**MINUTES of the GIFT**

**General Stewards Meeting and Public Participation Seminar**

**Washington, D.C. - December 1-2, 2015**

**I. Welcome, Introduction and Agenda Overview**

**Welcome Remarks - Juan Pablo Guerrero A.**

- GIFT Stewards meet twice a year.

- This is the second meeting of GIFT stewards in 2015, this time with partners.

- Introductions and updates of participants present and introduction of remote participants.

**Introduction of** **agenda** **for Day 1:**

- Discussion of public participation mechanisms in fiscal policies through the eight case studies.

- Discussion led by Brian Wampler, with Jonathan Fox and Vanessa Macedo, on the lessons learned from the case studies.

- Discussions from civil society and ministries of finance on next steps in public participation.

- Discussion of public participation principles and proposal of a set of principles to the stewards for approval.

- Break out sessions to discuss next steps. Aim is to establish a better link between the principles and the practices and lessons learned. The goal is to have a source of information for governments and civil society organizations with which they can better engage in public participation. Objective is to put together a guide on this.

**Day 2 Agenda Overview:**

Introduction to the International Instrument on Fiscal Transparency, Participation & Accountability:

- The aim is to establish umbrella principles to understand fiscal openness.

- Objective is to create an international norm that is more enforceable and a structural condition for governments to ensure they are moving forward with fiscal transparency and to obtain feedback and establish next steps for this instrument.

Reporting on activities by stewards in 2015:

- Research on incentives and impact.

- Transparency focusing on the tax side of the budget.

**Three main objectives of the meeting:**

1) Discussion on public participation case studies and lessons learned and discuss and approve the principles;

2) Discussion of the international instrument.

3) Update on incentives research work and obtain feedback/determine next steps.

Total number of participants in the two days meeting: 40 (the participants list is attached).

**II. Public participation in Fiscal Policies - Principles, Practices, Lessons Learned**

**Hazel Feigenblatt (GIFT) and Olivia Radics (GWU)**

Eight case studies – brief introduction of the infographics: Brazil; South Africa; Canada; Croatia; Mexico; South Korea; Kenya and the Philippines.

What GIFT Research Found in Eight Countries (from one-off public consultations to regular citizen engagement: more than 30 different practices on public participation in fiscal policies and budget making):

- Variations among branches of government and between rules of public engagement.

- These are not necessarily best practices endorsed by GIFT.

- This is a first attempt/first draft at mechanisms.

- Comments and corrections will be incorporated for the final versions, which will be part of a greater effort of dissemination and peer-to-peer learning.

***Questions and comments:***

- Kay Brown: clarifications and corrections needed on some points of the case of South Africa (e.g. why NEDLAC “was forced” to leave). Some CSO do not collaborate on budget issues – they do not come together and collaborate on the budget. The Budget and Expenditure Monitoring Forum no longer exists. Civil society should be incentivized to form a lose coalition. CSO coordination is a challenge that undermines the MoF efforts to have an ongoing dialogue with the. IBP actually stepped up and filled a hole in here.

- Ricardo Barrientos: the case studies are useful and interesting – many common situations arise. There are common challenges and advantages that many countries are sharing. E.g. in Guatemala, or other Central American countries, many issues are similar. Guidelines would be useful from GIFT – based on what the infographics can unravel.

- Hazel: There is a community of practice that is available on the GIFT website – people are welcome to participate through there and comment.

- Brian Wampler: a few key programs have been recognized internationally and this should be recognized in the infographics. Go back to OGP and gain feedback from them (from the person who worked on that specific country) – the missing feedback would be very useful.

**III. Growing Evidence, Evidence Gaps and Lessons Learned: Incentives, Limits and Challenges for Public Participation in Fiscal Policies**

**Brian Wampler (Boise U), Jonathan Fox (American University) and Vanessa Macedo (Rio State University and American University)**

- How to consolidate processes;

- How to move beyond information disclosure;

- What environments favor positive impact;

- Where more research is needed.

Brian Wampler:

- High expectations on public participation. Calling on CSO to take on a vital role in improve basic governance.

- 8 cases: why and how they were selected. First wave: Philippines, South Korea, Brazil. Second wave: Croatia, South Africa, Kenya, Mexico, Brazil, Canada (not on OBI). These cases were identified as interesting for public participation.

Philippines, South Korea and Brazil: they were selected as highest performers in the first wave.

- Windows of opportunity: Regime change; Constitutional change; Shift in party system; Growth of civil society. Civil society experiments often lead to national level results.

**Institutional variation:** Centralized vs. multi-tiered integration; Broad inclusion vs. policy experts/NGOs

- Formulation, approval implementation, oversight

- Multi-tiered integration:

- Efforts start locally and move upwards.

- Decentralization (Kenya - devolution) help with public participation.

- Stronger state bureaucracies: agencies reach out and try to incorporate CSOs in their work.

- Centralized in national-level:

Usually led by one or two ministries. Less push from civil society.

**Who participates?**

- Ordinary citizens are better placed to engage at the local level – the more decentralization, the greater participation from ordinary citizens.

- NGOs and CSOs are more likely to participate at the national level, when they are invited – included in certain types of discussions. Both formal and informal discussions take place.

- Policy experts – (South Korea) – called in at the approval stage of the budget, often called in by the legislator.

- Where states are stronger, policy experts are more likely to be used.

**Budget stages**

- Formulation

- Increased use with smaller distance between government and citizens.

- Approval: Stronger legislature, multi party system, counter to bureaucracy.

- Implementation

- Oversight: Local: monitoring by citizens (social audits) to monitoring by far-flung agents. National: involve CSOs and policy experts.

**Explaining Adoption**

- Local to national vs. national-led

- Renewal type: Regime change; Party system expansion

- Civil society configuration

- Party system (from one party to multi-party to number of parties)

-International actors: World Bank, Open Government Partnership

- When the WB is involved, there is a greater focus on social audits.

- OGP: in some cases, it had an impact on passing transparency laws and FOIA.

- Croatia: good laws – no practice. EU as an actor had a role in this. EU accession required rules on the book but there is no government support and no CSOs to push for these.

**Identifiable impacts to date**

- Institutional adoption and adaptation

- Changes in spending patterns (South Korea)

- Changes in policy directives (Brazil)

- Changes in service delivery (Philippines and SA)

- If these initiatives and mechanisms don’t have an impact, governments will walk away from them – it is therefore critical to show impact.

