

Workshop 7: Fiscal Transparency ROSCs¹ and Other Tools for Promoting Continuing Fiscal Management Reform

Workshop Objectives:

1. Promote a wider understanding of the importance of fiscal transparency and tools to assess transparency; and consider fiscal transparency in the context of other instruments to promote better fiscal and financial management.
2. Review the IMF's work on fiscal transparency and the methodology, experience, and findings arising from country participation in fiscal modules of Reports on the Observance of Standards and Codes (ROSCs).
3. Share experience of national governments that have participated in ROSCs and how these and other instruments have been integrated with national programs.
4. Examine the role of a national audit office in internalizing assessment of transparency practices.
5. Review other tools and methodologies used to diagnose budget systems and promote improved fiscal management, including those applied by the World Bank, other donors, civil society researchers, and private sector analysts, and examine the relative role of these efforts in promoting and sustaining reforms.
6. Identify key steps to stimulate country-led reform and improve international cooperation in support of fiscal management reform.

Day One

Session 1: Basic Tools And Key Findings In Promoting Transparency: An International Agency Perspective. (9 am-1:30 pm)

The presentation will outline the main features of the *Code of Good Practices on Fiscal Transparency* and the process of assessing compliance with the code using the ROSC tool as part of IMF surveillance. It will examine this initiative in the context of other work being done by the international community and the nonofficial sector. Around 60 fiscal ROSCs have been completed and Fund membership is gradually being covered at the rate of around 18 per year (with regular updates of existing ROSCs during the Fund Article IV consultations). The process is regularly reviewed by the IMF Executive Board and findings from fiscal and other ROSCs are presented to the Board on a regular basis. Analytical papers

¹ Reports on the Observance of Standards and Codes.

are being prepared to examine progress in improving fiscal transparency among selected groupings of countries.

- 9:00 am Opening of Workshop: Representatives of Government of Mexico, IMF (FAD)
Objectives of Workshop; An outline of the *Code of Good Practices on Fiscal Transparency* and the main directions of IMF work in assessing transparency and promoting public financial management reform: Bill Allan (FAD).
- 10:00 am Instruments used by the World Bank for assessing budgetary systems and evolving multi-donor approaches to supporting country-led transparency and accountability and promoting public financial management reform: Anand Rajaram, World Bank.
- 10:30 am COFFEE BREAK
- 11:00 am Open discussion: rationale for standards and generating support for standards (question and answer).
- 11:30 am Findings and issues: (1) Transparency and fiscal management reform: experience in EU accession countries: Bill Allan (FAD)
- 12:00 pm Findings and Issues: (2) Off-budget Activities: The Latin American Experience. Julio Vinuela (FAD)
- 12:30 pm Open discussion: tools and transparency incentives for fiscal management reform (small group sessions or audience review²)
- 1:30 pm LUNCH

Materials available to participants

Fiscal Transparency Code: <http://www.imf.org/external/np/fad/trans/code.htm>

Manual on Fiscal Transparency: <http://www.imf.org/external/np/fad/trans/manual/intro.htm>

² To facilitate audience participation, a set of propositions on fiscal transparency will be circulated prior to the presentations and audience reaction and debate will be sought at various points during the workshop. These propositions together with the presentations and audience reaction will provide a foundation for overall summary of the workshop discussion.

Assessing and Promoting Fiscal Transparency: A Report on Progress:

<http://www.imf.org/external/np/pdr/sac/2003/030503s2.htm>

Bank/Fund Collaboration on Public Expenditure Issues

<http://www1.worldbank.org/publicsector/pe/BankFundPERCollaboration.pdf>

Fiscal transparency in EU accession countries: Progress and future challenges, IMF Working Paper (WP/03/163), August 2003

(<http://www.imf.org/external/pubs/cat/longres.cfm?sk=16751.0>)

Session 2: Country Perspectives On Promoting Fiscal Transparency: (a) Recent Experience With ROSCs; (b) Decentralization issues; (c) The Role Of National Audit Offices.

