

## OGP-GIFT Fiscal Openness Working Group: London Workshop, 2 November 2013 <sup>1</sup>

### *Introduction*

This note has been prepared as background for the first meeting of the Fiscal Openness Working Group (FOWG), which is a collaboration between the Open Government Partnership (OGP) Secretariat and the Global Initiative for Fiscal Transparency (GIFT).

The aim of the OGP-GIFT FOWG is to support and promote the implementation of budget transparency commitments made by OGP governments (see Box 1 for definitions of some key terms relating to budget and fiscal transparency).

GIFT is a multi-stakeholder action network established in 2011 that works to advance significant, continuous improvements in fiscal transparency, participation, and accountability in countries around the world.<sup>2</sup> GIFT engages a wide array of stakeholders who are committed to a robust local, national, and international action agenda around its core value proposition.

One of GIFT's early achievements was the promulgation of a set of *High-Level Principles on Fiscal Transparency, Participation, and Accountability* – a copy of which is attached as Appendix 1. The High Level Principles were endorsed by the United Nations General Assembly in December 2012.<sup>3</sup> An Expanded version of the High Level Principles provides more detailed information on each of the principles.<sup>4</sup>

The rest of this note comprises the following sections:

1. *How transparent are OGP countries' budgets?*
2. *What types of fiscal transparency commitments did OGP governments make?*
3. *What is the pattern of OGP commitments against the GIFT HLPs?*
4. *What are the strengths and weaknesses of the commitments?*

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<sup>2</sup> See <http://fiscaltransparency.net> for more details.

<sup>3</sup> UNGA resolution 67/218 is available at [http://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/67/218](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/67/218)

<sup>4</sup> The Expanded version provides, for each principle, information on why the principle is important; definitions of key terms; the origins of the principle; how it is reflected in existing norms and standards; selected country examples; and references for further technical guidance.

5. For countries for which Progress Reports under the Independent Reporting Mechanism are available, what has been the experience to date in implementing fiscal transparency commitments?
6. Are there any immediate steps that OGP countries could take?
7. Concluding comments.

**Box 1: Some definitions of key terms in budget and fiscal transparency**

**Fiscal policy:** in everyday terms, fiscal policies are government taxation, borrowing, spending, and the investment and management of public resources. In technical terms, fiscal policies are public policies implemented through the provision of non-market services, and the redistribution of income and wealth, financed primarily by taxes and other compulsory levies on nongovernment sectors. Fiscal policy covers policy design, policy implementation, and ex post review and evaluation, and incorporates all three of the commonly recognized levels of fiscal management:

- 1) Aggregate fiscal policy, namely the overall level of revenues, spending, the deficit and public debt.
- 2) Allocation of resources to sectors, to ministries, departments and agencies, and to programs, in line with policy priorities.
- 3) Managing the use of budgeted resources to achieve efficient delivery of public services and value for money.

**Fiscal transparency** is sometimes used synonymously with **budget transparency**. However, fiscal transparency is in principle wider than budget transparency. It includes all public assets, liabilities, and contingent obligations, as well as revenues and expenditures authorised in an annual budget i.e. it includes all stocks as well as flows, whereas stocks often do not feature in budget documents (aside from debt).

Fiscal transparency includes fiscal activities undertaken outside the budget sector but *within the government sector* e.g. by autonomous government agencies or extra-budgetary funds that may not be reported as part of the budget sector.

Fiscal transparency also includes 'quasi-fiscal activities' undertaken *outside the government sector* by public corporations, the central bank, or (sometimes) by private corporations i.e. activities that are fiscal in character but that are not financed by government but by the corporations themselves, such as subsidised lending or subsidised service delivery by public corporations, or construction of public infrastructure by companies developing natural resources..

**Budget transparency:** may refer to the narrower budget sector (e.g. 'budgetary central government'), any may not include the budgets of autonomous agencies, or extra-budgetary funds. The term may also refer to a wider concept e.g. the International Budget Partnership's 'Open Budget Survey', which includes some questions on assets and liabilities but which focuses on 8 key reports centred around the budget. The term budget transparency is generally not used to refer to as wide a concept as fiscal transparency.

**Public resource management:** One of the five OGP 'grand challenges'. May be defined to include both stocks and flows of public resources i.e. public assets and liabilities, as well as revenues and expenditures authorised in an annual budget. Alternatively, it may refer to a narrower concept, such as just the annual flows of revenues and/or expenditures in the budget.

1. *How Transparent are the Budgets of OGP Countries?*<sup>5</sup>

The best way to answer this question is to draw on data from the Open Budget Survey (OBS) compiled by the International Budget Partnership (IBP), and in particular to use data from the Open Budget Index (OBI) that covered 100 countries in 2012. The OBS is the most comprehensive cross-country data on current practices with respect to fiscal transparency.<sup>6</sup> The OBS is the source of data on whether a country meets the minimum entry requirements for budget transparency for the OGP (which is the publication of the executive's budget proposal, and the Audit Report).

Table 1, in Appendix 2, shows the OBI scores for the 36 OGP member countries covered by the OBS, in both the 2010 OBS and the 2012 OBS.<sup>7</sup>

The OGP member with the greatest improvement between 2010 and 2012 was Honduras, which increased its score by 42 points by publishing all eight key budget documents. The Dominican Republic published the Executive's Budget Proposal online for the first time, and Indonesia improved its OBI score by 11 points. Other improvers include Argentina, Bulgaria, Colombia, and Slovakia, each of which published the Audit Report, a document that none of them had published according to the 2010 OBS. Many of these improvements came from the governments simply publishing documents that they were already producing for their internal use and for donors, but not making publicly available.

The 2012 OBS included questions for the first time on public participation in fiscal policy. The average public engagement score in 2012 for all 100 countries surveyed was only 19 out of 100, while for OGP member countries the average was 29. The stand out performer on public participation was South Korea, with a score of 92. Other emerging best practices in public participation were found in Trinidad and Tobago (future OGP member), Colombia, Honduras, and South Africa.