- Hard to measure impact – links must be shown.

- Deep research should be done on each case study but there are no resources for this.

**Suggestions and next steps:**

- Making a better link between the OBI and the OBS

- Meta-study of national level fiscal participatory institutions.

- Identify link between these participatory institutions and change and shifts in policies adoption.

**Vanessa Macedo:**

Comparative study on the eight studies.

When can we consider these case studies a success?

Questions to ask:

- Does each individual case clearly define public participation?

Only Croatia has an explicit definition. Brazil distinguishes between direct and institutionalized participation without a basic definition of participation.

- Does each case distinguish between public access to budget information and public participation processes? In most cases, no.

- Does each case distinguish between institutional and extra-institutional participation?

Only South Africa and Brazil.

- Does each case provide evidence how formal participation processes are supposed to work?

Limited information available as to how these work in practice.

- Does each case provide evidence of how formal public participation in budget processes actually work in practice?

Very hard to find concrete evidence.

- Does each case distinguish between executive and legislative?

Yes, except for one.

- Does each case present how many states, cities, municipalities and counties the evidence include?

Most cases – no or limited information available.

Preliminary conclusions:

- Each working paper seems to have developed its own methodology.

- Similar methodological framework should apply to all cases.

- Transparency and participation should be clearly defined and distinguished.

**Jonathan Fox:**

Challenges that we should focus on:

**Challenge of substantive or full institutionalization**. What are the coalitions and strategies that could help?

**Enforceability** is key but the challenge is also applicability. Standards should not be so high as to make the bars impossible to reach.

**What drives processes** (e.g. on municipal level) – why does an institution/process travel well or does not travel?

- Institutional mimicry without actually generating effective power sharing. Must be able to draw on independent evidence and multiple sources of experience should be included (NGO, government etc).

Main focus is on front end (budget formulation). But: **public oversight** (vetting, verifying) should be looked at more.

-In practice actual partnerships between Supreme Audit Institutions and citizenry/CSOs have been quite rare (e.g. Philippines, Argentina).

-Much of what is called citizen engagement is either opening a window to complaints (could be a road to nowhere – E.g. Mexico, there are 650 cases per year, but 91% have been filed away) or just telling the public what they are doing (only dissemination). Also, even good audits are often ignored by the agencies that are audited – no results come from audits. Most supreme audit institutions are not responsible to measure impact or whether findings are used. SAI need to develop more teeth.

-Also: CSO involvement with SAI: How citizen engagement increases can be used to leverage more impact?

**Incentive problem/perverse incentives**– when misused funds are recovered by the government but no one is going to jail, there is no incentive for corrupt officials to change their ways.

How to take **contradictory trends** into account? Corruption and systemic accountability failures at various levels in Mexico, Brazil, the Philippines.

One incentive should be faced: growing threat of **open washing**: as open government becomes accepted as legitimate, true opponents often go underground but create the appearance of reforms without actual reform. Superficial confessions are made to create the appearance of reforms.

-Advocates should not always see the glass half full. Sometimes the first incremental steps are in fact not leading anywhere – progress can be stuck.

- Examples (OGP): Former VP of Guatemala, in charge of OGP, now in jail.

***Questions and comments:***

JPGA:

- To Vanessa: The Terms of Reference of the 8 cases studies established the basic definitions (e.g. transparency and public participation and the difference between access to information and public engagement)

Paul Divakar:

- Citizens are often treated as one mass – so how do these studies make sure that communities that have been discriminated against or have been traditionally excluded/marginalized from funding are mentioned? How do we understand the different types of citizens?

Brian Wampler:

- Philippines, Brazil, Kenya and South Africa had a focus on how the rules and institutions sought to reach out and include marginalized individuals. Representation by CSO vs policy experts needs to be discussed too.

Ricardo Barrientos:

- Open washing is a real problem in many countries.

- Challenges can be both technical and political. Every technical challenge has a political context. Political challenges should be given a technical background.

Brian Wampler:

- On open washing: Brazil, for instance, focused less on oversight, more on policy-making. People were asking for policy changes but didn’t follow where the money went.

Vivek Ramkumar:

- Are there any mechanisms from the case studies that we should endorse and stand behind? What works?

Hazel:

- There is not enough information yet. Maybe we should first research some of the mechanisms to a greater extent before making any endorsements.

Brian Wampler:

- Three interesting trends that should be examined further:

- Multi-tiered participation with a filtering system (e.g. Brazil) is promising.

- Medium term budgeting is interesting – multi-year budgeting, for instance.

- Social audits are promising.

Juan Pablo:

- What works? It depends on the objective of the policy and the way in which the public engages. These cases look at different policies with different objectives. In order to link public participation and access to information as means to fight wrong-doings, there needs to be an institutional framework in the country designed for social control that goes beyond the majority of mechanisms for public participation reviewed here.

- There are good examples of institutions addressing specific needs of the community, especially national and subnational governments engaging with citizens (bottom up experiment in Philippines, engaging poor communities in the infrastructure decisions regarding schools in Mexico). Not all levels of authority are engaged.

- A specific policy goal needs to be defined and then a public participation mechanism can be identified.

- What is the role of the strength and autonomy of civil society?

Liliana Ruiz:

- Public participation is not a panacea to every problem (e.g. corruption).

- In Mexico, nine CSOs (very diverse group of organizations) got together and submitted recommendations to the budget. Meetings with MoF to review each recommendation took place, where they explained which recommendations would have a better chance of being approved. Out of 30 recommendations, 5 were taken into account. This was not a formal exercise and it is not mandatory. The CSOs had to first decide on principles before going to the government since they were a very diverse group of organizations. Worth noting that dialogue with legislature was less productive.

Paolo de Renzio:

- Coming back to Vivek’s point: the real challenge is not replicating certain practices. History is gull of practices that worked in one country, were than replicated but did not work in other countries.

How do we find something in the middle: principles but not linked to a specific example because it worked in a specific country? So e.g. multi-tiered mechanisms – how can we synthetize the more objective essence?

- How do we move from good practice to common practice, to something that should be common practice?

- Open washing: as soon as you point to a certain practice as “good”, countries often engage in open washing.

