

## Relevance and Sustainability of the GIFT Network

### Note prepared for the International Budget Partnership board

December 3<sup>rd</sup>, 2020

#### 1. Summary and purpose

In its December 2019 meeting, IBP's board requested the GIFT network director to make the case about the convenience for IBP to continue hosting GIFT. After describing the most salient advantages for IBP to housing the network, and identifying ways in which the risks are mitigated, this note provides a set of recommendations moving forward. IBP's board is invited to play a more active role in its fiduciary responsibilities, while allowing the main lead stewards (the World Bank and the International Monetary Fund) to continue playing the strategic governing guidance and ownership role they have committed to (support for funding, advice strategically, advocacy roles and network membership decisions). In such new arrangement, the GIFT director would meet annually with the board, and the IMF and World Bank representatives would also meet regularly with the IBP board to have an information and coordination exchange. It is important to bear in mind that in such setting, IBP will continue to have full influence over GIFT's decisions, as all GIFT operations are part of IBP, and lead stewards' decisions are taken by consensus. However, the proposed changes would help consolidate the governance and tighten the accountability of GIFT and set out very clear roles for all stakeholders.

This briefing note also addresses IBP board's request to propose a revised mission for the GIFT network and describes its fundraising model.

#### 2. Background

In its 2019 December Meeting, the board of IBP discussed the sustainability and relevance of the GIFT network, including its pertinence after almost a decade of being founded; its funding challenges; the benefits and risks for IBP as a lead steward; whether IBP should continue hosting the network; as well as possible changes to the relationship between GIFT and the IBP board. A brief, two assessments and a presentation were distributed as background for the meeting ([link](#)).

In order to continue this conversation, the board put forward the following questions:

- Why is GIFT still relevant or especially relevant now?
- What does GIFT bring IBP and vice versa? What are the differences between GIFT and IBP and complementarities?
- Governance: What are the respective roles of the steering committee and the IBP board?
- Fundraising situation and future proposition/model?
- Staffing plan going forward?

In response, the GIFT Director continued having conversations with Lead Stewards' representatives. A note that summarised some of the areas discussed and the ideas put forward by the Lead Stewards to address these questions was produced and presented in the Lead Stewards' Meeting in July 8, 2020.

### 3. GIFT work in 2020: is it relevant?

#### Contributing to a better fiscal transparency global norm architecture

GIFT is an action network of stewards composed mainly of finance ministries, civil society organizations and international financial institutions. A key objective for the network is to contribute to a more coherent global architecture of fiscal transparency norms. Such norms matter to governments as they want to be guided by proven standards of feasibility and effectiveness as well as the best examples, when preparing to implement reforms. At the same time, international institutions are constantly willing to measure performance, create comparative indicators and set new standards. As such, there are a multiplicity of norms which are sometimes conflicting.

GIFT has played a role in the convergence, evolution and harmonization of fiscal transparency and public participation global norms. It has helped to reduce divergences in international standards; and has prevented, so far, the emergence of new standards that could generate more confusion in the field. It has also helped achieve consensus and normative creation in the area of public participation in the budget cycle. For example, GIFT has generated principles that are today a reference for innovation in this field among countries committed to working with GIFT on public participation.

Lead stewards such as the IMF and the World Bank acknowledge the relevance of GIFT as credible forum for global norm harmonization. In May 2019, the OECD (a GIFT member) announced the compilation of a new composite indicator for budget transparency across member countries. The GIFT lead stewards expressed concerns about potential standard competition, indicator duplication and international norms confusion, and requested the GIFT director to address the issue. As a response, the OECD accepted the GIFT proposal to engage in a dialogue that could ensure communication, coordination and complementary, in the process of developing the indicator.

#### A trustful forum for government champions to learn from each other, innovate and build capacity

GIFT also provides a space for testing innovations for potential scaling. The GIFT network provides opportunities, services and structured paths for reaching fiscal transparency goals that would otherwise be well out of reach for the member countries. Major international donor organizations have found GIFT to be an invaluable partner in achieving their own institutional fiscal transparency goals and they rely on the network to motivate and support countries in their efforts to comply with international norms.

