperation and learning between partners in the region, and will seek to include non-OGP countries that have significant experience in the accountability and public participation agendas. Another aspect that will be addressed regards the challenge of capacity building for the disclosure of budget information, public finance management and record keeping.

These regional workshops will continue in the period 2015-16, with the organization of regional peer-to-peer fiscal openness learning meetings in Africa and Europe. As happened in Brasilia, where specific interests were identified for Paraguay and Guatemala, the goal of these meetings is to identify areas of peer collaboration for the action network.

Embracing technology for peer-to-peer exchange

The Community of Practice has been conceived as a web platform that will help to meet supply and demand of fiscal information. Through the use of technology, with the blogging and asking features implemented, GIFT will provide assistance to governments that wish to implement fiscal transparency, public participation and accountability measures, as well as CSO that would benefit from the use of

government information but do not have the technical skills to do so or would benefit from other CSO experiences.

Moreover, with the implementation of the Community of Practice (further described in detail) technology will be used to follow-up on the meetings as well as to strengthen communication and peer relations. With this in mind, the platform has been developed in English and in Spanish in order to facilitate knowledge dissemination in Latin American countries that are involved in the 2015-16 work plan. Versions of key versions in French and Portuguese should be available in 2016.

Engaging countries on GIFT principles and works streams

As mentioned before, GIFT has engaged in conversations at the national level around its draft principles on public participation, which have greatly benefited the development of the principles. However, these conversations have also had positive impacts on the national dialogue between CSO and ministry of finance representatives. In the conversation in Mexico City (January 2015) organized by Fundar, more than 30 representatives from the Federal and local governments, the legislatures, the Supreme Audit Institution and CSO engaged in the discussion about the principles. In Jakarta (April 2015), more than ten CSO (national and local), academia and media representatives, and public servants from national and subnational governments participated in the meeting. Organized by National Secretariat of the Indonesian Forum for Budget Transparency, IBP and GIFT, the workshops are part of the series of discussions that GIFT is organizing around the world, with different stakeholders, on the public participation principles. In Cape Town (May 2015), a meeting was organized with the support of the IBP partner in based in South Africa. The meeting gathered high-level officials from the National Treasury, the Chair of Parliament's Appropriations Committee, high-level representatives from the Auditor General Office, authorities in charge of public participation and the budget from the City of Cape Town, and a large number of expert and engaged representatives from CSO and independent specialists – including two current or former officials from Brazil and Mexico, who gave first-hand accounts of public participation in fiscal policy from their countries: over 25 people gathered around the table in a 2-day workshop in which the GIFT team was able to learn a significant amount about the challenges, opportunities, reach, limits, costs and risks of public participation in fiscal policy and budget making. This meeting was extraordinary due to the seriousness of the deeply rooted commitment to transparency and public participation around the table, and the information we gained about promising opportunities to advance this agenda in South Africa.

In the framework of the FOWG, GIFT has been able to discuss and get feedback about work on documents in-progress, while at the same time supporting the efforts of the ministries of finance and other government agencies, with CSO input, to reach agreements and ways forward to advance fiscal transparency in these countries. For instance, in Mexico, independent think tanks and SCO (GESOC, Fundar, CIEP) have engaged a dialogue with the ministry of finance about the zero based budget reform, with GIFT support. The goal is to create a plural platform for dialogue and advocacy between civil society, scholars and development agencies with the MoF in order to inform decision-makers options and decisions regarding the zero based budget process in Mexico.

Finally, in another workshop in Washington D.C with Supreme Audit Institutions representatives, with the support of the World Bank, participants discussed the public participation principles. Experts from India, South Korea, Brazil, the Philippines, the United Kingdom and the United States shared experiences of public participation in the audit phase of the budget cycle; experts from the United Nations Department of Economic and Social Affairs and the Global Partnerships and Policy Division of the OECD were also present. One important takeaway from this workshop was that in the last decade, significant changes in the relationship between public participation and auditing have occurred, with the emergence of new models of participation, new ways of identifying partnerships with civil society organizations and new methods of communicating and disseminating information.

