

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:	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.
Countries of past operations	Armenia, Belarus, Canada, Kosovo, Kuwait, Moldova, Montenegro, Paraguay
Countries where activities are currently taking place	Please refer to Annex C2
Future countries	None
Target groups and wider beneficiaries	Target groups: Governments that need to adopt more transparent public finance management practices, especially within their budget systems Intended beneficiaries: Civil society organizations and citizens in those countries where governments make their PFM practices and budget systems more transparent and accountable
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2. List of Acronyms

BTAP	Budget Transparency, Accountability, and Participation
DFID	Department for International Development
GIFT	Global Initiative for Fiscal Transparency
GTF	Global Transparency Fund
IBP	International Budget Partnership
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
MCC	Millennium Challenge Corporation
OBI	Open Budget Initiative
OBS	Open Budget Survey
OGP	Open Government Partnership
PFM	Public Finance Management
SAI	Supreme Audit Institution

3. Executive Summary

In its fourth year of implementing the Governance Transparency Fund (GTF) program, the Open Budget Initiative (OBI) continued to use research to establish benchmarks for transparent, responsive, and accountable budgeting; measure government performance against those standards; and support advocacy to promote open budgets. The specific activities implemented in 2011-12 are as follows:

- **Launched research for the Open Budget Survey 2012.** The OBI began the research process for the next round of the Open Budget Survey in July 2011. The OBS 2012 will include 101 countries and be released in early 2013.
- **Expanded the scope of budget system assessments.** Recognizing that in many countries a significant share of public resources is managed through “off budget” mechanisms, the OBI developed a new research project (OBI plus) to assess transparency in the use of public resources outside the budget. It also released the results of 10 pilot studies of subnational budget transparency. These pilot approaches and studies will be tested further in 2012. In addition, the OBI supported new assessments of openness in government systems at the sector levels in a number of countries.
- **Supported partner advocacy.** In 2011 the OBI began to support the advocacy efforts of its research partners in 10 countries (with a heavy emphasis on Francophone Africa, given the consistently poor performance on the OBS of countries in the region) with financial grants and technical assistance.
- **Initiated two major global transparency initiatives.** In 2011 the IBP launched an exciting Budget Transparency, Accountability, and Participation (BTAP) Movement in Tanzania. During the launch, civil society from 56 countries passed a declaration of their vision of open budgeting. This global body is expected to undertake coordinated action to promote transparent and accountable budget systems. Also in 2011, the IBP helped establish the Global Initiative for Fiscal Transparency (GIFT), a multi-stakeholder process involving government, civil society, and international organizations to advance and institutionalize significant and continuous

improvements in fiscal transparency around the world. As a first step, GIFT members, including cabinet ministers from Brazil and the Philippines, the deputy managing director of the International Monetary Fund (IMF), the managing director of the World Bank, and IBP's director approved the initiative's mandate, which includes formulating global norms on budget transparency.

Key results for the OBI in 2011-12 include:

- **Donors increasingly use the Open Budget Survey.** Donors are an increasingly significant user of OBS data as a source for benchmarking and recommendations for improving budget transparency in countries receiving foreign assistance. For example:
 - the World Bank included the OBS 2010 recommendations for São Tomé Príncipe in a list of “prior actions” that the government was required to complete to be eligible for assistance;
 - the European Commission recently drew extensively on the Open Budget Survey recommendations in developing its new strategy for providing direct budget support to countries; and
 - the Millennium Challenge Corporation (MCC) used an IBP interim assessment of budget transparency in Honduras to open the door for a second multi-million dollar funding compact.
- **IBP staff members are credible spokespeople and resources for all major public finance stakeholders.** The OBI personnel provided advice upon request and high-level presentations to a wide range of institutions and stakeholders, including:
 - guidance on improving budget transparency and participation to the governments of Afghanistan, Democratic Republic of Congo, Egypt, Honduras, and Indonesia, among others;
 - regular inputs on how to increase aid transparency as a Steering Committee member of the International Aid Transparency Initiative; and
 - support to INTOSAI as part of a task force on how auditors might better engage the public.
- **Supporting the Open Government Partnership.** In 2011 the Open Government Partnership (OGP) was established to promote open and accountable governance. The IBP contributes to the OGP by serving as the Civil Society Co-Chair on the Steering Committee. Further, the OGP uses Open Budget Survey data to determine individual country participation, and countries are using the OBS recommendations to formulate their commitments for the OGP.

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

4. Programme Management

Since the submission of our last annual report to DFID, there has been only one change in the composition of our staff, bringing on a replacement program officer for Asia. In 2011-12 OBI staff members were based in Washington, D.C.; Kabul; London; and Rio de Janeiro. We also continued to benefit from IBP staff in Mexico, Kenya, India, and South Africa. This decentralized arrangement will continue in 2012-13.

5. Working with implementing partners

There has been no significant change in the OBI's implementation arrangements with partners since the 2010-11 reporting period. We made financial grants to 10 research partners to work on advocacy campaigns to promote transparency in their national budget systems. We also made financial grants to five partners to work on subnational or sector budget transparency projects, including one GTF grantee, the National Tax Payers Association in Kenya. 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

The following external factors could impact OBI activities:

<i>Risk</i>	<i>Potential impact</i>	<i>Probability</i>	<i>Mitigation measures</i>
Backsliding on transparency	Medium	Medium	In our last annual report, we cited results from the Open Budget Survey 2010 to illustrate how countries (e.g., Chad, Fiji, Niger) can easily backslide on budget transparency. This risk continues to concern us. We think our expanded focus on publicizing the results from the OBS, our support for advocacy campaigns in countries that are vulnerable to such backsliding, and the global initiatives that we have helped establish (GIFT and the BTAP Movement) and support (the OGP) could mitigate these risks.
Necessary investments in building government capacity are not made	Low	Low	A key OBS 2010 recommendation was for governments to quickly improve budget transparency, at little cost, by simply publishing on their websites budget reports they were already producing but not making available. However, in the long term more investments are required to build information systems in countries that can collect comprehensive and timely budget data. The IBP emphasized this message in many forums and in its discussions with donors. We also encourage donors to consider making such investments (both financial and technical assistance) when they negotiate their aid modalities with aid-recipient governments. We are encouraged by the positive reception we have had from DFID and the European

			Commission.
Role of new donors such as China	Low	Low	The IBP has begun to interact with Chinese officials and to increase its expertise on China, in order to develop insights that can help us mitigate concerns about China's potentially negative impact on an international fiscal transparency agenda.

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's M&E framework includes six short-term goals and success indicators, which are in Annex C3 of this report. However, these indicators are for the calendar year 2011, which does not fully correspond with the period covered in this annual report. The OBI's logframe is integrated within IBP's M&E indicators in the following way:

IBP's M&E Framework (Goals)	OBI Logframe
Short-Term Goal 1	Output 6 (a)
Short-Term Goal 2	Output 6 (b)
Short-Term Goal 3	Outputs 3 and 4
Short-Term Goal 4	Output 5 (d)
Short-Term Goal 5	Outputs 5 (a-c) and 2 (a)
Short-Term Goal 6	Outputs 1 and 2 (b-c)

8. Logframe Changes

There have been some minor changes in the IBP's Logframe since our last submission. (See Annex A1 and A2 for progress achieved in the logframe.) We highlight these minor changes in the relevant annex and will separately seek DFID approval on these changes.

9. Emerging impact on governance and transparency

Please refer to Annex A9 of this report.

10. Cross-cutting issues

The OBI does not target any specific demographic group. The program operates in 101 countries to promote *open budgets* based on its belief that more transparent and responsive government budgets can improve the lives of every member of society, especially those who are poor and marginalized. When opportunities arise, the OBI responds to developments in its external environment. For example, the Arab Spring provided us an opportunity to include Tunisia in the OBS 2012, and the openings in Myanmar led us to include it in the OBS 2012, as well. We have also begun discussions with these governments on transparency reforms. Further, the IBP is training independent budget monitors in Egypt and Tunisia.

11. Progress towards sustainability

The IBP's mission is to develop civil society capacity to analyze and influence government budgets in order to reduce poverty and improve the quality of governance. We advance this mission by providing financial grants along with training and technical assistance to partner organizations to enhance their research and advocacy skills. The IBP also develops civil society capacity through collaborative research and advocacy activities that create a body of knowledge on budget processes and policies. The OBI uses research to establish benchmarks for transparent, responsive, and accountable budgeting; measures government performance against those standards; and supports advocacy to promote open budgets, as follows:

- *Launching the research for the Open Budget Survey 2012.* The research process for the next round of the OBS began in July 2011. The OBS 2012 will include 101 countries and be released in early 2013. Researchers who are new to the OBS methodology attended regional training workshops in Bangkok, Dakar, and Quito.
- *Pioneering new areas of research.* The Open Budget Survey focuses on the transparency and accountability of central government budget systems. Since many countries manage a significant share of public resources through “off budget” mechanisms, the OBI developed a new research project (OBI plus) to assess transparency in the use of public resources outside the budget. These pilot approaches and studies will be tested and published as part of the next OBS release in early 2013.
- *Supporting partner advocacy.* In 2011 the OBI began to support the advocacy efforts of its research partners in 10 countries (with a heavy emphasis on Francophone Africa, given the consistently poor performance on the OBS of countries in the region). Each participating organization or coalition received small financial grants and targeted training and technical assistance, including a three-day workshop to define and refine their campaign plans. Subsequently, OBI staff members have been providing one-on-one support to each partner organization.
- *Providing grants and technical assistance on subnational and sector budget transparency assessments.* The OBI is supporting partner organizations to undertake assessments on budget transparency at the subnational levels of government in Brazil and Indonesia (a study in Tanzania is being planned). The OBI is also supporting a Latin American study on openness in subnational audit systems and an African study on openness in children's budgets. The OBI is working with another GTF grantee, the National Taxpayers Association, on a participatory budgeting project in Kenyan counties. And, the OBI is in advanced discussions with a South African activist organization on supporting a social audit to assess municipal sanitation investments in slum communities in Cape Town. Through these initiatives, the OBI hopes to develop standards and toolkits on subnational and sector budget transparency and promote adherence to such standards around the world. The development of these toolkits will fill an existing void on how civil society and other stakeholders can measure openness in government systems at these levels.

Key results for the OBI in 2011-12 include the following:

- *Governments continue to respond to the OBS 2010 with steps to improve transparency.* Although 2011-12 was an interim year between rounds of the OBS,

several governments have made improvements in budget transparency in line with previous OBS recommendations. One striking example is progress in publishing Citizens Budgets. The governments of Guatemala, Honduras, Kazakhstan, Lebanon, and Mali have published Citizens Budgets for the first time, a key demand emerging from the OBS.