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<sup>5</sup> This section takes information from a blog prepared by Michael Castro of the International Budget Partnership, entitled 'Open Budgets Key to Open Government: Next Steps for OGP Countries', available at <http://blog.opengovpartnership.org/2013/09/open-budgets-key-to-open-government-next-steps-for-ogp-countries/#sthash.kNc1y3nw.dpuf>

<sup>6</sup> See 'Defining the Technical Content of Global Norms: Synthesis and Analytic Review Revised Phase 1 Report for the GIFT Advancing Global Norms Working Group. <http://fiscaltransparency.net/wp-content/uploads/2012/03/GIFT-Defining-the-Technical-Content-of-Global-Norms-Synthesis-and-Analytic-Review.pdf>

<sup>7</sup> The 36 OGP countries does not include New Zealand, which is not yet officially an OGP member but which announced its intention to join the OGP in September 2013. NZ is included in the OBI. [NZ formally joined the OGP at the London Summit].

2. *What types of fiscal transparency commitments did OGP governments make?*

In another GIFT paper distributed separately to Fiscal Openness Working Group members, all the individual commitments each OGP country has made on fiscal transparency have been mapped against the GIFT High Level Principles on Fiscal Transparency, Participation and Accountability – hereafter referred to as the GIFT HLPs.

The mapping provides a sense of patterns in the coverage and focus of the commitments being made across countries, helping to make sense of a large, diverse and detailed set of information. Because the GIFT HLPs are comprehensive, the mapping also helps to identify areas that potentially merit greater attention.

The source of the data is a spread sheet compiled by Global Integrity, comprising individual country commitments coded by the five OGP ‘Grand Challenges’: public resource management; public services; public integrity; corporate accountability; and safer communities.<sup>8</sup>

In addition to the commitments on public resource management, many of the commitments tagged as public services or public integrity are also relevant to fiscal transparency, participation and accountability, and were included in the mapping.

Table 2 on page 5 of this note is a summary table showing which OGP countries have made a commitment that can be mapped against one or more of the ten GIFT High Level Principles. Note that there is no suggestion that any country has indicated its intention to implement any of the GIFT HLPs. The Table merely maps current country commitments in the OGP to the relevant GIFT HLP.<sup>9</sup>

To provide more detailed information in Table 2, GIFT HLP 3 – transparency of past, present and forecast fiscal information – has been sub-divided into nine sub-categories. One of these categories is open data (3i). The open data initiatives are general, government-wide, and do not (except in one or two cases) refer specifically to fiscal data or fiscal information. They relate to general transparency portals, and to open data standards and licensing. It is

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<sup>8</sup> The spread sheet was dated 3 July (no year, but presumably 2012), and did not contain commitments for some OGP members (e.g. Liberia) presumably because their Action Plans were not available at that point. This spread sheet was supplemented by information contained in the first five OGP country progress reports published in September and October 2013 (see section 5 below).

<sup>9</sup> However, in the UK’s draft 2013 OGP National Action Plan, UK civil society recommends that the government ‘should work with others to endorse and encourage other OGP members to endorse, engage with and implement the principles of the Global Initiative on Fiscal Transparency.’ See <https://www.gov.uk/government/consultations/open-government-partnership-uk-draft-national-action-plan-2013/ogp-uk-2013-draft-national-action-plan-from-open-data-to-open-government>

unclear at this stage the extent of the relationship between the open data initiatives and fiscal transparency. This is an area for further analysis.<sup>10</sup>

Note that, in order to aid identification of relevant material by readers who may be interested in only one or a few selected topics, a number of commitments have been mapped to more than one category in Table 2.

### *3. What is the pattern of OGP commitments against the GIFT High Level Principles?*

Most of the OGP country commitments fall within HLP 3, which states: ‘The public should be presented with high quality financial and non-financial information on past, present, and forecast fiscal activities, performance, fiscal risks, and public assets and liabilities....’<sup>11</sup> This is not surprising, as HLP 3 has broad coverage, and addresses the availability of fiscal information to the public, an obvious area of focus given that budget transparency is a core element of the OGP, and one where there are minimum eligibility criteria for entry to OGP.

Within HLP 3, the focus of OGP country commitments is on annual flows (revenues and expenditures) rather than stocks (assets and liabilities).

There is relatively little coverage in the OGP commitments in the areas of legislative oversight of fiscal policy (HLP 8); on aggregate fiscal policy (so-called ‘macro-fiscal policy’, HLP 2); and on a citizen right to fiscal information (HLP 1). The limited coverage of HLP 8 may reflect the leading involvement of governments, rather than legislatures, in developing OGP national action plans. With respect to the right to information, while the OGP’s eligibility criteria includes the need for right to information laws, and many OGP countries already have these laws, HLP 1 asserts more than a right to seek fiscal information. HLP 1 asserts a right to receive the information that other HLPs, such as HLP 3, stipulate that governments should publish. In other words, HLP 1 asserts citizens’ rights to receive systematic and regular publication of fiscal data and information without having to request it.

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<sup>10</sup> This applies also to the right to information commitments, many of which are government-wide, and to a lesser extent to the commitments relating to the right to direct public participation, where many commitments are specifically related to fiscal policy.

<sup>11</sup> The full text of HLP 3 is in Appendix 1.

