

GIFT Comments on Macedonia's draft Second OGP National Action Plan 2016-2017¹

Summary

- As one of the Open Government Partnership (OGP) working groups, the Fiscal Openness Working Group (FOWG) offers to review and comment on the fiscal transparency commitments in draft OGP National Action Plans, in order to support and promote the implementation of more effective and ambitious commitments.
- GIFT welcomes the fiscal transparency initiatives in Macedonia's draft second Action Plan; they are significant and include some of the priorities identified by the International Budget Partnership following the 2015 Open Budget Survey. Implementation of the commitments would help start to reverse the large decrease in fiscal transparency in Macedonia since 2008.
- The specification of the fiscal transparency commitments in the draft can be strengthened by making them more specific and measurable. A number of specific suggestions are put forward in this note.
- There is scope to extend and deepen public participation in ways that would contribute to a ministry of finance's objectives of increasing efficiency and cost-effectiveness. These include the process of producing a Citizen's Guide of the Budget through a dialogue with the civil society users of this document; engage the potential users of the Health Programs open data in order to ensure that the data is known and responds to the needs of the service beneficiaries; engage citizens affected by certain policies or social programs where implementation effectiveness and efficiency could be improved by the input of the communities concerned.
- Specific suggestions are also made to extend the commitments in the draft Action Plan, including that Macedonia:
 - Publish a Citizens Guide to the Budget at the time the budget is first proposed to the Legislature.
 - Consider introducing an interactive transparency portal to facilitate access by citizens to the additional fiscal data that will be published as a result of the commitments in the draft second action plan (please see the attached study on the matter by IBP-Fundar – GIFT stewards-).
 - Introduce the Open Fiscal Data Package public expenditure data tool in collaboration with the BOOST team of the World Bank, Open Knowledge and GIFT.
 - Consider the standard promoted by Open Contracting Partnership (<http://www.open-contracting.org>).
- Through the activities of the FOWG, GIFT can help support and facilitate implementation of the commitments in the Action Plan, as well as the development over time of new commitments for the third Action Plan that build on progress on the first and second plans.

Context

Macedonia's score on the 2015 OBS was 35, unchanged from the 2012 survey, but 19 points lower than the 2008 OBS (all scores are out of 100). Budget oversight by the legislature scored 42, and by the auditor scored 100. Its score for public participation on the 2015 OBS was only 6.

Based on the Independent Review Mechanism reports on implementation of OGP National Action Plan, GIFT placed Macedonia in the bottom quadrant of OGP countries, with relatively low ambition in its fiscal transparency commitments and a relatively low degree of completion of those commitments.²

¹ The draft is dated April 2016 and was provided to GIFT by the OGP Secretariat on 4 May 2016.

Comment

GIFT has commented generally that careful attention is needed to specifying each commitment in an Action Plan, and that using SMART criteria can be a helpful approach: commitments should be specific, measurable, achievable, relevant, and time bound. This approach increases the likelihood that commitments are well designed and planned, that implementation can be monitored, and that there is accountability for completing commitments. It could also make it easier to attract external funding for some of the commitments.

Looking at Macedonia's draft 2015-16 NAP from this perspective, there is scope to more clearly specify various parameters of some of the commitments, as indicated below.

The main fiscal transparency commitment in Macedonia's draft Action Plan is Commitment 5, 'Efficient management of public resources (fiscal transparency)', pp.29-42.

This commitment comprises:

5.1 Open budget initiative: publish a citizen's guide to the enacted budget; publish quarterly reports on budget implementation; and publish a mid-year review of the budget. These commitments are significant and welcome, and are among the priorities identified by the International Budget Partnership following the 2015 OBS.

In order to obtain the most value from these commitments, and also to introduce an important element of public engagement from its current extremely low level, it is suggested that:

- MOF consult first with civil society on what should be in the Citizens Budget; and then engage with a CSO(s) in actually drafting it (this collaborative approach is proposed with respect to commitment 5.2). It would also be worth considering publishing a draft Citizens Budget (based on the most recent enacted budget) as a pilot later this year, for public comment on how understandable and useful it is. In the production of a Citizen Budget, the process of engaging with the potential users of this document is crucial for success.
- The timeliness of the publication of quarterly reports on budget implementation is defined in the commitment i.e. how long after the end of each quarter they will be published; and the level of detail in the reports e.g. tax and non-tax revenues by major type, expenditures by ministry, economic category and program.
- With respect to the published mid-year review of the budget, the commitment could usefully state very briefly what the review will cover e.g. the level of detail of comparison of outturn against budget (by ministry, and program or sub-function); identification and narrative discussion of material variances; and discussion of any possible within-year responses that may be required. Consideration should also be given to submitting the statement to the legislature, initially perhaps only for the legislature's information, and subsequently also for formal discussion.

In terms of additional commitments that could be considered for this or the subsequent Action Plan, it would be highly desirable to build on the initial publication of a Citizen's Guide to the enacted budget, by publishing also a Citizens Guide to the Budget proposal when it is first presented to the legislature for its consideration. This would facilitate a broader public debate on the annual budget before it is adopted by the legislature.

