**Fiscal Governance Program Portfolio Review Document**

**Multi-Stakeholder Initiatives**

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This portfolio review assesses the performance of three multi-stakeholder initiatives (MSIs) that FGP has directly and indirectly invested in over the past several years, as well as the thinking and expectations that underpinned staff’s decision-making. It concludes by identifying some key questions that the program and field are currently wrestling with as we consider how to proceed.

***Our Ambition***

Multi-stakeholder initiatives have become an increasingly popular international mechanism for remedying perceived gaps in global governance for particular sectors/thematic areas. By voluntarily bringing together government, civil society, and often the private sector and multilateral agencies, MSIs seek to identify mutually agreeable approaches to solving collective problems (governance, trade, environment, etc…) and typically involve some degree of centralized performance monitoring/quality control. In theory, they provide a mechanism to support multiple government/private sector leaders driving forward progressive reform agendas simultaneously, with the support and equal involvement of independent civil society, the reinforcement of international peers, and/or the resources/assistance of key external stakeholders.

Over the past three years, and as depicted in the below table, FGP has made substantial direct investments in two multi-stakeholder initiatives, the Open Government Partnership (OGP) and the Open Contracting Partnership (OCP). We have also indirectly invested quite heavily, and over a longer period of time, in the implementation and monitoring of the Extractive Industries Transparency Initiative (EITI), and to a lesser extent, the Global Initiative on Fiscal Transparency (GIFT).[[1]](#footnote-1) For some of these investments, such as EITI, we have simultaneously invested in other non-cooperative approaches to reform, such as our efforts to achieve mandatory extractive-industry payment disclosure regulation and to support investigative work bringing to light instances of egregious natural resource corruption. For others, such as OGP and OCP, these MSIs have been the only direct efforts we have supported to date on issues such as access to information, open data and procurement

An implicit assumption in FGP’s support for them to date is that MSIs can facilitate more ambitious reforms in more places more quickly through collective engagement and cooperation than if governments, civil society, the private sector, and /or external actors like donor governments attempted to address these issues in isolation. Even if MSIs fall short of catalyzing specific ambitious reforms in a large number of countries, FGP has also supported these efforts with the expectation that they will nonetheless help to embed important governance norms among participating countries – about the public’s right to information, the benefits of proactive transparency, and the role of citizen participation in and oversight of government. Finally, FGP’s decision to support (or continue supporting) these MSIs has been based on the assumption that both local and international civil society will gain better access to policymakers and private sector actors, and a stronger, more formalized foothold for their advocacy on fiscal governance reforms. Indeed, the idea that MSIs can have a “Trojan horse” or “small end of the wedge” role in enhancing civil society influence and standing on governance concerns in more repressive environments over time, in irreversible and ever-escalating ways, has underpinned many of FGP grantees’ early enthusiasm for MSIs, particularly EITI. As this review will go on to describe, FGP is increasingly questioning this final assumption in particular, based on mounting evidence from the field.



***Our Place***

FGP and OSF more broadly have been some of the earliest seed supporters—in terms of both funding and in kind engagement—of numerous multi-stakeholder initiatives in the governance field, specifically EITI and OGP. Along with peers such as Hewlett and Omidyar, we have provided the major initial investments; helped identify, mobilize and fund global civil society engagement; provided strategic direction to these efforts’ evolution through board participation and/or via softer influence of governing board members and secretariat leadership; helped identify and troubleshoot various organizational and strategic problems, and; lent our “good name” to some of these initiatives through direct advocacy and public outreach by George Soros personally, as in the case of EITI. It seems likely that EITI and OGP would not have gotten off the ground in the early days without these multifaceted forms of OSF engagement, in strong coordination with several private foundation peers, particularly Omidyar. The work has been enormous, and OSF seems to be one of few amongst its peers that are deeply questioning whether or not the investment continues to be worth it.

Broadly speaking, the transparency community and supporters of governance MSIs are beginning to take stock of the promise and challenges associated with these initiatives, including through efforts supported by FGP.[[2]](#footnote-2) The past decade of activity has evidenced that: MSIs can vary greatly in their structural design; some are membership and rules based and others are action networks focused on persuasion and capacity building; MSI efforts are expensive; they take many years to fully mature and start to show their strength/lack thereof; they require intensive time and effort from international and local civil society organizations (as well as governments) that can distract from other pressing concerns; and they may at times temper the advocacy of groups involved, which must always be conscious of alienating other stakeholders and imploding the MSI. Civil society participation requirements are often not meaningfully enforced and local multi-stakeholder groups can simply be rubber stamps for a wholly government conceived agenda. Moreover, these agendas are often insufficiently ambitious and do not reflect serious attempts to reform underlying fiscal governance challenges of grave concern to civil society and other informed stakeholders. At worst, MSIs provide repressive, corrupt governments with a ready-made reputation laundering mechanism, while they continue to subvert human rights, democratic accountability, and open, accountable governance with impunity (e.g. Azerbaijan, Equatorial Guinea, South Africa, etc…).