Warren Krafchik:

- One additional avenue is to consider participation is the courts.

- Supreme Audit Institutions: a number of constitutional limitations exist regarding their role.

- Huge richness and diversity in the mechanisms – in 2004, there weren’t so many mechanisms. We are still very much at the beginning, a lot of these are experiments, not necessarily longer term mechanisms that we can learn from.

- We should focus on the political processes that led to these mechanisms and made them possible. What are the drivers that can lead to the establishment and testing of a pilot program/method? What are the implications? Might be a mistake to only focus on the institutionalized processes to understand the full richness of the process.

Hazel:

- It is hard to find mechanisms that go beyond just oversight – especially when it comes to corruption, there is a lot of push-back. To what extent can we expect public participatory mechanisms to provide the solution to corruption etc is questionable. It is challenging to link public participation with control.

Jonathan Fox:

- There is a difference between contradictory tendencies and open washing.

- Since these are fundamentally political processes, how to support the processes that bridge CSOs?

- Who participates? We need a realistic assessment of the strength and limitations of the participants. E.g. in the Mexico example on consultation with 9 CSOs – who else does the government meet behind closed doors? How do we account for that? We have to account for informal and often opaque processes.

- What happens when certain policies are actually adopted? How is the money followed to see it is being used for the actual purpose it was intended for? Modifying just the front end of the budget process is not enough.

- Role of multi actor coalitions is critical – multi actor, multi scale CSOs are critical to follow the money. What capacities do these have to follow the money?

Brian Wampler:

- Drivers behind change: major political changes are often moments that present opportunities. One challenge is how to provide for change under normal political circumstances (incremental change)?

When policies are mandated from above, they are not always implemented – voluntariness is key!

- Contradiction exists between the formulation stage and oversight. Oversight is more controversial, adversarial. Less collaborative than formulation – where the intention is to bring government and citizens together.

Vanessa:

- Worth bringing up the example of South Africa: informal mechanisms are heralded as possible avenues, spontaneous movements.

**IV. Comparative Analysis, Knowledge Sharing and Challenges Ahead**

**Kay Brown (MoF South Africa), Katarina Ott (Public Finance Institute Croatia), Aura Martinez (MoF Mexico), Liliana Ortega (Fundar, Mexico)**

- Innovative cases in public participation

- The question of institutionalization: country examples

- Citizen participation: discussion on some implications and lessons learned

- General discussion

Kay Brown:

* In South Africa, strong formal structures are in place. Lots of budget information is available in great detail.
* Government: information is there but not used to the full extent.
* A big dilemma is being stuck for over a decade – all of this, SA has had for 20 years. The activists in some of the CSOs went into government. Failed to move forward in a meaningful manner, consistently.
* Treasury: no need for perfect interaction, but there must be some sort of coherence from civil society organizations.
* No country can implement the 10 principles in their entirety. Also, the budget process is not linear – impact is not always demonstrable and not always related specifically to a specific initiative.
* The key thing is the relationships that are forged, the respect and the trust and having a genuine relationship and ongoing discussion.
* Due to the nature of participation, the impacts are not isolated to the technical solution to the problem – there are broader implications.
* The space needs to be created to include all sorts of participants. Informal spaces are also important.
* Impact: how to measure it? Key thing about looking at policies is to articulate what the actual trade-offs are, what the options are.

Katarina Ott:

* Open washing – Croatia is the best example of oratory, on-paper only institutes without real effect in the country itself.
* Audit: reports exist, are published, presented in the Parliament – but there are no consequences, the same comments are repeated to the same actors. The role of state prosecutors and the judiciary is very important here. Electoral system is also problematic in Croatia.

What was learned from today:

* These reports are pilots – first efforts to put everything in one place.
* Although the countries are in various stages, there are many common themes: e.g. procedures should be mandatory, not voluntary.
* What we lack in many countries is genuine civil society engagement. Experts are often more present than citizens – but this is probably a result of the complexities in the budget process.
* Political will is also an issue in many countries.
* Subnational level: in many countries, e.g. in Croatia, the subnational level is more active in public participation. But: it usually involves richer communities as they have the resources needed for participation.
* When the budget goes from the executive to the legislature – the time for discussion is too short to involve citizens in the budget negotiations. This is common in many countries.
* Lack of feedback is a common issue. How many proposals were submitted? Accepted? No insight is provided.
* What is the final goal? Everybody speaks about measuring impact – but what do we want to achieve? What is the purpose of public participation? Do we want to increase it?
* In several case studies, it is mentioned that public participation is the agenda of left wing politics. In many countries, right wing political groups are on the rise – many have the resources to push money into specific issue groups. We are opening space for these groups by pushing for more public participation.
* Croatia: after the report, economic situation is bad, political is worse (no government) – there is a new portal (E-Citizen), new public information officer (no funding, no premises, no staff).
* Challenges: interim financing for the first three months of the year and unclear what the budget will be. External challenges are now bigger than internal – e.g. refugee situation. European Union is disorganized. This raises the question: should budget transparency become more or less important?

Liliana:

* Informal processes take place between Ministry of Finance and NGOs – these didn’t happen ten years ago. These processes should continue to be formalized. When we institutionalize an effort, it works – e.g. Citizens’ Budget. The first time a Citizens’ Budget was adopted was in 2010, and it has now become a staple. It has an effect on multiple levels – e.g. each state has to explain the budget in a user-friendly manner.
* Unclear why some proposals are approved while others are not. Not clear that always the more relevant ones are being approved – maybe it is the easier ones (for government) that get approved.
* Proposals are sometimes are only partially approved (e.g. the law on the disclosure of government spending on political advertisement)

Aura Martínez:

* One issue is that civil societies do not always have a strong grasp of the entire landscape. Fiscal information is important in understanding the landscape.
* Some results are chosen by CSOs to fight for, but are not necessarily the most important for the general public.
* MoF in Mexico now has a survey, with basic language, with the aim to find out what citizens want, to know what information is needed and which parts of the budget cycle are most interesting for the general public.
* MoF sends information about this survey to university social networks, they are also trying to get people’s feedback on the ground (public spaces, schools, hospitals).

***Questions and Comments:***

Lorris Jarrett (Jamaica MoF):

- What means are used to disseminate information in SA by Treasury? Is there a People’s Budget/alternative budget?