² See http://www.fiscaltransparency.net/eng/resource_open_public.php?IdToOpen=20151028136

5.2 Open Data on Health Programs: it would be good to indicate by when the semi-annual and annual reports will be published. It would also be desirable to state briefly what the standardized reports will contain e.g. both financial and non-financial data. Financial data could include expenditure on different services, current expenditures by economic category, capital spending on projects, and unit cost measures. Non-financial data could include data on outputs (number of services delivered of a particular type and standard); service coverage (e.g. percentage of a target population receiving services under a particular program); outcomes (e.g. incidence of disease, female mortality rates); and any key performance indicators (KPIs) or targets that the Ministry of Health is tasked with achieving or monitoring performance against.

5.3. Creating a legal obligation for the contracting authorities for mandatory publication of information regarding the public procurement contracts on their websites.

At the moment the commitment description does not say how publication will be made mandatory e.g. will it require a new regulation? We suggest including in the commitment an additional sub-component, such as 'government to approve regulation requiring mandatory publication of...'. This should indicate who is responsible for drafting the regulation, a date by which the regulation will be passed, and the first year in which procuring entities must comply e.g. 15 February 2017 for publication of annual procurement plans. We also suggest that components 5.3.2 to 5.3.4 requiring links to the information published on EPPS indicate the timeliness of these links e.g. how long after the event the link must be established.

5.4. Involving representatives of associations and foundations, as well as other civil society organizations, in transparent and objective manner in sector working groups for planning and programming of IPA 2 on the same level with state bodies representatives.

Sector working groups are to have discretionary right on the method and timetable of consultation with civil society. We suggest the government include some minimal standards of consultation, drawing from the GIFT *Principles of Public Participation in Fiscal Policy*³ e.g. sufficient advance notice of consultation, including a diverse range of civil society organizations, provision of necessary information in user-friendly forms.

5.5. Publication of data on signed contracts and received assistance through Infrastructure Development Program (ORIO) Netherlands. We suggest that commitment 5.5.1 be broken down into its discrete sub-components, and that specific dates are inserted next to each of them e.g. publish list of institutions by an explicitly established date; publish all contracts by xx; first semi-annual report published by xx.

In addition to commitment 5, there are also FT commitments in:

- a) *Commitment 6.2. Establishing new tools to improve financial transparency and accountability of Local self-government units.*

This commitment states: 'Establishing control boards in municipalities as a very accessible way of informing the council members and citizens on key financial data from the operation of municipal and public services.' It is not clear from the description what the roles and any responsibilities the control boards will have and what their relationship is to municipal councils. It is also not clear what milestone 6.2.1. Data identification, 6.2 Establishing software solution for electronic platforms, and 6.2.4 Training for application mean, as there is no reference to these activities in the description of the commitment. Brief descriptions should be added to the commitments.

- b) *6.4. Improvement of the social affair services at the local level.* This appears to involve local governments contracting with CSOs for the delivery of social services, and includes setting

³ See http://www.fiscaltransparency.net/pp_principles/

service delivery standards. The only government ministry referred to is the Ministry of Labour and Social Affairs. This may be a pilot project in just one sector, but it would be worth considering whether the MOF should be involved as well, to help set the framework for budget funding of contracted-out social services. In addition, only one CSO is referred to, and it may be worth involving other potential service providers to ensure competition, value for money, and integrity in contracting.

Additional commitments for consideration

In addition, three further initiatives are recommended for consideration, that would build directly on commitments in the current draft Action Plan and greatly increase their impact. Initial work on these commitments could be added to the second action plan, with further development of them in the subsequent action plan. The three commitments are:

- i. *Introduce a fiscal transparency portal.* Portals are collections of freely available data and tools that also provide visualizations, data dashboards, tables, charts, and maps, and access to all the underlying data. An interactive fiscal data portal would facilitate access by citizens to the additional fiscal data that will be published as a result of the commitments in Macedonia's draft second action plan. In recent years a number of countries have introduced fiscal transparency portals (Brazil, Mexico, Peru, France, etc.), and GIFT has been actively supporting peer networking through a number of activities of the FOWG.⁴
- ii. *Introduce the Open Fiscal Data Package, composed by the World Bank BOOST tool for public expenditure analysis with Open Knowledge visualizations.*⁵ This tool is based on the budget data developed by BOOST (World Bank –presentation attached-), which now includes information for close to twenty countries, and on the technical specification under development by Open Knowledge. The key benefits of the 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.
- iii. *Consider open contracting standards:*⁶ the Open Contracting Partnership is an international initiative to increase transparency and integrity in public procurement. It has three main elements: making procurement contracts open by default; providing procurement data in machine readable and reusable open data format; and creating opportunities for direct public participation across the procurement cycle. Open contracting would extend the initiatives in Macedonia's commitments 5.3 and 5.5, potentially across all of government procurement.

⁴ <http://www.fiscaltransparency.net/fowg/>

⁵ <http://www.fiscaltransparency.net/fowg/#toggle-id-8> ; <http://wbi.worldbank.org/boost/>

⁶ <http://www.open-contracting.org>