- *Donors make increasing use of the OBS.* Donors are an increasingly significant user of OBS data as a source for benchmarking and recommendations for improving budget transparency in countries receiving foreign assistance. For example:
 - the World Bank included the OBS 2010 recommendations for São Tomé Príncipe in a list of “prior actions” that the government was required to complete to be eligible for assistance;
 - the European Commission recently drew extensively on the Open Budget Survey recommendations in developing its new strategy for providing direct budget support to countries; and
 - the Millennium Challenge Corporation (MCC) used an IBP interim assessment of budget transparency in Honduras to open the door for a second multi-million dollar funding compact.
- *OBI staff members are credible spokespeople and resource for all major public finance stakeholders.* OBI personnel provided advice upon request and high-level presentations to a wide range of institutions and stakeholders, including:
 - guidance on improving budget transparency and participation to the governments of Afghanistan, Democratic Republic of Congo, Egypt, Honduras, and Indonesia, among others;
 - guidance on developing Open Government Partnership commitments to the governments of Croatia, Philippines, and Indonesia;
 - advice to the U.S. Departments of State and Defense on possible budget transparency modalities and monitoring methods that could be applied in the Kyrgyz Republic in the wake of a procurement scandal;
 - high-level presentations for a wide range of organizations, including the Inter-Parliamentary Union, the European Commission, the World Bank, the IMF, and the Collaborative Africa Budget Reform Initiative;
 - regular inputs on how to increase aid transparency as a Steering Committee member of the International Aid Transparency Initiative; and
 - support to INTOSAI as part of a Task Force on Expanding the Values and Benefits of SAIs, and guidance on how auditors might better engage the public.
- *Expanding the knowledge base and policy options for transparent and accountable budgets.* In 2011-12 the OBI expanded the debate over fiscal transparency through its significant contribution to the research base on: 1) what drives governments to become more, or less, transparent; 2) what the consequences are for greater or lesser transparency; 3) what governments are doing “off the books” that undermines transparency and accountability; and 4) what transparency looks like at the subnational level. In addition to raising these issues, the OBI also provided tools and guidance to governments, donors, and global initiatives by publishing new transparency guides and briefing notes and undertaking targeted assessments and conversations.

The progress that we have achieved gives us confidence that we will achieve the purposes of our program within the overall funding period. Further, the IBP has begun a major fundraising initiative to support and sustain its work over the next five-year period (2013-17).

12. Innovation

In our 2010-11 Annual Report we described two complementary and innovative initiatives that we are promoting on open budgeting systems. In 2011-12 the IBP has achieved significant progress on these two initiatives. Below, we describe the rationale for these initiatives as well as the process we followed to establish them. We hope this description is useful for other organizations that are seeking guidance on global governance initiatives that they may wish to develop.

The Budget Transparency, Accountability, and Participation Movement

A massive influx of new resources into country budget systems is expected from greater extractive revenue transparency, needed increases in international aid, innovative financing, and the flow of climate mitigation funds. Many of the countries that will receive these flows are those where budget transparency and accountability is weakest, such as those dependent on natural resource revenues or foreign assistance. Building transparent and accountable systems to manage these resources for the public good must begin now. These were the rationales for the convening of the first global Assembly for Budget Transparency, Accountability and Participation in November 2011. The Assembly is an attempt by a broad range of activists and organizations to complement their national work with collaborative international advocacy.

Convening the Assembly — which brought together 100 civil society groups from 56 countries and 12 international organizations, including the IBP, Greenpeace, and the ONE Campaign — was a 10-month collective process driven by OBI partners around the world. At the beginning of 2011, a regionally representative Steering Committee was established to direct activities leading up to the Assembly. The next step was for members of the steering committee, IBP staff members, and IBP partner organizations to contact partners and allies within regions to get input on the aspirations of and basic principles for the global movement, which were used to develop a draft agenda for the Assembly and an initial draft of the movement's Declaration of Principles. In July and August, members of the steering committee went back to their regions to gather comments on the draft agenda and draft of the Declaration of Principles. These documents were refined based on this input and finalized at the end of August. Prior to the Assembly, all involved organizations gathered endorsements of the Declaration and designed and launched the official Assembly website: www.makebudgetspublic.org.

Working Groups were established to promote global norms for open and accountable public finance; greater aid transparency that supports greater budget transparency; improved public resource flows to maternal and child health; effective and accountable management of climate mitigation and adaptation funds; greater transparency in natural resource revenues; and budget policies and processes that align with commitments to economic, social, and cultural rights conventions.

Each working group completed an action plan and is driving their respective areas of work, and all will promote the movement's agenda through collective action and recruit additional organizations to be part of the movement over the next year. A coordinator has recently been appointed to lead the movement, and the IBP will continue to support this process toward an independent, dynamic global movement that can have a substantial impact on budget transparency, accountability, and participation.

The Global Initiative for Fiscal Transparency (GIFT)

The second international initiative that the IBP launched in 2011 was the Global Initiative for Fiscal Transparency, which brings together actors involved in public financial management to develop international norms for budget transparency and participation. GIFT will advance and institutionalize significant and continuous improvements in fiscal transparency, engagement, and accountability in countries around the world. It is focused on establishing clear global standards and on mobilizing incentives and opportunities for governments to meet these standards. Its goal is to enhance the efficacy of civil society efforts to influence budget policies and hold governments to account, and contribute to the effectiveness of international aid and development targets.

How it began: In January 2011 the IBP began reaching out to a wide range of international stakeholders focused on improving public financial management to propose a collective effort to promote fiscal transparency. This led to the first meeting of the Steward's Committee in Washington, D.C., on 13-14 July 2011, which was co-hosted by Jorge Hage, Ministro de Estado do Controle e da Transparência, Office of the Presidency, Brazil; and IBP Director, Warren Krafchik. The following stakeholder groups were represented by individuals and officials from the highest level of these institutions and organizations:

- Governments: Office of the Comptroller General, Brazil; Department of Budget & Management, Philippines; Department for International Development, U.K.; Department of the Treasury, U.S.
- International Organizations: The World Bank Group; International Monetary Fund; International Organization of Supreme Audit Institutions; Inter-Parliamentary Union; and United Nations Development Programme
- Philanthropic Networks/Foundations: Transparency & Accountability Initiative; Metanoia Fund;
- Civil Society Organizations: The International Budget Partnership; Centre for Public Integrity- Mozambique; FUNDAR-Mexico; Greenpeace International; and the ONE Campaign.

Participants agreed to establish four working groups to take forward the work of the initiative: 1) design and incentives, 2) advancing global norms, 3) technical assistance & capacity building, and 4) harnessing new technologies.

Achievements include:

- broad and active engagement of a critical set of public finance institutions — and high-level champions within these institutions — in an effort to improve fiscal transparency;
- baseline reports on the current state of the field in global norms, incentives, technical assistance, and new technologies;
- draft of high-level principles (expected to be finalized in the next couple of months);
- inputs into an ongoing revision of the IMF’s Code on Fiscal Transparency; and
- a public website: www.fiscaltransparency.net.

Next steps:

- GIFT will start working on a graduated framework of standards and practices that are compatible with the high-level principles. These standards will draw on practices that have proved effective in different country settings around the world.
- Extensive outreach to engage 10–15 additional governments in the initiative. Each government will be invited to participate in drafting the high-level principles and other norms, contribute to testing these norms in practice, and participate in peer learning and coaching with other governments.
- GIFT is reaching out to related initiatives and networks, including those representing external and internal auditors and parliamentarians. GIFT is also working toward substantively engaging the private sector in the initiative.

The BTAP Movement and GIFT work on similar agendas of promoting openness in government budget systems. We expect the BTAP Movement to contribute to GIFT, especially in the content of the global norms being developed by GIFT and participating in national multi stakeholder processes that may be promoted by GIFT. But as a civil society initiative, we expect the BTAP movement to implement activities that directly reflect civil society interests in holding governments to account on the use of public funds.

13. Learning from GTF

Recently, the IBP commissioned four case studies to document and analyze the impact of its budget transparency work. Three of the four studies focused on budget transparency developments in Honduras, Afghanistan, and the Democratic Republic of Congo. These countries were selected because the IBP was aware of certain positive trends toward greater budget transparency in them, and that the trends were a result of influence exerted by different stakeholders. The fourth case study looked at bilateral aid agencies in the U.S. and the U.K. and their emphasis on budget transparency in their aid modalities, and specifically their use of Open Budget Index data. All four case studies describe how the IBP and its partners contributed to the positive developments on transparency in these countries. Afghanistan increased its score from eight in the Open Budget Index 2008 to 21 in the 2010 round. Honduras began to publish six of the eight key budget reports assessed in the OBS that it had not published previously. And, the Democratic Republic of Congo published its Executive’s Budget Proposal and a budget timetable for the first time. The donor case study reports that the U.S.

Department of State requires central governments to meet fiscal transparency criteria to obtain U.S. foreign assistance, and it uses the Open Budget Index, among other sources of information, to assess whether countries fulfill this obligation. This case study also discusses a recent development in DFID to make budget transparency (as assessed by the Open Budget Index) a criterion linked to receiving U.K. budget support.

In this Annual Report, we discuss some of the main lessons learned from these case studies. We think these lessons can shed light on some factors that determine the ability of civil society organizations to have an impact on governance and transparency.

Lesson One: The Open Budget Survey has built credibility through consistent and careful survey design and management and because it meets the needs of multiple stakeholders for a clear and objective set of budget transparency indicators. One of the most important reasons for the impact achieved by the IBP and its partners is the development and use of a rigorous, comparative, and regular assessment of budget transparency, the Open Budget Survey. The Survey's reputation for rigor and its application of a standard methodology across a large number of countries and over time has ensured it some influence over budget transparency discussions in countries. The growing credibility of the OBS also extends to the IBP and its research partners, opening doors to advocate at the international level and within countries for more open budget systems. In the words of a DFID advisor "The fact that the Open Budget Index has a clear methodology and they come up with clear findings including numbers is attractive to DFID because it means that they can put the numbers into measuring progress." A liaison at the Afghan Ministry of Finance states that "as OBI mainly talks about availability of the budget documents to the public, I think OBI helped us improve our system and keep things open to the public... we were producing budget documents and fiscal reports, but we did not know what value they add to our country and its reputation."

