

## 1. Programme Identification Details:

GTF Number	334
Short Title of Programme	Open Budget Initiative
Name of Lead Institution	International Budget Partnership (IBP)
Start date	27/08/2008
End date	26/08/2013
Brief Summary of Programme:	<p>The Open Budget Initiative (OBI) is a five-year program to encourage governments to adopt transparent, accountable, and participatory practices in public finance management. The OBI is actively engaged in approximately 100 countries, primarily in Asia, Africa, and Latin America. It seeks to achieve its objectives by conducting research and advocacy activities, including the implementation of three biennial Open Budget Surveys that measure national government budget transparency practices. The OBI also will produce literature and guidebooks on public finance management practices and Citizens Budgets. Further, the OBI supports budget transparency assessments at the subnational and sector levels of government, as well as research on the causes and consequences of a lack of transparency in select countries. Finally, the OBI is promoting the development of international platforms, including best practice norms for public finance management, to enhance advocacy for greater transparency within countries.</p>
Countries of past operations	Armenia, Belarus, Canada, Kosovo, Kuwait, Moldova, Montenegro, Paraguay, Sudan
Countries where activities are currently taking place	Please refer to Annex C2
Target groups and wider beneficiaries	<p><b>Target groups:</b> Governments that need to adopt more transparent public finance management practices, especially within their budget systems</p> <p><b>Intended beneficiaries:</b> Civil society organizations and citizens in those countries where governments make their PFM practices and budget systems more transparent and accountable</p>
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## 2. List of Acronyms

<b>BTAP</b>	Budget Transparency, Accountability, and Participation
<b>CSO</b>	Civil Society Organization
<b>DFID</b>	Department for International Development
<b>GIFT</b>	Global Initiative for Fiscal Transparency
<b>GTF</b>	Governance and Transparency Fund
<b>IBP</b>	International Budget Partnership
<b>IMF</b>	International Monetary Fund
<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>M&amp;E</b>	Monitoring and Evaluation
<b>NGO</b>	Non-Governmental Organization
<b>OBI</b>	Open Budget Initiative
<b>OGP</b>	Open Government Partnership
<b>PFM</b>	Public Financial Management
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Program
<b>US</b>	United States

## 3. Activities and Achievements

This year, the IBP published the Open Budget Survey 2012, the fourth round of the Survey. This round covered 100 countries and the main report was supplemented by individual country summary reports, infographics, a press release, a video explaining the Survey, a data explorer tool that enables users to customize reports on the Survey results, and an online library containing the budget documents used to complete the Survey.

The Survey was reported by more than 550 media outlets -- an increase of more than 33 percent in the coverage of the 2012 Survey compared to coverage of the 2010 Survey. The Survey results were released by the IBP at an event hosted by the World Bank and moderated by a senior correspondent from Al Jazeera. The event featured the Minister of Finance from Liberia, the Deputy Minister of Finance from Afghanistan, the Deputy Secretary of the Brazilian budget planning ministry, a Vice President of the World Bank, and two senior IBP staff members.

In the months following the release of the Survey, a number of regional events were conducted to share the Survey results with governments, donors, and civil society organizations. In India, IBP's civil society partners from South Asia discussed their Survey results with legislators, finance ministry officials, and audit officials from their countries. IBP and its local partner FITRA joined the Indonesian government in co-hosting an event to discuss the Survey results for the South East Asia region that was attended by civil society and government officials from six regional countries. IBP and its local partner Precedent joined the Kyrgyz government and UNDP in co-hosting an event in the Kyrgyz Republic to discuss the Survey results for the Eurasian region; the

event was attended by governments and civil society from seven countries. In Tunisia, IBP organized an event for the Middle East and North African countries in the Survey. The Tunisian Minister of Finance was the featured speaker and the event was attended by civil society, executive and legislative officials from six countries. The Brazilian government co-hosted an event with the IBP to discuss the findings of the Survey with governments from five total Lusophone countries (Angola, Mozambique, Portugal, and Sao Tome Principe in addition to Brazil).