All that said, private foundation and bi and multilateral donors to date continue to be compelled by MSIs unique, multi-stakeholder approach to solving deep-seated governance problems, the ways in which they allow for countries to initiative context-specific reform agendas that do not appear donor driven and which at least appear to involve some measure of public accountability for performance. Donors are also compelled by the idea that MSIs are able to influence governance reform at scale, generate new norms and creating opportunities for government and civil society to connect with international peers and positively influence reform processes beyond their borders. This has resulted in a reluctance to recognize and/or acknowledge the limitations and failures of these efforts, let alone undertake serious efforts to address them. These same biases are present to varying degrees among many civil society organizations engaged in these efforts, which puts OSF/FGP increasingly in the position of having to directly intervene to flag its growing concerns, stimulate creative thinking and drive action about how to address them. Below is a more nuanced, initiative specific discussion which gets at these concerns and FGP’s changing role in the field.

***Our Work***

**I. Open Government Partnership**

OGP was launched in 2011 to provide an international platform for domestic reformers committed to making their governments more open, accountable, and responsive to citizens. Before joining OGP, countries must first meet basic, relatively minimal requirements for fiscal transparency, access to information, asset disclosure for public officials, and citizen engagement; to join, they must commit to developing biannual open-government national action plans with public consultation, and to submit to independent monitoring of their progress towards implementing those plans. Since its launch, OGP has succeeded in attracting substantial government and civil society interest, growing from an initial 8 to a total of 68 implementing countries, becoming a central pillar of donor engagement with low and middle income countries (e.g. DFID, USAID, World Bank, etc…) on governance concerns, and helping drive forward notable reforms in a decent (though by no means overwhelming) number of countries. Important (and mostly early) wins included Brazil finally passing its long overdue Access to Information law, the Philippines expanding participatory budgeting and social audits to sub-national governments en masse, the U.S. signing up to EITI, and eliciting important budget and anti-corruption reforms in Tunisia as a condition of their successful entry into the Partnership. Increasingly, it has also become a platform for countries to make more serious commitments around procurement reform, thanks in large part to the Open Contracting Partnership and the World Bank. Its increasingly ubiquitous presence in high level political processes and debates has helped to mainstream the notion that open governance is a central ingredient of sustainable development and economic growth (e.g. the Sustainable Development Goals, the 2013 UK-chaired G8), and importantly, seems to have identified a vocabulary for pursuing this agenda that both emerging markets and western donors can get behind. Likewise, after a rocky start, the OGP’s Independent Reporting Mechanism (IRM) and associated Independent Advisory Group have succeeded in producing several generations of balanced, nuanced, constructively critical performance assessments of implementing countries that have lent credibility to the effort and demonstrated to governments that at least in theory, there is no free ride. In practice, civil society and opposition parties have often been slow to take up the reports at country level and actually use them as a hammer to elicit improvements in subsequent rounds of OGP action plan development and implementation.

All told, there are probably around 25 or so countries out of the 68 (or around one-third) where the government actually appears to take OGP seriously as a potential platform to drive substantial (or at least, domestically challenging) reforms on issues of central importance to FGP—specifically, extractive and budget transparency, service delivery, anti-corruption and access to information. There has been a major emphasis on open data/e-government among government commitments—often focusing on issue areas that are socially beneficial (e.g. weather, transit, etc…) but not necessarily accountability-relevant—and this may be seen in many instances as governments simply choosing to pursue low-hanging fruit that does not truly threaten the status quo.

The base of civil society engagement at the country and international level has remained rather narrow and less effective than it could be in many cases. Many of the usual suspects (groups that focus on open data, access to information and corruption) have played a central role in country advocacy and multi-stakeholder working groups, while groups focused broadly on development, justice, health, education and gender – as well as more political stakeholders like labor unions and political parties - have played much less of a role. It is not clear whether outreach has simply not been done with these communities to recognize the potential of OGP to drive forward their agendas, or they are simply wary or skeptical of the effort. (OGP has commissioned comparative case study research that may help answer this question.)

OGP has run into several initial challenges thus far, prompting Mo Ibrahim to recently comment on OGP’s “crisis” and urge OSF to take a leadership role in saving it from falling off the rails. On the reputation laundering front, certain governments’ ostensible commitments to principles of open, accountable government and civic participation have been subject to question based on domestic developments. This includes South Africa’s decision to pursue a highly repressive national security law in 2013 as well as Azerbaijan’s growing crackdown on independent activists from 2013 to present. If OGP is able to manage the diplomatic complications of suspending Azerbaijan (something that EITI is still struggling with), it will be a real boon to its credibility within civil society circles and send an important message to other member governments about the integrity of OGP’s commitment to civic participation.