**Table 2: Pattern of OGP Country Commitments against the GIFT High Level Principles**

<i>GIFT High Level Principle (summarised)</i>	<i>Countries making OGP commitments that are related to the relevant GIFT High Level Principle</i>
HLP 1: Everyone has the right to seek, receive and impart information on fiscal policies.	Bulgaria; Chile; Croatia; El Salvador; Honduras; Latvia; Peru
HLP 2 Publication of objectives for aggregate fiscal policy (the overall level of revenues, spending, the deficit and public debt), and report and explain progress.	Bulgaria; Croatia; Honduras; Spain
HLP 3: Publication of high quality information on past, present and forecast fiscal activities, performance, risks, and assets and liabilities.	See below
3a) Budget transparency general	Brazil; Croatia; Dominican Republic; El Salvador; Greece; Honduras; Indonesia; Israel; Jordan; Kenya; Mexico; Montenegro; Peru; Philippines; Turkey
3b) Publication of a Citizens' Budget	Bulgaria; Croatia; Honduras; Indonesia; Jordan; Kenya; Montenegro; Philippines; Tanzania
3c) Transparency of revenues - general	Albania; Bulgaria; Greece; Honduras; Indonesia; Malta; Tanzania; Uruguay
3d) Transparency of natural resource revenues	Albania; Bulgaria; Colombia; Guatemala; Indonesia; Jordan; Peru; Ukraine
3e) Transparency of aid, and external financing	Bulgaria; Canada; Denmark; Jordan; Slovak Republic; Spain; Sweden; Tanzania
3f) Transparency of public investment management	Colombia; El Salvador; Guatemala; Indonesia; Jordan; Philippines; Slovak Republic
3g) Fiscal reporting	Albania; Bulgaria; Colombia; Croatia; Kenya; Moldova; Tanzania
3h) Asset and liability management	Bulgaria; Croatia; Jordan; Mexico; Montenegro
3i) Open data	Brazil; Canada; Chile; Colombia; Czech Republic; Denmark; Estonia; Israel; Italy; Kenya; Latvia; Mexico; Moldova; Netherlands; Philippines; Slovak Republic; Sweden; Uruguay
HLP 4: Clear objectives, outputs (goods and services) and outcomes (social, economic, environmental).	Brazil; Colombia; Denmark; El Salvador; Guatemala; Honduras; Indonesia; Israel; Italy; Jordan; Kenya; Lithuania; Mexico; Montenegro; Philippines; South Africa; Spain; Tanzania; Uruguay
HLP 5: All transactions have basis in published laws, and subject to independent review.	Albania; Bulgaria; Canada; Chile; Croatia; Denmark; Dominican Republic; El Salvador; Honduras; Jordan; Italy; Latvia; Moldova; Montenegro; Philippines; Tanzania; Ukraine

HLP 6: Government sector clearly defined, and open relationships with private sector.	Brazil; Bulgaria; Colombia; Croatia; Czech Republic; Dominican Republic; El Salvador; Estonia; Georgia; Greece; Honduras; Indonesia; Jordan; Malta; Moldova; Montenegro; Peru; Slovak Republic; Turkey; Uruguay
HLP 7: Clear roles and responsibilities for fiscal policy and management.	Albania; Bulgaria; Colombia; Croatia; Dominican Republic; El Salvador; Guatemala; Honduras; Indonesia; Israel; Italy; Jordan; Malta; Montenegro; Peru; Slovak Republic; South Africa; Spain; Ukraine; Uruguay
HLP 8: Authority to tax and spend vested in the legislature. Legislature should have capacity to hold executive to account.	Croatia; Georgia; Montenegro; South Africa
HLP 9: Independent Supreme Audit Institution with capacity and mandate to publish audit reports.	Bulgaria; Dominican Republic; El Salvador; Honduras; Jordan; Montenegro; Tanzania
HLP 10: Citizens have right to direct participation in design and implementation of fiscal policies.	Albania; Brazil; Bulgaria; Canada; Colombia; Croatia; Denmark; Dominican Republic; Estonia; Georgia; Greece; Honduras; Indonesia; Israel; Italy; Jordan; Kenya; Latvia; Lithuania; Mexico; Moldova; Montenegro; Netherlands; Peru; Philippines; Slovak Republic; South Africa; South Korea; Spain; Tanzania; Turkey; Ukraine; Uruguay

the leading involvement of governments, rather than legislatures, in developing OGP National Action Plans.

There are a large number of country commitments in the area of direct public participation in fiscal policy (HLP 10), which is interesting as this is a ‘new’ principle in international fiscal transparency norms. Public participation in fiscal policy, as defined by GIFT, includes, in addition to participation in the annual budget cycle, participation also in revenue and expenditure policy decisions, in the design and delivery of public services, and in the design and delivery of public investment projects. The language in HLP 10 draws on Article 25 of the International Covenant on Civil and Political Rights (ICCPR). A right to direct participation (and to information) had not previously been asserted in an international norm on fiscal transparency.

OGP country commitments relating to direct public participation in fiscal policy included commitments on the general enabling environment for civil society organisations, and on general government/civil society relationships; multi-stakeholder initiatives such as EITI and the Construction Sector Transparency Initiative (CoST); social auditing of public investment projects; complaints and citizen observer mechanisms relating to procurement; and a change to the budget calendar to facilitate more public input.



4. *What are the strengths and weaknesses of some of the commitments?*

In this sub-section all that will be attempted for this first meeting of the FOWG is a brief assessment of a few country commitments, against ‘SMART’ criteria – that is, to what extent are the individual commitments *specific, measurable, achievable, relevant, and time bound*? In practice, it is not possible to assess whether these commitments are relevant or achievable without some detailed country-specific analysis, so the comments focus on specificity, measurability, and whether the commitment is time bound.

The commitments have been selected to illustrate different elements of stronger or weaker practice. This is intended to illustrate in general terms how the specification of individual commitments can be improved. Subsequent meetings of the FOWG, or through webinars or other mechanisms, might discuss specific country prospective commitments before they are finalised in National Action Plans.

Commitment: ‘...plans to launch a web site where citizens can find information on the national budget and report information they may have on the actual expenditure of government funds.’

This commitment is not specific as to the types of budget information, nor of the types of information that citizens might report. It is not possible to get a sense of how this commitment builds on and improves current information availability, nor of how success would be measured. There is no reference to a time frame.

Commitment: ‘...commits to publish data on government subsidies to elementary and junior high schools and to publish health expenditures and budgets at every community hospital in 497 regions...’

This commitment is much more specific (expenditure type, specific institutions and levels of government) and therefore measurable. There is, however, no reference to time frame.

Commitment: ‘...commits to empower citizens to obtain data from the public sector and to prescribe the maximum amount of time public bodies should take to review appeals of refusals to issues information under the Freedom of Information Act.’