Lesson Two: Improvements in budget transparency in challenging aid-dependent environments are possible. Honduras, the Democratic Republic of Congo, and Afghanistan are generally considered to be countries in which governance is challenging and, like many other aid-dependent countries, they score poorly on the Open Budget Index. Dependence on foreign aid can exacerbate the accountability problems in these countries when their governments report to donors in favor of reporting to their citizens. Aid, therefore, can interrupt the accountability chain linking citizens and governments. However, in all three countries a combination of factors — reformers in government, donor emphasis on budget transparency, the existence of a credible tool to measure transparency changes, and limited but growing civil society advocacy on transparency — created an environment in which transparency reforms were introduced. For example, when the Open Budget Survey results were presented at an event in the Democratic Republic of Congo, the Minister of Budget congratulated civil society for this initiative and expressed his commitment to partner with civil society to make the missing budget information available in a timely. In Honduras and Afghanistan, the case studies highlight the presence of reform-minded officials in the finance ministry who supported transparency reforms. In the Democratic Republic of

Congo, some officials saw transparency as an opportunity to get better information about the finances of subnational governments. It was also useful that in all three countries, donor organizations explicitly emphasized the need for greater budget transparency.

Lesson Three: The experience in these countries shows that while donor agencies seem increasingly ready to emphasize and set benchmarks on budget transparency their role needs to be complemented by other domestic and international influences. Although the case study on the impact of the OBS on donor practices shows a greater focus on budget transparency, the case studies on the three countries confirm that different actors played a role in influencing concrete government actions on budget transparency. In Afghanistan, the IBP helped communicate the Open Budget Survey results to the government — the deputy Minister of Finance attended an IBP regional event on the 2010 Survey in Sri Lanka. In the Democratic Republic of Congo, the IBP’s local partner, Réseau Gouvernance Economique et Démocratie, played a central role in bringing budget transparency issues to the attention of the government. In Honduras, the MCC’s emphasis on budget transparency attracted the government’s attention to this issue. The successes achieved by different organizations in these countries indicate that this is a ripe moment for us to focus on promoting transparency. The salience of transparency is illustrated in the donor case study which describes how even a poorly attended event organized at DFID appears to have been an important factor in shaping the use of the OBI in the budget support policy that DFID subsequently developed.

Lesson Four: Civil society is increasingly well placed to advance the transparency agenda but will need additional assistance with building analytical and advocacy skills. The case studies point to the constraints faced by civil society in these three countries in advancing the fiscal transparency and accountability agenda. There are few organizations in these countries with the capacity to analyze and influence government budgets, and the organizations that do exist often face obstacles in accessing budget information and forums to make their contributions. However, progress made by the IBP through such global initiatives as GIFT and the BTAP Movement, alongside IBP’s collaborative research projects (such as the OBS), grant-making, training, and capacity-building work, is building civil society capacity for effective budget advocacy in these and other countries. Although the impact of these initiatives is not immediately visible and will take time, we believe that progress has been achieved. The IBP’s partner in the Congo, Bishop Abraham, explains, “The Open Budget Survey has instilled in us a passion to research budget transparency and with training received in this context, we were able to address the related issues with confidence.” The OBS helps develop organizations with knowledge and skills to begin to play a more effective role in government oversight and correct the accountability distortions that might sometimes be influenced by aid dependency or other factors.

Annex A1. Updated Baseline and Achievement Ratings Scale

Objective Statement	Achievement Rating for year being assessed ¹	Logframe Indicators	Baseline Indicators for	Progress against the Indicators	Comments on changes over the last year, including unintended impacts
<p>Purpose <i>More governments practice transparent, accountable, and participatory Public Finance Management (PFM)</i></p>	<p>Overall Average: 2</p> <p>2</p> <p>3</p>	<p>1. Composite Country Scores of the Open Budget Index in 94 countries.</p> <p>2. Ten documented examples of verifiable country improvements.</p>	<p>1. OBI 2006 score for 59 countries, OBI 2008 score for the additional 26, and OBI score for nine new countries in 2010.</p> <p>2. OBI 2006 scores for seven countries (Brazil, Mexico, South Africa, South Korea, Honduras, Guatemala, and Mongolia); OBI 2008 scores for three countries (Afghanistan, Liberia, and Democratic Republic of Congo).</p>	<p>1. No change since our last submission. We will report comprehensively against this indicator after publication of OBS 2012.</p> <p>2a. Final versions of case studies are now complete. Five of the seven case studies (Brazil, Mexico, South Africa, South Korea, and Guatemala) will be published in a book that is currently being developed and expected to be published towards the end of 2012. Three other case studies (Honduras, Afghanistan, and Democratic Republic of Congo) will be published separately as part of an impact evaluation of the OBI in 2012. In addition to these detailed case studies, the OBS 2010 report discusses the improvements in the other two countries showing substantial OBI increases: Liberia (from 3 in 2008 to 40 in 2010); and Mongolia (from 18 in 2006 to 36 in 2010). We anticipate similar short narratives on countries with improved budget</p>	<p>1 & 2. We have increased the overall ratings for the Purpose of our program from 3 to 2 because of progress reflected in the documented examples of verifiable country improvements. Further, preliminary results from the OBS 2012 are encouraging and several governments have published Citizens Budgets for the first time.</p> <p>2. Changes in the baseline (highlighted in yellow) for indicators are explained in the revised logframe submitted along with this annual report.</p>

¹ Scale: 1 = fully achieved, very few or no shortcomings; 2 = largely achieved, despite a few short-comings; 3 = only partially achieved, benefits and shortcomings finely balanced; 4 = very limited achievement, extensive shortcomings; 5 = not achieved

				transparency in the OBS 2012 report.	
Output 1 <i>Increased provision by governments to the public of timely, accurate and useful public finance information [Accountability/Capability].</i>	2	Open Budget Index sub-scores measuring public access to budget information in 94 countries.	OBI 2006 sub-scores for 59 countries, OBI 2008 sub-scores for the additional 26, and OBI 2010 sub-scores for nine new countries in 2010.	Some progress has been achieved, which will be documented in our next Annual Report following the publication of the OBS 2012. Preliminary results from the Survey are encouraging and several governments have published Citizens Budgets for the first time.	3. Changes in the baseline (highlighted in yellow) for indicators are explained in the revised logframe submitted along with this annual report.
Output 2 <i>New norms were created and implemented on best practices in public finance management as indicated by:</i> <i>- More governments publishing Citizens Budgets.</i> <i>-More governments holding public hearings on the budget [Capability]</i>	Overall Average 3 3 2 2	2 (a) International standards and potential norms are introduced, debated, and adopted in the appropriate international fora. 2 (b) The number of governments publishing Citizens Budgets increases to 25. 2 (c) The number of governments holding public hearings increases to 48.	2 (a) Norms are not in place. 2 (b) Ten governments publishing a Citizens Budget in OBI 2006. 2 (c.1) Thirty-five governments held public hearings on macroeconomic framework in OBI 2006. 2 (c.2) Thirty-four governments held public hearings on administrative units'	Re 2 (a): The Global Initiative for Fiscal Transparency (GIFT) has been established. It has developed an advanced draft of "High Level Principles on Fiscal Transparency." Further, the Global Budget Transparency, Accountability, and Participation (BTAP) Movement has been established. Members at its first Assembly adopted the Dar Declaration on budget transparency norms. Also see Output 5. 2 (b) Since our last submission, five governments (Mali, Lebanon, Guatemala, Honduras, and Kazakhstan) have published these reports. 2 (c.1) and 2 (c.2) No changes since last submission. We will report comprehensively against these indicators after the publication of OBS 2012.	Although we have made good progress on this output, we prefer to wait until next year before increasing our rating.

<p>Output 3 Published Guides and case studies that document current Public Finance Management decision making practices to expand public knowledge [Accountability].</p>	<p>Overall Average 1</p> <p>1</p> <p>1</p> <p>1</p> <p>2</p>	<p>3 (a) Public Finance Management Guide - the guide is produced - number of copies printed - number of copies distributed (demand).</p> <p>3 (b) Citizens Budget Guide - the guide is produced - number of copies printed - number of copies distributed (demand).</p> <p>3 (c) Documented examples, through case studies, of the impact of transparency on sectoral Public Finance Management</p> <p>3 (d) Documented examples, through case studies, of barriers to transparency in Public Finance Management and how to overcome them.</p>	<p>budgets in OBI 2006.</p> <p>3 (a) No PFM guide designed for use by the public is currently available.</p> <p>3 (b) No Citizens Budget Guide is currently available.</p> <p>3 (c) OBI 2006 scores tracked through OBI 2008 and OBI 2010.</p> <p>3 (d) OBI 2006 scores for seven countries (Brazil, Mexico, South Africa, South Korea, Honduras, Mongolia, and Guatemala); OBI 2008 scores for two countries (Afghanistan, and Democratic Republic of Congo).</p>	<p>Re 3 (a) and (b): As reported in a previous submission, we have already achieved the highest rating on these two indicators.</p> <p>Re 3 (c): Five case studies published on IBP's website: Ross on natural resources; Hameed on financial markets; Fukuda-Parr on HDI; de Renzio on aid; and Wehner & de Renzio on political determinants.</p> <p>Re 3 (d): Final versions of case studies are now complete. Five of the seven case studies (Brazil, Mexico, South Africa, South Korea, and Guatemala) will be published in a book that is currently being developed and expected to be published towards the end of 2012. Three other case studies (Honduras, Afghanistan, and Democratic Republic of Congo) will be published separately as part of an impact evaluation of the OBI.</p>	<p>In addition to the original PFM "Guide to Transparency in Government Budget Reports" we have now published a second "Guide to Transparency in Public Finances." We have also published a revised guide on Citizens Budgets - "The Power of Making it Simple." All these publications are available in three languages (English, French, and Spanish).</p> <p>The publication of these five briefs satisfies the requirements of this output and therefore we have increased our rating to 1.</p> <p>3(d): Previous Annual Report assigned 3. Since we have finalized these case studies (although they have not yet been published), we have increased our rating from 3 to 2. Also, changes in the baseline (highlighted in yellow) for indicators are explained in the revised logframe submitted along with this annual report.</p>
			<p>Baselines to be</p>	<p>As reported in our previous</p>	

