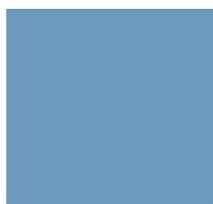


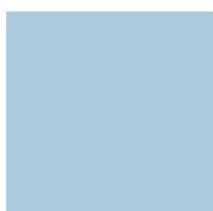
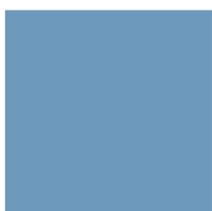
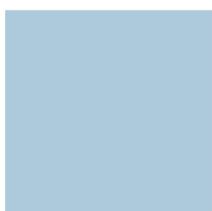
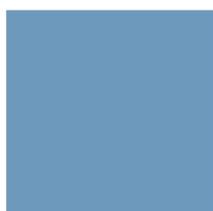
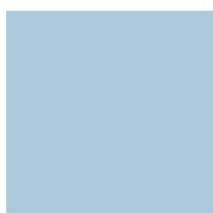
INTERNATIONAL **DIALOGUE**
ON PEACEBUILDING & STATEBUILDING

Concept Note on Country Dialogues—Transparency

Document 10



SEVENTH INTERNATIONAL DIALOGUE WORKING GROUP
MEETING ON NEW DEAL IMPLEMENTATION
22-23 May 2015, Abidjan, Côte d'Ivoire



1. PURPOSE

This concept note seeks to outline a proposal for organising a workshop on transparency in a g7+ country, possibly Timor Leste. In particular, it seeks to identify a range of issues, priorities and challenges for improving transparency in fragile and conflict-affected states in order to shape discussions and encourage agreement at the New Deal Implementation Working Group, 22-23 May 2015 in Abidjan.

2. BACKGROUND

By endorsing the New Deal, governments and organisations have committed to “more transparent use of ODA and non-ODA.” This commitment is interlinked with other New Deal commitments, such as one vision, one plan; compacts, strengthening and increasing the use of country systems, and timely and predictable aid, as well as strengthening capacities. Transparency is also one of the ten indicators of the Global Partnership Monitoring Framework (indicator 4). It is therefore important to understand transparency not only in terms of aid funding, but also of public finance writ large. Increasingly, aid is one component within a broader spectrum of development financing, including domestic revenue.

Transparency of public finance benefits a number of stakeholders. First, government officials can get a more comprehensive view of available resources in order to set policy objectives, plan and invest. Second, donors can better identify how they can support these policy objectives with interventions that can fill critical gaps in public investments and services, but which can then be sustained by domestic expenditures. Third, civil society and the broader public can better hold national authorities to account, with greater access to information on public spending, including all forms of development financing. Accountability and citizen participation can thus help to restructure state-society relations in favour of greater democracy.

3. OBJECTIVES

The proposed workshop on transparency will have four objectives, which are:

- i) Explore ways to improve the functioning of aid information management systems and data collection;
- ii) Explore opportunities for strengthening the transparency of the national budget, including both aid-on-budget and domestic revenue streams;
- iii) Discuss how to improve the impact of transparency on citizen engagement.
- iv) Explore ways to improve the predictability of available resources;

The implications of the global architecture and dialogue on aid transparency on country-level efforts and initiatives will also be explored, in particular the on-going discussions within the Global Partnership on a “common, open standard for the electronic publication of timely, comprehensive and forward-looking information on development cooperation, taking into account the statistical reporting of the OECD-DAC and the complementary efforts of the International Aid Transparency Initiative”.

4. COMPONENTS

The workshop would structure discussions and knowledge sharing around four components below.

4.1. Aid information management systems

Several partner countries have developed aid information management systems (AIMS) in order to get a comprehensive view of how and where aid resources are flowing into the country. Donor inputs into AIMS on a regular basis, and in a standard, compatible format, are essential for enabling partner countries to take the lead and own the development agenda. The recent Global Partnership consultation on the proposal for a transparency indicator also demonstrated a strong need for improving the usability of donor reporting and data on flows for development cooperation. This is particularly important in fragile and conflict-affected states that are generally more aid-dependent and have weaker institutions, but also host a greater number of international partners. At the Workshop, g7+ countries, possibly Timor Leste would make presentations on their respective AIMS: in case of Timor Leste, the Aid Transparency Portal. They would seek to outline the needs, priorities and challenges in managing and updating their AIMS in collaboration with their donors.

