

**Contributions to Transparency and Accountability: Public Budgets
From OSF Unit Proposed Strategies 2014 - 2017**

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CONFIDENTIAL

GEOGRAPHIC PROGRAMS AND FOUNDATIONS

ARO

III. From: Fealty to Fields and Places

Transparency and Public Accountability

Corruption, nepotism, and state exploitation of resources are some of the evident consequences of the absence of transparency and public accountability and effective legal mechanisms that protect people's interests. Cultivating a culture of accountability requires both that citizens demand and exercise their rights to know, to be informed, and to seek redress, and that officials are accountable irrespective of their position. To foster this cultural shift, ARO will pursue two avenues that together build greater transparency and accountability and the active engagement of citizens in achieving and protecting both.

1. **Budget Work and Budget Transparency.** ARO will continue its collaboration with the **International Budget Partnership (IBP)** as a key partner we rely on to build the capacity of civil society to utilize this vital tool in a variety of settings where citizen engagement in decision-making processes is both needed and possible. *ARO's goal is a civil society that is active and effective in using budget work and actively advocating for budget transparency.*

OSIEA

From: 3. Fealty to Fields and Places

In budget transparency, we will focus on budget monitoring at the local level to increase accountability by governments. Through documentation and advocacy, we will enhance the effectiveness and independence of anti-corruption bodies. Recent discoveries of natural resources in the region including oil and gas are opportunities for economic growth, but the natural resource curse beckons. Kenya, Uganda, and Tanzania will soon join Sudan and South Sudan in exporting oil. Competition between local communities in resource rich regions and governments, over local benefits could create new flash points. Without transparent natural resources governance laws, corruption will increase in the region. OSIEA will join others to advocate for better legal and policy frameworks on exploration, exploitation, and use of natural resources.

TRANSPARENCY¹

¹ Partners include Hurriyat Sudan, Sudan Tribune, Advocates for Natural Resources and Development (ANARDE), Greenwatch, National Association for Professional Environmentalists (NAPE), Development Law Associates (DLA), Historic Resources Conservation Initiative (HRCI), HakiMadini, Publish what you Pay South Sudan, Centre for Democracy and Development (CEDEC), Skills for South Sudan, Resource Centre for Civil Leadership (RECONCILE), National Taxpayers Association (NTA) and Uganda National Health Consumers Organization among others

Denial of access to public information remains a serious obstacle. While Uganda is one of the few African countries with an access to information law, it has yet to be implemented. OSIEA will support partners to **undertake budget monitoring at the community level, strategic litigation to compel release of information, and public advocacy to press for an end to the culture of state secrecy**. A particularly difficult area that warrants attention is that of natural resource revenues (particularly oil).

SFK

From: 4. FOUNDATION CONCEPTS AND INITIATIVES

TRANSLATING TRANSPARENCY INTO ACCOUNTABILITY

Outstanding work of budget monitoring NGOs supported by SFK over the past several years has led to increased transparency of the budget system of Kazakhstan: in 2012, Kazakhstan has improved its Open Budget Index (OBI) score: 48 against 38 in 2010 and 34 in 2008. In 2011, Kazakhstan became the first post-Soviet country to produce the Citizens Budget (a non technical version of the national budget for citizens). Unfortunately, improvements in transparency have not been matched by improvements in accountability, especially at the local level where citizens still have significant troubles accessing information and influencing budget decisions which have direct impact on their rights or interests. Budget transparency, accountability and public participation in the budget process are measured by the Open Local Budget Index jointly developed by SFK and the National Budget Network of Kazakhstan (NBNK).

In the past few years SFK has piloted a few instruments helping citizens understand the local budget (Citizens Budget), evaluate the quality of public services (Community Score Cards Process) and participate in the budget process (local multi-stakeholder councils). Together with our partners from NBNK we want to capitalize on this accumulated experience and to set up a standard for local budget transparency, accountability and public participation.

One major impediment to greater accountability of local authorities has been Kazakhstan's local governance system: until 2013 all mayors and governors were appointed by the President. We believe that amendments to the electoral law endorsed in 2012, open a window of opportunity for SFK to promote greater budget accountability and involvement of citizens in the budget process at the lowest level: districts and small towns. Another opportunity for us to seize is central government's willingness to increase efficiency of budget expenditures at the local level, and we have successful past experience of collaborating with the Ministry of Finance (on Citizens' Budget).

Over 2014-2017, SFK will have established the best practice of transparent, accountable, and inclusive budget governance at the local level in Kazakhstan. Citizens, NGOs, journalists, government reformists and others will understand what is required of government, what tools and approaches will work for citizens and how the budget process can become more participatory and accountable.

Outcomes:

- By 2015, exemplary non-technical versions of local budgets will have been developed in 5 pilot constituencies whose administrators were elected in 2013, and effective budget hearings will have been conducted there with the support from SFK/NBNK and received abundant and professional media coverage.