Additional events are planned in Latin America (co-hosted by the Inter-American Development Bank and the government of Dominican Republic) and in Sub Saharan Africa (co-hosted by the Collaborative Africa Budget Reform Initiative).

These events provide an opportunity for IBP's civil society partners to dialogue on budget transparency issues with relevant government officials and to cultivate relationships with them that can help them as they advocate for expanded transparency in national budgets. The events also provide governments with an opportunity to hear from their peers about budget reforms and cutting-edge practices in the field. During these events, several governments have made commitments to improve budget transparency practices and IBP and its partners will follow-up with relevant governments to encourage them to fulfill these promises.

During 2012-13, at least 11 international organizations and initiatives requested briefings on the results and recommendations of IBP's research, including the G20 Anti-Corruption Working Group, the United Nations Department of Economic and Social Affairs, the Africa Development Bank, the European Union, and the aid offices of the governments of Germany, Sweden, and the United Kingdom. Further, various donor organizations approached the IBP for technical advice on how transparency and accountability issues can be addressed as part of their foreign assistance programs, including the U.S. State Department (regarding work in Honduras and Iraq), the U.K.'s Department for International Development (regarding work in Yemen, Egypt, and Nigeria), the Bill and Melinda Gates Foundation (regarding work in six countries), and OXFAM (regarding work in Haiti).

The results from the Open Budget Survey are being used by leading financial institutions as well as by governments and donors. At least one commercial bank is using the Open Budget Index as a metric to assess country risk in sovereign lending facilities. Recently, a central bank official from the Philippines responsible for marketing his country's sovereign bonds visited the IBP to understand how his country could improve its Open Budget Index scores. The official indicated these scores are being used by credit rating agencies that assess risks associated with sovereign bonds.

During the reporting period, IBP also made a major push to encourage the United Nations to include budget transparency targets and indicators within its post-2015 development framework. IBP joined a number of international and national NGOs in discussions with and submissions to the High Level Panel constituted by the UN to

propose a post-2015 agenda. IBP was invited by the High Level Panel to address its first meeting in London to discuss the merits of a governance goal. In its recently released report to the UN Secretary General, the High Level Panel proposed a governance goal and identified transparency targets to support this goal. In the coming year, IBP will continue to engage with the UN to advocate for the use of explicit performance indicators to assess budget transparency.

In the international arena, the IBP continued to promote its budget transparency agenda through its formal roles in a number of international networks and initiatives. IBP serves on the steering committees of the global movement for Budget Transparency, Accountability, and Participation (BTAP), the Open Government Partnership (OGP), and the Global Initiative on Fiscal Transparency (GIFT). IBP is also a member of the Transparency and Accountability Initiative, the International Aid Transparency Initiative, and the International Organization of Supreme Audit Institutions (INTOSAI) Working Group on Value and Benefits of Communications with Citizens.

IBP support to BTAP has enabled the global movement to develop and adopt the “Make Budgets Public Now!” campaign as the cornerstone of its plan of action. The campaign encourages the lowest performing countries, as measured by the IBP’s Open Budget Index 2012, to meet clearly defined minimum transparency standards. Sixty-four participants from 57 organizations in 28 countries attended the second assembly of BTAP in Bangkok, Thailand, to discuss organizational issues and campaign plans for the movement. BTAP’s Steering Committee, which is composed of regional representatives selected by BTAP members, is meeting regularly. IBP also organized a number of other events at which the BTAP agenda was discussed.

The work of the GIFT has continued to grow and new members have been added, including the International Federation of Accountants. In December 2012, the United Nations General Assembly passed a resolution sponsored by the governments of Brazil and Philippines (both members of GIFT) to advance the common goal of transparent, participatory, and accountable management of fiscal policies and encourage member countries to work with GIFT and support one another on improving performance. Going forward, the World Bank and the IBP will lead a GIFT initiative to develop guidelines on public participation in budgeting.

In 2012, 41 governments participating in the Open Government Partnership made 175 commitments to expand budget transparency, participation, and accountability in their countries. IBP’s director plays a leadership role in the OGP steering committee. Going forward, IBP will work to establish linkages between GIFT and the OGP.

