**Global Initiative for Fiscal Transparency**

**Guidelines for the Membership of Subnational Government Institutions**

**August 2021**

**Introduction**

Since its inception, the GIFT network has maintained strong cooperative relationships with subnational governments that have shared their experiences in fiscal transparency practices, particularly, in public participation, and that themselves have benefited from the network's peer learning processes. Examples include the governments of Buenos Aires (Argentina), Elgeyo Marawek (Kenya), Cascais (Portugal), Wuppertal (Germany), Mexico City (Mexico), Guanajuato (Mexico), and Bogota (Colombia), among others.

In 2020, the Governments of the State of Guanajuato (Secretariat of Finance) in Mexico and the City of Bogota (Secretariat of Finance and General Secretariat of the District) in Colombia, expressed their interest in becoming members of the network. This issue was brought to the Lead Stewards Meeting in February 2021 by GIFT’s Network Director, with a discussion document presenting an analysis of the matter, including its background; the typical characteristics of existing stewards; as well as the potential advantages and disadvantages of admitting subnational governments ([here](https://www.fiscaltransparency.net/wp-content/uploads/2021/08/LS-Meeting-on-Membership11Feb21FV.docx)). The lead stewards considered the practicality of admitting subnational governments as members of the network and asked GIFT’s Network Director to draft practical and simple guidelines for admitting subnational governments as stewards for a trial pilot period, to be evaluated prior to a permanent resolution being taken on the matter (the minutes of the meeting are [here](https://www.fiscaltransparency.net/wp-content/uploads/2021/08/LeadStewardsMeeting-MinutesDraft24Feb2021clean-3.docx)).

This document presents these guidelines as well as general considerations regarding criteria to be used to assess the success of the pilot.

**Background**

The GIFT network has enjoyed fruitful relationships with subnational governments over the years, typically connected with their engagement with the Open Government Partnership ([OGP](https://www.opengovpartnership.org/ogp-local/)). In 2015, the Finance Secretary of the City of Buenos Aires took part in the Stewards General Meeting and presented its budget transparency experience and action plan. The Government of Elgeyo Marawek (Kenya) attended a 2016 international experience-sharing conference in Ljubljana, Slovenia, on public participation in the budget process. The city of [Wuppertal](https://www.fiscaltransparency.net/participatory-budgeting-in-germany-wuppertal/), in the state of North Rhine Westphalia, Germany, shared in 2017 its experience on consultative participatory budgeting processes, as part of the case studies of the Public Participation in Fiscal Policies [Guide](https://www.fiscaltransparency.net/case-studies/). In 2018, the Portuguese City of Cascais hosted a Stewards General Meeting; Cascais had been awarded the GIFT public participation price for their experience on participatory budgeting, and since then, its local government has been collaborating with the network on workshops and trainings on the subject (Cascais Smart Citizenship [Academy](https://www.cascais.pt/sub-area/smart-citizenship-academy-program-2019)). The Government of Mexico City worked with GIFT in the utilization of the network’s fiscal open data [tool](https://www.fiscaltransparency.net/global-open-fiscal-data-package-roadmap-july-2015/) for the publication of [budget](https://datos.cdmx.gob.mx/dataset/changes/4d9db982-bfcb-4116-842c-79f27d4764cc) information, and participated in 2018 #DataRallyFromHome. In 2019, the Government of the State of Guanajuato (Mexico) requested technical support from the network in publishing budget [information](https://presupuestoabierto.guanajuato.gob.mx/#/principal) with the open data tool and expressed interest in continuing the collaboration on an ongoing basis. In 2020, after some collaborative activities, the Government of Bogota formally requested membership to the GIFT network.