- *Assessment:* Strong evidence that some recommendations made by the citizens during budget hearings have been endorsed and taken into account while planning the budget;
- By the end of the strategy period, all local mayors and governors will be producing meaningful and visually understandable citizens budgets (in either printed or online form) and will have conduct regular budget hearings following standard procedure developed by SFK/NBNK and approved by the government;
 - *Assessment:* results of the nation-wide monitoring done by NBNK.
- Transparency, accountability and inclusiveness of the local budget process will have increased across the country as the Agency of Public Service Affairs starts to use the Open Local Budget Index (OLBI) and Community Score Cards Process results for formal performance evaluation of local administrators.
 - *Assessment:* OLBI and Community Score Cards Process have been included into the state system of public service performance evaluation; OLBI and OBI ratings as measured in 2014 and 2015.

Our major partners will be the *International Budget Partnership* with which we have a long history of collaboration, and the *National Budget Network of Kazakhstan*, which with our support has been growing into the community of budget monitoring professionals. We will also rely much on the support of the OSF Think Tank Fund (especially, on data visualization).

Potential Limitations

We understand that we will have to overcome political inertia of local level officials, their adherence to the command and paternalistic governance system («we decide») Therefore, we see the Ministry of Finance, the Ministry of Regional Development and the Agency of Public Service Affairs as our important allies in this process, so one important task will be to demonstrate them usefulness of suggested practices and approaches – from the point of view of more effective and efficient budget governance.

5. CONTRIBUTIONS TO SHARED FRAMEWORKS

Soros Foundation-Kazakhstan does not currently have any fully developed contributions to shared frameworks.

However, we see **Transparency and Accountability**, Youth, Social Inclusion and Migration as fields where effective shared frameworks can be developed – at either regional (Eurasia) or global level, and SFK Board remains open to consider our contribution to these shared strategies.

Mongolia

4. Foundation Concepts and Initiatives

4.1 Making Transparency and Accountability Work

To date a great deal has been accomplished in creating the basic conditions for government and private (primarily mining sector) transparency and accountability. Recent achievements include adopting a right-to-information law, introducing disclosure requirements for assets and conflict of interest by government officials, **improving budget transparency and citizens' engagement**, joining the Extractive Industries Transparency Initiative, and introducing fiscal rules for managing mineral revenues. The Forum has played a leading role in all these accomplishments and has built significant in-house capacity to research and monitor, and to bring together stakeholders from various sectors to discuss and agree on next steps. Both the government and private sector seem to have gradually accepted principles of transparency, public oversight and corporate social responsibility.

However, the battle is not yet won. **Civil society capacity is developing, but is not yet adequate to the task of monitoring and analyzing complex budgets or mineral contracts, mobilizing citizens as abuses become apparent, and bringing suspected irregularities to the attention of authorities, the media, and independent analysts.** Most critically, the expected massive influx of revenues from extractive industries and the manifold possibilities this presents for corruption and self-dealing will put enormous strains on the system; a critical window of opportunity exists *now*, while significant public revenues are expected – and public expectations are high as to how they will benefit the country – but before their influx has entrenched corrupt patterns.

Over the next four years, and particularly in the coming year, the Forum intends to lead a relentless campaign focusing on filling the gaps in and the actual implementation of laws, policies, systems and practices which ensure transparency and accountability

Outcomes:

- A strong and independent civil society monitoring capacity will be in place. The Forum itself will specialize in high level and detailed analyses of transparency and accountability mechanisms, fiscal policies and natural resource revenue management. At least several NGOs able to monitor budget, contracts, revenues and spending in important regions and industries will have been strengthened or established, with multiple funding sources;
- **Fully adequate standards for transparency and accountability will have been adopted, built around best practices and tools enhancing citizen participation, particularly focused on central and local government budgets, delivery of public goods including energy and infrastructure, and the management of state owned enterprises;** and,
- Best practices specific to extractive industries management and revenue management will have been widely publicized and pushed. The most important will have been codified in laws and regulations, including those related to pricing/valuation, licensing/concessions, supply chain contracting, and reporting transparency. Specific revenue management rules will be adopted and adherence to these rules will be monitored by the Forum and its partners.

(See Natural Resources Government document for further details)

Pakistan

From: 3) Fealty to Fields and Places

b. Transparency Program

Budget Transparency

The budget process in Pakistan is closed and inaccessible for the general public and so transparency in the area of public finance becomes key to transparency and accountability in all other areas. OSF Pakistan will work to ensure more open, participatory and accountable public financing that is responsive to the needs of citizenry.

OSF Pakistan is involved in some budget analysis work through local partners in Khyber Pukhtunkhwa province. Our partner, Omar Asghar Khan Development Foundation, focused on the transparent use of post flood rehabilitation funds and discouraged the use of block funds that gives greater discretionary powers to politicians on fund allocation. Another partner, Centre for Governance and Public Accountability, has just started a project on engagement of local civil society groups and media in budget making process at local level. Expected outcome of the project is improvement in social sector service delivery in target sectors (education, water and sanitation, waste disposal, and health) at local level (union council and municipal committee) through citizens' participation in planning, budgeting, monitoring and evaluation of the development projects. The data collected from budget analysis work will be used to mobilize citizen activism through people's assemblies, and in assisting citizen-state engagement on the budget through roundtables and public hearings.