IBP also worked closely with the US Government Accountability Office on an INTOSAI project to prepare guidelines on how supreme audit institutions could better communicate their audit findings with citizens.

IBP authored a landmark research publication, *Open Budgets: The Political Economy of Transparency, Participation, and Accountability*, that assesses the causes and

consequences of budget transparency through case studies and quantitative analyses using data from the Open Budget Index. The book helps shed light on how budget transparency has evolved over time in various country contexts. The IBP also made significant progress in pilot studies assessing transparency on subnational budgets and “off-budget” government financial activities. By the end of the GTF period, IBP will publish a toolkit on subnational budget transparency assessments that can be used by civil society groups, governments, and donors. Such a toolkit will help fill a significant gap in the current public financial management literature on subnational budgets.

Finally, IBP provided funding and technical assistance that helped our partners complete budget transparency advocacy campaigns in 10 countries. Preliminary results reveal that some of the partners were successful in getting their governments to improve budget disclosure. IBP has also commissioned a study to document the lessons learned from the implementation of these campaigns. The study will be published at the end of the GTF period.

These achievements give us confidence that we will achieve the purposes of our program within the funding period.

#### **4. Programme Management**

No change since last report.

#### **5. Working with implementing partners**

There has been no significant change in the OBI’s implementation arrangements with partners since the 2011-12 reporting period. We made a financial grant to one partner organization in South Africa to pilot social audits on municipal sanitation programs in Cape Town. An updated list of OBI partners is in Annex A7. The IBP generally identifies partners based on longstanding relationships with groups in the relevant countries, and many of our partners have collaborated with us over several rounds of the Open Budget Survey. In countries in which we are unfamiliar with local organizations, we establish relationships with an organization after consulting with other international organizations and donors that are active in these countries. In very limited instances, the OBI will drop a partner if the organization is no longer interested in or capable of pursuing joint activities like the Open Budget Survey.

#### **6. Risk Assessment**

There are no changes in our risk assessment since the last report to DFID. As mentioned in the previous report, we continue to be concerned about the backsliding on budget transparency in some countries. The latest Open Budget Survey reveals such examples of backsliding in Egypt, Zambia, Sri Lanka, and Serbia. In two of these countries, Egypt and Zambia, the IBP is actively supporting civil society organizations to campaign for improvements in budget transparency.

## 7. M & E Arrangements

There have been no major changes in the OBI's M&E arrangements as presented in the Inception Report. The IBP maintains an internal M&E framework which corresponds to the OBI's logframe in the following way:

<b>IBP's M&amp;E Framework (Goals)</b>	<b>OBI Logframe</b>
Goal 1: Highly skilled, sustainable civil society budget organizations	Output 6 (a)
Goal 2: CSO networks promoting budget transparency, participation, and accountability	Output 6 (b)
Goal 3: Research findings on budget processes, policies, and outcomes	Outputs 3 and 4
Goal 4: International community that is more supportive of transparent, inclusive, and accountable budget processes	Output 5 (d)
Goal 5: Significant movement toward a set of norms for transparent, inclusive, and accountable budget processes	Outputs 5 (a-c) and 2 (a)
Goal 6: Governments with demonstrable improvements in transparent, inclusive, and accountable budget processes	Outputs 1 and 2 (b-c)

## 8. Logframe Changes

No changes have been made to our logframe. (See Annex A1 and A2 for progress achieved in the logframe.)

## 9. Summary of Most Significant Results Analyses

After discussions with our GTF advisors, we have begun producing case studies on seven of our "most significant results." A draft case study on our result in Honduras has been submitted to our GTF advisor (see Annex 5) and we are confident that we will be able to complete the remaining case studies in the prescribed timeframe.

We utilize an internal M&E framework that guides our collection of data for use in case studies. The IBP's research program also documents lessons learned from our work. IBP's annual report for 2012 (which covers all activities undertaken by the IBP, including those undertaken under the GTF) extensively documents lessons learned from our work over the past year. The report (see <http://internationalbudget.org/wp-content/uploads/IBP-Annual-Review-2012-final-edition-Digital-Edition-1.pdf>) includes a section detailing what IBP has learned about civil society budget work and the incentives for governments to improve budget transparency and participation, including in countries in transition. We will draw on such existing literature to develop the "most significant results" for the GTF program.