<p>Output 4 <i>Demonstrated the impact of greater transparency and citizen participation in public finance management on socio-economic outputs [Accountability/Capability].</i></p>	<p>1</p>	<p>4. Documented examples of improvements in participation leading to reduced wasteful/inefficient expenditure in a selected set of countries.</p>	<p>described in the case studies themselves, detailed as follows: 4(a) For the PI case study on Pakistan, there was limited progress in the rehabilitation of housing and critical infrastructure after the 2005 earthquake despite the huge inflows of resources and government pronouncements to the contrary; 4(b) For the PI case study on Mexico, there was limited access by the majority of farmers to funds allocated for the farm subsidies; 4(c) For the PI case study on South Africa, the existing grant program did not reach the intended poorest women and children; 4(d) For the first PI case study on India, eligible beneficiaries were not getting employment guaranteed by the government program; 4(e) For the second PI case study on India, money for Dalit program was used for other purposes; 4(f) For the PI case study on Argentina, there were insufficient schools for poor children; 4(g) For the second PI case study on South</p>	<p>submission, IBP's Partnership Initiative (PI) commissioned three case studies (that are relevant to this Output) on advocacy initiatives in Pakistan, Mexico and South Africa that were published on IBP's website in 2010 and in print for the OBI 2010 report pack.</p> <p>Since our previous Annual Report, PI has published five new case studies from India (on a rural employment program and a Dalit welfare program), Argentina (on an education program), South Africa (on an HIV/AIDS program), and Tanzania (on an education program).</p> <p>Further, PI has commissioned four longitudinal case studies that are relevant for this output (in Brazil, Tanzania, Mexico, and South Africa) in 2009, which will deliver findings in mid-2013.</p>	<p>Advances made since last Annual Report merit increase to 1. These advances include the publication of eight case studies and the progress made on the four PI case studies. Changes in the baseline (highlighted in yellow) for indicators are explained in the revised logframe submitted along with this annual report. We removed one case study whose baseline was described in the previous Achievement Rating Scale (number 4a in ARS of 2011-12) and added the baselines of five new case studies in this ARS (numbers 4d to 4h).</p>
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			<p>Africa, the government had not allocated sufficient money for an HIV/AIDS program;</p> <p>4(h) For the PI case study on Tanzania, the government had not allocated sufficient funds for teachers' salaries;</p> <p>4(i) For the PI longitudinal Brazil case study, limited accountability of the state development corporation (BNDES) was found;</p> <p>4(j) For the PI longitudinal Tanzania case study, poor quality of public primary and secondary education for a dramatically increased number of students was found;</p> <p>4(k) For the PI longitudinal Mexico case study, limited access for the poorest to health services in underserved communities was found;</p> <p>4(l) For the PI longitudinal case in South Africa, ineffective use of public resources for healthcare was found, due to weak state government and weak service delivery systems.</p>		
<p>Output 5 An effective international platform</p>	<p>Overall Average 1</p>	<p>5 (a) Number of organizations that participate in meetings convened</p>	<p>5 (a) The platform does not exist yet.</p>	<p>Re 5 (a): IBP helped establish the Global Initiative for Fiscal Transparency (GIFT) which has a multi stakeholder component,</p>	

<p><i>carries out advocacy calling for greater transparency in public finance management [Accountability].</i></p>	1	by the international platform.		including several governments, international organizations, and civil society groups.	<p>Achievement rating increased from 2 to 1 because of the significant progress achieved on this indicator.</p>
	1	5 (b) Agreements on international advocacy strategy and joint actions undertaken.	5 (b) No examples of collaboration of CSOs doing international advocacy.	5 (b): IBP helped establish the Global Budget Transparency, Accountability, and Participation (BTAP) Movement with membership from civil society representing over 50 countries.	
	1	5 (c) 10 country advocacy strategies approved and funded by IBP and implemented by partners.	5 (c) The baseline is zero since no grants were previously made.	5 (c): Grants made and projects expected to be completed by March 2013.	
	1	5 (d) At least two major donor agencies use Open Budget Survey benchmarks to inform their aid strategies or policies.	5 (d) Donors do not use OBI benchmarks.	5 (d) In addition to the achievements reported in our previous Annual Report [DFID (in Rwanda), World Bank (in Sao Tome), and the Millennium Challenge Corporation (in Honduras)] in 2011-12, the European Commission has also now approved a policy on considering Open Budget Survey data to inform its aid strategies in countries it assists. Further, the Open Government Partnership is using OBS data as a criterion to select countries that are eligible to participate in the initiative.	
<p>Output 6 <i>Highly skilled civil society budget organizations and networks promoting budget transparency and engagement</i></p>	<p>Overall Average 1 1</p>	6 (a) Trainings and technical assistance provided to partner organizations in 50 countries.	6 (a) 25 of the 50 organizations have no experience in undertaking national budget transparency assessments or in undertaking advocacy on these issues; the remaining 25	6 (a) We reported extensive achievements against this output in our previous annual report. Since then, we have organized three OBS trainings to benefit 50 organizations, one advocacy training to benefit 10 organizations, and three subnational technical assistance	

	1	6 (b) 10 joint activities organized at the regional level to promote collaboration among civil society organizations on budget transparency issues.	organizations have limited experience in undertaking such assessments and advocacy. 6 (b) Very limited regional level collaboration exists (only in Latin America) on budget transparency issues.	events. 6 (b) Since our last report, we have organized three regional conferences on joint research projects by civil society groups in francophone Africa (on the OBS), in Sub-Saharan Africa (on child budgets), and in Latin America (on subnational audits).	
Activities					
Activities and Outputs related to Budget Heading 1: -Implement Open Budget Survey in 2010 and 2012 [Output 1, 2b, 2c, 6a, 6b]				-Open Budget Survey 2010 completed (see http://internationalbudget.org/wh-at-we-do/open-budget-survey/) . This webpage includes numerous resources related to the Survey. -Open Budget Survey 2012 activities began in April 2011	
Activities and Outputs related to Budget Heading 2: -Design and implement number of diagnostic tools for use at subnational and sector level to measure and promote accountable, participatory and transparency PFM practices [Output 6b]				-Grants were made to 10 groups to pilot subnational and sector studies. Results from these pilot studies have been published (see http://internationalbudget.org/wh-at-we-do/major-ibp-initiatives/open-budget-initiative/subnational-work/). -Grants made to five groups for a second round of subnational and sector studies. Results will be published in 2013.	

				<p>-Consultants appointed to develop appropriate toolkits for subnational assessments and for providing trainings and technical assistance to OBI partners implementing these studies.</p>	
<p>Activities and Outputs related to Budget Heading 3:</p> <p>-Make grants to partners to support advocacy in favour of good practices in PFM [Output 2a, 5c, 6a]</p> <p>-International standards and potential norms are introduced, debated and adopted in the appropriate international fora [Output 5a, 5b, 5d]</p>				<p>-We completed the Ask Your Government! Initiative in 80 countries (See http://internationalbudget.org/wp-content/uploads/Ask-Your-Government-Initiative.pdf). A number of other resources related to this activity are also available on our website.</p> <p>-We made grants to 10 groups to undertake targeted advocacy campaigns on budget transparency. These partners have been further supported through advocacy trainings and technical assistance by IBP staff.</p> <p>-IBP helped establish the Global Initiative for Fiscal Transparency. GIFT is a multi-stakeholder initiative that includes governments, international organizations and civil society groups. More information on GIFT and its High Level Principles on fiscal transparency can be accessed at http://fiscaltransparency.net/. To date, IBP has participated in and facilitated the participation of others in all three GIFT meetings and a number of its working groups.</p> <p>-IBP helped establish the Global Budget Transparency,</p>	

				<p>Accountability, and Participation (BTAP) Movement. The Movement approved the Dar Declaration on fiscal transparency in November 2011. Working groups of the Movement are currently implementing its agenda and IBP has recently appointed a coordinator for the Movement. More information about the Movement can be accessed at http://www.makebudgetspublic.org/.</p> <p>-IBP informed aid strategies of a number of donors in the context of budget transparency requirements (see recent European Commission policy report at http://ue.eu.int/uedocs/cms_data/docs/pressdata/EN/foraff/130241.pdf). OBI data is also used a key criterion for country membership in the Open Government Partnership (see http://www.opengovpartnership.org/eligibility).</p>	
<p>Activities and Outputs related to Budget Heading 4:</p> <p>-Public Finance Management Guide produced and distributed [Output 3a]</p> <p>-Citizens' Budget Guide produced and</p>				<p>-Two twin documents published on IBP website - http://internationalbudget.org/wp-content/uploads/Guide-to-Transparency-in-Government-Budget-Reports-Why-are-Budget-Reports-Important-and-What-Should-They-Include-English.pdf and <a 486="" 508="" 896="" 918"="" data-label="Page-Footer" href="http://internationalbudget.org/wp-content/uploads/Guide-to-Transparency-in-Government-Budget-Reports-How-Civil-Society-Can-Use-Budget-Reports-for-Research-and-</p> </td> <td></td> </tr> </table> </div> <div data-bbox="> <p>21</p> </p>	

<p>distributed [Output 3b]</p> <p>-Documented examples, through case studies, of the impact of transparency on sectoral Public Finance Management (e.g. extractive industries, security and health) [Output 3c]</p> <p>-Documented examples, through case studies, of barriers to transparency on Public Finance Management and how to overcome them [Output 1, 3d]</p>				<p>Advocacy-English.pdf), one a PFM Guide for governments, the other a guide for civil society use.</p> <p>-A Citizens Budget guide published (see http://internationalbudget.org/wp-content/uploads/Citizen-Budget-Guide.pdf).</p> <p>- Five papers published (Ross on natural resources; Hameed on financial markets; Fukuda-Parr on HDI; de Renzio on aid, and Wehner on political determinants) at http://internationalbudget.org/what-we-do/major-ibp-initiatives/open-budget-initiative/obi-research/working-papers/; Series of additional thematic briefings also produced (see http://internationalbudget.org/what-we-do/major-ibp-initiatives/open-budget-initiative/obi-research/research-notes/).</p> <p>-Eight comparative case studies have been finalized and are due to be published as a book later in 2012. Case studies are for South Africa, South Korea, Brazil, Guatemala, Senegal, Tanzania, Vietnam, and Mexico).</p> <p>-Three case studies on the impact of the OBI in improving budget transparency in Honduras, Democratic Republic of Congo, and Afghanistan have been finalized and will be</p>	
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<p>Documented examples of improvements in participation leading to reduced wasteful/inefficient expenditure in a selected set of countries [Output 4]</p>				<p>published in a few months.</p> <p>-OBI 2010 report includes sections on improvements in budget transparency and the causes of these improvements in several countries, including Liberia and Mongolia)</p> <p>-IBP's Partnership Initiative (PI) has commissioned case studies (that are relevant to this Activity and Output) on eight advocacy initiatives which are available on IBP's website. See:</p> <p>a) Study on Pakistan: there was limited progress in the rehabilitation of housing and critical infrastructure after the 2005 earthquake despite the huge inflows of resources and government pronouncements to the contrary; http://internationalbudget.org/wp-content/uploads/LP-case-study-OAKDF-summary.pdf</p> <p>b) Study on Mexico: there was limited access by the majority of farmers to funds allocated for the farm subsidies; http://internationalbudget.org/wp-content/uploads/Profile-of-Fundar-Mexico-2011.pdf</p> <p>c) Study on South Africa: existing grant program did not reach the intended poorest women and children; http://internationalbudget.org/publications/south-africa-civil-society-uses-budget-analysis-and-advocacy-to-improve-the-lives-of-poor-children/</p>	
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				<p>d) Study on India: eligible beneficiaries were not getting employment guaranteed by the government program; http://internationalbudget.org/publications/samarthan%E2%80%99s-campaign-to-improve-access-to-the-national-rural-employment-guarantee-scheme-in-india/</p> <p>e) Second study on India: money for Dalit program was used for other purposes; http://internationalbudget.org/wp-content/uploads/LP-case-study-NCDHR.pdf</p> <p>f) Study on Argentina: there were insufficient schools for poor children; http://internationalbudget.org/wp-content/uploads/LP-case-study-ACIJ.pdf</p> <p>g) Second study on South Africa: the government had not allocated sufficient funds for an HIV/AIDS program; http://internationalbudget.org/wp-content/uploads/LP-case-study-TAC.pdf</p> <p>h) Study on Tanzania, the government had not allocated sufficient funds for teachers' salaries; http://internationalbudget.org/wp-content/uploads/LP-case-study-HakiElimu-summary.pdf</p> <p>Further relevant work ongoing in context of four longitudinal case</p>	
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				<p>studies designed and commissioned by PI (Brazil, Tanzania, Mexico, South Africa). They were commenced in late 2009, and will deliver findings at the end of PI (mid-2013). A description of the methodology being used for the four PI longitudinal studies (for Brazil, Tanzania, Mexico, and South Africa) can be found at http://internationalbudget.org/wp-content/uploads/2011/01/Case_study_methodology_Final_Draft.pdf</p>	
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Annex A2. Programme Logframe