OGP is also struggling with second and third generation leadership issues at present—lacking the charismatic personalities, vision and passion of the founding Steering Committee members, the level and quality of political representation is decreasing with time, and in Julie’s view, the Support Unit has come to play an outsized and inappropriate role in driving strategy and discussion that Steering Committee members should feel more empowered to lead on. Julie and Martin Tisne (among others) have been pushing the idea that this group of SC members needs to feel like they are part of creating something of their own to really engage with the energy of preceding generations, and maintain OGP’s dynamism going forward. This could mean pivoting from national action plan-centered work and summits to the launch of OGP for cities (recently approved for piloting thanks to Mexico’s leadership, along with interventions from OSF and Omidyar among others at the recent Steering Committee discussion), to annual cross-cutting themes that drive forward concerted progress across members in a particular area (perhaps related to Goal 16 implementation), etc…. With the transition of leadership at the Support Unit, it will be critical that the new leadership recognizes how to astutely lead from behind and revive a sense of ownership, investment and excitement among Steering Committee members around the future of OGP.

**FGP’s Investments and Engagement Related to OGP**

*Open Government Partnership Support Unit*

Upon its creation in 2013, FGP inherited a two-year presidential grant of $800,000 to the OGP Support Unit that ran through 2014.[[3]](#footnote-3) When it came time to consider renewing OGP’s grant in mid-2014, Julie McCarthy favored a straight renewal at the current level ($400,000) for one year, and Mark De La Iglesia favored an increase to at least $500,000 per year for at least a two year period. The main impetus behind Julie’s thinking was a continued concern about the lack of concomitant government funding within OGP relative to private foundation contributions, and a desire to signal that OSF was only willing to consider increasing its contribution if OGP could demonstrate that it was generating sufficient value to membership to obtain more substantial government funding. Omidyar initially made a large multi-year grant to OGP in 2014, and had progressively scaled down its contributions in the outer years for exactly this reason, although it later decided to renew at an increased level, with a longer-term ramp down plan. Mark recognized the funding diversification concern, but also that OGP was at a strategic moment, having recently developed a new four year strategy and seeking to finally raise enough multi-year up front general support funding to stop operating hand-to-mouth and needing to spend so much time fundraising, rather than focusing on implementation and ultimately expansion. While Julie worried about how this approach might undermine incentives for the Support Unit and Steering Committee to more aggressively pursue bilateral contributions and have stronger arguments to stimulate member “dues,” she ultimately agreed with Mark that OGP was at a cross-roads, and to starve it of core resources (and implicitly register a vote of flagging confidence) at the height of an important fundraising campaign could make its demise a fate accompli, rather than doubling down when OGP needed it most.

FGP therefore went with Mark’s recommendation to give OGP the larger $1 million, two-year grant for 2015-2016, as part of a coordinated T/AI effort by multiple donors to provide substantial multi-year support. Julie, in turn, used her position on the OGP Steering Committee to make strong statement of concern at the April 2015 Steering Committee meeting around the lack of substantial government contributions and the inability of private foundations to bear the financial weight of OGP in the medium term. Her words of warning were echoed by T/AI colleagues as well as DFID and the US Government, two agencies that will hopefully become increasingly important sources of multi-year bilateral support going forward, as a more reliable supplement to membership dues. OGP’s new CFO suggested subsequently that the words of warning were well-received, and that T/AI donors continuing to remind governments that OGP is not an all-expense paid vacation will be helpful to the Support Unit and Steering Committee in their attempts to extract further support from government members. Since then, the OGP Support Unit has initiated conversations with the World Bank and Steering Committee members about establishing a dedicated multi-donor trust fund, with a now well advanced proposal that looks likely to proceed and potentially generate some substantial new funding. Julie has been following and weighing in on these proposals to ensure that the trust fund does not simply become a vehicle for the World Bank to fund its own staff to do in-country OGP work.

At present, after obtaining significant multi-year commitments from private foundations and Hivos, OGP has secured most of its four-year, $24 million fundraising goal for 2015-2018. There is a gap of around $3-5 million remains for the outer years, and the fate of the trust fund as well as increased ability to collect member dues will be critical to making up that shortfall, or not.