We plan to continue our support to these organizations as well as identify new partners who can extend the scope of budget monitoring work to more thematic (we will collaborate with Education Program to monitor education budgets) and geographic areas. Our existing partners, specifically OAKDF, with their experience on budget work and strong advocacy skills, will take a lead on scaling up the budget work through building horizontal and vertical connections with other actors interested in/working on budget transparency. Through trainings, network building, capacity building and support for on-ground work OSF Pakistan will contribute towards building this newly emerging field, through supporting collaboration between competent civil society groups that are skilled and actively advocating in the area of budget transparency, in the form of a coalition. DFID, National Endowment for Democracy (NED), and International Budget Partnership (IBP) are also supporting initiatives in this field.

From: 4) Program Concepts and Initiatives

d. Transparency Program

Transparency and Accountability of Government - Community Social Audits

Promoting public accountability at the local level through social audits is one area that OSF Pakistan is set to explore to promote transparency. **Drawing on the successful social audit model used by OSIEA in Kenya OSF-Pakistan intends to pilot a similar initiative. This will assist and train community groups and individuals to use the social audit tool in order to evaluate how well public resources are being used and encourage maximum community participation in their location and constituency. Social audit includes measures for enhancing transparency by enforcing the right to information in the planning and implementation of local development activities, and so the projects will also be closely linked to our work on RTI.**

A mapping of key strategic partners in this area is underway and potential organizations include; Shehri – Citizens for a Better Environment, Strengthening Participatory Organization, Pakistan Fisher Folk Forum, and Human Rights Commission of Pakistan. Local development projects under the health, education and water and sanitation departments will be tracked through these audits in 3 union councils/towns across 3 provinces of the country.

OSF Pakistan will learn from the experiences of OSIEA supported social audit in Kenya and intends to involve experts from that project as technical trainers for our pilot. The potential risk is that local civil society groups conducting the audit could face resistance from the relevant government departments when they try to access project documents and budgetary information, and carry out on-site monitoring of the service delivery programs. We will overcome this potential risk by working with local organizations that have strong networks at the community level and with government line departments. The use of RTI laws will also be made where feasible to access information. The ultimate goal is for citizens to use the social audit tool to push for accountability in public sector service delivery and to institutionalize social accountability concepts within the governing bodies responsible for these public programs. Empowering citizens at the grassroots level to use the social audit tool will be coupled with our advocacy efforts to secure a legal mandate (RTI) through which social accountability can further thrive. **These efforts, combined with equitable, participatory budgeting will create a wider and stronger network to promote transparency and accountability in Pakistan.**

Serbia

5. CONTRIBUTION TO SHARED FRAMEWORKS

Transparency and Accountability: If the T&A is approved as a SF, the Foundation will partake in it by “uploading” the methodologies developed by local T&A actors from Serbia and OSFS itself as well as the Foundation and other T&A actors’ expertise. It will implement the SF to address the needs of the country, contribute to achieving the goals of the OSFS Strategy or add value to its operations, i.e. “download” suitable instruments and expertise. OSFS may be ready to financially contribute to the SF and might ask for additional OSF funding.

OSF-SA

From: 3. FEALTY TO FIELDS AND PLACES

We will focus our work in these four fields:

1. Promoting public- and private-sector accountability
2. Advancing civil society and promoting socioeconomic rights
3. Protecting the free flow of information and freedom of expression
4. Strengthening justice and equality

Promoting public- and private-sector accountability

Domestic environment

High levels of state and private-sector corruption, combined with widespread misallocation and mismanagement of public resources, erode the possibility of building an open society.

Institutions mandated by the Constitution to combat corruption and exercise oversight face political pressure and/or undue executive interference, with mounting attacks on the judiciary. Oversight of the procurement of public goods and services is generally weak, with powerful patronage networks manipulating these processes to capture public funds.

There is a growing public outcry against corruption, and in support of transparency and openness, and OSF-SA will play a supportive role in this area. Calls to reform the non-transparent political party funding process are gathering pace especially with the upcoming national elections in 2014. Several key partners are working to increase accountability in the allocation and use of resources through information dissemination, legal action, community mobilisation and public hearings.

Our partners include but are not limited to: Centre for Community Law at the University of the Western Cape, Corruption Watch, Democracy in Africa Research Unit at the University of Cape Town, Electoral Institute for Sustainable Democracy in Africa, Institute for Security Studies, My Vote Counts, Ndifuna Ukwazi, Open Democracy Advice Centre, Parliamentary Monitoring Group, Public Affairs Research Institute, Election Monitoring Network, South African Council of Churches.

Other funders that support our partners include: Bertha Foundation, CS Mott Foundation, Ford Foundation, HIVOS, Heinrich Böll Stiftung, Raith Foundation.