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions and Risks
<p>Goal:</p> <p>Governments use public financial resources more efficiently, effectively and responsively.</p>	<p>Targeted countries improve their annual rankings on the Open Budget Index and on selected governance indicators.</p>	<p>1 (a) Government policy documents.</p> <p>1 (b) Evaluations of government policies and practices at national and local levels.</p> <p>1 (c) IBP budget Transparency rankings and reports.</p> <p>1 (d) Community based and participatory service delivery reviews.</p>	<p>(1) Access by the public to public finance information and decision-making is fundamental for the improvement of public finance management.</p> <p>(2) The ability of civil society organizations to demand and participate in Public Finance Management is subject to a conducive country environment (political, social and economic).</p>
<p>Purpose:</p> <p>More governments practice transparent, accountable, and participatory Public Finance Management.</p>	<p>1. Composite country scores of the Open Budget Index in 94 countries.</p> <p>2. Ten documented examples of verifiable country improvements.</p>	<p>1. Biennial Open Budget Index in 2008, 2010, and 2012.</p> <p>2. Approximately 10 case studies demonstrating improved performance/capacity in Public Finance Management at the national level.</p>	<p>(3a) The definition of government implies work at national and sub-national levels.</p> <p>(3b) We increased the verifiable indicators from 90 to 94 countries since the Open Budget Index 2010 covers four more countries than what we had earlier anticipated.</p> <p>(3c) We increased from five to 10 the number of case studies demonstrating improved PFM performance at the national level and we removed the means of verification which was part of our previous logframe numbered as (2b) “approximately five case studies demonstrating improved</p>

			performance in PFM at the subnational level.” We did so because the countries selected for subnational projects and the methodology used for the studies in 2010 and 2012 are not comparable.
<p>Outputs:</p> <p>1) Accountability/Capability Increased the provision by governments to the public of timely, accurate and useful public finance information.</p> <p>2) Capability- 2 (a)-New norms on best practices in Public Finance Management are created and implemented, as indicated by:</p> <p>2 (b)- More governments publishing Citizens Budgets.</p> <p>2 (c)-More governments holding public hearings on the budget.</p> <p>3) Accountability- Published Guides and case studies to document current decision making practices to expand public knowledge of Public Finance Management.</p>	<p>1. Open Budget Index sub-scores measuring public access to budget information in 94 countries.</p> <p>2 (a) International standards and potential norms are introduced, debated, and adopted in the appropriate international fora.</p> <p>2 (b) The number of governments publishing Citizens Budgets increases to 25.</p> <p>2 (c) The number of governments holding public hearings increases to 48.</p> <p>3 (a) Public Finance Management Guide: - the guide is produced - number of copies printed - number of copies distributed (demand)</p> <p>3 (b) Citizens Budget Guide:</p>	<p>1. Biennial Open Budget Index in 2008, 2010, and 2012.</p> <p>2 (a) Transcripts or minutes of meetings.</p> <p>2 (b) Scores on relevant questions from the Open Budget Survey.</p> <p>2 (c.1) Country scores on Question 61 of the Open Budget Survey.</p> <p>2 (c.2) Country scores on Questions 75-78 on the Open Budget Survey.</p> <p>3 (a) Number of copies of the Guide which are - Printed - Distributed</p> <p>3 (b) Number of copies of the</p>	<p>(4a) The definition of public includes both citizens and residents of a country.</p> <p>(4b) We increased verifiable indicators from 90 to 94 countries.</p> <p>(5) For the public to take advantage of opportunities to oversee government operations, they need to be empowered with knowledge on the political economy of decision making in Public Finance Management.</p>

<p>4) Accountability/Capability Demonstrated the impact of greater transparency and citizen participation in Public Finance Management on socio-economic outputs.</p> <p>5) Accountability- An effective international platform carries out advocacy calling for greater transparency in Public Finance Management.</p>	<p>-the guide is produced - number of copies printed - number of copies distributed (demand)</p> <p>3 (c) Documented examples, through case studies, of the impact of transparency on sectoral Public Finance Management (e.g. extractive industries, security, and health).</p> <p>3 (d) Documented examples, through case studies, of barriers to transparency on Public Finance Management, and how they can be overcome.</p> <p>4 (a) Documented examples of improvements in participation leading to reduced wasteful and inefficient expenditure in a selected set of countries.</p> <p>5 (a) Number of organizations that participate in meetings convened by the international platform.</p> <p>5 (b) Agreements on international advocacy strategy and joint actions undertaken.</p> <p>5 (c) Country advocacy strategies approved and funded by IBP and implemented by partners.</p>	<p>Citizens Budget Guide which are</p> <ul style="list-style-type: none"> - Printed - Distributed <p>3 (c) Five case studies documenting the impact of transparency on sectoral Public Finance Management.</p> <p>3 (d) Eight case studies documenting the impact of barriers to transparency on Public Finance Management.</p> <p>4. Twelve case studies submitted to IBP, demonstrating reduced wasteful and inefficient expenditures in a selected set of countries.</p> <p>5 (a) Reports from international meetings of Civil Society Organizations.</p> <p>5 (b) Reports from international meetings of Civil Society Organizations and reports on advocacy conducted.</p> <p>5 (c) Ten grants processed and reports on the use of grant funds.</p>	<p>(6a) We increased the number of case studies from three to five.</p> <p>(6b) We increased the number of verifiable indicators (in 3d) from three to eight.</p> <p>(6c) We increased the number of verifiable indicators in (4) from five to 12 case studies.</p>
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<p>6) Accountability- Highly skilled civil society budget organizations and networks promoting budget transparency and engagement.</p>	<p>5 (d) At least two major donor agencies use Open Budget Survey benchmarks to inform their aid strategies or policies.</p> <p>6 (a) Trainings and technical assistance provided to partner organizations in 50 countries.</p> <p>6 (b) 10 joint activities organized at the regional level to promote collaboration among civil society organizations on budget transparency issues.</p>	<p>5 (d) Reports from donors on their aid strategies; communication from donors to IBP and its partners.</p> <p>6 (a) Reports from training meetings.</p> <p>6 (b) Reports from meetings.</p>	
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ANNEX A3 – Annual Financial Report

A3.1 Program Identification

1. GTF Reference No.	GTF-334
2. Organization Name	International Budget Partnership

A3.2 Reporting Period

1. Start of Period	01 April 2011
2. End of Period	31 March 2012

A3.3 Funds received from DFID during Reporting Period

Payment No.	Date Received	Amount GBP
Payment 1	23 November 2011	193,553.91
Payment 2	20 March 2012	562,432.54
Total received during Period		755,986.45

A3.4 – Expenditure during Period from 01 April 2011 to 31 March 2012

Agreed Budget Lines	Budget for April 1, 2011- March 31, 2012	Actual Expenditure for April 1, 2011- March 31, 2012	Variance (GBP)	Variance (Percentage)	Note
ACTIVITY 1 - Open Budget Survey					
Researcher Consultant Fees	194,400	172,814	21,586	11%	1
Peer Reviewer Consultant Fees	64,800	1,267	63,533	98%	2
External Reviewer Consultant Fees	-	6,839	(6,839)	(100%)	3
Training and Technical Assistance for Researchers	119,520	90,988	28,532	24%	4
Translation of Questionnaire, Answers, Report	3,600	3,597	3	-	
Design/Print (D/P)	-	-	-	-	
Dissemination/Creative Media	-	621	(621)	(100%)	5
International, Regional, and National Launches	-	-	-	-	
ACTIVITY TWO - Sub national Work					
Concept Note	-	-	-	-	
Meeting	37,440	27,345	10,095	27%	6
Research Grants	383,100	145,036	238,064	62%	7
Technical Assistance	31,829	9,585	22,244	70%	8
Translation, Printing, Dissemination	-	2,619	(2,619)	(100%)	9
ACTIVITY THREE - Advocacy					
Grants for Transparency Campaigns	144,881	174,520	(29,639)	(20%)	10
International Platform	21,600	29,006	(7,406)	(34%)	11
ACTIVITY FOUR - Public Education					
Consultant to write sections of PFM Guide	-	-	-	-	
Peer review, Designing, Printing, Postage	-	-	-	-	
Further Research on Transparency (causes and impact)	28,800	5,066	23,734	82%	12
ACTIVITY FIVE - Administration					
Senior Administrative Assistant	46,800	42,283	4,517	10%	

External Evaluation	-	-	-	-	
TOTAL	1,076,770	711,586	365,184	34%	

Explanations for differences in excess of 10 percent between agreed budget and actual expenditures

Note 1: This difference was caused due to delays in the submission of the Open Budget Questionnaires by 11-12 research partners. The questionnaires have been received and payments were made after the reporting period. The delays by these researchers will not affect the achievement of the project deadline.

Note 2: We anticipated paying half of the peer reviewers of the Open Budget Survey prior to this reporting period and the other half after this reporting period. This was based on the assumption that the peer review tasks would be undertaken between February and April 2012. Unfortunately, most peer reviewers only submitted their completed products in March and April 2012 and consequently their payments were made after this reporting period. This will not affect the achievement of the overall project deadline.

Note 3: At the start of the year, we anticipated paying our external reviewers after this reporting period. However, our contracts with the external reviewers included a disbursement schedule under which we agreed to pay them in two installments, one of which was due in this reporting period.

Note 4: We incurred lesser costs on technical assistance services to Open Budget Survey researchers than we had anticipated and budgeted earlier.

Note 5: We incurred a minor consultancy cost on this activity that we had not anticipated.

