**The Global Initiative for Fiscal Transparency**

**On Behalf of the Fiscal Openness Working Group**

**Open Government Partnership**

**Comments on Nigeria’s draft First OGP National Action Plan 2017-2018[[1]](#footnote-1)**

**Summary**

* Nigeria joined the OGP in 2016, and this is its first Action Plan. GIFT welcomes the fiscal transparency initiatives in the draft Plan. The committed actions are substantive, covering revenues and expenditures, and key areas of integrity risk such as resource revenues and procurement. They have the potential to significantly extend fiscal transparency and public participation, thereby strengthening accountability for the stewardship of public resources.
* This note provides comments on the four commitments defined as fiscal transparency commitments. Three further commitments relate to strengthening citizen engagement. While these cover a wider scope of government activities than just fiscal activities, they are very relevant to fiscal transparency and the report also provides some comments on these commitments.
* GIFT’s main suggestion is that, in the specification of these commitments, Nigeria consider drawing on some of the tools GIFT has developed to support public participation in fiscal policy. GIFT’s *Principles of Public Participation in Fiscal Policy* are annexed to this note, together with a Table containing a menu of possible performance indicators that GIFT is developing to measure public participation activities, outputs and results. Nigeria could consider adding some indicators from the Table to the draft first action plan for commitment 1. They are also relevant to the three citizen engagement commitments (commitments 11-13).
* One area where we consider the draft action plan would repay some quick focused attention is the description of some of the individual commitments, which are drafted in general terms rather than describing what actions and activities will be undertaken.
* While there are some well-specified performance indicators in the draft, some indicators can be strengthened. Some suggestions are put forward in this note.
* As one of the 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, to support and promote the implementation of more effective and ambitious commitments. Through the activities of the FOWG – peer to peer learning, workshops, information exchange, access to expert technical support - GIFT can also help support implementation of Nigeria’s OGP commitments, and the development of new commitments for Nigeria’s second Action Plan that build on progress on the first plan. In these lines, we provide at the end of the note some additional actions that Nigeria could consider adopting.

**Context**

Nigeria’s score on the 2015 OBS was 24, which is considered to represent a minimal level of budget information. It is considerably lower than the average of 45 for all 102 countries, and lower than regional neighbours such as Sierra Leone (52), Ghana (51) and Liberia (38). While Nigeria’s 2015 score was an improvement from the score of 16 in the 2012 survey, since the assessment for the 2015 OBS Nigeria has failed to produce the Citizens Budget. The score for public participation on the 2015 OBS was only 25, while for budget oversight by the legislature the score was 67, and for oversight by the auditor the score was 50 (all scores are out of 100).

**Comment**

There are four fiscal transparency commitments in Nigeria’s draft Action Plan (commitments 1-4). In addition, the three commitments relating to strengthening citizen engagement (commitments 11-13), while covering a wider scope of government activities, are also very relevant to fiscal transparency, and we also provide some comments on these commitments.

Our main suggestion is that, in the specification of these commitments, the government consider drawing on some of the tools GIFT has developed to support public participation in fiscal policy. GIFT has developed a set of ten *Principles of Public Participation in Fiscal Policy,* and has also developed tools to help measure the level and quality of public participation in fiscal policy. Section 5 of the Open Budget Survey 2017, on public participation across the budget cycle, has been significantly redesigned to measure country practices against the GIFT Participation Principles.

The GIFT *Principles of Public Participation in Fiscal Policy* are reproduced in an annex to this note for ease of reference.

Table 1 in the annex provides a menu of possible indicators that GIFT is developing to measure public participation activities, outputs and results. The indicators include quantity indicators for different types of public engagement, and indicators of the quality of consultation and engagement, designed in part of measure performance against the GIFT Participation Principles.

We suggest that Nigeria consider adding some indicators from Table 1 to the draft first action plan for commitment 1.

The indicators in Table 1 are also relevant to the three citizen engagement commitments (commitments 11-13).

Finally, we suggest that Nigeria could start working towards the inclusion of the following commitment in its second action plan: ‘Increase Nigeria’s score on public participation in the Open Budget Survey between the 2017 and 2019 Surveys.’ Researchers began collecting data for the 2017 Survey in September 2016 and the assessment will cover the period to 31 December 2016.

Our second broad comment is that the draft action plan could be strengthened by tightening the language of some of the commitments. GIFT has commented with respect to many OGP action plans that careful attention is needed to specifying each commitment, 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.

Looking at Nigeria’s draft Action Plan from this perspective, an area that could repay some quick focused attention is the description of some of the individual commitments. For instance, the ‘brief description’ of commitment 2 states: ‘The Nigerian government commits to implement open contracting to enhance transparency, accountability and citizen engagement in public procurement and fiscal transparency.’ It would be helpful to define the specific actions that will be taken. Some of this is implied by the specific activities/milestones e.g. ‘increase sensitisation of citizens on how to engage at every stage of the procurement cycle,’ but it is not clear what actions will be undertaken to increase citizen awareness. Perhaps it is through the open contracting forum (another milestone) but there may be other activities planned as well, which it would be helpful to refer to.