In another important development and different modality of network action, GIFT has been part of an effort in Tunisia to advance public participation in the budget process, launched by the World Bank and

Tunisia's Ministry of Finance, and IBP partners. With the goal of establishing a partnership with Tunisia and bringing it into the FOWG, GIFT will have an active role to play in the follow-up activities aimed to empower civil society and improve the dialogue and knowledge of the stakeholders, by helping to address capacity gaps. As part of this initiative, GIFT has been working with Tunisian civil society organizations to help them use and analyze the "BOOST" open budget data presented in Tunis this past February, under the aegis of the OGP Fiscal Openness Working Group.

Finally, GIFT steward Fundar - a Mexican CSO that has been undertaking budget work and has worked to advance fiscal transparency for over 16 years- has documented cases where public participation spaces have been essential to advance fiscal transparency with different levels of government. The documented experiences are the result of GIFT interest in documenting, from a civil society organization perspective, good practices of public participation in public finances and the impact it can have on advancing budget transparency. Through these studies, GIFT has sought to extract lessons on the impact that non-governmental organizations can have when they seize these participation spaces. The goal is to exploit these experiences and develop broad strategies for dissemination, technical assistance material, and peer-to-peer learning tools, as well as incorporating insights in the norm on public participation.

Providing technical assistance to countries on their OGP National Action Plans and commitments

Further progress in working with OGP countries was achieved following the request of some countries for technical assistance in the formulation or the implementation of their actions plans. As one of the Open Government Partnership working groups, the FOWG reviews and comments on the fiscal transparency commitments in draft OGP National Action Plans upon request, in order to support and promote the implementation of more effective and ambitious commitments.

Representatives from the Paraguayan Government requested that GIFT review the fiscal transparency commitments in its NAP, in order to propose improvements. Out of this exchange, Paraguay requested continuing technical assistance and opportunities for peer-to-peer learning from GIFT. Fundar became involved and engaged with a civil society group in Paraguay, while the Ministry of Finance in Mexico confirmed its willingness to be part of the learning exchange under GIFT leadership. Later on, Liberia asked GIFT to comment on the draft of Liberia's Second NAP for 2015-2016. GIFT has also responded to a request for technical assistance from Georgia (on public participation) and has been asked by Turkey to provide elements on fiscal transparency portals. GIFT is set to establish contact with Greece and the Netherlands governments to address issues related to fiscal openness in their NAP formulation. .

In addition to analyzing the state of fiscal transparency and the implementation of commitments in OGP countries, GIFT has also developed tools for the OGP peer-to-peer learning stream of work. In particular, it has developed an expanded version of the High-Level Principles that explains each of the ten Principles in more detail, and provides additional information and sources of guidance for those applying the Principles in practice. This document sets out why the principles are important, defines key terms, explains the origins of the principles, describes how the principles are reflected in existing international norms and standards and provides sources of further information and guidance.

GIFT has also produced a "Literature Review on Social Audits for Civil Society Organizations and Public Institutions", as another step to engage with external audit institutions, and as part of the exploration work about public participation. The document includes a general overview of the literature on social audits and presents selected cases that are relevant for GIFT's public participation principles. The review also includes a preliminary assessment of the relevance of making a new handbook on fiscal transparency and social control.

Finally, it is worth noting that the FOWG is keen to join efforts with other OGP Working Groups, such as Open Data, Access to Information, Extractives Industries or Legislatures, in order to collaborate on projects on issues, research, and workshops of interest to more than one of these groups. FOWG

leaders have already held initial discussions with all of the above-mentioned working groups, and both sides have agreed, in principle, on several shared projects (Costa Rica, November 2014). GIFT will continue to look for opportunities for further collaboration between the OGP working groups.