The first clause is non-specific, but the second clause specifies a mechanism, under a piece of legislation, where action will be taken. The commitment is measurable in a ‘yes/no’ sense, although there is no time frame.

Commitment: ‘....commits to expand participatory budgeting mechanisms, to establish an empowerment fund for civil society, and to institutionalize social audits for public infrastructure projects.’



There is some useful specificity around the mechanisms where action will be taken i.e. an empowerment fund, and social audits of particular types of spending. There is again no time frame.

Commitment: ‘Opening of Information and Response Offices in all institutions in the Executive Branch. Opening of 14 Information and Response Offices in 14 Provincial governments, others in regional and departmental offices of other State ministries.’

A high degree of specificity about the number of new offices, although not of the functions or objectives of the new offices, and no time frame.

Commitment: ‘Update the annual report on the state budget execution for 2012 with an explanation about the difference between the original macroeconomic forecasts for the budgetary year and the real outcomes and publish it within statutory deadlines.’

A very specific commitment that is measurable, and time bound. (It seems likely to be relevant as well, given the general importance of macroeconomic risks to budget credibility and transparency.)

Commitment: ‘Expanding the application of the chart of accounts’ components for the general budget and budgets of government units through classifying the current expenditure programs at the activity level...for the fiscal year 2013.’

Again, this commitment has high specificity in terms of the action focus (the chart of accounts), the particular initiative (activity level classification), and it is time bound.

Commitment: ‘Improve the management of public resources by increasing the country’s ranking in the Open Budget Index from providing ‘limited information’ to providing ‘significant information.’

This commitment lacks specificity in one respect – it does not indicate what actions will be taken to increase transparency – but in another respect it is very specific in that the bracketed expressions (limited information and significant information) correspond to bands on the Open Budget Index (limited information is a score of 41-60 on the OBI, and significant information is 61-80). The commitment is therefore measurable (although again it lacks a time dimension).<sup>12</sup>

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<sup>12</sup> A similar approach has been recommended to the UK government by civil society organisations in that country, which suggest with respect to the 2013 UK OGP National Action Plan: ‘The UK Government should commit to significantly raising its public engagement score in the next Open Budget Survey.’ See <https://www.gov.uk/government/consultations/open-government-partnership-uk-draft-national-action-plan-2013/ogp-uk-2013-draft-national-action-plan-from-open-data-to-open-government>

5. *For countries for which Progress Reports under the Independent Reporting Mechanism are available, what has been the experience to date in implementing fiscal transparency commitments?*

A feature of the OGP is the Independent Reporting Mechanism (IRM), which works primarily through independent assessment reports for each OGP participating government. Each two-yearly report will assess a country on development and implementation of action plans and progress in fulfilling open government principles. Reports will also provide technical recommendations.

The first five progress reports on OGP implementation were published in September and early October 2013, on South Africa, Brazil, the UK, the Philippines and Norway.<sup>13</sup> Reports on the remaining eight founding countries (Mexico, the United States and Indonesia) were published prior to the 2013 OGP London Summit but after this note was prepared. Some limited observations on those last three reports have subsequently been added to this note after the Summit.

Of the first five countries, only the Philippines and the UK National Action Plans contained substantial components relating to fiscal transparency. It is therefore interesting to look at these two in some detail.

The Philippines:

The Philippines national action plan focused on the challenges of more effectively managing public resources and increasing public integrity, and it emphasized all four open government values. While all commitments saw progress, only three were completed, and only four were on schedule.

- Total number of commitments: 19, of which public services 8, public resources 13, and public integrity 14.
- Completed: 3 out of 19; in progress: 16 out of 19; not started: 0; unclear: 0.
- Recommendations made by the independent reviewer included:
  - Strengthening the OGP institutionally (more regular and open meetings with CSOs, formation of technical working groups within government, wider involvement across government and the Congress);
  - More strategic approach to drafting commitments (closer link with OGP values and OGP eligibility criteria, remove overlapping commitments);
  - Clearer national action plan through project milestones with clear indicators and metrics to allow tracking, and making commitments more manageable

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<sup>13</sup> These are available at <http://www.opengovpartnership.org/news/read-new-progress-reports-ogp-implementation-south-africa-and-brazil>

by providing actual projects limited to selected agencies rather than applying to the whole of government.

- Focus on freedom of information, consider using mobile technology, and improve data quality through open formats and data validation processes.

Table 2 in Appendix 3 contains further information on the Philippine's progress in implementing selected commitments relevant to fiscal transparency. The commitments cover a range of areas, including dissemination of fiscal information, public participation, new IT initiatives, procurement, and a Citizen's Budget.

#### The United Kingdom:

The United Kingdom (UK) action plan focussed on innovations in open data and online service delivery. The open data initiatives were general, government-wide, and do not appear to refer specifically to fiscal data or fiscal information. It is unclear at this stage the extent of the relationship between the open data initiatives and fiscal transparency (as noted, this is true also of open data commitments in other OGP countries). This is an area for further analysis.

The majority of the UK's commitments were achieved, although some ambitious commitments around open data remain to be implemented. The UK consultation, initially lacking, has seen significant improvement since the development of the first action plan.

- Total number of commitments: 41, of which public services 8, public resources 3, and public integrity 15.
- Completed: 17 out of 41; in progress: 20 out of 41; not started: 0 out of 41; unclear: 0 out of 41, withdrawn: 4 out of 41.
- The second UK national action plan was released for consultation in October 2013. In reviewing the process, the IRM report recommended wider consultation (outside London-based CSOs), and the involvement of devolved administrations in Scotland, Wales and Northern Ireland.

Table 3 in Appendix 3 contains further information on progress in the UK in implementing selected commitments relevant to fiscal transparency. The commitments focus on routine publication of evidence and databases behind policy statements; and development assistance.