International environment

South Africa should play a critical, informed and legally sound role on governance and rights issues in Southern Africa and within the Group of 20, the United Nations, the African Union (AU) and the BRICS (Brazil, Russia, India, China, and South Africa). But it is far from clear that the practice of foreign policy is living up to South Africa's constitutional values, and the principles of justice, equality and fairness. This is reflected in the unpopularity of Pretoria's foreign policy in Africa – and the unclear mandate under which South Africa extended its presence in the Central African Republic, where 13 South African soldiers were recently killed.

OSF-SA has taken the initiative to build civil society monitoring in this area, launching the South African Foreign Policy Initiative (SAFPI) in 2011 as an independent centre of scholarship, oversight and advocacy. However, going forward, the rational location of the program will be determined in full consultation with OSISA and AfRO. Grants and technical support can help fill gaps in this specialised field, where the presence of partners is limited.

Our partners include but are not limited to: Academics who specialise in international relations, Institute for Global Dialogue, Institute for Security Studies, South African Institute of International Affairs, Southern African Litigation Centre, Southern African Revenue Watch.

Other funders that support our partners include: AfRO, OSISA, Heinrich Böll Stiftung.

Over the 2014-2017 period our work in this field will focus on:

- Citizen and community participation in broad and fair democratic processes
- Reform of political party funding, oversight of public procurement and increased accountability for social delivery at community level
- **Transparency and accountability of private and public interests in South Africa and the Southern African Development Community (SADC) region – through increased regional collaboration, particularly with OSISA and AfRO**
- Oversight and analysis of South African foreign policy at a regional and global level
- South Africa's international record on human rights, and its regulation of private power, especially in the extractive sector

4. CONCEPTS AND INITIATIVES

Mindful of our consolidation phase, OSF-SA proposes two initiatives for 2014, which will provide increased traction in promoting the goals of an open society. These initiatives will be undertaken in

close collaboration with internal and external partners, using the full set of tools that are available to us as a grant maker.

The proposed initiatives are:

1. Social auditing of public service delivery at local government level
2. Accountability and transparency of the extractive industry through a collaborative project with OSISA, external partners and relevant OSF programmes

These initiatives are outlined below:

Social auditing of basic services

Social auditing provides a credible methodology and critical leverage for local communities to improve the quality and efficiency of service delivery, particularly at a local government level. The South African government contracts out a high proportion of its service delivery operations to private companies and contractors. The contentious debate is most often about who gets the tender (i.e. cronyism) and less about the proficiency of the management of the contract, and the quality of services delivered in respect of contractual obligations where public funds are used to procure those services. Social auditing provides local communities with leverage in terms of an evidence-based research outcome that can graphically portray the discrepancies in contractual delivery obligations. As a consequence, government is pressured to improve its management of the contract and to ensure more effective public monitoring and evaluation systems (sometimes with assistance from the local affected communities). Contractors are also forced to manage their contracts better if they are to avoid contractual penalties, termination, and/or negative publicity. This has the indirect effects of cutting out fly-by-night contractors who want to profiteer off unsatisfactory services, **benefitting local communities by allowing them constructive means of engagement (rather than violent protests), and greatly improving the delivery of the public good.**

This presents significant possibilities for partnerships: bigger contractors assisting smaller contractors to improve project management; accounting and/or engineering firms and civil society agencies assisting local governments to improve supply chain management processes and have better contract management capabilities; and **local communities learning the art of social auditing as leverage to engage with authorities and outsourced companies in a non-violent, legally sanctioned manner that holds power accountable.**

This will require linking paralegal work with access to information requirements and assisting in engagement with local councils; encouraging the engineering and auditing professions and proficient NGOs to learn the methodology of social audits and to train others, pro bono skills training, and fellowships. The programme will be conducted with the technical support and advice of OSIEA, which has experience in this area, and will draw on a range of tools, including advocacy, capacity building, establishing public/private partnerships, litigation, and monitoring and evaluation, as well as supply chain management training and developing models of best practice. Our key strategic partners in promoting and conceptualising this initiative for 2014 will include the Independent Budget Partnership (and their partners in Mexico, East Africa, Philippines, India); Nurcha; Namati Innovations in Legal Empowerment; the Centre for Social Auditing; the engineering and auditing professions, NGOs and social movements that are respected in communities; religiously affiliated organisations; media; advice offices; other donors; and sympathetic public representatives. Likely opponents will include community “gate-keepers”, incompetent contractors, and politicians and bureaucrats with vested financial interests. Risks include the difficulty of scaling up in the short term; growing defensiveness and uncooperative attitudes among local authorities;

the targeting of community activists by police and others with interest in the status quo; and fatigue of local organisations.

OSISA

From: 3. FEALTY TO FIELDS AND PLACES

B. DEMOCRACY AND GOVERNANCE

GOAL: To strengthen the capacity of all citizens, particularly the poor and marginalized, to actively participate in democratic processes and hold their governments accountable.