The specification of some of the performance indicators in the draft could also be strengthened. There are some well-specified indicators in the draft e.g. the first two indicators for commitment 2 (percentage of open competitive bidding, and increased number of bidders per bid). Assuming the data is available (including baseline data), these two indicators – especially the first indicator – measure meaningful aspects of procurement.

But in some other cases the indicators could be strengthened, for instance:

* + Commitment 1:
		- Indicator 1 refers to changes in the level of citizens’ satisfaction. This needs to be made more specific, for instance by referring to the service or activity with respect to which citizen satisfaction is to be measured, how it will be measured, whether there is baseline data available, and whether it will require introduction of new instruments to measure citizen satisfaction. There are many possible indicators, two examples are public perception of the impact of NEITI validation reports, and public perception of revenue administration (TADAT indicator P9-27).
		- Indicator 2 is the number of public consultations in the budget process. This is measurable, although it would be improved by defining the scope of the budget process e.g. all stages from preparation to audit and evaluation, or just specific stages. The indicator could also be improved by disaggregating ‘public consultations’ into different types of public engagement - for instance written consultation, web-based consultation, face to face submissions, face to face discussions (see Table 1).
		- Indicator 3 is the timeliness of publication of the audit report. We suggest that timeliness be defined in the commitment i.e. how long after the end of the fiscal year will the report be published. Nigeria could aim for a performance level selected from one of the main international fiscal transparency instruments e.g. the IMF’s Fiscal Transparency Code (Principle 1.2.2) stipulates that audited final accounts are published within 6 months of year end (advanced practice), within 9 months (good practice) or within 12 months (basic practice).
		- With respect to publication of a ‘comprehensive citizens’ budget’ (one of the activities/milestones), the government could consult first with civil society on what should be in the Citizens Budget; and then engage with a CSO(s) in drafting it, as has occurred in some other countries. 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 accessible and useful it is.
	+ Commitment 2:
		- Indicators 3 and 4: it would be worth adding the word “publication of’ before these indicators to make it clear that the information will be published.
		- An additional indicator could be the proportion of procurement complaints upheld.
	+ Commitment 3:
		- As noted in the 2015 NEITI Annual Activity Report [[2]](#footnote-2) one of the challenges has been the publication of timely reports (p. 45). It would be worth considering whether some specific timeliness indicators could be included in this commitment e.g. ‘publication of the annual validation report for the oil and gas sector within x months of the end of the period.’
		- The 2015 NEITI Report (p. 44) also notes that reporting of environmental impacts of resource extraction is not covered by the EITI Standard, but that NEITI reports have commented on environmental hazards. It could be high impact and innovative for Nigeria to develop an indicator of environmental impacts of natural resource extraction, for reporting as an OGP commitment.[[3]](#footnote-3)
		- Additional indicators that could be considered for commitment 3 (or for the second Action Plan) are the percentage discrepancy between reported revenues paid to government and revenues reported received by government; the number of remedial issues identified in each EITI report; and the proportion of remedial issues resolved within x months following IMTT action.
	+ Commitment 4:
		- It could be high value to include in this commitment an initiative on disclosure of details of all tax incentive schemes, as an important step to reduce the abuse of these schemes referred to in the draft.
		- Nigeria could consider, for inclusion in the second Action Plan, committing to having a Tax Administration Diagnostic Assessment Tool (TADAT) assessment undertaken, as encouraged in the Addis Tax Initiative Declaration. Component 9 of TADAT, on accountability and transparency, would be particularly relevant to OGP.

**Additional commitments for consideration**

In addition to our comments abocve, 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:

1. *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 Nigeria’s first action plan. In recent years a number of countries have introduced fiscal transparency portals (Brazil, Mexico, Peru, France, Indonesia, etc.), and GIFT has been actively supporting peer networking through a number of activities of the FOWG.[[4]](#footnote-4)
2. *Introduce the Open Fiscal Data Package, composed by the World Bank BOOST tool for public expenditure analysis with Open Knowledge visualizations.*[[5]](#footnote-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. Mexico has already published its Federal Budget in [open sources](http://www.transparenciapresupuestaria.gob.mx/en/PTP/Datos_Abiertos) and OGP countries like Uruguay, Croatia and Guatemala are piloting this tool.
3. *Consider open contracting standards*: [[6]](#footnote-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.

**Annex: GIFT Principles of Public Participation in Fiscal Policy**

Public authorities should endeavor to ensure that citizens and other non-state actors have effective opportunities to participate directly in public debate and discussion with respect to the design, implementation and review of fiscal policies, observing the following interdependent principles:

 ***1. Openness:*** provide full information on and be responsive with respect to the purpose, scope, constraints, intended outcomes, process and timelines, as well as the expected and actual results of public participation.