Work stream 3 – Impact evidence as incentives for enlarging and strengthening the fiscal transparency agenda

Advance research on evidence of impacts, practical approaches and innovations in fiscal openness as incentives for implementation of fiscal transparency policies and enlargement of the action network

Action highlights for the period July 2015 – June 2016:

- 1) Produce evidence-based research about the links between fiscal transparency and public engagement, experimental research on the way public participation impacts development and governance indicators, and initiate a discussion about the quality of fiscal information, as means to increase the incentives to endorse this agenda;
- 2) Continue the incentives for fiscal transparency research work, addressing the question in international financial institutions and high level decisions makers;
- 3) Start exploiting the research agenda deliverables, including 11 case studies, establishing typologies for fiscal information disclosure and public participation, and develop strategies for dissemination, technical assistance material, and peer-to-peer learning tools on the practices and lessons learned, as incentives for policy implementation;
- 4) Commission jointly with IBP a paper for agenda setting on tax transparency, including the break down of information from revenue and expenditure in the budget analysis to identify the minimum conditions for independent analysis and establish the basic elements for a comparative perspective on the issue;
- 5) Complete initial exploratory research on the interface between fiscal policies and natural environment;
- 6) Conclude the research based on a survey on the demand and uses of fiscal open data.

GIFT has undertaken applied research to increase the amount of evidence available concerning the impacts of fiscal transparency on fiscal performance, policies, governance, service delivery and development outcomes for incentivizing policy implementation. In the period 2014-2015, the research focus has been on incentives and evidence of the impacts of fiscal transparency and participation, and public participation good practices and norms. The importance of greater participation is now accepted, but there is less clarity on how to increase public participation in practice, and on how the process of public participation can be made more effective and contribute to substantive impacts such as improved budget allocations and public service delivery. For the period 2015, GIFT will continue the research work on some cases, but will mainly focus on the phase of dissemination of the results of the findings of the research produced over the past two years.

A meta-evaluation of the current state of rigorously-researched knowledge on the impacts of fiscal transparency and participation was undertaken. This is a systematic review of existing evidence of the various types of impacts of fiscal openness, broadly conceived. It takes stock of academic articles and rigorous policy research documenting a wide range of effects of transparency and participation in budgeting. The lead researcher for this project is Joachim Wehner from the London School of Economics, in collaboration with Paolo de Renzio from IBP.

The final version of *The Impacts of Fiscal Openness: A Review of the Evidence*, which is available on-line, provides a set of clear incentives for the fiscal transparency implementation and points to a significant agenda for further research: of particular interest for GIFT is the question of the specific relationship between fiscal transparency and participation. Under what conditions does fiscal disclosure lead to greater participation in budgetary decisions? When and how does participation, in turn, lead to greater demand for fiscal transparency? What documents and information need to be accessible to enable citizen participation and improved service delivery? It is important to examine the variety of fiscal transparency and participation impacts simultaneously in order to understand the mechanisms through which fiscal openness interventions affect development indicators. GIFT will undertake research on this agenda, supporting research on the links between budget information disclosure and participation, on the one hand, and an experimental research that looks at the link between

transparency, citizen engagement and development, on the other, with the goal of providing a broader set of incentives for policy implementation.

Another component of these questions regard the quality of the budget information that is published: just as disclosure and use of fiscal information are crucial, the quality of this information determines the true potential of its use by independent actors. As part of the collaboration with IFAC, GIFT would explore the convenience of developing a methodology for measuring the quality of the fiscal information that countries disclose: many countries fall in the 'in-between' when it comes to compliance with international standards – having some good elements of transparency and lacking in others. Another research idea would be related to the financial information necessary for decision making, in order to address what seems to be a lack of discussion about what 'baseline' ex post financial information is necessary for evidence-based decision-making and what financial information countries around the world are actually publishing (apart from the 2012 IMF study, there appears to be little data to show the causal linkages between high levels of transparency – strong accountability – and economic impacts). A proposed initial step would be to undertake a literature review and an assessment of the various approaches to this question, in order to decide what further research is needed.