THE FIELD: Maximizing democratic participation in the region requires: electoral systems that are free and fair and encourage voter participation; well organised civil society to hold governments accountable between elections; access to information and freedom of expression; **accountability and transparency at all levels of government, to counter corruption and account for the use of state resources.** The prohibition on political parties taking part in elections in Swaziland poses a particular problem.

KEY AREAS OF WORK 2014 – 2017

Anti-Corruption: Corruption is the cause and consequence of authoritarianism and secrecy, and steals money that should be providing services to the poor. A neglected area is the role money plays in party politics. Many studies by Transparency International and other public integrity organisations have demonstrated the negative impact of corruption on economic growth, service delivery and open society. The institutions tasked with combating corruption experience political interference and operate in weak institutional and legislative frameworks. Public accounts Committees of Parliament, while willing, are often unable to detect and effectively eliminate corruption due to capacity constraints and weak legislative and oversight mechanisms. OSISA proposes to focus on strengthening anti-corruption bodies, developing people's capacity to fight petty corruption and promoting review of laws and policies on public disclosure by public officials.

By 2017 OSISA will have targeted its support at a few critical and strategic civil society organisations and the media; built an effective demand side capacity to document, advocate, develop policy options and expose corruption as prohibitive to the development of open and democratic society on the part of civil society. On the other hand, OSISA will have strategically engaged with state entities, parliamentary oversight bodies especially Budget and Public Accounts Committees, and national commissions to increase their capacity, independence of existence and operations. This will encourage prosecution, support changes to relevant laws and policies on public disclosure by public officials and greater use of research findings to reduce the prevalence and cost of corruption to the economy and society.

In 2014, OSISA will provide institutional and technical support to anti-corruption bodies, such as the Southern Africa Forum on Anti-Corruption (SAFAC) and establish a partnership with Transparency International to effectively work on anti-corruption in Southern Africa, support training of anti-corruption organisations in each country on the uses of modern ICTs and social media in monitoring and exposing corruption on key areas that affect citizens most, such as accessing identity documents, education, and health; provide support for a regional dialogue on

ways to ensure more transparent political party funding and so reduce the influence of money on party politics; and support the development of a model anti-corruption law as well as review laws and policies on the public disclosure of assets by public officials in Malawi, Mozambique, Zambia, Zimbabwe, Angola and DRC.

C. SOCIAL AND ECONOMIC JUSTICE

GOAL: To promote equitable access to quality basic services, promote rights-based approaches to environment and natural resource governance and **expand the space for public participation in economic development policy formulation.**

THE FIELD: Economic and social justice is fundamental for the realisation of human rights and sustainable democracies. Yet, governments in Southern Africa are failing their duty to fulfill these rights as reflected for example in the Universal Declaration of Human Rights (UDHR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR). Inappropriate economic and social development policy frameworks, a lack of implementation of existing policies, poor governance of public finances and bad resource governance are at the root of this challenge. The failure of states to deliver socio-economic rights most severely impacts on marginalized groups, amongst whom poverty and inequality is deepening in a region that has in the recent past experienced rapid economic growth and a resource boom.

In recent years, this paradox of economic growth, high levels of poverty and growing inequality has galvanized citizens to organize themselves into social movements to engage with the state and the private sector to promote transparency, accountability, and improved opportunities for all. Our social and economic justice programming takes as its point of departure the need to promote equitable access to socio-economic rights through supporting and **full participation and engagement of marginalized communities in economic governance and social development process that shape and improve their well-being.**

KEY AREAS OF WORK FOR 2014 - 2017

Promoting Transparency and strengthening accountability monitoring mechanisms: Transparency and accountability are critical factors in enhancing government performance and maximization of revenues available for development and improved service delivery. OSISA will continue to assist key social movements such as the Economic Justice Networks, National Education Coalitions and the Training and Research Support Centre in Zimbabwe to establish effective systems for tracking budgets and expenditure on health, education and other social services with particular focus on DRC, Zimbabwe and Angola. OSISA will also support increased advocacy initiatives and the monitoring of social and environmental accountability in relation to extractive industries and investments in land and agriculture in Angola, DRC, Mozambique, Botswana, Zambia and Zimbabwe.

By 2017 OSISA support will lead to improved monitoring and reporting capacity of oversight bodies, civil society, social movements and marginalized groups with robust national and regional structures established to achieve this goal.

In 2014 we will facilitate exchange of tools and lessons for purposes of strengthening monitoring efforts at local government and community levels. We will upscale a number of ongoing initiatives by providing support to organisations such as Mulyashi Resource Watch in Zambia, the Fungurume Resource Watch and Moanda Resource Watch in the DRC to produce a model of community

resource monitoring for Southern Africa. OSISA will invest in capacity building of Publish What You Pay Coalitions and key local civil society organisations such as CERN in the DRC, Copperbelt Community development Forum in Zambia, Kuwuka in Mozambique, ZELA in Zimbabwe and Policy Analysis and Research Institute of Lesotho (PARIL) in Lesotho. Support will be provided for training courses in social accountability monitoring for Economic Justice Networks and various CSOs through the Public Service Accountability Monitor at the Rhodes University. Other key initiatives will include continued efforts to monitor the oil sector in Angola. Support will also be given to the Pan African Climate Justice Alliance, FOCCISA, AFRODAD and other NGOs to contribute to the development of tools to track and monitor commitments for climate finance and build a network of practitioners and providing the public with budget information which will enable them to hold the state and private sector accountable.