Kay:

- From the national budget side, extensive documentation is published on the budget.

- There is the People’s Budget. There is also a People’s Guide. Fairly well disseminated.

- Citizens Adjustment Budget – CSOs pulled together the People’s Guide.

Brian:

- So SA produces a lot of budget information? Is there a discussion within the Treasury as to how many resources should be spent on disseminating this information?

Kay:

- We are missing the conversation on this with civil society. But if we have information, we publish it – a bigger question is what format is most useful for citizens to understand the data? We would like civil society to provide feedback on this.

Ricardo:

- In Guatemala, the Ministry of Public Finance published the budget data in full detail. Legislature when discussing the budget, changes some aspects of the budget but does not check the financial sources and does not change what should be changed, which is an issue.

Paolo:

- Formal vs informal mechanisms: E.g. Mozambique, every year, during the budget approval process, the legislative committee invited a group of citizens, collected proposals and sent those to the executive, who in some cases accepted some of these initiatives. These are not formalized mechanisms and therefore do not count as participation.

- By pushing for something more formalized, you may not get anything.

Keith:

- These societies are highly unequal – who do we listen to? Are we listening to the citizens and using civil society as a proxy or are we listening to civil society?

- Government has to build a capacity and they have to find out what citizens want.

- How do you learn to listen (on the government’s side)? And be mindful of elite capture?

Kay:

- You always just go with your best guess when it comes to civil society.

- Institutionalization vs not: institutionalization may not be relevant (when there are already informal channels). SA has formal processes already so maybe it’s fine to turn to informal avenues – but there is a risk of state capture.

- Feedback: it is very hard to divulge what citizens preferences are and we are never going to satisfy people with feedback. It’s not a linear process and sometimes it is very hard to track submissions.

- While the budget is being formulated, not even the Parliament is privy to it – so how do we justify giving access to citizens then? Maybe feedback should come later.

Vanessa:

- What is the role of the line ministries? What is the relationship/partnership between the Treasury and the line ministries in SA?

Paul:

- It’s not a question of representation – but legitimacy. How can a group exert pressure to mark a certain allocation?

- How legitimate is representation? We need to build legitimacy into building guidelines, mechanisms.

Kay:

- The more space we create for public participation, the more groups/people can participate.

**V. Public participation principles: current version and next steps -GIFT update on consultation -Discussion: Do we have what we need from the consultation? -Update on the public participation indicator -Next steps**

**Murray Petrie, GIFT Lead Technical Advisor**

Discussion and (if necessary), revision of current version of principles – and approval.

Public participation principles: current version and next steps

- GIFT update on consultation.

- Discussion: Do we have what we need from the consultation?

- Update on the public participation indicator.

- Next steps.

GIFT’s work program on public participation in fiscal policy (presentation available at the GIFT website)

**ISSUES FOR DISCUSSION:**

**1.APPROVAL OF PROPOSED PRINCIPLES**

- Any suggested revisions?

- Views on proposed subsequent work program

- Piloting supplementary PEFA indicator

Juan Pablo:

- These are suggestions for consideration of the stewards.

Katarina Ott:

- We lost “meaningfulness” – it ended up as “timeliness”. But the subject/topic must be *meaningful*. As for transparency of non-state actors – they should be transparent about their sources of funding as well.

Paul:

- In some countries, most non-state actors have to disclose all their funding.

- This draft has retrogressed on the issue of inclusiveness: should incorporate specific words on non-discrimination from the UN in principle 2(“invisibilize” the marginalized under general concepts: poor, excluded); in India the transparency of financing issue would be redundant because legal regulations already mandate transparency. For the last decade, there is a subtle attempt to invisibilize the marginalized. It would help the communities to include a provision on that.

Murray:

- As was noted during the public consultation, the meaningfulness principle was in some sense an overarching principle that contained a number of different elements, some of which fit better under and have been moved to other principles. Meaningfulness is of course crucial, but will be assessed now across more than one principle.

- We will incorporate specific wording on non-discrimination in principle 2.

Kay:

- From SA perspective, the financing disclosure is important.

- We do expect the CSOs to head specific sector interests but they are also expected to have some broader public interest perspective beyond that and don’t always do so.

- The key issue for SA is looking at the development of a budget portal. We agreed to a Second Citizens’ Budget (did not happen this year – but there is a commitment for next year).

- Supreme Audit Institutions – not included in the principles. SAI in SA does not want to engage with civil society.

Nicola Smithers:

- Looks like a set of well-balanced principles. But regarding the examples: is this modular? Is this a modular set of principles or are they interdependent and only work together? Can you add bits and pieces or do you have to do most of it? What does the practice look like?

- Some qualifiers may lead to an unintended misuse. Especially if there is something like proportionality or a mutual expectation, those might be misused. Can governments be selective in the principles?

Moustapha Doukoure:

- Proportionality should not go against inclusiveness. By being proportional, what if an issue affects ten people?

Vivek:

- Rework Principle 10; be clear that this is a set that should be understood;

Murray:

- The issue of financing is difficult in contexts where a government is hostile to civil society and could use financing sources as a way to restrict civil society space.

- The clause in principle 10 about recognizing the public interest is redundant in some contexts but may be helpful in others where CSOs lobby from a narrow perspective. It can probably be removed without losing anything much.

- The hope is that these principles will be practical, with a bit of aspirational element. They could serve as benchmarks.

* Qualifiers: Proportionality principle – gives two messages, if there are limited impacts of a proposal then relatively low-cost engagement is warranted, but if a proposal affects many people then multiple mechanisms and efforts should be used, considerable effort is required. If there are only 10 people who are affected, the proportionality principle suggests it may be possible to talk to all 10 of them at low cost.
* The first nine are a set of principles that need to be applied together. Interdependent and complementary; agree that it is best not to present a single practice as illustrating one principle, but should rather show how a particular engagement illustrates a number of the principles being applied.
* Expected use: reference, practical tool for learning, and measurement.

Liliana:

- Regarding feedback, is that included in any of the principles? It is relevant to have feedback, otherwise there is no proof as to how they use it.

- Institutionalization is another issue. In Mexico, if it’s not in the law, when there is a new government, there is no guarantee that the practice continues.