In order to better understand concrete actions on transparency by governments and to develop a thorough understanding of what are some of the key incentives that shape governments' willingness to improve their openness reform agendas, GIFT commissioned five well-known academics and experts in the field of government transparency, openness and accountability to undertake research essays or think pieces on incentives for fiscal openness (published on-line): Alasdair Roberts from Suffolk University (*Promoting Fiscal Openness*), Gregory Michener from Fundação Getúlio Vargas in Brazil (*Why Policymakers Commit to Transparency: Legitimacy, Insurance, Monitoring and the Importance of the News Media as Mediator*), Stephen Kosack from the University of Washington (*On Incentivizing Useful Budget Transparency*), David Heald from University of Aberdeen (*Surmounting Obstacles to Fiscal Transparency*), and Alta Folscher, a researcher and consultant with the Collaborative Africa Budget Reform Initiative –CABRI- (*Fiscal openness to make government work better: are we doing enough?*). Paolo de Renzio developed a synthesis note based on these reflections.

This incentives project has two additional components in progress. The first one relates to a reflection of the World Bank, IMF, IBP and other international actors with respect to their experience in promoting fiscal openness across countries. The second one calls for conducting interviews with former senior politicians and public officials, in order to collect their testimonies about significant and successful reform efforts in different countries. People who have been contacted include Jorge Hage from Brazil, Trevor Manuel from South Africa, Florencio "Butch" Abad from the Philippines and Ernesto Cordero from Mexico. These additional components will be further developed in the second half of 2015. By the end of 2016, GIFT will use this body of research to develop a set of dissemination tools, technical assistance components, peer-to-peer learning material and an agenda for further research about the mechanisms and the incentives that favor the openness agenda in fiscal policies.

GIFT concluded five additional country case-studies to build on the first series of three documents (on Brazil, the Philippines and South Korea) to examine the motives and incentives for governments to increase and improve public participation in national fiscal and budgetary policy, to analyze the political economy factors that motivate these reforms, and the strategies used for organizing government efforts to increase and improve public participation in fiscal policy. The case studies also describe the specific experiences with public participation, the quantity and quality of participation in fiscal policy and budget processes and to what extent, how and why did the engagement of citizens and civil society organizations shape actual fiscal/budget decisions (such as allocations) and implementation. These case studies include the first ever-systematic fieldwork and interviews with government and civil society stakeholders on this critical topic for advancing fiscal openness around the world. The authors engaged in these research are Dr. Michael Touchton from Boise State University, for the case of Mexico; Dr. Kevin Page from the University of Ottawa on Canada; Katarina Ott of The Institute of Public Finance in Croatia on Croatia; Steven Friedman from the Centre for the Study of Democracy at Rhodes University/University of Johannesburg on South Africa; and Dr. Jason Oyugi, independent consultant,

with the case of Kenya. The final versions of these papers are accessible on-line. The three original case studies on public participation in fiscal policy and budget processes in Brazil, South Korea and the Philippines have been finalized and updated (Brian Wampler, from Boise State University, for Brazil; Francisco Magno for The Philippines and Wonhee Lee for South Korea).

These eight case studies based on primary research along with secondary research in a wider set of countries provide the first ever cross-national knowledge base of experiences, drivers, good practices and innovations on this topic. This knowledge base continues to inform GIFT's development of norms on public participation, since it is the main input for the enumeration of best practices that are referred to in the principles for public participation; but it also nurtures GIFT's technical assistance and peer-learning activities, especially through the OGP FOWG. As said, for the period 2015-16, GIFT will exploit these case studies, establish typologies for fiscal information disclosure and public participation, and develop broad strategies for dissemination, technical assistance material, and peer-to-peer learning tools on the practices and lessons learned about public participation in fiscal policies.

Murray Petrie, GIFT Lead Technical Advisor, produced a draft version of a note that scopes potential research and development activities with respect to the interface between fiscal policy and the natural environment. This area is of great interest to GIFT because there are gaps in the normative architecture, and because it is a potentially important lever for strengthening incentives. The initial focus has been on climate change finance because of the linkages to the FfSD process and the level of interest in this area. The note represents an initial investment, in order to quickly scope the terrain and identify promising areas for further research and development. A webinar and a final version of this research will be developed before the end of 2015.