Tajikistan

3. FEALTY TO FIELDS & PLACES

3.1 Transparency and Accountability

The field is just developing in the country and civil society capacity to hold government and the private sector to account is still extremely limited. Citizens are just beginning to understand that they have a right to information, and that democratic governments are supposed to be held accountable. **There has been important progress at the state level: the Government of Tajikistan has joined the Extractive Industries Transparency Initiative and the Ministry of Finance has publicly announced a serious commitment to the Open Budget Initiative.** To date neither government nor major donors are making serious attempts to engage civil society in decision-making processes, but the core third sector institutions have been formed. They include the Consumer Union of Tajikistan/EGI, focused on consumer rights; **Transparency for Development Coalition, established with the assistance of OSI Tajikistan and focused on budget monitoring and extractive industries;** the Civil Internet Policy Initiative, focused on access to information and Internet policy development. These institutions have received funding from the World Bank, UNDP, Germany's GIZ and OSF's CEP in addition to OSI Tajikistan.

Over the course of the strategy period, OSIAF intends to:

- Provide the major institutions with capacity building grants and technical assistance, based both on their stated needs and on our assessment of their organizational capacity-building needs;
- Fund them in particular in developing and providing the kinds of products and services which will be useful to citizens, to other civil society actors, and to government reformers, so that they demonstrate their value and advance their prospects for sustainability.

Within the OSF family, we plan to involve EITI, the Open Government Partnership and the Open Budget Initiative. We plan to approach the field's current supporters (see above) to coordinate support when possible.

5. SHARED FRAMEWORKS

We do not have enough information so far on the status of shared frameworks to make any informed decisions on participation. The foundation is interested in being part of shared frameworks on Inclusive Education, Migration, Torture, and **Transparency and Accountability**.

IRF

From: 3. Fealty to Fields and Places

Field I: Promoting Standards of Good Governance, Transparency and Accountability

The overall goal of this field - to strengthen the impact of civil society on achieving standards of good governance, transparency and accountability - is pursued through three interlinked objectives: (a) improving the quality of democratic processes; (b) strengthening society's demand for transparency and accountability and putting them on a public policy agenda; and (c) leveraging existing commitments vis-à-vis the EU and the future Association Agreement to push domestic reforms in key areas.

b) Strengthening society's demand for transparency and accountability and putting them on a public policy agenda

International indexes show that corruption in Ukraine is on the rise. This assessment is related to civic activities in the field that disclose facts of corruption in areas previously closed to public scrutiny. The journalist community consolidates around respected investigative journalists that lead its efforts to counter attacks on the freedom of speech and access to information. IRF will provide grants to help partner NGOs catalyze and implement anticorruption initiatives in areas of strong public interest: public procurement, control over public revenues and expenditures, energy, education and health.

Specifically, the Center for Policy Studies and Analysis and anticorruption platforms of investigative journalists will disclose and circulate facts of corruption for pick up by advocacy initiatives and the media. Transparency International Ukraine and the OGP coalition will assess the implementation of the Action Plan within the Open Governance Partnership (OGP). **The EnergoTransparency Coalition will advocate transparency of public finance and corporations through the instruments of monitoring and participation in designing Ukraine's Action Plan within the Extractive Industries Transparency Initiative (EITI)**. Opora will work to roll back corruption in higher education, building on the system of independent external testing of knowledge (IET), developed and implemented by the IRF and adopted nationally by the Ukrainian government thereafter, as well as on mobilization of the student and educator communities for ensuring public monitoring of education administration. The strongest advocates of transparency and accountability in public health - the Ukrainian Communities Advisory Board (UCAB), the Anticorruption Action Center, and the Network of People Living with HIV/AIDS will work to ensure patients' control over public procurement and distribution of essential medicines for HIV, Hepatitis C and TB. Light of Hope and Ukrainian People's Health will establish model independent oversight

boards to ensure transparency, public/charitable funds misuse and eliminate imposed payments at public health facilities.

THEMATIC PROGRAMS

AEPDI

From: Program/ Concepts and Initiatives

For **Malawi**: The second area of focus is **public financial management with emphasis on entrenching prudent public financial management mechanism particularly public procurement systems to reduce waste and improve value for money of government spending**. We will work on the government's strategies for enhancing domestic revenue mobilization and tracking systems for identifying leakages, and fraud revenue as well as advice on the appropriate tax and tariff regimes to support private sector growth while helping identify additional investment incentives to boost SME activities in the economy.