In section 7 of this report, we detail IBP's M&E framework, including our six short-term goals and success indicators. The "most significant results" that we have identified for the GTF program correspond to four of IBP's goals. We describe these goals and corresponding results below.

The 2012 Open Budget Survey finds that significant improvements have been achieved in budget transparency practices in four countries – Honduras, Afghanistan, and Sao Tome Principe. These improvements are consistent with IBP's Goal 6, "Governments with demonstrable improvements in transparent, inclusive, and accountable budget processes." The results achieved in each of these four countries are highlighted below:

- Honduras' Open Budget Initiative score increased from 12 to 53 between the 2008 and 2012 Open Budget Surveys because the government published six of the eight key budget reports in 2012 assessed in the Open Budget Survey that it had not published previously.
- Sao Tome Principe's OBI score increased from 1 to 29 between the 2008 and 2012 Open Budget Surveys because the government published two key budget reports in 2012 that it had not published previously.
- Afghanistan's OBI score increased from 8 to 59 between the 2008 and 2012 Open Budget Surveys because the government published three key budget reports in 2012 that it had not published previously.

The IBP knows from its research that civil society needs to influence and collaborate with other budget stakeholders as well as government to shift attitudes in favor of more transparent, accountable, and responsive budget systems. The IBP dedicates considerable energy to building and communicating the case for budget transparency with governments, auditors, legislators, and donors to expand the community supporting open budgeting as well as the practice of engaging CSOs in public finance decision making. For this goal, our success indicators are increased "endorsement" of budget transparency and participation by "budget publics." Our progress toward the achievement of Goal 4 includes the following:

- The European Commission drew extensively on Open Budget Survey recommendations in developing its new strategy for providing direct budget support to countries.

Goal 5 is "Significant movement toward a set of norms for transparent, inclusive, and accountable budget processes." The work that all IBP partners undertake in their countries continues to emphasize the value of clearer global norms on budget transparency and accountability. Global norms — or international agreement on a set of best practices — would provide important leverage for the budget work that the IBP and its partners undertake at the country level. We continue to work with the multi-stakeholder forum the Global Initiative on Fiscal Transparency (GIFT) on budget

transparency to expand action in support of the adoption of these norms. We achieved a significant result in support of Goal 5:

- In December 2012, the United Nations General Assembly passed a resolution sponsored by the governments of Brazil, Chile, Costa Rica, and the Philippines to advance discussions around the common goal of transparent, participatory, and accountable management of fiscal policies and to encourage member countries to work with GIFT and support one another on improving performance.

At the core of the IBP's work is Goal 1, "Highly skilled, sustainable civil society budget organizations." We are committed to supporting and strengthening civil society organizations so that they are able to engage effectively in budget policies, procedures, and processes. All IBP partners focus on monitoring how government budgets impact poor and vulnerable communities, and they engage in the analysis, networking, and advocacy needed to institutionalize the required shifts in policies, processes, and systems. We achieved a critical result in support of Goal 1:

- Civil society groups in approximately 75 countries voluntarily completed the 2008 Open Budget Survey, while CSOs in 85 countries completed the 2010 Open Budget Survey, and CSOs in approximately 90 countries completed the 2012 Open Budget Survey. The majority of these groups were involved in multiple rounds of the Survey. Surveying produced high-quality, independent data on budget transparency in each of the surveyed countries, and the publication and dissemination of this data has led to significant changes in government transparency and practices.

## **10. Progress towards sustainability**

The IBP helps build local civil society institutions by providing the technical support required to monitor government budgets (and, where possible, complementary financial support). Each partner institution chooses its own priority focus area so that the budget skill set that is developed supports its overall organizational mission. The IBP also builds civil society capacity to monitor openness in government budget systems through their involvement in the Open Budget Survey. There are a number of reasons why our work around nurturing civil society budget advocacy is sustainable.