#### For South Africa:

- The action plan was largely shaped within government with very limited public consultation, but more significant consultation took place during implementation.
- There were 8 commitments in total, in the areas of enhancing public service delivery, fighting corruption, and fostering civic engagement. Of these 8, 4 are on schedule, 2

are behind schedule, and progress on 2 is unclear because there were no measureable deadlines.

- A number of South Africa's commitments did not stretch government practice beyond the baseline that existed prior to joining the OGP.
- Recommendations made by the independent reviewer included raising awareness of the commitments both inside and outside government; and action plans that contain commitments involving pre-existing activities need to document the pre-existing baseline position to enable progress to be measured.

#### For Brazil:

- Most of the 32 commitments were completed on time. They focused on using technology to improve access to information, better deliver services, improve public integrity, and better manage public resources. The government reformulated two commitments with more effective implementation mechanisms.
- Overall stakeholders considered the first Brazil Plan to be laudable but not ambitious.
- Public consultation was limited to a group of CSOs already working on open government, but consultation expanded during implementation.
- Recommendations made by the independent reviewer included providing more details on concrete steps, timelines, and final products in the action plan to better measure progress on commitment implementation; document progress publicly; and assess the impact of certain types of commitments.

#### For Norway:

- The Norwegian action plan appears to have been unusually limited, with commitments focusing on areas where Norway performs well and had already taken action. The IRM report stated that the Norwegian evaluation proved challenging because the action plan lacked clarity on specific commitments, a forward orientation, relevance to OGP values, and measureable indicators of progress. Public consultation was inadequate.
- One commitment that was assessable and relevant to fiscal transparency was to standardise user satisfaction formats within government agencies. The IRM found considerable progress on this.
- Recommendations made by the independent reviewer included increased public consultation and awareness raising inside and outside government, clarifying responsibilities within government, supporting OGP implementing agencies with more resources, and identifying specific, measurable and above all *new* activities.
- One commitment area recommended was 'pension fund transparency.'

For Indonesia:

- Of the total of 12 commitments, 5 have been completed, and 7 are in progress.
- ‘Considering the ambition of the Action Plan, this was a promising start...’ (Independent Monitoring Report).
- Commitments that are on schedule: publish extractive industry revenues; e-procurement; publish budget reports across the budget cycle.
- Health, education, and national budget data are at too high a level of aggregation in terms of the administrative classification.
- With respect to public consultation, Indonesia established ‘Open Government Indonesia’ as a national coalition to coordinate the National Action Plan. It comprised 5 government bodies and 4 selected CSOs

For Mexico:

- Of the total of 37 commitments, 20 have been completed, 14 are in progress, 2 have not been started, and 1 is unclear.
- Commitments that are on schedule: improved e-procurement; publication of spending on public servant salaries; join EITI.
- Commitments that are behind schedule: transparency of climate change expenditure and financing; information on subsidy programs; publication of budgets for each school.
- With respect to public consultation in preparing and implementing the national action plan, Mexico established a Tripartite Commission comprising the Ministry of Public Administration, the Federal Institute for Access to Information, and a coalition of CSOs.

6. *Are there any immediate steps that OGP countries could take?*

For this initial meeting of the FOWG, this question will be addressed only in general terms, drawing again on data from the OBS.

One aspect of the biennial Open Budget Survey, implemented by the International Budget Partnership, is that it identifies specific areas where governments currently produce budget information for use *within* government, but do not make it *publicly* available.

While there may be political economy reasons for not publishing some of the information, or concerns about whether the data are sufficiently accurate, it may also be the case that a lot of this information could be published with little or no extra effort. Certainly, arguments that a government lacks the technical capacity, or the resources, to publish more fiscal information carry less or even little weight when the information is already available within government.

It is therefore interesting to draw on the OBS data for OGP member countries to assess to what extent the governments produce information for internal use without publishing it. Where there is significant information in this category, it might be argued that the action plan commitments on public resource management are insufficiently ambitious.

Drawing on data provided by the IBP from the 2012 Open Budget Survey for the 36 OGP member countries:<sup>14</sup>

Budget reports that are produced for 'internal use' but not published are as follows:

- a. Pre-budget statement: 8 OGP countries produce for internal use only (Argentina, Chile, Dominican Republic, El Salvador, Norway, Peru, Philippines, and Turkey).
- b. In-year budget reports: 3 countries produce for internal use only (Costa Rica, Georgia, and Indonesia).
- c. Mid-year budget review: 5 countries produce for internal use only (Jordan, Kenya, Trinidad and Tobago, Turkey and Ukraine).
- d. Year-end report: 3 countries produce for internal use only (Albania, Georgia, and Kenya).
- e. Audit report: 1 country produces for internal use only (El Salvador).

On a simple numerical basis, the area of largest potential gain in transparency from publishing already-available information may be in publication of pre-budget statements.

On the other hand, perhaps the easiest areas for expansion of transparency - from a capacity and political economy perspective - are in publication of in-year budget reports, the mid-year review, and the year-end report, as there are less likely to be concerns over data quality – although this is nevertheless an issue in many countries - and the quality of the accompanying discussion that needs to be released with the data, compared to a pre-budget statement containing both historical data and forecasts.

From an accountability perspective, it would seem that it should be a high priority for the three countries that prepare a year-end report but do not publish it, to do so. Reporting the year-end budget outturn against the original budget is a basic element of accountability. Similarly, publication of the audit report should be a high priority to provide some measure of assurance of probity and integrity of fiscal policy.

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<sup>14</sup> Note that the 2012 OBS for each country contains an assessment of budget transparency up to 31 December 2011. This means that some of the countries cited in the following paragraphs may have subsequently published some of this information. This would not be picked up in the OBS until the 2014 OBS.

In addition, there may be cases in which the information is not produced at all currently, but would not involve significant technical capacity or resources to produce, such as publication of a Citizen's Budget. Based on data from the 2012 OBS, twenty OGP member countries do not currently produce a Citizen's Budget.