GIFT also produced research on the harnessing new technologies and open data, which seeks to improve the incentives and opportunities for public engagement in specific areas and processes of the fiscal cycle and public financial management. A paper on the current state of affairs on budget open data experiences and practices provides a landscape and assessment of the current state of the field; it compiles existing practices related to the use of open budget data as it relates to the delivery of public services and overall engagement with stakeholders. Jonathan Gray and Open Knowledge produced this research, which will be soon available on the website. In addition, three case studies have been produced that provide examples of governments using open budget data in innovative ways to connect with the public. The three case studies on innovative practices are Kenya, conducted by Davis Adieno; Mexico by Tamon Takahashi-Iturriaga; and the city of Chicago in the United States by Aaron Feinstein. The papers are available on-line.

In the area of tax transparency, GIFT commissioned a research on Mexican federal fiscal revenues, which addresses tax revenue in Mexico from a fiscal transparency perspective and provides an preliminary evaluation of where Mexican federal revenues stand in terms of transparency, participation and accountability and will set an example of an approach to address the issue of tax transparency. The research was developed by Hector Villarreal; the final version will be published in the coming weeks. For the coming-up period 2015-16, IBP and GIFT will address the issue of tax transparency, jointly commissioning a paper for agenda setting, including the break down of information from revenue and expenditure in the budget analysis. This effort will include establishing the elements for undertaking tax analysis from a CSO perspective, the identification of the stakeholders that are working in this area and the conditions for international comparative analysis on the matter. The exploratory map of transparency challenges on taxes would focus on domestic revenue, the classification of revenues, collation of data from across different revenue collection agencies, verification of payments made against reported receipts, and would possibly include information on incidence, tax efficiency and the capacity to collect revenues, amongst other factors. The Ministry of Finance of Tunisia will be part of the GIFT team in charge of developing this agenda, given their current efforts to disclose information about revenues.

Another research activity, coordinated by IBP, the World Bank and GIFT, has been to put together a survey on the demand and uses of fiscal open data. This project aims to enhance the understanding of

relevant stakeholders around the developing world with respect to the current uses for budget work, as well as the ways in which existing barriers are perceived to hinder further engagement. The number of responses is approaching 200, at which point a first assessment of the results will be carried out. The final output of the research phase will be a comprehensive report highlighting overall trends; and emphasizing common needs, barriers, and current uses of budgetary information across specific categories and systematic knowledge gaps needing further intervention. Once completed, before the end of 2015, this research work will feed into the GIFT community of practice and the global knowledge platform, where the information collected will serve as the basis for promoting awareness and knowledge exchange among peer practitioners.

Work stream 4 – Global Open Fiscal Data

Improve the opportunities for public engagement in fiscal policies and budget making, with the use of new technologies and open data tools and activities

Action highlights of the work plan for the period 2015-2016:

- 1) Establish the GIFT Community of Practice;
- 2) Develop the Global Open Fiscal Data Package, engaging more than 15 countries in the next year

A desired outcome from the various in-person activities described above is an on-going dialogue with stakeholders. One way to encourage such continuity is through forming a Community of Practice network in the new GIFT website, where learning and sharing can continue remotely with regional and international peers. The Community of Practice platform, to be launched in July 2015, will be a communications mechanism for supporting training, online seminars, virtual meetings, online discussion, webinars to share good practices, online training courses, discussions, blogs, and other community communications. While one-way portals of information dissemination have value, the community of practice network GIFT envisions is a living and active online environment for global participants to share, probe, and learn from each other.

The contents of the website include at least the following features: 1) institutional information (about GIFT; what we do, members, history, what we do, etc.); 2) fiscal transparency general topics and data (budget, accountability, etc.), principles of fiscal transparency, introductory animations; 3) active participation tools addressed both to government officials and civil society in general (meetings at GIFT, webinars, open discussions, etc.); 4) voice to members (blogging tools) and assistance mechanisms (Asking feature where experts and peers can answer) 4) promoting fiscal transparency through the Community of Practice showcasing good practices and encouraging peer communication (benefits, uses, follow other members, etc.); 5) important dates on the international agenda; 6) relevant research information both from GIFT and other actors, partners and networks (news, research, etc.)