In the discussion document prepared for the February 2021 Lead Steward Meeting, the GIFT Coordination Team recommended the extension of membership to subnational governments. Sustained and collective work to promote, enable and learn from subnational government fiscal transparency initiatives may benefit the network in a number of ways:

* Firstly, it can support GIFT’s vision of improving citizen-centered transparency, public participation and public service delivery, as people interface more directly with their government at the local level. Some of GIFT’s objectives and principles such as participation and inclusion, could potentially be more easily realized at this level.
* Secondly, spreading the opportunities for innovations and peer-learning, as pioneering efforts around open government have often emerged from the subnational level. GIFT can offer a powerful platform for incubating and supporting these open subnational government innovations, which can then be adapted, scaled, and institutionalized by others, including at the national level, both in the countries in which these innovations originate and beyond.
* Thirdly, subnational governments and civil society are playing an increasingly important role in localizing global agendas such as the Sustainable Development Goals and the Climate Accord; and embracing fiscal transparency norms, such as those related to participatory budgeting, open contracting, environmental openness, as well as interactive citizens budget and digitalization tools for citizen consultation and decision making.

In the February meeting, the Lead Stewards discussed the interest expressed by subnational governments in formalizing their cooperative relationship with the network, carefully considering the advantages and disadvantages thereof. The main advantages relate to subnational governments being closer to the people, and having more potential to directly impact peoples' lives, making it important for them to be encouraged to advance fiscal transparency. Many innovations on citizen participation are also taking place at the subnational government level. GIFT stewards could as such learn and derive great inspiration from these reforms. According to the Lead Stewards, the main disadvantage relates to engaging with subnational governments having limitations around scalability, inclusivity, and sustainability. Diverse and numerous subnational structures in different countries may also mean that it's difficult to derive uniform criteria and to replicate initiatives at the national government level.

Regardless, the Lead Stewards concurred that the current criteria for stewardship would also need to apply to subnational governments, should they be permitted to join the network, including for instance, that any new subnational members would need to commit to an ambitious action plan, fully implementable by it.

The Lead Stewards concluded that the GIFT network should conduct a pilot, inviting a few subnational governments to temporarily join the network, in order to better understand what their needs are; their knowledge gains during this period; as well as how much additional effort this would entail for the GIFT network. This information is key in assessing the benefits and feasibility of bringing subnational governments into the network on a permanent basis.

**GIFT Operating Procedures allow for subnational government membership**

[GIFT’s Operating Procedures](http://www.fiscaltransparency.net/accountability/) don’t contain any impediment preventing a subnational government joining the network as a steward. They establish that “GIFT is a multi-stakeholder action-network whose value proposition is to achieve sustained, measurable improvements in fiscal transparency, public participation and accountability in countries around the world, by advancing incentives, norms, peer-learning, technical assistance and new technologies. In pursuit of these goals, GIFT brings governments, civil society organizations, international financial institutions, private sector representatives, professional associations and donors together to facilitate a dialogue on fiscal openness”.

Regarding stewardship, the Procedures determine that: “the members of the multi-stakeholder action network are called the stewards. Government bodies, civil society organizations, multilateral institutions, international financial institutions, donors, development banks, academic institutions, non-profit institutions, research centers, professional associations, private sector and investor organizations, foundations, providers of international cooperation aid, investigative journalists, and other entities and organizations working on how public money is spent, can be stewards of the network…”.

The rules also specify that “participation in GIFT is inclusive and open to any agency, institution, organization, or body willing to advance fiscal openness and to contribute to, or benefit from, the network’s streams of work”. Section 3 also stipulates that “any GIFT stewards or the network director can invite these stakeholders to engage in GIFT activities, who will be identified as partners of GIFT. These participants “do not have to fulfil the stewards’ functions, but are expected to uphold the values and principles articulated in the High Level Principles for Fiscal Transparency and to consistently and continually advance fiscal openness and share the experience within the network”.

**It is concluded from the above that GIFT's operating rules do not establish that membership is exclusive to national governments, nor do they limit any governmental body or agency from applying for membership in the network**. GIFT rules of engagement also establish three different types of working relationships with the network: **lead stewardship** (members), **stewardship** (members), **partnership** (non-members).