GIFT supports a core learning network of ministry of finance members who continue to push the agenda and pilot practices on fiscal transparency and public participation. GIFT brings together these champions, providing them with a forum to learn from each other, experiment and look for opportunities to continue making advances wherever there is space in countries to do so. This compact group pushes the fiscal transparency agenda through peer-learning, the use of innovative tools and dialogue with civil society representatives, allowing emphasis to be rightfully placed on the users of budget information. Similarly, this group is willing to test new practices of inclusive public participation in the budget process and commit to ambitious milestones. Such experiments have included working on the strong linkages between fiscal transparency, fiscal open data, and the development of responsive budgeting: framing the budget towards a development goal, such as gender or inclusion, becomes much easier in an environment of budget transparency based on good quality information.

In the face of a trend that has been increasingly adverse to open government, a space for innovative exchange and peer-learning is extremely relevant. This is demonstrated by the willingness of representatives from ministries of finance to test new practices and commit in writing to advance the agenda in dialogue with civil society representatives. This kind of access to technical assistance and peer learning, in a non-contractual trustworthy environment between peers and with civil society representatives, is unique. On gender budgeting, for instance, ministries of finance from Colombia, Argentina and Uruguay

have been willing to share experiences and learn from each other, in coordination with expert organizations and civil society groups, such as the OECD and ACIJ.

A flexible action network capable of seizing opportunities

This has generated an exceptional agenda pushed by reformers who are willing to innovate and commit, within the framework of the network, to report their progress and to exchange their experiences. The case of the Covid-19 pandemic offers an example. GIFT developed a [guide](#) for emergency response fiscal transparency, a product of the collective effort between the stewards and partners of the GIFT network, drawing on their joint experiences to determine the fiscal data requirements in emergency response packages. As the pandemic is likely to put fiscal transparency back on the list of priorities in the donors' agenda beyond 2020, the pertinence of the GIFT network as a space for champions in the field, remains in force.

**4. Preliminary proposals for addressing the main questions raised by IBP board**

The following proposals reflect various conversations between the GIFT network director and lead stewards representatives, but do not necessarily represent their preferences or opinions and do not attempt to condition any outcomes. An important background document for these conversations are the GIFT Operating Procedures, which can be found [here](#).

a) The GIFT Mission

The Operating Procedures (2015) establish the GIFT mission as follows (section 1, Background and Objectives):

GIFT is a multi-stakeholder action-network (MSAN) 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.

For the reasons explained, the lead stewards have agreed that the value proposition of the GIFT network remains pertinent and timely. However, this 2020 proposed version seeks to put a new emphasis on the inclusive character of public participation, the value added for the members of the network peer collaboration and the importance of the peer learning setting for innovation. That said, the mission would be more modest in terms of the assumptions about the impact of progress of transparency and participation in accountability systems, as GIFT has mainly focused on the former. Nevertheless, the addition of the concept of inclusion is profoundly significant, since it implies the exploration of meaningful participation practices that translate into actions that actually imply changes in the budgeting processes and open venues towards impacts that could favour equity and development outcomes.

Subject to further discussion, the slightly modified value proposition would be:

<p><b>2020 Mission</b></p>	<p>GIFT is an action-network whose value proposition is to achieve sustained, measurable improvements in fiscal transparency and <b>inclusive</b> public participation in countries around the world, by advancing norms, peer-learning, collaborative assistance <b>and innovative practices</b>. 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, <b>helping its members to achieve outcomes they could not obtain on their own.</b></p>
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## b) GIFT as a convenient intersection for IBP

### A privileged seat around the table for global norms harmonization

As mentioned, the GIFT network has been confirmed and endorsed by the global standard setters as the forum to high level dialogue for coherence and harmonization of fiscal transparency. For IBP, the value of GIFT is to have a seat at discussions with ministries of finance and the main international norm setters, in a peer-to-peer dialogue setting. The convening of GIFT's lead stewards—among the most influential actors in the field—also provides a unique venue for supporting fiscal accountability goals well beyond the confines of the network. For other members, IBP brings the rigor and credibility of a tool that measures transparency from the perspective of civil society, and complements all other measurement instruments with the components of public participation and the monitoring functions of the legislatures and the supreme audit institutions.

### Access in confidence to governments' fiscal decision makers without risking IBP's independent role

The Network offers a system of exchange, collaboration, communication and support, not available to government representatives elsewhere, to which IBP has also access. The fraternal atmosphere reflects the voluntary nature of participation in GIFT activities and the lack of contractual frictions that usually permeate the relationship between finance ministries, international financial organizations and IBP. On many occasions, governments themselves, in dialogue with civil society representatives, bring innovative proposals to the GIFT agenda spontaneously. Network members define the course of reform iteratively, through trial and error. They have taken ownership of the path of change, and they experiment and learn from each other through activities such as coalitions for public investment verification, dataquests for sustainable development goals, cross-cutting objectives for development and well-being budgets, et cetera.