Finally, in 16 countries the IBP recommended, on the basis of the 2012 OBI, that the government should produce and publish a mid-year report. This is a report presented to the legislature, and published, that takes stock of how the annual budget has been implemented over the first 6 months of the budget year, discusses the implications, and presents a revised forecast outturn for the full year. This is an important element of transparency and accountability, and the required information will generally already be available within the government even if it is not currently compiled into a single report.

### *7. Concluding comments*

To briefly summarise, the following are the main points emerging from this analysis:

- a. Some OGP countries have demonstrated that significant and rapid improvements in fiscal transparency are possible, as measured by increases in OBI scores between the 2010 and 2012 surveys. These countries include Honduras, the Dominican Republic, Indonesia, Argentina, Bulgaria, Colombia, and Slovakia.
- b. The mapping of OGP commitments against the GIFT HLPs showed two main areas of focus: public reporting of fiscal data (HLP 3); and direct public participation in fiscal policy (HLP 10) – the latter reflecting the recent increase in focus on public participation as an important element of fiscal transparency.
- c. Areas where OGP commitments are relatively lacking include HLP 8 (legislative oversight of fiscal policy), HLP 2 (macro-fiscal policy), and HLP 1 (a citizen right to receive fiscal information).
- d. There is a large number of commitments in the area of 'open data', and further analysis is required of the overlap with and relationship between these open data commitments and fiscal transparency.
- e. Findings from the first five progress reports under the IRM point to weaknesses in all the countries in public consultation in developing the first national action plans. There is a need to ensure awareness of OGP both inside and outside government, and to step up and institutionalise public consultation processes.
- f. It is critically important that country commitments are well specified.
- g. There are relatively easy gains available in many countries from publishing fiscal reports that are already produced within government but not published.
- h. OGP commitments need to be *new* initiatives, with the pre-existing baseline position clearly documented.



- i. There is considerable scope to design more ambitious and better specified country commitments on fiscal transparency in initial and subsequent national action plans, based on sound public consultation and deliberation.

Appendix 1: The GIFT High Level Principles

**The Global Initiative on Fiscal Transparency:  
High-Level Principles on  
Fiscal Transparency, Participation, and  
Accountability**

The Parties to these Principles,

Recognizing that fiscal policies – taxing, borrowing, spending, investing, and managing public resources – have critical impacts on economic, social and environmental outcomes in all countries at all levels of development,

Believing that access to high quality information, meaningful public participation, and effective accountability mechanisms:

- enhance the integrity, quality and implementation of fiscal policies,
- reduce corruption,
- increase the legitimacy of and trust in government,
- increase willingness to pay taxes and provide financing,
- strengthen the effectiveness of development assistance,
- and thereby strengthen the efficiency, equity, effectiveness, stability and sustainability of fiscal policies and enhance the likelihood that fiscal policies have positive economic, social and environmental impacts,

Recognizing that the public has the right to information on fiscal policies and effective opportunities to participate in the design and implementation of fiscal policies,

Recognizing also the critical contribution that greater fiscal transparency, participation and accountability can play in facilitating more effective international cooperation in the pursuit of financial stability, poverty

reduction, equitable economic growth, and stewardship of the environment and the global commons,

Recognizing the important role in setting norms and standards played by initiatives such as the International Monetary Fund's *Code of Good Practices on Fiscal Transparency*, the Organisation for Economic Cooperation and Development's *Best Practices in Budget Transparency*, the International Budget Partnership's *Open Budget Index*, *International Public Sector Accounting Standards* promulgated by the International Public Sector Accounting Standards Board, *International Standards of Supreme Audit Institutions* promulgated by the International Organization of Supreme Audit Institutions, and the multi-agency *Public Expenditure and Financial Accountability* program,

Acknowledging that while the range of consensus has grown, there remain gaps and inconsistencies in the existing norms and standards,

Recalling that international instruments, both those that are universally applicable, such as *The Universal Declaration of Human Rights*, *The International Covenant on Civil and Political Rights*, and *The International Covenant on Economic, Social and Cultural Rights*, as well as regional instruments, address issues of free speech, access to information, independence of the Supreme Audit Institution, participation, and anti-corruption among others that are relevant to fiscal policy,

Affirming the reciprocal relationship between citizens and government, in which citizens provide resources to and entrust governments with stewardship over public resources, and, in turn, expect to receive information on public finances and fiscal policies and to have opportunities to participate in fiscal policy-making,

Recognizing that developments in information and communication technologies have greatly lowered the costs of compiling and disseminating information, and facilitate new forms of citizen - government interactions,

Recognizing that these Principles will need to be implemented in a manner that is consistent with diverse country circumstances while promoting progress in all countries towards the common goal of transparent, participatory and accountable management of fiscal policies,

Recognizing the need for cooperation and information sharing between all stakeholders to assist states to build capacity and learn from experience in the transparent, participatory and accountable management of fiscal policies,

**Inviting all states and non-state actors, including individuals, civil society groups, non-governmental organizations, community-based organizations, professional associations and the private sector to work together to promote the progressive achievement of these Principles,**

**Recognizing also the desirability of transparency, participation and accountability in all branches of government and inviting legislative and judicial bodies to implement these Principles in their proceedings,**

**Declare these High-Level Principles to guide policy makers and all other stakeholders in fiscal policy in their efforts to improve fiscal transparency, participation and accountability and to help promote improvements in the coverage, consistency and coherence of the existing standards and norms for fiscal transparency:**

#### *Access to Fiscal Information*

- 1. Everyone has the right to seek, receive and impart information on fiscal policies. To help guarantee this right, national legal systems should establish a clear presumption in favour of the public availability of fiscal information without discrimination. Exceptions should be limited in nature, clearly set out in the legal framework, and subject to challenge through low-cost, independent and timely review mechanisms.**
- 2. Governments should publish clear and measureable objectives for aggregate fiscal policy, regularly report progress against them, and explain deviations from plans.**
- 3. The public should be presented with high quality financial and non-financial information on past, present, and forecast fiscal activities, performance, fiscal risks, and public assets and liabilities. The presentation of fiscal information in budgets, fiscal reports, financial statements, and National Accounts should be an obligation of government, meet internationally-recognized standards, and should be consistent across the different types of reports or include an explanation and reconciliation of differences. Assurances are required of the integrity of fiscal data and information.**
- 4. Governments should communicate the objectives they are pursuing and the outputs they are producing with the resources entrusted to them, and endeavour to assess and disclose the anticipated and actual social, economic and environmental outcomes.**

#### *The Governance of Fiscal Policy*

- 5. All financial transactions of the public sector should have their basis in law. Laws, regulations and administrative procedures regulating public financial management should be available to the public, and their implementation should be subject to independent**

review.