Keith:

- There is always an outlier, in this case Principle 10 – how can we make it fit into the framework? Principle 10 should be refreshed, condescending language about the public interest should be taken out. Maybe say “all stakeholders” should be transparent. The current framing is an outlier and an add-on.

Katarina:

- Principle 10 – it is not just redundant, but threatening and lecturing. Principle 1 already contains everything you need. Suggesting instead mutuality or reciprocity and deleting Principle 10.

**2. Measurement Framework and Indicators**

Warren:

- The issue of modularity comes up again – not too much emphasis should be placed on practices as illustrating just one principle. That can lead to a selective mentality. We should rather break down practices by stages in the budget process or by major actors rather than principles. We should require that each of those stages should conform to some of these principles.

- Work agenda: we need to agree on the principles and move on. The obvious step is to work through the OGP mechanism, with the clear message from the GIFT Stewards that public participation in budgeting is the norm

- Move towards ways of encouraging governments to make commitments on practices. A set of guides would be a very important product for that – and a mechanism to match the guide with practical assistance. A guide could be aimed at different contexts, broken down to different institutional capacities. Piloting is key.

- Measurement and impact: very hard to measure it, but you can use proxies.

Brian:

- Regarding the Guide: it should be geared towards different countries with similar characteristics (similar economic and political development). Maybe not a single guide but more targeted guides. Measurement is also key.

Hazel

- The idea of these practices is not to rank or score. It is more a streamlined practical way of showing what is being done in the field. It is a qualitative type of research – doesn’t have to have a specific way of ranking.

Vivek:

- Who does the measurement? Does not see a role for GIFT in itself doing the measurement, there are existing measurement instruments already in the field e.g. the OBS.

Nicola:

- Measurement is necessary to know what is happening, but it is difficult to measure public participation at this early stage in the development of norms and understanding of practices. Measurement covers a range of dimensions, from description, to performance of a system, to impact.

- Good practices – it is always content specific. It is helpful to have examples of how countries have done different things without having a strict definition of good practice, because I am not sure if we have enough data for that. Need to avoid elevating form over function in different institutional contexts.

Kay:

- Beware of measuring the wrong things.

- Impact: who defines what the impact was to be at the outset? Very rarely do we define what we want to achieve to begin with.

- Distinguish current practice and new practices.

**VI. Wrap up, final thoughts, next steps**

Liliana:

- It is important to document impact – it is inspirational and it does help to define good practice. Concept of what is a good practice must be defined. It implies some kind of impact. If we apply the ten principles and nothing is happening – then something is amiss. Next step should be to continue to work on the principles and how they work in practice. E.g. Mexico – formalize public participation – there is informal participation but that is not always counted as participation.

Paul:

- It is important to inform and engage legislators. Especially in South Asian countries, one way of engagement would be involving parliamentarians.

Keith:

- The question of inspiring and creating positive incentives is key. Providing inspiration and fleshing out what the principles would look like in practice. Once the principles are approved, it would be important to have material, illustrative examples that shows how they play out. We have the 9 cases but we need to reach beyond these, and look at more unusual cases too.

- The open government cluster works a lot with supreme audit institutions in public outreach.

Ashok Parameswaran (Emerging Markets Investors Alliance)

- Think of how it would make sense to involve other investors locally in the public participation process who could support GIFT’s agenda.

Ricardo:

- A shield of standardized, international principles can help countries defend what they want to achieve in public participation.

- The principles and the guide would serve as an international back up for reform efforts.

- Support from these principles could increase if we keep them rooted in practice.

Lorris Jarrett:

- Once the draft principles are completed, we could continue to look at them and refine.

- We need to look at what countries are doing to make the budget cycle more open – it may be good to find a set of indicators that could be used to show this.

Nicola:

- What if governments ask, how can we do it? GIFT needs to further frame and structure the dimensions of what public participation means; better description and gathering of evidence; and the lessons of those experiences. And we need to synthesize that.

Keith:

- Offered to work with GIFT on the chapter that addresses the experience on SAIs.

Melody Scales (IFAC)

- IFAC is open to continue to collaborate on these issues.

Warren:

- Developing these principles and practices and securing the support from all of the GIFT stakeholders – it is actually a huge step. Before taking the next leap, maybe it makes sense to sit back and consider how to launch these.

Nicola

- There needs to be a prior consultation within the Bank before declaring an institutional agreement to the Principles.

- On the other hand, it would be helpful to see a further framing/structure of how we understand public participation.

- We could structure the current examples a bit more – not just budget cycle, legislative branch etc.

- The case studies would be in a sense the lessons from the experiences – synthesizing their essence. It would be valuable for practitioners to look at the lessons learned.

Ricardo

- These standards may receive support from the private sector as well.

Katarina

- Private entrepreneurs are more and more interested in this work. Some of them are struggling to survive in a corrupt environment. They would actually protect this kind of work.

JPGA:

- We can create a working group around the guide. Most concerns on the principles could be addressed. The biggest challenge is Principle 10. Replace it with the concepts of “reciprocity” or “mutuality”.

- Suggestion: Approve the principles in general and allow us to give in one week a new version with brackets.

- The stewards expressed by consensus that the principles are approved in general, understanding that it is work in progress, but an agreed-on version is needed in order to move on. GIFT will include suggestions and recommendations, and will share the final version in one week, and brackets on the most controversial points (including P-10).

- First step is to share the last version of the principles, assuming that they have been approved and that final changes will be incorporated soon. The main goal of the principles and practices would be to inspire countries and consequently to engage them, in the frame of OGP, but not only, for adopting them in practice. GIFT will continue to engage them in the framework of FOWG.

- How to get there? Develop the principles in practice as a guidance using different tools and materials for learning and exchanging. The guidance should specify what it means for policy making in accordance with the different objectives that public participation has (social control, better response to community needs, ownership of policy measures, better impact, efficiency, etc). We need to frame and systematize by objective and by branch of government. We need a better description of the components and elaborate on the lessons.

Murray:

- These comments will be very helpful as we start the work on good practices and the guide, and we will take note of them fully.

Juan Pablo:

- GIFT is a network. Whenever we get to the next step, it means more engaging work for the stewards. The only possibility to inspire governments is if all stewards are engaged in it.

- We need to do work on the principles and their implications for fiscal policies. We need to further work on the principles in practice. Have clear responses to the question, what do they mean as a set? How do we better frame and systematize them by different fiscal policy objectives?