4.2. Strengthening national budget transparency

Aid transparency is one component of broader public finance transparency, necessary for policy makers and planners to formulate good policies and programmes. Strengthening budget preparation processes can also help donors to align their aid funding to national priorities. The IMF's Code of Good Practices for Fiscal Transparency provides a framework for partner countries and donors to work together on strengthening budget transparency. This Code rests on four principles:

- i) Clarity of roles and responsibilities;
- ii) Open budget processes;
- iii) Publicly available information;
- iv) Assurances of integrity.

An international expert – e.g. from Publish What You Pay initiative – could deliver a presentation on international standards for budget transparency and on innovative instruments for putting a greater portion of “aid on budget” in fragile and conflict-affected states, such as their new “budget identifier tool,” which helps maps IATI data to typical budget data requirements. Two g7+ representatives (in line with the Framework of F2F cooperation) would also be invited to share their country experiences in this regard.

4.3. Citizen engagement

Public oversight is a key component of the fourth IMF Code principle on “assurances of integrity.” The latter is limited in scope to the role and function played by other parts of government, e.g. the legislature, judiciary and independent state audit institutions. However, international experience – including in fragile and conflict-affected states, shows that public oversight can be extended to include a range of many other stakeholders, such as political parties, the media, civil society, and even communities (particularly given the increasing availability and innovative use of new technology, such as mobile phones).

Practitioners with experience in innovative approaches to citizen engagement – e.g. the [Open Aid Partnership](#), ODI’s [Budget Strengthening Initiative](#) and southern NGOs [Twaweza](#) – and oversight of public spending in fragile states would be invited to make brief presentations to share “South-South” knowledge and experiences, and discuss options for G7+ countries within the framework of their New Deal commitments. How can budget and aid transparency be used to improve accountability, state-society trust, and service delivery improvements in fragile states (ie. in the presence of technological constraints and political disincentives, and in the absence of strong civil societies)?

4.4. Greater predictability

Getting access to forward spending plans are pivotal for the government in strengthening the budget processes, formulating short- and medium-term development plans, and getting donors to align to national priorities. Further, governments and organisations have committed to “publishing three-to-five year indicative forward estimated (as per the Accra Agenda for Action and the New Deal). Without medium-term predictability, government, donors and the private sector cannot reasonably commit to large-scale public investments that are so critical to economic recovery and long-term growth. Fragile and conflict-affected states face even greater challenges of breaking the cycle of low confidence, both among international partners and the overall population.

Consequently, the OECD has a tool which can help countries to get access to more data – The Survey on Forward Spending Plans (FSS), which collects data up to four years ahead. Currently 30 bilateral and multilateral donors have agreed to share their spending plans – all of this information is already available on the OECD website – www.oecd.org/dac/aidoutlook. The information from the FSS can support country-level dialogue on donors’ forward spending plans and is useful to triangulate and verify the estimates and forecasts gathered through other means. See [2011 Report on Aid Predictability](#). OECD experts could facilitate break-out discussions on how to translate such global tools into practical solutions at the country level, and how to overcome the challenges to implementation on both the donor and government sides, based on various country experiences to date.

5. PARTICIPANTS

The target audience of this workshop would be: host country government officials; local donor community; civil society; country practitioners who can share experiences; and international experts and organisations that focus on these issues.

6. EXPECTED OUTCOMES

The output of the workshop would be a shared roadmap at country level for improving the transparency of public finance in fragile states, particularly aid. The workshop would also contribute to the development of a guidance note on improving transparency in fragile and conflict-affected states, to be produced by the International Dialogue secretariat, upon request by the New Deal Implementation Working Group. A summary note on the workshop would be the key deliverable.

7. NEXT STEPS

The first step is to get agreement among Working Group members at the Abidjan meeting on 22-23 May for taking forward this draft proposal for organising a workshop on transparency in one of the g7+ countries. Second, it should be decided which g7+ focal points would be interested in hosting this workshop, possibly Timor Leste. Third, the objectives and agenda of the workshop would be adjusted and fine-tuned to the specific priorities, needs and dynamics of the host country with respect to transparency. Fourth, support to the workshop, both financially and through facilitation will need to be secured.