MPI

3- Fealty to Fields

Public Budgets

Public budgets are rightly referred to as the most important policy instrument of any government; they are the vehicle by which political authorities shape social and economic development and determine how resources get redistributed throughout society. Thanks in large part to the work of the International Budget Partnership (IBP) and its local partners, the open and accountable management of public budgets—seen just 10 years ago as a potential threat to competitive markets—is now universally accepted as central to development and democratic governance. With early support from OSF, Ford and Hewlett, IBP has effectively created the budget field as we know it today, and continues to play a central role in providing technical, networking and financial support to an increasingly sophisticated global network of local budget monitoring organizations. Its global budget index has been adopted by mainstream institutions such as the OECD, the International Organization of Supreme Audit Institutions (INTOSAI), the Millennium Challenge Corporation and OGP as a best practice performance standard. At the country level, groups such as Fundar (Mexico), Public Service Accountability Monitor (South Africa), Twaweza (Tanzania) and Pattiro (Indonesia) are deploying a wide range of strategies to achieve goals across the public spending chain that include increased spending for essential services, more active co-creation of budgets in partnership with citizens, greater the depth and breadth of budgetary information disclosures, reduced corruption in the public spending (and especially procurement) , and improved quality of local services. Many of these groups are weakly institutionalized and/or isolated from other key oversight actors with common agendas.

In recent years, bi- and multi-lateral donors such as USAID, DFID and the World Bank along with Omidyar and Ford have taken a growing interest in supporting social accountability and participation work around public resources through the new Global Partnership for Social Accountability (GPSA) and the Make All Voices Count (MAVC) initiatives. OGP and the Global Initiative on Fiscal Transparency (GIFT) have firmly placed open budgets on the agenda of emerging market reformers such as Brazil, the Philippines and Indonesia, along with the World Bank, IMF and Inter-parliamentary Union, creating new opportunities to directly engage governments and new stakeholders such as Supreme Auditors in piloting more ambitious reforms. Governance has also emerged as a focus in the post 2015 development framework, with opportunities to these strengthen goals and their implementation.

Strengthening the public budget field is essential to maximizing the overall impact of MPI's strategy. Any success that MPI and its partners have in increasing a government's ability to collect revenue—whether through reducing illicit capital outflows or improving extractive investment deals—will have perverse impacts for citizens if these countries are ill-prepared to manage these additional resources well. This highlights the importance of more closely linking natural resource governance, illicit flows and budget monitoring efforts at the country level, and ensuring that OSF's budget-side investments catch up with our heavy revenue-side engagement to date.

For 2014-2017, **MPI will therefore increase its support for global budget work**, while also providing modest support for international norm-building initiatives and innovative country-level investigative/whistleblowing efforts. **Priorities include:**

- **The International Budget Partnership (IBP)**, which MPI will support to scale up its mentoring, technical assistance, capacity-building and research efforts. IBP will spin off from its longtime host organization (CBPP) in 2014 and MPI will work closely with the its long-standing Director, Warren Krafchik, and an impressive core group of board members to support a smooth transition and the creation of strong governance structures. IBP is developing an ambitious growth strategy that seeks to generate substantial new re-granting resources for long-term institutional support and ongoing technical assistance to several dozen highly promising local budget organizations. MPI will contribute to this effort, and work with IBP and donors to shore up a sub-set of local budget organizations in each region with core institutional support (ideally co-funding with local foundations). Example groups would be MUHURI (Kenya), Seknas Fitra (Indonesia) and Concerned Citizens of Abra for Good Government (Philippines).
- **New models of civil society budget watchdog work such as Corruption Watch (South Africa) and the unrelated Corruption Watch (UK)**, which use high and low tech means to collect and sort whistleblower complaints about public resource abuse, have in-house expertise (former police detectives and tax collectors) to independently investigate serious claims, and then conduct strategic litigation around the best cases with pro-bono legal support (including OSJI and local firms).
- **Research and advocacy efforts that seek to identify and increase incentives for governments to reduce budgetary corruption and improve fiscal transparency and accountability**, for example by examining the role of governance indicators in the issuance

of sovereign credit ratings.

While supporting IBP, its local monitoring partners, and a small group of innovative whistleblower organizations will constitute the bulk of MPI's grant making in this field, MPI will also observe the evolution of **the Global Initiative on Fiscal Transparency (GIFT)**, the **newly formed Global Movement for Budget Transparency, Accountability and Participation** (a sort of PWYP NGO coalition for the budget world), and the **World Bank's Open Contracting Initiative**, potentially providing some seed support if deemed strategic.