6. **The Government sector should be clearly defined and identified for the purposes of reporting, transparency, and accountability, and government financial relationships with the private sector should be disclosed, conducted in an open manner, and follow clear rules and procedures.**
7. **Roles and responsibilities for raising revenues, incurring liabilities, consuming resources, investing, and managing public resources should be clearly assigned in legislation between the three branches of government (the legislature, the executive and the judiciary), between national and each sub-national level of government, between the government sector and the rest of the public sector, and within the government sector itself.**
8. **The authority to raise taxes and incur expenditure on behalf of the public should be vested in the legislature. No government revenue should be raised or expenditure incurred or committed without the approval of the legislature through the budget or other legislation. The legislature should be provided with the authority, resources, and information required to effectively hold the executive to account for the use of public resources.**
9. **The Supreme Audit Institution should have statutory independence from the executive, and the mandate, access to information, and appropriate resources to audit and report publicly on the raising and commitment of public funds. It should operate in an independent, accountable and transparent manner.**
10. **Citizens should have the right and they, and all non-state actors, should have effective opportunities to participate directly in public debate and discussion over the design and implementation of fiscal policies.**

**Appendix 2:**

**Table 1: Scores of OGP Member Countries on the Open Budget Index 2010 and 2012**

Country	2010 OBI Score	2012 OBI Score	Absolute Change Negative in (red)
Albania	33	47	14
Argentina	56	50	(6)
Azerbaijan	43	42	(1)
Brazil	71	73	2
Bulgaria	56	65	9
Chile	72	66	(6)
Colombia	61	58	(3)
Costa Rica	47	50	3
Croatia	57	61	4
Czech Republic	62	75	13
Dominican Republic	14	29	15
El Salvador	37	43	6
Georgia	55	55	0
Guatemala	50	51	1
Honduras	11	53	42
Indonesia	51	62	9
Italy	58	60	2
Jordan	50	57	7
Kenya	49	49	0
Macedonia	49	35	(14)
Mexico	52	61	9
Norway	83	83	0
Peru	65	57	(8)
Philippines	55	48	(7)
Romania	59	47	(12)
Slovakia	57	67	10
South Africa	92	90	(2)
South Korea	71	75	4
Spain	63	63	0
Sweden	83	84	1
Tanzania	45	47	2
Trinidad and Tobago	33	38	5
Turkey	57	50	(7)
Ukraine	62	54	(8)
United Kingdom	87	88	1
United States	82	79	(3)
<b>Average for OGP countries</b>	<b>57</b>	<b>59</b>	
<b>Average for non-OGP countries</b>		<b>34</b>	





### Appendix 3: Excerpts from the first Progress Reports under the Independent Reporting Mechanism

#### 1) The Philippines

**Table 2: The Philippines: progress on selected commitments relevant to fiscal transparency**

<b>Commitment</b>	<b>Summary of findings</b>
1. Disclose Executive Budgets: Disclose 100% of executive funds and annual procurement plans	Behind schedule. Next steps: further work on basic implementation.
4. Participatory Budget Roadmap: In consultation with CSO's, expand coverage of participatory budget preparation.	The Government self-assessment report said this commitment has been 'fulfilled.' Stakeholders who attended the IRM workshops said it was only 'partially fulfilled.' The stakeholders at the IRM workshop raised concerns about the 'selectivity' in the choice of CSOs invited to the consultation and the "mixed quality of the Government-CSO partnership." Given these issues with implementation, especially the failure to design a participatory road map, the IRM researcher coded this commitment's completion as "limited." The IRM researcher recommends more work on basic implementation.
5. Local Poverty Reduction: Collaborate with local governments and community organizations to develop at least 300 local poverty reduction plans.	According to the Government, in 2012, at least 595 cities and municipalities underwent participatory budgeting and planning processes. Stakeholders split between those who praised the project, and those who doubted the relevance of this project, which has assumed the name of "bottom-up budgeting" (BUB) in Government documents. The common view was that the project needs expansion and improvement.
6. Empowerment Fund: Support capacity development of projects to empower citizens to demand better services and governance.	The Government said its still finalizing guidelines for implementation in 2013. A few CSOs had availed themselves of the fund in 2011 but the stakeholders said that the project was "very slow moving" and disbursements were "clouded with controversy."
7. Social Audit: Craft a roadmap to institutionalize social audits for public works and agricultural infrastructure projects.	While encouraging and responding to civil society participation, the Government piloted this initiative in one project (CAMANAVA Flood Control Project) of the Department of Public Works and Highways (DPWH) during the last quarter of 2012. A preliminary audit report should be available in the third quarter of 2013.
8. Results-Based Performance: Increase compliance with Seal of Good Housekeeping to 70% by 2016, and link to grants.	Since August 2010, local governments have been required to post online information on fund utilization and project implementation in local forums. Though through this commitment more local governments received the "Seal of Good Housekeeping" in acknowledgement of their compliance, full compliance remained low. Stakeholders reported a need for independent monitoring and citizen participation.
9. Harmonized Performance-Based Management Systems: Harmonize current monitoring and reporting systems into a single results-based performance management system (RBPMS).	During 2012, a task force was convened and the review was begun, fulfilling this commitment. The achievements cited by Government include only the development of "a framework for a results-based performance management system." Stakeholders pointed to flaws in implementation like the lack of citizen or CSO participation in rating and validating the reports, and the failure to include the government corporations in the commitment.
10. Citizen's Charters: In	Out of 2,693, target agencies, 1,881 have published Citizen's Charters.