Looking back on FGP’s decision to issue a 2-year grant to OGP for $1 million, Mark and Julie believe this grant and the conversations surrounding it sent the right signal to OGP – that we would reaffirm our support at this critical time, but that we would re-evaluate in two years, instead of committing for the full four-year period, as Hewlett, Omidyar, and Ford ultimately did. This re-evaluation point in 2017, combined with Julie’s use of her Steering Committee position, will hopefully help to maintain pressure on OGP to boost its fundraising from bi- and multi-laterals. That said, in retrospect, it may have been worthwhile to try to collaborate more effectively with OGP’s other foundation funders on this fundraising diversification issue so that their collective leverage could have been brought to bear more forcefully.

Also over the current funding period, Julie was in regular conversation with Martin Tisne, Jeremy Weinstein (while in the US Government, with influence over OGP), Smita Singh (formerly of Hewlett and a mentor to the most recent Support Unit Director and Rakesh Rajani (until recently, the civil society co-chair of OGP) around concerns relating to the role of the Support Unit vis a vis the Steering Committee, and specifically, how the Support Unit could help address decreasing high level political engagement from SC members. Julie also spoke directly with the former SU Director, Linda Frey, at times about this (at her impetus), to help strategize what could be done differently in order to bring SC country ownership and engagement back. She was resistant to all ideas that seemed to lessen her control over the Steering Committee and its related processes, which was exactly what was needed in Julie’s and others’ view to reengage its membership. The former ED’s decision to resign in August 2015 appears driven in part by her frustration in dealing with government members of the Steering Committee, which was not her strong suit in retrospect, and something that the new ED will need to excel at to succeed.

Looking at OGP’s impact over the past two years, it is too soon to adequately assess the impact it is having. To its credit, as part of its new strategy and its effort to staff up the support unit, OGP has a new monitoring and evaluation system (including annual, biannual, and 4-year indicators) in place now that will help assess the extent to which OGP is catalyzing real open-government reform in a significant number of OGP countries, and whether these changes are benefitting citizens. The soft launch of an OGP-cities effort in the near term will offer an important test of the initiative’s ability to continually reinvent itself in ways that make it relevant to citizens and government reformers, and that continue to rally high level political support. T/AI has also initiated a series of country case studies on OGP’s impact at the impetus of donors which will also hopefully add more nuanced understanding of implementation challenges and benefits when completed in late 2016. FGP will remain heavily involved in OGP over the coming two years through both grant monitoring and Julie’s seat on the Steering Committee, and will be in a better position to assess OGP’s value and progress in late 2016/early 2017. T/AI will likely step off the Steering Committee at the end of its second term in October 2016, which will lessen OSF’s direct influence and make the next generation of civil society Steering Committee leadership that much more important.

*OGP Civil Society Coordination Mechanism (Hivos)*

In early 2013, Julie decided to make a $200,000 grant to Hivos to support a civil society coordination mechanism that was originally intended to support network building, implementation monitoring and policy advocacy among local and international civil society participating in OGP. The idea had been cultivated/staged prior to Julie’s arrival at OSF by other T/AI donors (Omidyar, Hewlett) and Julie agreed to provide some initial support, although she was skeptical about the potential of the existing coordinator to achieve the mechanism’s ambitions. Throughout 2013 and early 2014, Julie’s concerns escalated around both the effectiveness of the enterprise and the continued logic of it more broadly. She was disappointed that the coordinator had primarily focused on information sharing, process guidance and OGP outreach which, while important, seemed more appropriately done by OGP itself. The mechanism’s founding funders, which included Omidyar, Hewlett and OSF, had originally expected this position to function more akin to the PWYP coordinator, playing a constructively critical role internationally, and helping mobilize civil society activists to take advantage of the initiative to pursue progressive reform agendas that challenged vested interests at the local level.

The coordinator’s experience and nature unfortunately made him much less suited to play this latter role (interestingly, the other finalist for this position, whom Omidyar preferred, was a policy advocate and likely would have taken the mechanism in quite a different direction). Despite multiple management attempts to try and shift the coordinator’s focus, it became clear that he was not going to take a more strategic and activist approach to engaging with civil society at the country level. In turn, the OGP Support Unit was almost completely relying on this outsourced civil society support mechanism to conduct basic civil society outreach and process handholding that was more appropriately the domain of OGP itself. Ultimately, Julie was able to convince T/AI peers and the OGP support unit of the dysfunction at play—especially in terms of OGP’s outsized focus on governments at the expense of its other core stakeholders—and everyone agreed to fold the civil society support mechanism (and an expanded staff) into the OGP secretariat. In Julie’s and Mark’s view, this has helped enable OGP to take a more deliberate and sophisticated approach to prioritizing civil society outreach and engagement as a normal way of working, and has also leveraged greater funding from government as well as private foundation donors towards this work. Since folding the mechanism into OGP, the civil society engagement team has grown from three to six dedicated staff.