Although the IBP cannot guarantee that civil society partners will receive the financial resources necessary to sustain their organizations, public finance monitoring is a major and growing area of interest among donors at present — with particular growth in funding available at country level. Our work with partners provides them with experience and tools that they can use to leverage access to available funding. The OBI's Mid-Term review cited instances of IBP partners who had secured funding from donors to work on budget issues due to their involvement in the Open Budget Survey.

Second, building a more robust evidence base is a key requirement to further transform donors' growing interest in this work into much greater investment. The Open Budget Initiative has systematically built such an evidence base through its biennial Open

Budget Survey and through case studies and publications on the causes and consequences of budget transparency. The publication of *Open Budgets: The Political Economy of Transparency, Participation, and Accountability* is another major milestone of the OBI towards this end.

Third, budget analysis and advocacy skills can be integrated into most development policy agendas, so the organizations that the IBP works with are provided with a set of tools that can be applied to any priority areas of work where they might be able to secure financial support.

Fourth, the IBP works with CSO partners to establish effective coalitions with other CSOs, and stronger partnerships with the media and formal oversight institutions. It is this connective tissue between CSOs and oversight institutions that helps to establish or deepen a domestic accountability ecosystem. In section 3 of this report, we identified the massive increase in coverage of the Open Budget Survey results around the world as well as the active collaboration and participation of legislators and auditors in discussions on budget transparency. These developments point to the growing interest in budget transparency from a broad coalition of domestic actors.

Fifth, the outcomes of the IBP's work in the form of greater access to information and policy processes are available to support the work of organizations well beyond the IBP's direct partners. Budget information and participation opportunities are powerful tools — and necessary components — for policy research and advocacy in a wide range of sectors. Thus greater access to budget information and participation opportunities is likely to benefit independent organizations in a wide range of sectors over a considerable period of time. The IBP has dedicated considerable time and resources to build support within the international community (governments, auditors, legislators, and donors) for budgeting transparency. In section 3 of the report, we detailed IBP's leadership on a number of international initiatives to build an environment that is conducive for greater budget transparency in all countries. We will also continue to pursue the inclusion of budget transparency in the UN's post-2015 agenda as this will help build even greater legitimacy and support for the issue.

Sixth, good ideas are taken up quickly in civil society. The IBP has growing evidence that the tactics and strategies of its partners are often adapted for use in other organizations or sectors. For example, IBP's Tanzanian partner HakiElimu has disseminated its key advocacy messages through TV spots that have since been adapted by at least five other organizations in Tanzania. Similarly, the tactics of IBP's South African partner, the Treatment Action Campaign, are regularly used by a broad range of other South African organizations. We anticipate that like a stone dropped in a pool our work within countries can cause a ripple effect contributing more broadly to strong local civil societies and effective donor interventions.

Finally, in all of its efforts, the IBP works as a public resource to stimulate effective budget work among international NGOs and donor organizations. Since its inception, the IBP has been quite successful in building the field by encouraging a fairly wide

range of donors and international NGOs to invest in the field. To this end, our lessons are carefully documented and distributed, our tools transcribed and disseminated in accessible formats, and our capacity-building staff regularly develop trainers in other international organizations. Our assessment is that a new wave of growth in budget transparency work has started to take place as organizations with powerful in-country networks, such as Save the Children, Oxfam, ActionAid, and Transparency International, play a greater role in the sector; and as a larger number of bilateral donors begin to translate their interest into investment dollars.

On a more practical level, IBP is on track to secure funding required to conduct two more rounds of the Open Budget Survey. This will enable us to continue to provide training and technical assistance to civil society groups to advocate for improvements in budget transparency.

## **11. Value for Money**

There are six ways in which the IBP achieved value for money in the implementation of its activities this year.