consultation with CSOs, ensure that 100% of government agencies publish a Citizen Charter.	The IRM researcher found few indicators of significant impact. A number of stakeholders voiced concern that government agencies are crafting Citizens Charters, which orient and focus the agency toward the needs of citizen ‘customers’, without involvement from the citizens themselves.
11. Internal Audit: Issue a Philippine Government Internal Manual (PGIAM) in 90 days, and, within 360 days, roll out the PGIAM and National Guidelines on Internal Control System (NGICS) in nine critical departments.	The Philippine Government’s Internal Audit Manual was rolled out in seven agencies (Departments of Education; Health; Public Works and Highways; Finance; Social Welfare and Development; labor; and Department of Justice) partially completing the first part of the commitment. The trainer’s training manual was delayed by required consultations and pilot testing.
13. Integrated Financial Management System: Develop a pilot within 360 days to be used by government oversight agencies. Complete system due by 2016.	Despite some positive first steps, the goal of this commitment was not met. Nevertheless, stakeholders from government agencies voiced confidence that the Government Integrated Financial Management Information System should be able to match actual use of budgets against budget allocations and that it is “a good application that would aid the Government in fund allocations.”
14. Electronic Bidding: In 360 days, enable online bid submission, a CSO monitoring module, an e-payment fee feature, an expanded supplier registry, and a module for agency procurement plans.	More agencies are now posting bids on PhilGEPS (The Philippine Government Electronic Procurement System), a marked improvement since the laws requiring online posting of bids was passed in 2003. Some stakeholders said they find it relevant, while others said they are not satisfied because the site is slow and the content incomplete.
15. Procurement Cards: In 180 days pilot procurement cards to replace cash advances.	Implementation has been delayed. While electronic purchase tracking through procurement cards could potentially limit waste and corruption, without a clearly spelled out corresponding public transparency and accountability mechanism, it is unclear how they pertain to OGP values.
16. Manpower Information System: Complete and develop a central payroll system in 360 days.	Government said the initiative had been “partially fulfilled” because new national payroll system software was developed and pilot-tested in six target agencies. However, the test showed that the software could not meet the needs of the entire system, thus a commercial software system is being sought.
17. Expand the National Household Targeting System: Expand coverage to other poor sectors, such as rural or informal sectors, and indigenous people.	While expansion of the NHTS, a database to identify and locate beneficiaries of targeted poverty-reduction programs, continued in earnest, without clear language to improve access to information, public participation, and accountability, it is unclear how this commitment relates to OGP. At the time of writing, the database had not been made available online. Two stakeholders said that they had seen the database, but had concerns about its currency, integrity, and lack of validation with the beneficiaries.
18. e-TAILS: Expand the Electronic Transparency and Accountability Initiative for Lump-Sum Funds to include other funds and enable citizen reportage.	A majority of stakeholders approved and praised this project, as there was a significant increase in the volume of information now available on e-TAILS (Electronic Transparency and Accountability Initiative for Lump-Sum Funds). But technology and innovation projects like e-TAILS may be improved further if they can move from being mere transparency tools to becoming accountability tools.
19. Budget ng Bayan: Launch the People’s Budget website as an interactive platform.	This commitment to launch the website for Budget ng Bayan, “the People’s Budget,” made a significant impact. Stakeholders, particularly those involved in budget transparency work, found the website useful as a research tool. Citizens who posted queries on the website received feedback from the site administrator – some in a more timely way than others. Thus stakeholders recommended making the website more interactive, in line with their interpretation of the original commitment.

## 2) The United Kingdom

**Table 3: UK progress on selected commitments relevant to fiscal transparency**

Commitment	Summary of findings
<p>26. Routinely publishing evidence and databases behind policy statements in the way that currently happens around budget statements.</p> <p>27. Routinely publishing the data underlying surveys at the same time as the survey analysis is published.</p> <p>28. Examining ways for improving the use of existing published data for policy and research purposes.</p>	<p>The UK Government assesses that these commitments have been partially fulfilled. However the update on progress is scant and some external stakeholders are sceptical as to the degree to which evidence and databases behind policy statements are being routinely published. At best this is done on an ad hoc basis depending on the attitude of the department. The primary challenge appears to be the extent to which departments are prepared to disclose evidence and datasets behind policy statements. The IRM researcher recommends extension of this commitment by building on existing implementation to provide demonstrable evidence that timely publication of the evidence and databases behind policy is becoming the norm, and, if it is, to make such evidence and databases readily and prominently available.</p>
<p>30. Spend up to 5% of budget support on strengthening local accountability to support progress for related OGP goals.</p> <p>31. Include the OGP eligibility criteria and related datasets in assessment processes to determine readiness of partner governments for UK budget support.</p> <p>32. Publish aid information from all government departments who spend overseas development assistance (ODA) in line with the International Aid Transparency Initiative (IATI) standards.</p>	<p>The IRM researcher found substantial fulfilment of this cluster of commitments, and the UK government self-assessment described them fulfilled. Although the commitment to publish aid data to the required standard goes beyond the current practice of certain departments, it reflects current (good) practice. The UK government is a recognised leader in aid transparency and was among the donors that established IATI in 2008 and DFID was one of the first donors to publish to the necessary standard. The IRM researcher recommends extension building on existing implementation. The immediate next step is to meet the schedule for improved transparency by all arms of government involved in the provision of aid within the period scheduled for delivery. Beyond that, the IRM researcher recommends that stakeholders look to the UK Government to take an international lead on increased sectoral transparency, for example, in extractive industries, natural resource use, taxation and contracting, which would spur greater transparency in commercial activities. The draft UK National Action Plan 2013 indicates that commitments in these areas are under consideration.</p>
<p>39. Establish standardised formats for user satisfaction data so that users can compare and contrast their experience of the service they receive with that of others</p>	<p>Progress on the commitment on standardized formats for user satisfaction is limited. The IRM recommends further work on basic implementation.</p>