***2. Inclusiveness:*** pro-actively use multiple mechanisms to reach out to engage citizens and non-state actors, including traditionally excluded and vulnerable groups and individuals, and voices that are seldom heard, without discrimination on any basis including nationality, race, ethnicity, religion, gender, sexual orientation, disability, age or caste; and consider public inputs on an objective basis irrespective of their source.

***3. Respect for self-expression:*** allow and support individuals and communities, including those directly affected, to articulate their interests in their own ways, and to choose means of engagement that they prefer, while recognizing that there may be groups that have standing to speak on behalf of others.

***4. Timeliness:*** allow sufficient time in the budget and policy cycles for the public to provide inputs in each phase; engage early while a range of options is still open; and, where desirable, allow for more than one round of engagement.

***5. Accessibility*** - facilitate public participation in general by disseminating complete fiscal information and all other relevant data, in formats and using mechanisms that are easy for all to access, understand, and to use, re-use and transform, namely in open data formats.

***6. Transparency:*** support each public engagement by providing all relevant information, highlighting and informing key policy objectives, options, choices and trade-offs, identifying potential social, economic, and environmental impacts, and incorporating a diversity of perspectives; provide timely and specific feedback on public inputs and how they have been incorporated or not in official policy or advice.

***7***. ***Proportionality:*** use a mix of engagement mechanisms proportionate to the scale and impact of the issue or policy concerned.

***8. Sustainability:*** all state and non-state entities conduct on-going and regular engagement to increase knowledge sharing and mutual trust over time; institutionalize public participation where appropriate and effective, ensuring that the feedback provided leads to revision of the fiscal policy decisions; and regularly review and evaluate experience to improve future engagement.

***9. Complementarity:*** ensure mechanisms for public participation and citizen engagement complement and increase the effectiveness of existing governance and accountability systems.

***10. Reciprocity:*** all state and non-state entities taking part in public engagement activities should be open about their mission, the interests they seek to advance, and who they represent; should commit to and observe all agreed rules for engagement; and should cooperate to achieve the objectives of the engagement.

**Table 1: GIFT: Public Participation in Fiscal Policy:**

 **Possible indicators to measure outputs and results**

|  |  |  |  |
| --- | --- | --- | --- |
| **Output indicators** | **Coverage indicators** | **Initial results indicators** | **Initial outcome indicators** |
| **Quantity:** Completion of engagement events or processes: - Number of discrete events or processes - by type (e.g. written inputs, complaints or suggestions, written consultation, web-based consultation, facilitated interaction and discussion (not face to face); public surveys; face to face submissions; face to face discussions; facilitated face to face deliberation with exchange of views between officials and non-government) **Quality:[[7]](#footnote-7)** - openness of objectives and process - actions taken to publicise engagement opportunity, and to attract diverse inputs - timeliness - information provided on policy options and possible social, economic and environmental impacts - Publication of all public inputs - Publication of summary of public inputs - Incorporation of public inputs into advice to decision makers - Publication of response to public inputs e.g. detailed written report listing all inputs, explaining how inputs influenced content of official reports, recommendations and decisions. - depth of participation (on IAP2 spectrum)**Cost:** budget cost of the intervention Estimates of non-budgeted costs (official and non-government) | Number of participants by event type. Number of participants by category of participant.[[8]](#footnote-8)Diversity of participants.[[9]](#footnote-9) | Evidence that official policy decision/public service/investment project influenced by or changed due to participation.Evidence of satisfaction of participants with the engagement e.g. from a survey, or review/evaluation, interviews, CSO statement, media report | Improvement in quality of public services (e.g. availability, responsiveness).Improvement in quality of public investment projects (relevance, cost and time to complete compared to budget estimates, quality of public services post-completion) |

1. The draft Action Plan is not dated. It was provided to GIFT by the OGP Secretariat on 8 November 2016. [↑](#footnote-ref-1)
2. <https://eiti.org/sites/default/files/documents/neiti-aar-2015_0.pdf> [↑](#footnote-ref-2)
3. GIFT High Level Principle 4 asserts that ‘Governments should communicate the objectives they are pursuing and the outputs they are producing with the resources entrusted to them, and endeavour to assess and disclose the anticipated and actual social, economic and environmental outcomes.’ [↑](#footnote-ref-3)
4. http://www.fiscaltransparency.net/fowg/ [↑](#footnote-ref-4)
5. http://www.fiscaltransparency.net/fowg/#toggle-id-8 ; http://wbi.worldbank.org/boost/ [↑](#footnote-ref-5)
6. <http://www.open-contracting.org> [↑](#footnote-ref-6)
7. These indicators are intended to measure practices against the GIFT Principles of Public Participation in Fiscal Policy. [↑](#footnote-ref-7)
8. For example, CSO, academic, independent expert, business organisation, trade union, religious organisation, media, citizen. [↑](#footnote-ref-8)
9. For example, by geographic locality (capital city, other), or demographic or socio-economic indicator. [↑](#footnote-ref-9)