With the above mentioned antecedents, no regulatory impediment, and the Lead Stewards mandate to draft Guidelines for the piloting of sub-national government membership, the following table presents the draft Guidelines for consideration.

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| **GIFT Network subnational government membership: Draft pilot phase guidelines**  |
| * The subnational government GIFT network membership pilot phase will take place over a period of two years, from August 2021 to July 2023.
* Applications for pilot phase membership will be open for six months, from September 2021 to February 2022.
* Subnational governments from any country may apply to join the pilot phase, although the network will be seeking regional diversity when approving applications .
* Applications will be considered in terms of the rules and conditions established in Section 3 of GIFT’s Operating Procedures. Applications from subnational agencies already working on fiscal transparency and public participation in fiscal policies, and those submitted with the endorsement of a network member, will be favored. Likewise, subnational applications that include plans for collaboration with national levels of government on key issues relevant to the network will also be favorably considered for admission.
* A maximum of four subnational government pilot phase applications will be accepted by the Lead Stewards.
* A subnational government’s pilot period membership will be governed by Section 4 the Operating Procedures, with the subnational government assuming all stewards’ functions, and enjoying the same benefits as other network stewards.
* Between May and June 2023, the GIFT Coordination Team will conduct an assessment of the pilot phase of subnational governments membership, taking into account the criteria defined in the evaluation section of this document.
* Based on this assessment and recommendations, the Lead Stewards should take a decision in July 2023 regarding the appropriateness of granting permanent membership status to the subnational governments taking part in the pilot phase.
* The Lead Stewards will also consider defining the number of subnational membership applications that can be accepted going forward, per year.
* In the event of a decision not to grant permanent subnational government GIFT network stewardship, subnational governments will continue collaborating with the network as Partners; in line with GIFT’s Operating Rules, where partners are recognized by the network and expected to uphold the values and principles articulated in the GIFT Principles and to consistently and continually advance fiscal openness and share the experience within the network.
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**Considerations for assessing the pilot phase**

The criteria for assessing the pilot phase will take into consideration the value added by subnational government membership in terms of the actions that Stewards commit to fulfilling, when joining the Network. (Sections 3 and 4, Operating Procedures), particularly in respect of:

1. Presenting a plan of action for their organization with concrete and verifiable goals, reporting on progress regularly in the network meetings and ensuring that GIFT continues to support its stewards in meeting their fiscal openness goals;
2. Supporting a wide range of stakeholders within the fiscal openness community;
3. Proposing and agreeing upon the work streams and participating in them;
4. Participating regularly in stewards general meetings; and
5. Providing intellectual and financial support, including through in-kind and human resource support: and
6. Promoting discussions on advancing the common goal of transparent, participatory and accountable management of fiscal policies.

The assessment will also consider the membership benefits to subnational governments, in addition to the positive impacts that the admission of subnational governments generates for the network. Adopting a learning lens, the pilot assessment will explore the extent to which the subnational focus impacts the GIFT network. Likewise, the possibilities for sustainability and increased inclusiveness for the Network will be observed, in the following terms:

* Measurable improvements and observable gains in fiscal transparency and public participation in fiscal policies achieved by subnational governments during the pilot phase;
* Sustainability, using existing resources with further fundraising as required, taking advantage of the efforts and contributions across the network focusing on national initiatives as well as OGP related work;
* Innovation, looking at innovative practices on fiscal transparency and publica participation, based on the subnational government’s proximity to citizens engagement in budget implementation; and,
* Consideration whether there is more inclusiveness, reaching more excluded minorities and vulnerable social groups and communities, through strategies that include national-local integration, enhancing local ambition and innovation, and providing a platform for learning and capacity building.

The assessment will be delivered to the lead stewards during July 2023, and will include recommendations on next steps.