Note 6: We postponed a subnational budget transparency meeting scheduled to be held in this reporting period to 9-13 July 2012. The project is on track to be completed on schedule.

Note 7: In 2011-12 we entered into contracts with five organizations to undertake subnational and sector level budget transparency studies. The contracts specify that funds will be disbursed in two equal installments, the first of which was made in this reporting period. The second installments (amounting to approximately GBP 145,036) will be made over the next few months. In addition, we are at an advanced stage of discussion on a grant payment to a South African organization for approximately GBP 31,000 and another potential grant to a Tanzanian organization for GBP 24,000. We therefore anticipate spending GBP 200,000 on this line item over the next few months.

Note 8: In 2011-12 we entered into a contract with a consultancy firm on our subnational budget transparency work. The firm is expected to develop toolkits on transparency assessments and to provide training and technical assistance to IBP partners. The contract for approximately GBP 64,000 has a disbursement schedule specifying that payments will be made in two equal installments following achievement of major milestones in the project. The first installment is due in July 2012 and the second in 2013. In

addition to the consultancy fees, we will also incur costs related to travel for staff from this consultancy firm, some of which were incurred during this reporting period.

Note 9: We incurred some minor consultancy costs related to this activity that we had not anticipated.

Note 10: This line item represents grants made to 10 partner organizations to conduct advocacy campaigns related to their Open Budget Survey results. In addition to making grants, we also organized an advocacy workshop in francophone Africa that brought together senior government officials and IBP partner organizations. We incurred expenses on this workshop from this line item that were not budgeted for. Five of the 10 organizations that received an advocacy grant are from francophone Africa and IBP felt it was important to provide these partners with a neutral forum at which they could meet with their governments to discuss their advocacy recommendations.

Note 11: In 2011-12 we organized two major meetings related to our Global Initiative for Fiscal Transparency (GIFT) and the Budget Transparency, Accountability, and Participation (BTAP) Movement. We incurred higher costs on these two meetings than what we had earlier anticipated. The significance of these meetings to our work is described in the main narrative of our Annual Report to DFID.

Note 12: This line item includes costs related to our forthcoming research publication on the causes of budget transparency, which has been delayed (the editing of the book is taking longer than anticipated). The research will be released in the form of a book by a publishing house (we are in negotiations with the Brookings Institution Press). The publication date is expected to be near the end of 2012.

A3.5 – Expenditure to Date (31 March 2012) since start of Program (27 August 2008)

Agreed Budget Lines	Budget until March 31, 2012	Actual Expenditure until March 31, 2012	Variance (GBP)	Variance (Percentage)	Note
ACTIVITY 1 - Open Budget Survey*					
Researcher Consultant Fees	437,467	415,881	21,586	5%	
Peer Reviewer Consultant Fees	194,035	130,502	63,533	33%	1
External Reviewer Consultant Fees	34,893	41,732	(6,839)	(20%)	2
Training and Technical Assistance for Researchers	244,428	215,896	28,532	12%	3
Translation of Questionnaire, Answers, Report	62,619	62,616	3	-	
Design/Print (D/P)	71,997	71,997	-	-	
Dissemination/Creative Media	35,944	36,565	(621)	2%	
International, Regional, and National Launches	185,106	185,106	-	-	
ACTIVITY TWO - Sub national Work*					
Concept Note	2,417	2,417	-	-	
Meeting	67,208	57,113	10,095	15%	4
Research Grants	601,142	363,078	238,064	40%	5
Technical Assistance	31,829	9,585	22,244	70%	6
Translation, Printing, Dissemination	5,518	8,137	(2,619)	(48%)	7
ACTIVITY THREE - Advocacy					
Grants for Transparency Campaigns	406,150	435,789	(29,639)	(7%)	
International Platform	109,836	117,242	(7,406)	(7%)	
ACTIVITY FOUR - Public Education					
Consultant to write sections of PFM Guide	7,695	7,695	-	-	
Peer review, Designing, Printing, Postage	13,416	13,416	-	-	
Further Research on Transparency (causes and impact)	77,538	53,804	23,734	31%	8
ACTIVITY FIVE - Administration					
Senior Administrative Assistant	60,770	56,253	4,517	7%	

External Evaluation	13,211	13,211	-	-	
TOTAL	2,663,219	2,298,035	365,184	14%	

* The total expenditure on Activity 1 as per the table above is GBP 1,160,295. However, the expenditure for Activity 1 is shown as GBP 1,169,880.61 in our Quarterly Report No. 10 (under “current total expenditure to 31 March 2012”). The difference of GBP 9,585 represents expenditures on Activity 2 that were mistakenly charged to Activity 1. This is also why the total expenditure for Activity 2 as per the table above (GBP 440,330) is GBP 9,585 more than the expenditure for Activity 2 (GBP 430,744.60) in our Quarterly Report No. 10 (under “current total expenditure to 31 March 2012”). We will rectify this error in our next quarterly report.

Explanations for differences in excess of 10 percent between agreed budget and actual expenditures

Note 1: We anticipated that we would pay half of the peer reviewers of the Open Budget Survey prior to this reporting period and the other half after this reporting period. This was based on the assumption that the peer review tasks would be undertaken between February and April 2012. Unfortunately, most peer reviewers only submitted their completed products in March and April 2012 and consequently their payments were made after this reporting period. This will not affect the achievement of the overall project deadline.

Note 2: We anticipated paying our external reviewers on the Open Budget Survey 2012 after March 2012. However, our contracts with the external reviewers included a disbursement schedule under which we agreed to pay them in two installments, one of became due prior to March 2012.

Note 3: We incurred lesser costs on technical assistance services to Open Budget Survey researchers than we had anticipated and budgeted for.

Note 4: We postponed a subnational budget transparency meeting scheduled to be held in 2011-12 to 9-13 July 2012.

Note 5: In 2011-12 we entered into contracts with five organizations to undertake subnational and sector level budget transparency studies. The contracts specify that funds will be disbursed in two equal installments, the first of which was made in this reporting period. The second installments (amounting to approximately GBP 145,036) will be made over the next few months. In addition, we are at an advanced stage of discussion on a grant payment to a South African organization for approximately GBP 31,000 and another potential grant to a Tanzanian organization for GBP 24,000. Thus, we anticipate spending GBP 200,000 on this line item over the next few months.

Note 6: In 2011-12 we entered into a contract with a consultancy firm on our subnational budget transparency work. The firm is expected to develop toolkits on transparency assessments and to provide training and technical assistance to IBP partners. The contract for approximately GBP 62,000 has a disbursement schedule specifying that payments will be made in two equal

installments. The first installment is due in July 2012 and the second in 2013. In addition to the consultancy fees, we will also incur costs related to travel for staff from this consultancy firm, some of which were incurred in this reporting period.

Note 7: We incurred some minor consultancy costs related to this activity that we had not anticipated.

Note 8: This line item includes costs related to our forthcoming research publication on the causes of budget transparency. The research will be released in the form of a book by a publishing house (we are in negotiations with the Brookings Institution Press). The publication date is expected to be at the end of 2012.

Annex A3.6 Value for Money

The OBI's Midterm Evaluation report provides a detailed description of the value for money that the OBI provides for DFID's investment in the program. In this section we build on the issues described in that report.

1. The DFID GTF funding for the OBI leverages approximately GBP one million in IBP resources for greater impact on budget transparency.

During the entire period from 2008-2012, the DFID GTF funding has been used to support the salary costs of only one staff member in the OBI team (the OBI's administrative assistant), and this only since April 2011. The OBI team currently consists of seven full-time staff members who manage and support the program, which is up from three full-time staff members from 2008 to 2010. We estimate that the salary costs associated with OBI team members from August 2008 to March 2012 are approximately GBP 800,000. Of these costs, only approximately GBP 40,000, or five percent, has been charged to the GTF funding provided for the OBI program.

In addition to OBI staff members, the work of the OBI is supported by other key IBP staff members, including the Executive Director, Operations Director, and Communications Manager, who invest substantial portions of their time on the Open Budget Survey. They, in turn, are supported by other staff from IBP's Communications program, Training program, the Mentoring Government program, the Partnership Initiative, and the Administrative team. Although these staff members do not work on every aspect of the Survey, their attention is required during key phases in the process. For example, the Operations Director and the Administrative team help ensure that the consultancy contracts and payments for more than 350 consultants in more than 100 countries are processed in a timely manner. During the period prior to the release of the Survey, the Communications Manager and her team must edit the report and all accompanying materials and ensure they are professionally and effectively presented. Following the release of the Survey, the Communications Manager must conduct intensive outreach to media and other key audiences. The Training Manager and her team assist the OBI team in designing and conducting trainings for OBI partners. Representatives from the Mentoring Government program participate in advocacy and dissemination events associated with the Open Budget Survey, especially in discussions involving government officials.

Even a modest estimate of the time invested in the OBI by staff from other IBP programs (10 percent of time invested by four senior and four junior IBP staff members, excluding the OBI staff) from August 2008 to March 2012 would amount to salary costs of GBP 250,000. None of these costs are charged to the GTF program, which means that the impact of the investments from both the IBP and DFID are multiplied.

2. Although direct comparisons with other global budget transparency projects can be misleading, the OBI is cheaper than its nearest comparable peer instruments

The average cost of conducting the Open Budget Survey in one country is approximately GBP 22,000. As described in the Midterm Evaluation report, this figure is still significantly less than the nearest comparable peer level assessments, such as the World Bank's Public Expenditure and Financial Accountability studies and the IMF's fiscal Reports on Observance Standards and Codes (ROSC) which cost between USD50,000 and USD200,000 per country, respectively.

3. The OBI is subsidized by its partners, who are willing to participate in the Open Budget Survey because they care about the issue

In the main narrative of our Annual Report 2011-12 we state the following: "One of the most important reasons for the impact achieved by the IBP and its partners is the development and use of a rigorous, comparative, and regular assessment of budget transparency, the Open Budget Survey. The Survey's reputation for rigor and its application of a standard methodology across a large number of countries and over time has ensured it some influence over budget transparency discussions in countries. The growing credibility of the OBS also extends to the IBP and its research partners, opening doors to advocate at the international level and within countries for more open budget systems." The perceived legitimacy and importance attributed to the implementation of the Open Budget Survey, and the salience of budget transparency as an issue for civil society advocacy work, inspires a spirit of voluntarism among IBP partners. In addition, many of them are willing to participate in the Survey for other nonmonetary reasons, such as increased visibility for their organizations. As a result, our partners go to considerable lengths to stretch budgets to ensure that the Survey has the biggest impact possible. In some instances, we have not had to pay peer reviewers, who are interested in participating in the research *pro bono*.