In the meantime, the gap that this project never filled in terms of independent strategic and advocacy support for civil society on OGP still remains. It is perhaps most acutely felt within the OGP Steering Committee, where the civil society steering committee members are nowhere near as organized, strategic or well-informed as they should be to play their role effectively. OGP CSO Steering Committee members are missing opportunities to spot and seize political openings in key implementing countries and leverage the initiative to help local counterparts achieve their reform goals. There appears to have been little follow-up on independent reporting mechanism reports in many countries, for example, despite the high quality and compelling recommendations of many reports. Part of this, in Julie’s view, is not the lack of support from an independent mechanism, but rather the quality of civil society representatives selected to sit on the Steering Committee. Julie has been arguing this case to funders who feel that more external support will help solve the CSO SC representative engagement problem. Her concerns around membership have been well received and will hopefully manifest themselves in the upcoming round of SC member rotation in early 2016. Julie would rather see any additional donor resources dedicated to supporting actual in-country civil society efforts to take advantage of OGP on the ground, rather than funding more international coordination.

**II. The Extractive Industries Transparency Initiative**

The ten-plus year old EITI is currently at a crossroads, if not a moment of existential crisis.   As we have seen first with the acceptance of Ethiopia as an EITI candidate country in 2014, followed by board reluctance to proactively respond to crackdowns on civil society in Azerbaijan, EITI’s governance and leadership is being put to the test. Its theory of change—that voluntary government efforts to partner with civil society and industry to enhance independent scrutiny of the extractive sector will lead to reduced corruption and greater public sector accountability—is ringing increasingly hollow, as we witness an increasing subset of implementing countries flagrantly disregard their core commitment to independent civil society engagement, while corruption continues to worsen and their reputation for “good governance” remains politically intact.  Indeed, recent research by NRGI suggests that countries participating in EITI may ultimately end up performing worse on corruption and civic space indicators over the long run than their non-participating resource-rich peers, which raises real questions about the viability of EITI’s current approach to governance and quality control, if it wants to remain a credible and relevant international initiative.  This early evidence—which requires more serious methodological examination—is compounded by the results of the 2015 Open Budget Index, which show that most major oil, gas and mineral producing countries are sitting at or near the bottom of the index. Overall we are beginning to see a picture emerge that suggests that while EITI may be effective in stimulating country dialogue among various stakeholders, and in the best cases, carving out important islands of transparency upstream (as well as on the earmarked sub-national expenditure of extractive revenues, in a handful of cases), it has been unable to leverage broader governance reform. As OSIWA found in its assessment of three West African countries’ experience with EITI, while the initiative has catalyzed increases in “transparency and in debate or dialogue among stakeholder groups,” it has not ”translated into positive change in the lives of citizens, or into improved development outcomes for the countries’ populations.” [[4]](#footnote-4) There have been some exceptions to this track record—such as in Ghana, where EITI disclosures did help lead to meaningful reforms by revealing low revenue intake, which led policymakers to make significant royalty and corporate tax reforms. Meanwhile, EITI’s record on creating real space for independent local oversight to emerge has been mixed. The worst cases—Azerbaijan, for example—make EITI look increasingly like a reputation laundering exercise for both participating countries and companies with no real interest in seeing natural resource governance improve and its wealth translate into meaningful development and growth.

Part of the reason EITI has disappointed so far is the mismatch between the initiative’s relatively narrow scope and limited mechanisms, on the one, and the ambitious goals associated with it, on the other. Participating governments commit to releasing basic information on the payments they have received from extractive companies; extractive companies operating within these countries are obliged to release their payment records, so that an independent expert can reconcile the two sets of numbers; and, governments promise to set up a national multi-stakeholder group with civil society and private-sector participation to oversee the process and to consider and publicize the findings. According to a recent comparative assessment of MSIs,

Despite its relatively narrow mission, EITI was initially promoted to potential participants as an initiative that would lead to increased foreign investment and economic development and reductions in poverty and corruption. In 2011, an external evaluation of EITI noted that it did not explain how compliance with its rules would lead to these macro-level impacts.[[5]](#footnote-5)

In part as a result of this mismatch, the EITI eligibility rules have been updated twice: in 2011, to clarify that information disclosure must be timely and regular; and, much more significantly, in 2013, to (1) require EITI reports to include revenue allocation by region, subnational transfers, and other types of disaggregated reporting; and (2) require governments to be revalidated every three years (instead of five). In addition, the 2013 update to the EITI standard “encouraged” – but didn’t require – disclosure of contracts and beneficial ownership information. While the voluntary elements have seen little uptake so far, the mandatory changes represent substantial and needed tightening of the EITI standard. That said, it’s too early to tell how this tighter standard is working in practice. Yet it’s still important to recognize the limited scope of the standard: even disaggregated revenue disclosure, in contexts without contract, ownership, and/or expenditure disclosure, may leave those seeking to achieve the more ambitious goals associated with the EITI wanting.