- We also need to systematize the principles by branches of government

- We need a better description of the components of the principles and elaborate on the lessons in each case.

- Fiscal transparency portal – Mexico, Brazil, Tunisia, Indonesia – willing to learn from these experiences.

Engage the network with specific goals for each country – we can continue to do that.

OGP National Action Plans – 40 countries are working on these next year. That will be a next step for GIFT – illustrate principles in practice and engage the specific governments on these activities.

- This is only possible with the support of the stewards and international financial organizations, such as IFAC, IMF, World Bank.

- Indicators and measurements: we need to find good ways for describing the practices that we illustrate. We need more of a distance to see the impacts.

**December 2, 2015 – Day two**

**An International Initiative on Fiscal Transparency, Participation and Accountability**

**Juan Pablo Guerrero**

- Presentation by Juan Pablo (power point available at the GIFT website)

- Break out session:

* Do we need a convention?
* What are the next steps?

Elements to structure the instrument (Convention)

-The review mechanisms

-Ways to take it forward

**Comments**:

Juan Pablo:

- Ready to start the work, but not yet married to any of these ideas.

Ricardo:

- Panel of experts sounds reasonable but who will appoint them?

Paul:

- Does it have to be either / or? Treaty v. soft – shouldn’t we focus on a simultaneous structure?

Juan Pablo:

- Expert panel: signatories agree on the rules for how to choose and appoint the experts and how to ensure their independence. Before thinking about names, you think of the procedure. It would be a general procedure with a specific consideration for the country.

- Soft law: we can start with a soft instrument and move towards a more powerful structured instrument, bearing in mind that something would have to happen in the international law system. As of today, civil society organizations do not sign treaties. At the UN, there is a very strong resistance to engage CSOs or other type of non-state actors in international treaties.

Widya Kartika:

- The OBS standard in transparency is high but the government is not consistent in enforcing it. We must be careful about how many instruments we have.

Juan Pablo:

- International instruments make sense under certain circumstances only if at the national level, the conditions to advance on the agenda are present - then the international instrument can be used to complement what takes place at the national level. This is just another component in the global setting to make the environment favorable for public participation.

**6. Issues for discussion for break-out session:**

- Why might a further international instrument on fiscal transparency be worth pursuing? Why not?

- Alternative courses of action?

**Groups reporting back:**

Group 1:

Joel Friedman:

* Skeptical about the need for a new instrument, there are already many instruments (e.g. PEFA, IMF). The challenge is to work more on positive incentives for fiscal transparency reforms.

Group 2:

Katarina:

* No treaty.
* We want something soft, simple, “sexy” and flexible.
* Help countries sharing experiences than forcing them to do something.
* We need something helpful, more guidance, instructions, not ranking.
* Something useful for capacity building and retaining.
* Not to repeat OGP independent reporting mechanism.
* Might be changing over time – it must be flexible.
* We need to attract countries to the idea?

Group 3

Melody:

* Do we really need more treaties? Agreed to go for soft law, practical standards to start with.
* Developing nations (e.g. Jamaica) say, no more instruments. There are already many instruments, e.g. PEFA, the consensus is to stick to those, and if anything, soft law.

Olivia:

* Emerging trend of soft law, treaties take too much time and resources, countries are bargaining harder, and some countries never ratify them – best to start with a soft law instrument.

Juan Pablo:

* Incentives: should think about positive incentives.
* Soft law: look at the number of tools and standards that are already there. How to duplicate an effort that is already there?
* We should make a better stock of instruments that are already there. Work on peer-to-peer and illustrative mechanisms.

Vivek:

* There is a history why we are talking about this – do we even need HLPs?
* The reason why we needed these – there was no consensus on what was expected of governments.
* Sometimes governments get different, contradictory messages and there were also gaps. Solely relying on just one instrument is not comprehensive and it does not cover all the issues.
* Many instruments are applied to developing countries, but the GIFT HLPS and an international instrument based on them would apply to all countries.
* GIFT HLPs – what legitimacy would these have?
* Regional instruments have been instrumental in driving reform. E.g. WEAMU. Definitely there is evidence that governments have responded well to WEAMU guidelines and sanctions and decided to improve their standards.
* There is power to these instruments.

**II. Research on Evidence of Incentives and Impact**

* **Update on the research on incentives. Meta-evaluation of the state of rigorously-researched knowledge on the impacts of fiscal transparency and participation**
* **Update on the survey on the demand and uses of fiscal open data**
* **Tax transparency research: the case of the Mexican federal fiscal revenues**

**The Impact of Fiscal Openness: A Review of Evidence**

**Paulo de Renzio**

Update on three different research projects with GIFT:

* Review of impacts of financial openness
* Research on incentives
* Global survey of users and uses of budget information (demand side)

**1. Review of impacts and fiscal openness - Does transparency make any difference?**

A year ago, Paulo and co-author browsed through all published research to see whether fiscal openness had resulted any impacts.

150 papers and studies were assessed – in the end, 38 articles were analyzed in detail.

Summary of findings

Three types of impact could be documented:

* Broad measures of transparency/general fiscal information – some documented impact was visible in macro-fiscal outcomes.
* In a few countries, specific types of disclosure were examined – these had an impact at the level of budget allocation and service delivery and political accountability. In some cases, there are indications to improved education outcomes (Uganda). If research is done on specific enough issues, there are positive impacts found.
* Citizen engagement and participatory mechanisms – Growing field of research, Introducing participatory mechanisms at different stages of the budget process does have a positive impact. These are often associated with positive outcomes in the health sector. The channels are not always clear.

Directions for future research

* Exploring the trade off between components of fiscal openness.
* There is room to investigate multiple impacts and impact chains.
* Compare similar interventions across different contexts?

**2. Incentives for Fiscal Openness**

What makes governments do fiscal openness reforms?