4. Better coordination and integration of various IBP programs not only makes us a more effective organization but also provides cost savings

As the IBP has grown as an organization, we have invested considerable time in developing an organizational approach that emphasizes close collaboration and integration between different programs. As a result, IBP staff members from different programs coordinate their activities, which can sometimes result in cost savings and maximizing of benefits from the IBP's total resource availability. For example, the IBP's Partnership Initiative focuses on 18 countries, all of which are also part of the Open Budget

Survey. Wherever possible, OBI and PI staff members coordinate their visits to these countries, ensuring that there are two IBP staff members rather than one to provide technical assistance to partners. Last year, when PI organized training events in Ghana and Mali, an OBI staff member accompanied them and used the opportunity to not only provide technical assistance to the OBI partners in those countries but also to make a broader civil society audience in these countries aware of the OBI's agenda. OBI also strives to achieve multiple objectives when it visits a country, which prevents the need to travel multiple times, saving on costs. For example, an OBI staff member visited Rwanda to support our partner's advocacy campaign (that is being supported by a grant we made) as well as providing technical assistance on the ongoing Open Budget Survey in the country.

In addition to the value for money considerations we have identified above, we also wish to re-emphasize that the OBI works across 101 countries and in most of these countries the program makes modest investments. Despite such small investments, the OBI has achieved important successes in several countries that have responded to OBI results and inputs to institute reforms in budget transparency practices – we have listed these successes in the main narrative of our Annual Report.

Annex A4. Material produced during the reporting period

Item	Date	Title of Material	Description of Material	Web Link (if applicable)
1.	June 2011	Measuring and Promoting Budget Transparency: The Open Budget Index as a Research and Advocacy Tool	Transparency in public budgeting has been a recognized principle of sound governance for a long time. However, reliable measures of budget transparency are still hard to come by. This article introduces the Open Budget Index (OBI), a new tool based on surveys by independent researchers that compares key budget information published by governments across the world. Data from the latest survey, published in 2010 and covering 94 countries, reveals that on average, the state of budget transparency around the world is poor. Countries with lower incomes, weaker democratic institutions, and higher levels of dependency on foreign aid and hydrocarbon sales tend to be less transparent. However, a number of countries have improved the quantity and coverage of the budget information that they publish, in some cases following civil society pressure based on OBI findings. More generally, OBI data helps to identify easy steps that governments and other actors could take to further improve budget transparency.	http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0491.2011.01539.x/abstract
2.	June 2011	Open Budgets, Sustainable Democracies: A Spotlight on the Middle East and North Africa	The Open Budget Survey 2010 reveals that, with an average Open Budget Index score of 23 out of 100, the Middle East and North Africa (MENA) region is the lowest scoring region in terms of budget transparency and accountability. Countries in the region release few documents to the general public, and perform poorly on measures regarding the engagement of oversight institutions with the public on the budget process. While some MENA countries have promisingly begun to undertake public finance management reforms, they should use the Open Budget Survey results to emphasize budget transparency and accountability as an essential component of good governance.	http://internationalbudget.org/wp-content/uploads/Open-Budgets-Sustainable-Democracies-A-Spotlight-on-the-Middle-East-and-North-Africa.pdf
3.	July 2011	Ask Your Government! Initiative Slide Show	This slide show on the Ask Your Government! Initiative summarizes the main goals and achievements of this effort as seen through the eyes of five African researchers in Kenya, Malawi, South Africa, Uganda, and Zambia who recorded audio diaries of their efforts to request and obtain budget information from their governments on areas critical to development, such as maternal health, aid	http://internationalbudget.org/publications/ask-your-government-initiative-slide-show/

			effectiveness, and environmental protection.	
4.	October 2011	IBP Research Note No. 1: Transparency and Participation in Public Financial Management: What Do Budget Laws Say?	This IBP Research Note addresses the role of legislation in promoting both disclosure of budgetary information and the provision of opportunities for public and civil society participation throughout the budget process. The key questions motivating the underlying research were: a) to what extent does budget legislation in different countries cover issues related to budget transparency and participation, and in what level of detail? and b) does the degree to which legislation covers issues related to the public disclosure of budget information seem to affect the actual level of budget transparency in different countries?	http://internationalbudget.org/wp-content/uploads/Research-Note-1-Transparency-in-Public-Finance-Laws1.pdf
5.	October 2011	Assessment of Budget Transparency in Honduras	In early 2011 the Millennium Challenge Corporation (MCC) approached the International Budget Partnership (IBP) and requested an update of the Open Budget Survey 2010 results for Honduras to account for budget documents recently released to the public. The IBP collaborated with the Fundación Democracia sin Fronteras (FDsF), one of its civil society partners in Honduras, to complete the assessment. This report documents changes in transparency throughout the budget process and comments on the extent to which the Honduran government has implemented reforms based on recommendations made in the Open Budget Survey 2010. Finally, the report offers additional recommendations on ways the Honduran government can sustain and expand the budget transparency reforms it has implemented.	(available in English and Spanish) http://internationalbudget.org/publications/assessment-of-budget-transparency-in-honduras/
6.	October 2011	A Guide to Transparency in Public Finances: Looking Beyond the Budget	This is a compendium guide to budget reports not covered in IBP's previous guides or scrutinized for the Open Budget Survey. It examines areas of public finance that are not well understood and especially vulnerable to being shielded from public scrutiny.	(English Version) http://internationalbudget.org/publications/a-guide-to-transparency-in-public-finances-looking-beyond-the-budget/ (Spanish Version) http://internationalbudget.org/wp-content/uploads/Guia-para-la-Transparencia-en-

				las-Finanzas-Publicas.pdf (French Version) http://internationalbudget.org/wp-content/uploads/Manuel-sur-la-transparence-des-finances-publiques.pdf
7.	Dec 2011	IBP Working Paper 1: Budget Transparency and Financial Markets	This paper sheds some light on the link between transparency and financial markets using an indicator of budget transparency based on a comprehensive global survey conducted by the IBP in 2008. Our findings suggest that budget transparency matters for financial markets. In particular, more transparent countries, after controlling for various economic variables, have higher credit ratings and lower spreads. Further, for countries with similar credit ratings, higher transparency is associated with lower spreads. We find limited evidence that more transparent countries are less likely to be downgraded given excessively high spreads. Finally, the change in spreads is smaller for more transparent countries when compared to less transparent countries.	http://internationalbudget.org/wp-content/uploads/IBP-Working-Paper-1-Budget-Transparency-and-Financial-Markets.pdf
8.	Dec 2011	IBP Working Paper 2: Mineral Wealth and Budget Transparency	How does a country's mineral wealth affect the transparency of the government's budget? Among democracies, a country's mineral wealth is not convincingly related to the transparency of its government. But among autocracies, greater oil wealth is correlated with less fiscal transparency, while greater non-fuel mineral wealth is paradoxically associated with more transparency. Explaining this pattern is a challenge: there is no prima facie evidence that it is driven by either membership in the Extractive Industries Transparency Initiative, or by the need to attract foreign investment. There is some evidence that among autocracies, oil reduces transparency because it helps dictators stay in power.	http://internationalbudget.org/wp-content/uploads/IBP-Working-Paper-2-Mineral-Wealth-and-Budget-Transparency.pdf
9.	Dec 2011	IBP Working Paper 3: Political Determinants of Fiscal Transparency	Empirical evidence on the beneficial effects of fiscal transparency ranges from improved budgetary outcomes to lower sovereign borrowing costs and decreased corruption. Despite this, hardly any effort has been invested in exploring the determinants of fiscal transparency. Using a new 85-country dataset, we focus on two	http://internationalbudget.org/wp-content/uploads/IBP-Working-Paper-3-Political-Determinants-of-Fiscal-Transparency.pdf

			important sources of domestic demand for open budgeting: citizens and legislators. Our results suggest that free and fair elections have a significant direct effect on budgetary disclosure, and that they dampen the adverse effects dependency on natural resource revenues can have on fiscal transparency. We also find that partisan fragmentation in the legislature is associated with higher levels of budgetary disclosure.	
10	Dec 2011	IBP Working Paper 4: Budget Transparency and Development Outcomes and Rights	The aim of this paper is to explore the relationship between the quality of the budget process and human development outcomes. It looks in particular at the relationship between the OBI and human development as measured by the Human Development Index (HDI) and a number of related human development indicators, as well as the Economic and Social Rights Fulfillment Index that measures government commitment to economic and social rights.	http://internationalbudget.org/wp-content/uploads/IBP-Working-Paper-4-Budget-Transparency-and-Development-Outcomes-and-Rights.pdf
11	Dec 2011	The IBP Presents Recommendations to New Open Government Partnership Countries	The IBP recently presented recommendations at a working level meeting of the Open Government Partnership (OGP), a new international initiative that brings together governments, civil society, and industry to promote transparency, increase civic participation, fight corruption, and harness new technologies to strengthen governance. When the OGP was launched on September 20, 2011, eight founding governments (Brazil, Mexico, Indonesia, Norway, the Philippines, South Africa, the United Kingdom, and the United States) made specific and measurable commitments to open government supported by a concrete national plan of action. At that same meeting an additional 39 countries (now 41) committed to developing similar national plans of action by April 2012. In preparation for that date, from 6 December to 8 December, 2011, the OGP convened its Steering Committee (consisting of governments and civil society organizations) and all new OGP participating countries to share experiences on developing action plans and undertaking country consultations. The substantial commitments made by the first eight OGP countries offer useful insights for countries that decide to take part in the OGP in the future. The IBP's presented Briefing Note highlights some of those specific commitments in order to provide recommendations to the next wave of governments that will table national plans of action in	

			April 2012.	
12	January 2012	Decentralization and Subnational Budgets	Recognizing the importance of subnational transparency as well as the scarcity of academic and policy literature on the subject, the International Budget Partnership (IBP) commissioned ten pilot studies on the subject. The studies were conducted by IBP's partners in Argentina, Brazil, Bolivia, Croatia, Ecuador, India, Indonesia, Mali, Mongolia, and Peru. The principal aim of the paper is to synthesize the findings of these pilot studies. In order to do so, the paper is organized as follows: Part 1 highlights the importance of subnational transparency, reviews the existing literature on the subject, and discusses its coverage of current assessment tools. Part 2 identifies three concerns with and maps the methodologies used to conduct the pilot studies by pointing out similarities and differences between them. Finally, part 3 analyzes the results achieved on the project, considering the reports on subnational transparency in the ten countries as well as attempts to disseminate them. Based on this analysis, the final part also draws lessons from the studies and makes recommendations for future research.	(Individual studies as well as summary study available at the link provided below) http://internationalbudget.org/what-we-do/major-ibp-initiatives/open-budget-initiative/subnational-work/
	March 2012	Left in the Dark: Parastatal Loans in South Africa	Parastatal loans (transfers of public funds to government-owned enterprises) represent 12 percent of South Africa's annual GDP. Despite South Africa's high level of budget transparency, there are few ways to know what happens to these funds once they are disbursed. This paper was written by Neil Overy and produced as part of a joint initiative of the International Budget Partnership and the Institute for Security Studies to increase access to government budget information.	http://internationalbudget.org/wp-content/uploads/Left-In-The-Dark-Parastatal-Loans.pdf
13	March 2012	The Power of Making It Simple: A Government Guide to Developing Citizens Budgets	This guide is third in a series of IBP publications for governments seeking practical guidance on how to make their public finance systems more transparent.	(Available in English, French, and Spanish) http://internationalbudget.org/publications/the-power-of-making-it-simple-a-government-guide-to-developing-citizens-budgets/

Annex A5 – Web Update

In its fourth year of implementing the Governance Transparency Fund program, the International Budget Partnership's Open Budget Initiative (OBI) continues to use research to establish benchmarks for transparent, responsive, and accountable budgeting; measure government performance against those standards; and support advocacy to promote open budgets. The program promotes *open budgets* based on its belief that more transparent and responsive government budgets can improve the lives of every member of society, especially those who are poor and marginalized.