It’s also important to recognize that the EITI has helped to socialize norms around extractive revenue transparency among key constituencies. The practical experiences of countries and companies with EITI disclosure arguably helped pave the way for passage of mandatory disclosure legislation in the US (2010), the EU (2013), and Canada (2015) – undermining the arguments of industry opponents – and will hopefully help to facilitate more effective country-level use of data generated mandatory disclosure in the years ahead.

While the new EITI standard is a real accomplishment, there are still major questions around who is actually using EITI data at the country level and how—although we have seen in certain countries like Ghana and Nigeria, where EITI requirements have been made binding via domestic legislation, EITI reports are indeed providing an important evidence base for spotting serious sectoral governance problems and stimulating national conversation about how to remedy them. The field is just beginning to realize the potential of partnerships between local and international NGOs to analyze, triangulate and make sense of EITI disclosures in ways that can meaningfully influence local governance dynamics. The emergence of stock exchange disclosures in the U.S. and Europe will offer exciting new opportunities and challenges on this front.

More broadly, EITI has been unable to engage the BRICS and broader G20 in a meaningful way—although many BRICS companies (both private and state owned) have participated in reporting exercises in other countries without incident, they have been unwilling to consider becoming members and implementers themselves. Widespread BRICS distrust and aversion to the EITI enterprise means that any serious attempt to engage these countries and their companies at scale will likely require working around, rather than through EITI at this stage—something that the secretariat as well as many NGOs seem understandably reluctant to acknowledge. Any serious effort by BRICS countries to address extractive governance outside of EITI will be interpreted (perhaps rightly) as a direct existential threat to EITI, even if that is exactly what is required to make progress at this stage.

FGP grantees and field leaders such as PWYP, NRGI and Global Witness have been at the forefront of efforts to push the EITI board to respond more forcefully and explicitly to concerns about the poor performance of some participating countries on governance and human rights, with strong push back from EITI’s board chair, Clare Short, and the EITI secretariat. Short and the EITI secretariat have been unequivocal in their view that EITI has no relationship to or interest in a human rights agenda, despite human rights concerns in resource-rich countries being one of several core initial concerns that led to the initiative’s creation.   Many of the civil society, government and industry representatives on the board have different views on this issue from the chair—they range from hoping that EITI can have indirect positive effects on human rights and democratic governance in the countries where it is being implemented, to believing that EITI should explicitly privilege civic space and basic civil liberties as a precondition for candidacy and a central pillar of performance assessment for participating countries.  Short’s dictatorial, often steamrolling leadership style in private and public has made open debate on these issues amongst board members a challenging task, particularly for civil society members. Civil society board members, in turn, have had a difficult time reaching consensus as a constituency and approaching board meetings with the level of organization and sophistication required to effectively force action on country performance concerns. FGP’s grant to MSI Integrity, described below, as well as interventions with PWYP, NRGI and Global Witness over the past year, have focused on addressing these tensions.  
   
Short has often invoked the lack of independent evidence and “on the ground” assessment of the local operating environment as a reason to dismiss concerns about closing civic space, human rights violations and broader concerns about violation of EITI process and principles. Human rights organizations such as Human Rights Watch and the International Center for Not-for-Profit Law have done an excellent job of collecting stakeholder testimony and evidence from countries like Azerbaijan to try and demonstrate more rigorously that free, independent civil society participation is impossible at present, but these inputs are quickly dismissed by Short as contrived and out-of-touch advocacy pieces from northern NGOs with no connection to events on the ground.  Likewise, groups like NRGI and Global Witness on the EITI board have done an excellent job on the rapid response committee of tabling new policies for safeguarding civic space and promoting quality control more broadly; however, there is only so much pushing that civil society board members can do before being perceived as overly biased toward their own organization’s agendas, without allies from other sectors.  While a potentially helpful new civil society protocol has recently been adopted, setting out assessment questions to be used for gauging EITI country compliance with civic space requirements the Board’s commitment to their meaningful implementation in contexts like Azerbaijan and Ethiopia is an open question. It is clear that major changes will not happen during Short’s tenure, which is up in early 2016, and it FGP has been disappointed with how PWYP members have approached the ongoing process to identify her replacement, leading Julie to become directly involved in recent weeks.