This new tool of GIFT will become a strategic component of the communication work of the network as well as a contribution to peer assistance, therefore significant efforts will be devoted to helping GIFT stewards get acquainted with and use the platform.

GIFT will also develop a dissemination strategy to increase the number of users (particularly the number of active users); and promote the use, exchange and publication of quality fiscal information and good practices. The site will use simple and accessible language in order to reach a broader audience of governmental, specialized and unspecialized stakeholders.

The Global Open Fiscal Data Package

As a multi-stakeholder network that can convene critical actors from all the stakeholder groups, and as a neutral mediator, GIFT is in a unique position to facilitate the development and adoption of an open fiscal data specification. The output of this stream of work is to develop a global open fiscal data package based in the budget data developed by BOOST (World Bank) in close to twenty countries, and on the technical specification under development by Open Knowledge. The key benefits of such a specification include ensuring budget information publication in a high-quality open data format; reliability of the published budget information disclosed; comparability of the data, both between different periods and between national, sub-national and international data; to encourage use of a free and accessible open budget data specification; world-wide acceptance of the data and global repository of micro-level fiscal data; innovative visualizations for use, understanding and policy analysis; adaptability to developing country contexts; facilitating the assessment and tractability of committed actions; and addressing and reflecting specific civil society and CSO demands (thanks to the GIFT-IBP network).

To date, no such standard for fiscal information exists at the international level: although various countries have developed open data formats for the publication of fiscal information, the quality, reliability and diversity of the data are vastly variable and the comparability is quite limited. The development of the open data fiscal transparency package would in fact provide an opportunity to many countries to publish budget information using a useful, practical, free and accepted mechanism for countries that have not been able to develop such formats yet, and would provide an alternative for countries that are seeking or paying providers to publish open budget data, ensuring at the same time a tool that provides comparability of the data and therefore, enhanced relevance.

GIFT is facilitating and coordinating the collaborative work of the WB BOOST team and Open Knowledge to produce an open fiscal data package and a roadmap (work plan) to get there. The main components and challenges of a roadmap for the development of the open data package are discussed in the main roadmap proposal (separate document). The package should be ready to be validated and tested in at least 15 countries of the WB BOOST open budget portal by October 2015. The pilots should be ready by December 2015, possibly including the countries of Brazil, Paraguay, Mexico, UK (Open Knowledge only), Moldova, Tunisia (basic information), Armenia, Tanzania and Tunisia. In countries where GIFT is working (Paraguay, Tunisia, Brazil, Mexico), GIFT will seek to garner support for an open budget data specification through the identification of candidate organizations and support from key stakeholder organizations. The aim is for eight organizations to become partners in the coalition by agreeing to list their organization as an open budget data coalition partner.

As the pilot activities progress in late 2015, GIFT plans to seek the formal endorsement of an open budget data specification from four countries. These countries may be from the first round of pilots or from a second round of pilots anticipated in 2016. The goal is to have four formal endorsements by July 2016.

Work stream 5 – GIFT Governance framework

Develop and adopt a comprehensive GIFT governance framework and sustainable funding strategy, and strengthen GIFT program coordination arrangements and outreach

Action highlights of the work plan (2015-2016):

- 1) Discuss and approve the documents entitled *Network Governance, Legal Structure and Operating Procedures Proposal* and *GIFT Operating Procedures Proposal* at the General Stewards meeting (July 2015);
- 2) Initiate the second phase of fund raising for the action network (first semester of 2016);
- 3) Continue the outreach effort and collaboration with the private sector.