MPI will work closely with regional and thematic programs and local foundations to provide strategic advice, networking, information-sharing and advocacy support around their budget monitoring activities, including AfRO and the Africa regional foundations, OSIFE, the Latin America Program, the Central Eurasia Program, the Burma Project, the Southeast Asia Program and the MENA Program. This includes encouraging greater emphasis on budget monitoring work in resource-rich countries where it is not currently taking place, and also working with foundations to broaden their budget partners and allies beyond standard watchdog NGOs. MPI will also work with internal OSF stakeholders on an IBP-initiated effort to jumpstart budget work in Europe—where it is drastically lacking—that is of great interest to OSIFE, as well as PHP, Roma Initiatives and the Think Tank Fund. MPI will work closely with the Information Program to help IBP build the skills and tools necessary to more effectively use and disseminate their data. **MPI will provide a few Fellowships each year** to support practical research on learning and impact in the field (e.g. examining the economic impacts of fiscal transparency reforms) and/or longer-form investigative work on controversial topics that can influence public policy/debate (e.g. Andrew Feinstein's recent fellowship exploring the arms trade and procurement corruption).

From: 4-Concepts and Initiatives

The misuse of public resources for political purposes is a cross-cutting issue that intersects with all of MPI's other priority areas. For example, we have seen resource revenues responsibly placed in a transparent oil savings fund in Mongolia, and then flagrantly raided by incumbent politicians during elections. Likewise, the skyrocketing cost of elections and ill-conceived political finance regulations in Indonesia regularly lead politicians to illicitly tap public budgets to fund their campaigns. And it goes without saying that illicit flows and particularly money laundering and anonymous shell companies play a major role in facilitating the theft of public resources for political purposes, as well as the provision of kickbacks from officials to campaign donors. Yet the potential solutions to the problem are not straightforward. MPI could spend a decade fighting for and achieving the adoption and implementation of disclosure regulations for political financing in a set of priority countries, without making a dent in political corruption. There are always clever workarounds for politicians seeking to hide illicit donations, as the U.S. Super PAC experience demonstrates, and plenty of incentives to find them. The program could likewise spend enormous effort trying to introduce new campaign finance schemes in emerging democracies, and end up getting nowhere for the same reasons that progress on publicly financed elections in the U.S. has

been so elusive. Making links between campaign contributions and public procurement kickbacks is an important but highly fraught enterprise, where often the most that can be accomplished is to raise suspicions and an aura of impropriety, rather than achieve any hard form of accountability. A substantial new influx of beneficial ownership information could dramatically increase our ability to trace conflicts of interest/quid pro quos between government officials and their political patrons to generate public scandals, but there are very few groups at present with the skill-set to do this work.²

All this is to say that while the stakes for finding ways to reduce the gross misuse of public resources for political purposes are enormous, the entry points for action require substantial additional research and exploration. Accordingly, **MPI will spend 2014 getting to know the international field around political finance corruption** such as it exists, undertaking consultations with internal OSF stakeholders (foundations, regional offices, the US and South African Money in Politics programs and the Information program in particular) as well as external actors (e.g. International IDEA, Global Integrity, Sunlight Foundation, Fair Play Alliance, K-Monitor, etc...) and supporting a small number of research and design efforts that can inform a longer term MPI strategy around political financing. This scoping process will likely result in the identification of a small number of priority countries where a number of different strategies will be attempted with a long term time horizon in mind.

6-Other Significant Collaborations

Transparency and Accountability Initiative Donor Collaborative (TAI)

MPI will support TAI--which OSF helped co-found (along with Hewlett, DFID, Omidyar and Ford) and currently hosts at our London office—both operationally and financially. TAI has pivoted from seeding major policy initiatives like OGP to developing new tools, networks and partnerships around impact and learning within the **public resource governance field**. MPI will use TAI's new community of practice to engage with and learn from other donors, academics and practitioners, potentially develop new research and learning partnerships (e.g. OGP impact tracking with Omidyar and Hewlett) and cultivate new sources of donor support for MPI priorities.

Open Government Partnership (OGP)

MPI will provide moderate grant support to the OGP Support Unit and OGP Civil Society Coordinator, as well as provide strategic advice and undertake advocacy through its seat on the OGP Steering Committee, which it shares on behalf of the Transparency and Accountability Initiative. OGP has created valuable opportunities for civil society and government reformers to drive forward new initiatives, from compelling the US and soon the UK to finally sign on as EITI implementers, **to introducing new subnational participatory budget and social auditing**

² Virtually every investigative group (including Global Witness and OSJI) turns to one entity, the Organized Crime and Corruption Reporting Project, and one individual, Paul Radu, to trace beneficial ownership relationships at present.

processes in the Philippines and Indonesia, to publicly-sourcing political finance reforms in Estonia. MPI's primary goals for OGP over 2014-2017 are to strengthen its organizational and financial health—particularly through increased government funding—and ensure that the Independent Reporting Mechanism becomes a credible tool to hold governments publicly accountable for both positive and negative performance.

Global "Follow the Money" Fund

MPI is currently exploring the creation of a new challenge fund with DFID, Omidyar and USAID to support civil society monitoring work on natural resources, **budgets and service delivery**. MPI will work with the founding donors to stimulate additional contributions from G8 governments and industry, with the goal of achieving \$50-\$100 million in new resources for the field over the next 4 years.

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