The OBI implements its flagship Open Budget Survey in approximately 100 countries, primarily in Asia, Africa, and Latin America. It also produces literature and guidebooks on public finance management practices and Citizens Budgets. It 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. The OBI also promotes the development of international platforms, including best practice norms for public finance management, to enhance advocacy in support of greater transparency within countries.

The OBI hosts the world's largest databank on budget transparency, generated from three rounds of its Open Budget Survey. In national and international discussions on public finance management, the Open Budget Index is now widely accepted as the touchstone for transparent, participatory, and accountable budgeting. Donors are an increasingly significant user of OBS data as a source of benchmarking and recommendations for improving budget transparency in countries receiving foreign assistance. And, OBI personnel have provided, and are a source of, advice upon request and high-level presentations to a wide range of institutions and stakeholders.

In 2011 the IBP launched an exciting Budget Transparency, Accountability, and Participation (BTAP) Movement in Tanzania. During the launch, civil society from 56 countries passed a declaration of their vision of open budgeting (see www.makebudgetspublic.org). This global body is expected to undertake coordinated action to promote transparent and accountable budget systems. Also in 2011, the IBP helped establish the Global Initiative for Fiscal Transparency (GIFT), a multi-stakeholder process involving government, civil society, and international organizations to advance and institutionalize significant and continuous improvements in fiscal transparency around the world (see www.fiscaltransparency.net). As a first step, GIFT members, including cabinet ministers from Brazil and the Philippines, the deputy managing director of the International Monetary Fund (IMF), the managing director of the World Bank, and IBP's director approved the initiative's mandate, which includes formulating global norms on budget transparency.

The OBI's Annual Report to the Global Transparency Fund is available at <http://internationalbudget.org/who-we-are/?fa=major-donors>. More information on the OBI and the IBP can be found at www.internationalbudget.org.

**ANNEX A6 – Annual Work Plan
For the Period 1 April 2012 to 31 March 2013**

Below, we present our activities and the results we expect to achieve during the forthcoming year.

Activity 1: Open Budget Survey 2012

We will continue work on the Open Budget Survey 2012. The Survey is likely to be published in early 2013. During 2012-13, we will undertake various activities to support the completion of the Survey. These activities include the following:

- We will finalize the Open Budget Questionnaires for 101 countries and develop a database on the results from the Questionnaires.
- We will write the Open Budget Survey 2012 report.
- We will develop a communications strategy that will guide the dissemination of the results from the Survey. This strategy will be implemented through the production of relevant materials, and the provision of media and dissemination trainings to OBS researchers.
- We will organize international, regional, and national launches on the Survey results.
- We will develop a search and visualization online tool and a digital library with results and materials from the Survey.

These activities will result in the publication of the Open Budget Survey 2012 results in 2012-13.

Activity 2: Subnational Work

During 2012-13, we will undertake the following activities to support our subnational work:

- We will organize training and technical assistance events to assist existing partners in implementing subnational studies.
- We will develop toolkits to assist partners in implementing their studies.
- We will finalize grant contracts with 1-2 new partners on subnational and sector level budget transparency studies.

The main result that we hope to achieve from these activities is to finalize toolkits on subnational budget transparency assessments and deepen the field.

Activity 3: Grants for Advocacy Campaigns and Norm Building

During 2012-13, we will provide technical assistance to partners that are implementing advocacy projects using our grant funds. We will also document the lessons learned from their advocacy work to help guide future advocacy campaigns.

We will also undertake the following activities to support the development of global norms on budget transparency:

- We will continue to participate in meetings organized by the Global Initiative for Fiscal Transparency (GIFT). We will provide research inputs to relevant GIFT working groups to advance the development of global norms on fiscal transparency. We will identify and invite more civil society, governments, parliaments, and auditors to advance and make operational the principles of open budgeting.
- We will continue to engage in the Budget Transparency, Accountability, and Participation (BTAP) Movement. We will support the costs of a coordinator for the Movement, and provide leadership and inputs to help galvanize and make it operational.
- We will continue to participate in working group meetings organized by the International Aid Transparency Initiative, the International Organization of Supreme Audit Institutions, the Open Government Partnership, and the Collaborative Africa Budget Reform Initiative.

The main result that we expect from the advocacy grants is more discussion and dialogues in the 10 countries between civil society and governments on how budget transparency practices can be improved.

The main result from GIFT and the BTAP Movement will be the adoption of High Level Principles of fiscal transparency, as well as coordinated civil society actions to promote open budgeting practices around the world.

The main result from our participation in the various working group meetings is the advancement of budget transparency norms and practices in international public finance discourses.

Activity 4: Research Studies

During 2012-13, we will develop and implement a research methodology on specific public finance activities and funds, such as off-budget funds, tax expenditures, etc. The methodology will be implemented in 5-6 countries and, based on the results, a synthesis paper will be developed that will guide the development of an Open Budget Index (plus) toolkit.

We will also finalize and publish a book on the factors that influence budget transparency practices and examine outcomes related to more open systems.

The main result that we hope to achieve from this activity is to bring attention to the use of public funds that are often shielded from public scrutiny. The book publication will deepen our understanding of the causes and consequences of budget transparency, which in turn will help us fine-tune advocacy strategies directed at improving budget transparency practices around the world.

Annex A9: Giving Citizens the Power to Change Their Own Lives

"I am a poor farmer and this is the first time in my life that I have seen a meeting organized by the government in which the powerful and corrupt are being held to account and I have a forum to speak my mind. That is why I am singing in joy," replied an old man when asked why he had stood up and begun singing at a public hearing in Andhra Pradesh, India. The hearing was the culmination of a state-run social audit in which ordinary citizens were given access to budget information to use to monitor the implementation of a large rural employment program.

These social audits resulted in the recovery of US\$5 million, which were subsequently returned to hundreds of thousands of farmers and workers whose wages essentially had been stolen. These repayments provided the workers with the means to pay for much-needed nutrition and healthcare for their family.

Open government—transparent, participatory, and accountable—leads not only to better public policies but also to better outcomes. This is particularly true of government budgeting. Budgets directly affect the lives of all — particularly the poor and marginalized. Given these stakes, citizens must have access to timely and comprehensive information and opportunities to participate in budget oversight processes.

This belief is core to the work of the International Budget Partnership's (IBP), which receives GTF assistance for its Open Budget Initiative. The IBP collaborates with civil society around the world to analyze and influence public budgets in order to reduce poverty and improve the quality of governance. But openness isn't just about efficiency and effectiveness—openness is also about giving citizens voice and dignity, essential for democratic societies.

The cornerstone of the Open Budget Initiative is the biennial Open Budget Survey, the only independent, comparative, and regular measure of budget transparency, participation, and oversight in over 100 countries around the world. Because of its rigorous methodology and consistent implementation over three rounds to date, the Survey has gained wide acceptance as a credible standard and benchmark good public finance management.

The Open Budget Survey is being used by the Open Government Partnership, which brings together governments, civil society, and industry to promote transparency, increase civic participation, fight corruption, and harness new technologies to strengthen governance broadly.

Because of the credibility of the Survey and its growing cache among various stakeholders, the IBP was contacted early on to provide critical civil society leadership in the creation and implementation of the OGP. In addition, the OGP uses performance on the Survey as one of the criteria for membership. Finally, all participating governments must commit to specific concrete actions to become more open and

accountable in six different areas of governance, including public finance. So far several member countries have committed to concrete actions to open their budgets.

However, these commitments will only be truly fulfilled when citizens are able to gain a new sense of their own power, like the old man in Andhra Pradesh.

Using Budget Information to Pressure Government to Keep its Promise to Children

“Our research shows that it is a matter of political choice and not lack of resources,” said Dalile Antunez, a staff member at the Argentinean Civil Association for Equality and Justice (ACIJ). To pressure the government to fulfill its constitutional mandate to provide education opportunities to all children, ACIJ carried out an advocacy campaign. After their advocacy and research efforts proved unsuccessful, ACIJ decided to file a class action suit against the government, which resulted in the construction of new schools and rehabilitation of older schools that upon completion will provide an additional 7,000 children with access to school (3,300 children are already benefitting).

Budgets are a government’s most important economic policy instrument, directly affecting the lives of all citizens—particularly the poor and marginalized. The International Budget Partnership’s (IBP) core belief is that more transparent and responsive government budgets can improve lives, especially for those who are the most vulnerable. The IBP, which receives GTF assistance for its Open Budget Initiative, collaborates with civil society around the world to analyze and influence public budgets in order to reduce poverty and improve the quality of governance.

One of the most effective ways to do this is to engage in government budget processes or to use budget information to be effective advocates in other *fora* like the courts or the legislature. To support its case, ACIJ analyzed budget policies and data on budget allocations and expenditures for early education and found that between 2002 and 2005, an average of 32.3 percent of the resources allocated for early education had not actually been spent. ACIJ used this evidence to convince the courts to order the government to comply with its own policies, budgets, and laws to provide the city’s children with schooling.

Pointing to ACIJ’s work, Dalile says, “Thousands of poor children all over Buenos Aires are unable to go to school because of lack of vacancies in the existing schools.” Although the city’s Constitution requires the government to deliver free and equal education to every child over 45 days old, increased demand for early education and a lack of new facilities caused a shortage. As is frequently the case, it was children in lower income districts who were disproportionately affected.

ACIJ’s impact on early education in Buenos Aires comes from a powerful combination of experience, persistent advocacy and awareness campaigns, and rigorous budget analysis. By supporting and collaborating with organizations like ACIJ in countries around the world to promote greater public budget transparency and accountability and to engage in analysis and advocacy to improve policies and outcomes, the IBP’s Open Budget Initiative contributes to governance based on accountability and responsiveness.