**Role of OSF Grantees within EITI**

*NRGI, Global Witness, and PWYP*

**NRGI** has been heavily involved with EITI throughout its history. It sits on the EITI Governing Board as a civil society representative (currently Dani Kaufmann), it runs a large number of EITI capacity-building/training programs for civil society, media and parliamentarians, and it regularly conducts outreach with current and potential participating countries to strengthen their engagement with/performance in the initiative. **Global Witness** has likewise been historically heavily involved with EITI, from helping conceptualize the initiative with DFID in the early days, to also having a long time seat on the EITI Governing Board, and devoting a substantial—but gradually decreasing—amount of advocacy attention to the effort. For its part, PWYP has long been the foremost proselytizer for EITI participation among civil society throughout the world, and has helped encourage and support civil society to effectively participate in EITI in dozens of countries over the years. More recently, **PWYP** has become a re-granting agent for donor funds (mainly World Bank) aimed at supporting civil society participation in EITI processes, particularly in Africa. Also relatively recently, PWYP’s Director took a seat on the EITI Governing Board—not without controversy, given civil society participation has long been implicitly reserved for members, rather than the secretariat itself. While FGP gives all of these groups general support, a substantial part of their activities and public profile are bound up with EITI.

All of these groups are simultaneously actively involved in mandatory disclosure advocacy campaigns, viewing them as complementary and mutually reinforcing of EITI’s reporting requirements and long term goal to mainstream financial transparency in the extractive sector. Global Witness would likely have the easiest time stepping back and potentially moving on from EITI were it to decide that the effort was no longer credible and/or was hampering more ambitious and potentially effective efforts to improve extractive governance at the country level. NRGI and PWYP both have EITI programming—and even dedicated EITI staff members—deeply embedded in their operations and funding streams in ways that would make it more challenging for them to strategically shift away from the effort.

While the impact of NRGI’s trainings and PWYP’s outreach has certainly helped to galvanize a small number of mainly capital-based NGOs to understand and be able to participate in formal EITI processes, larger questions remain about the value and utility of the effort overall, particularly in terms of the time and energy it takes to be a part of local multi-stakeholder committees, which might be better spent doing more in-depth investigative work/related advocacy, and/or finding ways to mobilize the broader population on specific EI reform concerns often left outside of narrower EITI processes (contracts, beneficial ownership, state owned enterprises, etc…). We have seen EITI processes in some countries able to fold in some of the broader concerns into the reporting and reconciliation process or agenda of EITI multi-stakeholder groups in serious ways (DRC, Niger, Cote D’Ivoire), whereas elsewhere it has been difficult to see the real galvanizing potential of EITI (Azerbaijan, Peru, Liberia, Guinea). More broadly, there is a concern that overly focusing on EITI distracts INGOs from thinking bigger picture about the rapidly changing nature of the industry/field, the importance of engaging the BRICS and particularly China, of bringing SOEs and wildcat private enterprises into the fold, and supporting bold and opportunistic place-based efforts to drive forward reform during the commodity price downswing. Certain well-funded and highly capacitated organizations like NRGI should well be able to adopt multiple approaches simultaneously, but currently are weighted much more heavily in the EITI camp than others. Global Witness to its credit has had a local staff person in China for several years now, and has slowly been building relationships and gathering information to help inform an engagement strategy that adopts both inside and outside track approaches.

While all three organizations have seats on the EITI board and have pushed for the EITI to adopt and implement stricter standards, particularly on civic space, they have not been as well coordinated amongst themselves and with other civil society representatives on the board as they could be. In late 2014, FGP sought to step in and identify some practical ways to strengthen the group’s strategic coherence prior to the next major EITI board meeting. In late 2014/early 2015, Julie convened several calls with EITI CSO board members and PWYP to discuss how to address weak unity among them during board discussions, particularly on matters of civil society protection. It was clear from these conversations that there was little trust and weak communication among the EITI CSO board caucus members, and little serious strategizing about the initiative prior to attending meetings. Julie was able to convince people to hold a strategic retreat for EITI CSO board members, hosted and funded by OSF in February, which key members have subsequently credited with enabling them to forge a unified position on Azerbaijan’s suspension prior to the meeting where this was discussed, agree on the threat of a CSO walkout if Azerbaijan was allowed to remain a candidate country, and ultimately led to Clare Short caving and agreeing reluctantly to Azerbaijan’s suspension in May. This was a win for EITI’s credibility—at least among civil society—and hopefully sent a strong message to other potential violators within EITI’s membership that harassment intimidation and detention of activists will not be tolerated. The EITI CSO members have said they will continue to organize similar strategic retreats going forward and initially asked if OSF could continue to play the convening/organizing role—Julie reiterated that this was something PWYP should be doing as part of its basic terms of reference (especially given the PWYP Director’s seat on the board) and that the field would need to sustain this kind of coordination if they found it valuable going forward. It is obviously a sign of weakness and concern that this kind of strategic coordination required OSF intervening to begin with, let alone actors like PWYP, GW and NRGI—which sit on the board and have tremendous capacity—did not immediately realize their responsibility to take this on going forward.