On the basis of numerous discussions with lead stewards, GIFT's Coordination Team generated a proposed governance plan to move forward for the period 2015-2017 and drafted a set of operating procedures for the network, which were thoroughly discussed in a lead stewards meeting held in February 9, 2015 (*Network Governance, Legal Structure and Operating Procedures Proposal* and *GIFT Operating Procedures Proposal*). This proposal was based on a previous document, entitled "General Considerations on the Governance Structure and Network Dimensions" (July 2014), which described GIFT's proposed deliberation, decision-making and execution bodies and their functions, as well as proposals for a working model, including the main streams of work of the network, its funding sources and the organizational model of the multi-stakeholder action network (MSAN). In particular, it was based on the preliminary responses to the main questions concerning the process of institutionalization identified in the February proposal. A final version of the Governance Proposal and the Operating procedures have been put to the consideration of the members of the network at the General Stewards Meeting of July 2015 for discussion and approval.

The governance proposal plan addresses the questions of resource mobilization for sustainability, the active engagement of the members of the network, bodies, functions and responsibilities within the governance system, the expansion and the internal dynamics of the network, and considerations about the legal structure of GIFT in the near future. This section of the report briefly describes the main elements.

In 2013, the World Bank's Development Grant's Facility awarded GIFT a three-year US \$2.25 million grant, which allowed for the hiring of a full-time Network Director and consolidating the GIFT coordination team. The funds from this grant are being managed and housed at the International Budget Partnership. In May 2014, GIFT was awarded US 1 million by the William & Flora Hewlett Foundation for the period 2014-17 to support its core work, as well as specific goals for each of the work streams described above, and for institutional building. In November 2014, the Omidyar Network agreed to provide an additional US 1 million US for the period 2015-17 for both general support and project-specific work in order to advance objectives in the five streams. As a result, the action network foundation resources average over a US 1 million per year for the period 2014-17 (see the GIFT budget in a separate document).

With this in mind, 2015 has been a key year for GIFT: a number of key research pieces have been finalized, the enlargement of the platform, the work at the OGP working group and the dissemination of GIFT's work have been commenced. Milestones reached in 2015 will be crucial for efforts in 2016 to expand the sources of funding and the network members' support for the GIFT sustainability mobilization program.

The February 2015 governance proposal also addresses points related to the transparency of the network in its internal and external communications, the effectiveness and inclusiveness of the decision making process, and the conditions for a long term governance structure, emphasizing clarity in the roles and responsibilities of the general stewards, the lead stewards, the coordination team, the network director, the host institution and the development of an impact evaluation system.

The section of the governance proposal about the expansion and internal life of the network addresses the conditions to become a member of the network, an issue that was significantly improved in a lead stewards discussion at their February meeting. Overall, there was a clear consensus about how to attract new members while at the same time establishing basic and clear rules to attract members that can really engage in the work to advance fiscal transparency. The program proposes to increase in 2015 the membership of GIFT to 24 total stewards including eight governments in total (from a number of 17 in 2014, including five governments, to 24 in 2015, adding three additional governments institutions); GIFT proposes 34 stewards as the target for 2016, including 12 governments in total. This proposed expansion derives from the increasing engagement of new countries in the activities of the OGP Fiscal Openness working group, as described above.

With respect to the important issue of outreach, IBP and GIFT have undertaken a collaborative partnership with a group of professional emerging market investors who support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest. This group, called the Alliance (of emerging market investors), has provided a basis for engaging on a permanent basis with private sector investors, with the goal of making this group one of the stewards of GIFT. An overview paper identifying key elements and issues on the relationships between the private financial sector and public fiscal and budget openness, along with a two-page brief were completed in November 2014 (on-line). These were presented to over 100 emerging markets investors and professionals in joint Alliance-GIFT event held at Bloomberg in early December 2014. Planned collaborations with the Alliance around concrete incentives of the private sector in GIFT include, among other projects, a research effort into credit rating methodologies from GIFT's fiscal transparency perspective, introducing open budget indicators to these ratings and the production of a series of short pieces or notes that systematize the specific recommendations that investors (and GIFT) can make to countries that are about to issue bonds.