Simultaneously, IBP is highly recognized and respected by governments as a reference in budget transparency from a civil society perspective. In this framework, the GIFT Network becomes an ideal neutral space for collaboration between the IBP and ministries of finance, without compromising the objectivity of the IBP, and at the same time preserving the trust of government counterparts. GIFT offers governments an opportunity for peer learning and technical collaboration with CSOs participating, in a neutral space, to engage budget authorities. This engagement is not only due to the presence of international financial institutions but critically to the presence of government peers around the table, who are equally motivated to learn and openly overcome the challenges of transparency and participation using the experience and practices of their peers. The learning experience includes not only technical knowledge, but also examples of the dialogue and cooperative relationship between finance officials and civil society experts in public finance.

### Continuity in technical cooperation despite political rotation

Within that neutral space, GIFT has been a resource for public servants and CSOs, who are able to continue relying on a network of allies willing to share experiences. This has enabled public servants to maintain relationships with their international peers and to use the network as a source of peer pressure and inspiration to drive change in their countries. Several member countries, including Brazil, the Philippines, Mexico, Croatia, Indonesia and Colombia, continue to cultivate peer learning and learning exchange despite changes in political leadership.

### IBP strategic role in GIFT for the IMF and the WBG

On their side, IMF and the World Bank also see that the GIFT Network allows them to achieve something they could otherwise not do on their own, and IBP's role is crucial in that perspective. Since 2018, the IMF's New Framework for Enhanced Fund Engagement in Governance has led to "more systematic, effective, candid, and even-handed engagement with member countries regarding governance vulnerabilities, including corruption, that are judged to be macroeconomically critical". In a 2020 interim [report](#) on the

implementation of the framework, the authors observe that the “Framework has supported deeper discussions on governance and anti-corruption issues in Article IV reports and that Fund-supported programs have leveraged the Framework to design specific conditionality related to governance and anti-corruption reforms, with governance improvements now being a core objective of many programs”. The report also notes that much work is being done outreach to the public and civil society, as CSOs serve as valuable interlocutors at the country level, providing insight on the governance and anticorruption framework. Increasingly, Fund staff met with CSOs for all governance diagnostics missions and often consult with them for surveillance and program missions.

In that framework, the GIFT IMF representatives value the access to IBP and a number of CSOs working on budget issues, engaging in dialogues with budget authorities in the Network’s space, and the willingness to cooperate constructively on a reform agenda that includes strengthening the PFM governance systems. As in the eyes of the IMF, CSOs become an increasingly important feature with the capacity to complement the role of checks and balance institutions, such as the legislative, supreme audits institutions, and the courts, IBP provide an established and reliable wealth of experiences and connections.

For the World Bank, GIFT represents a space for peer learning cooperation where, trust, knowledge and expertise can support its country operations in the governance practice agenda areas of budget transparency and public participation. The profile and level of the technical exchange, the professional collaboration with IBP experts, plus the access to a roster of current or former public officials with innovative practical experience in the field, provides a resource to enrich and support some of the Bank’s transparency projects at the country level.

### c) New roles for IBP board and the GIFT lead stewards

In the discussions related to IBP board’s requests, the World Bank and the IMF representatives have agreed to play more of the triple-A ownership role (aid for funding, advice strategically and advocacy roles) and have committed to support the GIFT director’s efforts in presenting a set of projects to potential funders that currently support government efforts in advancing fiscal transparency and public participation (donors that support government’s capacity building). The IMF and World Bank representatives have also agreed to meet regularly with the IBP board, at least once a year, to have a system with shared responsibility with better information flow and coordination.

In such setting, IBP and GIFT could define a clear understanding regarding the respective governance roles of the IBP and the GIFT lead stewards, including how the IBP board can fulfil its fiduciary responsibilities and how GIFT can maintain accountability to both the lead stewards and the IBP board. Firstly, GIFT lead stewards should request the option of addressing the IBP board on a regular basis; secondly, GIFT could consider inviting a representative of IBP’s board to Lead Stewards meetings. Finally, in coordination with the IBP executive director, the GIFT’s network director would come once a year to IBP board Meetings to discuss the network’s workplan and yearly outcomes report, the way other IBP projects do, thereby benefitting from its guidance and feedback. With these arrangements, all parties would be sufficiently informed about the future, orientation and prospects of the network.