Three different components:

* Think pieces by academics/practitioners (completed)
* Interviews with senior policy-makers (ongoing)
  + Jorge Hage (Brazil)
  + Mustafa Mastoor (Afghanistan)
  + Trevor Manuel (South Africa)
  + Florencio Abad (Philippines)
  + 2-3 more planned (Liberia, Uganda, Mexico)
* Reflections on WB and IMF experience (delayed)

Interviews (preliminary findings):

* Political changes and transitions were key in creating strong political mandates for transparency and fiscal openness.
* Reforms sustained by a combination of intrinsic and instrumental motivations. It is key to show results/benefits of reforms to create motivations for those who don’t have the intrinsic motivation.
* Pressure came from various sides. External donors were very important in Afghanistan, Parliament in others. Not a lot of evidence of demand coming from civil society.
* No great resistances, but constant need to show benefits to maintain support.
* Role of external actors: lend legitimacy (Brazil), provide impact evidence, ensure political support, constant follow-up. There is a very strong need for constant follow up.

**3. Mapping Civil Society Uses and Needs around Budget Information in Developing Countries**

Joint project of IBP, WB and GIFT

* We designed a short survey that was sent out to all civil society contacts we had. 163 respondents in total.
* Majority of respondents were medium to large organizations. Most defined themselves as either think tank or advocacy organizations. Very few grassroots organizations.
* Main sectors: general budget policy, health and education. There is an even distribution among them regarding the four stages of the budget cycle.
* What information do they use? The executive budget proposal and the enacted budget (budget law) are used the most. The year-end report is also fairly important (key document for 1/3 of respondents). Citizens budget is not widely used.
* Budget allocation and education data are used most.
* Important regional discrepancies. Using the year-end report: in Latin America, most of the CSOs use these, in Asia, hardly any.
* Where do they get the information? Almost all: MoF website. Budget portals are not very useful (it seems).
* Key obstacles: 1) budget information is scattered among different sources; 2) government provides no guidance as to where to find the information.

Five categories of additional budget information they would like to have to improve their work:

* More detailed local budget information;
* More detailed sector level information;
* More detailed revenue information;
* Inter-operable financial and non-financial information;
* Specific projects.

**Transparency in Mexican Federal Revenues**

**Hector Villareal**

Transparency criteria:

* Fiscal reporting: MX has had some advances (quarterly federal tax report, subnational monthly report etc). It is easy for the MoF to cover up issues – many issues are very technical. The way information is processed can make a big difference. You can give too much information – drown CSOs in information.
* Forecasting and Budgeting: CGPE – letter like a road map – not backed up with sources etc.
* Fiscal risks: only forecasts with optimistic scenarios are coming out. Consistent revenue overestimation.
* Natural resources revenues: high risk. Scenarios are rarely backed up with numbers or include contingency plans.

Revenue Transparency Reform:

* Fiscal expenditures
* Everything comes from indirect, secondary sources.
* Replicable Macroeconomic forecasts.

Public contingent liabilities:

* Risks associated with these liabilities are directly related to the demographic transition happening in Mexico.
* Maybe it’s time to get a Fiscal Council.

**Comments and questions:**

Kay:

* There is very little interest from CSOs on the budget data.
* There always has to be a limit on the ask, or otherwise government cannot take it seriously. The broader issues also have to be accounted for by the government.
* In the guidelines, some things have to be clear and prescriptive. There needs to be some broad examples of different practices.

Nicola:

* The first step is getting as much information as possible, the second is how to use this information? The range of demands can be quite different. The challenge is to decide on the priorities in different country contexts.
* One area to focus on liabilities (breadth and nature). Beyond the short term flows, the question on assets and liabilities in the longer term has not received much attention – the IMF fiscal transparency code now tries to address it.
* Within the World Bank too, compartmentalization is a problem. We have to keep in mind that none of the issues can stand alone, especially when we look to the Sustainable Development Goals. There is now an effort at the Bank to have a more integral view of PFM, including revenue, spending, assets, liabilities, and contingencies.

Liliana:

* What is the most relevant information that is not there? (Revenue side)

Keith:

* Seems like information is available but not in a useable format. Information needs to be useable. At the same time, civil society asks for more details – this goes back to relevance. How do you come to a consensus on this?
* The joined up approach is important (as mentioned by Nicola) but how do you frame a conversation with all the stakeholders? What is the capacity you need to have this kind of conversation? What can GIFT say about this?

Online questions:

* Are there any key factors that are exclusive for fiscal transparency (incentives)? Aura (MoF-MX)
* Ministries of budget not finding pressure from CSOs – do they know the OBS, do they know the CSOs that work on these issues? (Diego)

Paulo:

* Reply to Aura: there are probably many factors that could be used for policy reform from the incentives research. The Synthesis on GIFT’s website could be useful.
* Reply to Diego: the interviewees were champions of transparency and they know the CSOs that work in this field.
* Comment to Keith: contradiction between supplied information and the inadequate quality from a user point of view – this is the next generation of our work, trying to match those two.
* Will share the questionnaire of the interviews with leaders.

Hector:

* Administrative information is needed. E.g. random anonymous samples of taxpayers, including revenue and capital revenues. Especially at the highest levels of income.
* Taxpayer information, without identifying information – is available in many countries.
* On CSO roles: Institute for Fiscal Studies – it is a CSO, with huge prestige in the UK. IFS would produce reports and discuss them with media during the budget cycle – and it spurred discussion in the entire country. So it could be replicated elsewhere.
* We need to start working more in South America – generational transitions are taking place. Civil society should not be excluded but international organizations have to play a big role in this IMF, WB, and GIFT – check that these countries have work or projections on the important issues and flag if something is amiss or of poor quality.

Ricardo:

* An open database of entities, persons, etc, of those who enjoy tax exemptions should be available.

**III. Abhinav Bahl OGP Support Unit**

**Open Government Partnership priorities for 2016**

Action Plans due in 2016. Abhinav makes an appeal to be involved in the process, on the ground. Happy to act as a contact point. If there are interesting ideas that other countries are doing, please share them. They want ideas early in the process, rather than later.

**Questions and comments:**

Ricardo:

- Guatemalan experience with OGP: first action plan was a total disaster, government didn’t invite civil society organizations. The second action plan is also close to be another disaster. But at least we had an agenda. There is no guarantee that things will improve but almost all are fiscal transparency commitments (18) and their implementation has gone forward.

- More coordination, more active role is needed from OGP to help CSOs.

Katarina:

- Disappointment with OGP.

- A lot of Eastern European countries ended up with worse OBI ranking than before their OGP membership.

- Croatia – commitments are there, but they are not fulfilled, and the government cheats on its self-evaluation.

Abhinav:

- Don’t disengage from the process – it doesn’t work in all countries but it is useful in many.