First, the IBP's work continues to gain legitimacy with civil society organizations, governments, and donors. Civil society groups continue to participate in the Open Budget Survey (including the latest round) even though the modest compensation they receive from the IBP does not fully cover the time they invest on the Survey. Further, the 2012 Survey is being disseminated in joint events organized in cooperation with the governments of Brazil, Indonesia, and the Kyrgyz Republic and donors including the United Nations Development Program (UNDP), Ford Foundation, and the World Bank. These governments and donors have covered significant costs associated with these events. For example, the Brazilian government paid for the local accommodation costs of participants from four countries who attended the IBP's Lusophone launch of the Open Budget Survey. The Indonesian government delegated several senior staff members from the President's office to manage different sessions in the South East Asia launch of the Open Budget Survey. The World Bank made its video conferencing facilities and interpreters available for the international launch of the Open Budget Survey, which enabled government officials from Brazil, Liberia, and Afghanistan to participate in the event. Ford Foundation contributed significantly toward the cost of organizing the South East Asia regional launch of the Survey.

Second, the GTF covers only half of the costs associated with the Open Budget Survey. The GTF funding covers only one administrative assistant's time on the project. Drawing from other sources of funding, IBP covers the staff costs of six full-time staff members and several interns who are involved in the Open Budget Survey. In addition, several other IBP staff members --including IBP's director, communication's manager, operations director, and logistics coordinator -- invest significant portions of their time on the Survey and other OBI projects at no charge to the GTF.

Third, some of IBP's activities -- especially those in support of international initiatives on transparency -- are being implemented in conjunction with other institutions and organizations. This has enabled IBP to use limited funds from the GTF grant to leverage larger investments in support of these activities. For example, the IBP has made relatively small financial investments in the Global Initiative for Fiscal Transparency (GIFT) and limited its direct costs to payments enabling a few civil society organizations to attend GIFT meetings and engaging a few consultants to develop research briefs for GIFT meetings. Other GIFT members, such as the Hewlett Foundation, have made substantial contributions to the GIFT project. The IBP also collaborated with Save the Children to jointly cover costs associated with a study on child rights and budget transparency. IBP covered the research costs for the study while Save the Children covered the costs of organizing training and dissemination events.

Fourth, in order to limit costs, the IBP also maximized opportunities to organize its meetings back-to-back, thereby avoiding unnecessary travel costs. For example, the GIFT meeting in Brasilia in 2012 was organized immediately after the meeting of the Open Government Partnership (OGP), and this enabled several attendees to make only one trip. Similarly, the IBP combined the discussions required for the global movement on Budget Transparency, Accountability, and Participation (BTAP) with training events for the Open Budget Survey 2012. The recruitment of an in-house logistics coordinator has also enabled IBP to ensure that its meetings are highly structured and costs are kept to a minimum.

Fifth, the Open Budget Survey is completed by the IBP at a cost that is significantly lower than its nearest comparable peer assessments. For example, the Public Expenditure and Financial Accountability assessments undertaken by a multi-donor partnership and the IMF's fiscal Reports on Observance Standards and Codes (ROSC) each cost between USD50,000 and USD200,000 per country per assessment. In contrast, the Open Budget Survey costs less than USD 30,000 per country per assessment even though these costs include many activities -- such as capacity-building and advocacy -- that are not undertaken by the IMF or the multi-donor partnership.

Finally, any value for money assessment of the IBP should consider the achievements of the program. In Annex A1, we explain that five of the six OBI outputs that are part of our GTF logframe have been fully achieved while one output has been largely achieved. Further, in section 9 of this report, we describe six of our most significant results. Although case studies on these six results are still being finalized, we believe that these results further illustrate the extent to which we have not only achieved but have exceeded the targets that were set in our Inception Report.

Equity concerns: The IBP believes that government budgets matter to people, especially poor people, and improvements in the effectiveness and efficiency of budgets benefit the poor more than any other economic group in a country. The poor typically rely on government services to a greater extent than any other group in society and a lack of transparency and public engagement in budget decision-making can sideline

their voices and priorities. The OBI focuses specifically on promoting openness in government budget practices. Other IBP programs work with civil society groups to take advantage of opportunities to advocate for better budget plans and implementation that can provide maximum benefits to the poor. In this way, the IBP believes that its holistic approach to expand openness and participation in government budgeting can help vulnerable socio-economic groups.