Analysis and reforms based on transparency assessments for Mexico, Bangladesh, and South Africa will be presented by representative of each government.

- | | |
|----------|--|
| 2:30 pm | Mexico: The fiscal ROSC and experience in promoting transparency and fiscal management reform. (Mr. Alejandro Werner) |
| 3:00 pm | Bangladesh: Fiscal reforms and experience with the fiscal ROSC and World Bank CFAA. ³ (Mr. Zakir Khan, Finance Secretary, Ministry of Finance, Bangladesh). |
| 3:30 pm | Turkey: discussion of continuing work on transparency and fiscal management reform, including participation in the fiscal ROSC and Bank supported reforms. (Mr. Ferhat Emil, Advisor, Prime Minister's Office) |
| 4:00 pm | Decentralization of fiscal management: challenges and opportunities in Pakistan. (Mr. Daniyal Aziz, Chairman National Reconstruction Bureau, Pakistan). |
| 4: 30 pm | The role of the external auditor in assessing and promoting fiscal transparency in government. (Mr. Arturo Gonzalez de Aragón. Auditor Superior de la Federación.) |
| 5:00 pm | Open discussion: country benefits, costs, and incentives from ROSC participation and strengthening national assessment mechanisms (small group sessions or audience polling) |

³ Country Financial Accountability Assessment, World Bank.

Materials available to participants

Bangladesh fiscal ROSC: <http://www.imf.org/external/pubs/ft/scr/2003/cr03185.pdf>

Mexican fiscal ROSC: <http://www.imf.org/external/pubs/ft/scr/2002/cr02200.pdf>

Pakistan fiscal ROSC: <http://www.imf.org/external/pubs/ft/scr/2002/cr02246.pdf>

Turkey fiscal ROSC: <http://www.imf.org/external/np/rosc/tur/fiscal.htm>

Day Two

Session 3. Independent Perspectives: The Role Of Analysis from Outside the Official Sector In Assessing And Promoting Transparency, (9-10:00 am)

A range of actors outside the official sector — from financial market analysts to academics to pro-poor advocacy groups — also play an important role in examining government (and international agency) efforts to improve transparency and management of public funds. These complementary efforts can provide a basis for sustaining interest in fiscal transparency and promoting a continuing program of fiscal management reform.

The session will begin with a presentation by the International Budget Project (IBP), which has links to many research and advocacy organizations engaged in budget work. The presentation will describe the budget transparency research that some of these groups have been undertaking in various regions of the world and efforts to expand this work in the future. This will be followed by a more in-depth look at studies of fiscal transparency in Eastern European countries.

A number of private sector and research organizations have also carried out important work in assessing transparency and examining linkages with other areas of public sector reform. The final presentation will focus on the recent work carried out in this area by Oxford Analytica.

- | | |
|-----------|--|
| 9:00 am | An overview of budget transparency work being undertaken by civil society budget groups and researchers. (Joel Friedman, IBP) |
| 9: 30 am | Fiscal transparency in Poland: some recent work by the Gdansk Institute for Market Economics (Mr. Wojciech Misiag, Gdansk Institute) |
| 10: 00 am | The role of the private sector in assessing transparency: some recent work by Oxford Analytica. (Mr. Juan Garin, Oxford Analytica) |
| 10:30 am | COFFEE BREAK |

- 11:00 am Linkages among international institutions, national governments, and non-governmental groups in assessing and promoting fiscal transparency (panel discussion and audience polling).
- 12:30 pm Plenary session: major themes summarized; audience review to establish response to main conclusions.
- 1:30 pm LUNCH

Materials available to participants

Petrie, M., 2003, *Promoting Fiscal Transparency: The Complementary Roles of the IMF, Financial Markets and Civil Society*, IMF Working Paper (forthcoming)

William Allan
Fiscal Affairs Department, IMF
(wallan@imf.org)

Julio Viñuela-Díaz
Fiscal Affairs Department, IMF
(jvinuela@imf.org)