Juan Pablo:

- It is hard to find the right interlocutors – one big challenge is to have around the table all the stakeholders that need to be addressed.

- Suggestion: in Guatemala or Croatia, a public event should be organized about fiscal transparency commitments in OGP.

- From the list of countries Abhinav presented, there are 15 countries GIFT could work with in the first semester of 2016. Countries with OGP action plans that GIFT could work with: Brazil, Croatia, Chile, Dominican Republic, El Salvador, Greece, Guatemala, Honduras, Mexico, Moldova, Mongolia, Paraguay, South Africa, Tunisia, Uruguay. Maybe outside of OGP: Jamaica and Vietnam?

Warren:

- The Action Plans are a real opportunity. But we should be realistic about what OGP is and what levels of influence it has. OGP is mostly a project of carrots – peer engagement and peer pressure. Which is what GIFT can offer.

- Regarding CSOs: OGP can tilt the balance towards openness. It is hard for OGP to start a new initiative but it can lend support to already existing asks from CSOs.

- We need to document the process much better and make sure that documentation is published.

- Steering Committee must be pushed much more. It is hard to resist pressure if it comes from multiple countries.

- Civil society is not working together on OGP – but regions can work to push the OGP agenda forward.

Hazel:

- Country report should come out right before the second Action Plan.

- It is a process. The IRM reports are very detailed and neutral – and a lot of recommendations are moving forward.

Abhinav:

- We are also organizing events, regional events – these can be used to force governments to act. If you have ideas as to how to leverage these events better, let Abhinav know.

- Africa Regional Event – May 2016, SA.

**IV. Update on GIFT work streams**

**Juan Pablo refers to the GIFT report presented to the stewards befor the meeting and presents:**

**GIFT involvement in other activities:**

* Normative work: public participation principles, convention work, indicators.
* IFAC engagement on Accountability Now campaign – two events, in Senegal, Dakar and Abu Dhabi with MENA region countries. Next regional meeting is probably going to be in the Bahamas. Quarterly partner briefings go out regularly from IFAC (let Melody know if you want to sign up).
* Peer-to-Peer learning: two events, one in Manila and one in Mexico. Two immediate outcomes: in the case of Asia, we engaged in organizing another workshop early next year, probably around fiscal transparency portals, open data. Probably to be organized in Jakarta. Also working with Mongolia and Vietnam (not an OGP country yet).
* Mexico: the step forward would be a specific workshop on fiscal transparency portals hosted by MoF. Other workshops in other countries will follow (South Africa in May and Central Europe in the Spring).
* Work on incentives research, where the next step is - starting to incorporate what we learned on incentives and impacts and the guideline that will illustrate the public participation principles.
* There is work on open data and the community of practice – advisory group for the open fiscal data package has been put together. Working particularly in Paraguay and Tunisia and there is now enough material to show this to the advisory committee. There is interest in engaging with other countries (Dominican Republic and El Salvador in particular).
* The community of practice is on track – over a 100 members. Plan is to have a webinar once a month.
* Blog is also an idea.
* Rules state that anyone who was an active steward in 2015 January is confirmed as a steward. There are now 19 stewards, of which 6 are governments, 3 private donors (Ford, Hewlett and Omidyar), 3 financial organizations WB, OECD, IMF), and 7 CSOs (IBP, Fundar, etc).
* We are in the process of integrating 6 additional governments and 5 more CSOs. The 6 government Ministries of Finance that have establish a strong and ongoing collaboration with GIFT during 2014-15 are: Paraguay, the Dominican Republic, El Salvador, Tunisia, Indonesia, and Chile. The Treasury of Mexico is also considering requesting to join as a lead steward. The CSO that have been working with GIFT to join are: ICEFI (Central America), SENKAS FITRA (Indonesia), Funde (El Salvador), the Alliance (Global Emerging Markets Investors interested in governance) and others are continuing expressing interested in the partnership with GIFT (Global Integrity).
* Some CSOs have dropped out for lack of communication (e.g. Greenpeace, ONE campaign) and also some governments (Liberia).

**V. FINAL SESSION – WRAP UP**

Lorris Jarrett:

- Actively looking to engage with CSOs more meaningfully in the budget process. Intending to use this conference as a catalyst.

Carolina Vaira:

- Case studies were very useful. Research work from Paolo is going to be very useful.

Ricardo, ICEFI:

- Insist on joining as active members of GIFT.

Juan Pablo:

- There will be an infographic on the impact work.

Paul:

- We don’t want to be too activist but we want to engage nevertheless.

- The South Asia region is missing – is there a way to include more of these countries? Also, marginalized communities have to be included.

Juan Pablo:

- Something in South Asia should be organized, with the inclusion of parliamentarians and MoFs.

Ashok:

- Investment community has a larger role to play in increasing transparency. Collaboration with GIFT is one way to do that. Already three briefs have come out from this collaboration.

- One other area to focus on: specific areas of fiscal transparency that would be helpful for us.

- Appeal: early next year looking for a staff person to coordinate educational events and produce material on budget transparency.

Vivek:

- Very nice atmosphere for the meeting, good discussions. One more reason to continue working together.

Nicola:

- Agree on the atmosphere. The formality was gone and more focus was on the substance and there was a genuine exchange between stakeholders.

- Unique value added, the nature of the membership.

- Critical: FOWG to engage with another group – good to OGP and GIFT, great to see how it evolved and developed.

- Working more with media organizations?

Juan Pablo:

- We have to find a good way to work together with journalists to help in disseminate information – but we don’t want to scare away ministries of finance.

Hazel:

- Journalists may be the number one users of this kind of data – we can use them as source of information. But we cannot really use them as disseminators, they have their own agenda.

- GIFT is trying to make information on the website more granular and easily accessible on the website.

- GIFT will work on five stories / cases next year.

Juan Pablo:

- We cannot move forward without good engagement from governments.

Kay Brown:

- Many lessons, the key question is on public participation.

- Principles – we are more or less arrived.

- Impact – how to measure? When to measure it (e.g. 20 years from now like in the case of the interviews with champions – we might not remember everything by then). We should write up our own experiences.

- Working with governments and NGOs: building trust, establishing communication – this is key.

Moustapha:

- Very concrete results, important opportunities for collaboration with CABRI.