A fact to keep in mind is that IBP is represented at the GIFT lead stewards meetings by the IBP’s executive director and/or the policy director. Given that the Lead Stewards decide by consensus, Warren Krafchik and Vivek Ramkumar have veto power regarding all GIFT decisions. For instance, the membership of a new applicant in a given time could be rejected by the lead stewards following an objection of IBP on the matter. Similarly, IBP could also push the GIFT network to invite a member to step down and end collaboration with the network, when its value proposition and the principles of fiscal transparency, public participation and accountability, in an environment of respect for democratic values and the observance of human rights, come into conflict with the practices of the government they belong to (Section 3, Operating Procedures).

Additionally, IBP has also full control of GIFT's operations as it is hosted by the IBP. As such, all coordination and administrative functions of GIFT must comply with IBP financial and administrative policies and procedures, which means that the final word about contracts, grants and donations, lies at IBP's internal control and decision making systems. As such, section 10 of GIFT Operating Procedures establish that GIFT resources are part of IBP and that its operations are subordinated to IBP's rule and systems. This will not change as long as GIFT is housed at IBP.

In the understanding that IBP would assume its fiduciary responsibilities and that GIFT can maintain accountability to both the lead stewards and the IBP board of IBP, the current functions of the lead stewards, as established in the section 6 of the Operating Procedures, would be modified accordingly.

#### e) Fundraising model

Over the course of 2019-20, it has become clear that GIFT could combine a fundraising model based primarily on three strategies. It is important to note that fund raising has been always consistent with the mission of GIFT and of IBP, as explained above:

1. General funding for core activities, such as operational costs, norms harmonization, and the effort of network members support and maintenance, including the flexible responses to opportunistic events in the field (such as developing the COVID 19 transparency guide);
2. Specific project funding for working at country level, as well as in capacity and knowledge development projects (such as the online course fiscal transparency course funded by the US Department of State); and,
3. Consultancy projects that request GIFT to provide specific fiscal transparency and public participation related deliverables in development partnerships with financial or multilateral institutions, and/or governments (World Bank, UNICEF, etc).

In all cases, it is likely that the funding for the GIFT Network will be coming from sources supporting government's reform agenda and capacity building. As IBP will continue getting its funding based on its work in collaboration with multiple actors – including civil society, state actors, international institutions, and most recently the private sector – to facilitate the empowerment of citizens to participate in open, inclusive budgeting processes, it could be deduced that the fundraising efforts would be basically complementary. GIFT's funding should be accessed from the donors' window for governments' capacity building, while the IBP's should continue getting grants from sources that support civil society empowerment.

The Lead Stewards could concretely identify ways that they can enhance the visibility and credibility of GIFT and assist directly or indirectly in the organization's fundraising efforts. For instance, recognizing this benefit to their institutional goals, the IMF and World Bank could prioritize grants to countries that will "hire" GIFT to provide assistance to them in meeting international standards and goals. Also, GIFT and the lead stewards should utilize informal, but carefully planned and coordinated, methods for communicating the value that the organization's activities have for global development goals and for global fiscal transparency. Thirdly, lead stewards could help GIFT indirectly by creating opportunities for its work to be more visible to potential validators and champions.

#### f) GIFT budget and leadership

For the period 2020-22, the budget information attached shows that the Network activities are covered by the pledge from different sources. The William & Flora Hewlett Foundation has confirmed program support for

the period 2021-22 and has also pledged a concluding grant after 2022, if its new institutional development strategy (work in progress) cease to consider funding GIFT in the longer term.

On the staffing of the network, GIFT has one full-time employee and a part-time employee in IBP, and 3 part-time consultants, in charge of technical collaboration, peer learning and communications. The cost of the GIFT Coordination Team is approximately \$550K annually. Tables attached include the budget for the period 2020-22 and show also the historic budgetary trends of GIFT.

Regarding the network director, after evaluating his performance in May 2020, the Lead Stewards decided to reappoint him for 3 more years for the period 2020-23. After 6 years of holding that position and having secured to a large extend funds for the next three years, this new term also marks a good time to start looking for the consolidation that replacing the founding leader would bring. A thoughtful search for a new leader for GIFT, to help ensure its institutionalization and sustainability, should begin in 2022. That said, it is clear that staffing costs could be modified by replacing the director, and that the current one should resign if fundraising does not meet the financial needs of the network or the expectations of the lead stewards (as explained before, such a concern could be expressed at any time by IBP representatives at the lead stewards meetings).