*MSI Integrity*

Following the September 2014 global board discussions, where George Soros highlighted a real sense of existential crisis surrounding EITI’s governance and performance, Julie McCarthy gave a small grant to a new group called MSI Integrity to directly engage the boards/leadership of EITI as well as PWYP, OGP and other related actors, on the findings of two recent independent assessments they undertook around EITI’s performance on human rights and governance concerns. (MSI Integrity also helped sound early warnings around the weak coordination of EITI CSO board members in late 2014, leading to FGP’s decision to encourage PWYP and other grantees toward better coordination, as explained above.)

The reports painted an objective, detailed and fairly damning picture of how EITI was functioning at the local and international level with respect to its own standards and processes, including a commitment to free and independent civil society participation. Julie’s hope was that by supporting targeted dissemination and outreach of these reports, FGP could help increase the level and sophistication of the debate taking place within the EITI board around how to address the manipulation of EITI for reputational gain by a sub-set of repressive, corrupt governments with no real interest in improving extractive sector governance or enabling independent civil society engagement.  This grant was specifically intended to help reinforce the internal reform efforts of EITI civil society board members, and create external incentives for the chair and other government and company members to feel like they needed to formulate a more serious and holistic response. The reports got a huge response at the local level, with 21 countries contacting MSI integrity to discuss the findings, and 10 multi-stakeholder groups holding formal discussions at the country level to react to its findings and consider ways of improving performance.

At the international level, MSI Integrity was tenacious and creative in their attempts to work their way onto EITI’s agenda despite opposition. Short and the EITI secretariat were highly resistant to putting discussion of the report on the agenda, and it took sustained advocacy by civil society members to get them to finally agree to allow MSI Integrity to present its findings at the board meeting in December 2015. During the intervening period, however, civil society board members have reportedly been able to use the reports to help strengthen their push for a new civil society protocol within EITI that touches upon the elements of freedom of expression, freedom of association, operations, access to public-decision making, and overall engagement. Everyone agrees the new protocol is strong on paper, and played a key role in Azerbaijan’s recent demotion—however, implementing the protocol according to an appropriately broad interpretation remains challenging under current EITI leadership.

**III. The Open Contracting Partnership**

Launched in 2013, the Open Contracting Partnership (OCP) was designed and has evolved to be a very different kind of MSI than EITI and OGP. The key difference is that OCP does not have country members or any strict membership criteria. Instead, it is a looser collaborative effort through which government and non-government stakeholders collaborate to advance a new global norm of openness around government contracting. It is thus more of a “coalition of the willing,” a coordination platform led by key actors that already have an interest and a commitment to open contracting, including the World Bank; a handful of governments, led by Colombia and the Philippines; key international NGOs like Oxfam America and Transparency International; and private sector actors like major construction and extractives companies. A series of World Bank-hosted multi-stakeholder design meetings in 2012 identified the need for a set of global open contracting principles, and those principles formed the basis of OCP’s formal launch in 2013. In 2014, the OCP rolled out the first version of its open contracting data standard, which describes for governments what, when and how to release data and associated documents at different phases of the contracting processes. In late 2014, the OCP’s secretariat spun off from the Bank, in part to allow it to take a bolder, more independent advocacy posture, but it continues to coordinate closely with the Bank, which has pushed the principles via its role in funding procurement-reform and capacity building projects in a number of developing countries.

The OCP’s informal design and early approach have both advantages and disadvantages compared to other MSIs. In terms of benefits, the lack of official country membership and the minimal role that government representatives play in the initiative’s governance (the governments of Colombia and the Philippines have only two seats on OCP’s 12-member advisory board) mean that OCP avoids the diplomatic inertia that often bogs down other MSIs. This has left the OCP secretariat freer to pursue advocacy and tag-teaming with the Bank on procurement- and extractives-related projects that have helped spread the open-contracting norm. Open contracting principles have been implemented into Bank projects in 15 different countries, and four countries have begun implementing the detailed open contracting data standard (UK, Colombia, Canada, and Romania). Another advantage to OCP’s approach is that it aims to work with and through other MSIs, rather than to create its own bureaucracy and set of rules, which can lead to siloed efforts. OCP explicitly seeks to work with and through the platforms provided by existing MSIs like OGP, EITI, and the Construction Sector Transparency Initiative (CoST). It has had some success via OGP so far, with five OGP countries explicitly mentioning the OC principles in their national action plans; OCP may also be able to help with OGP implementation, as some two-thirds of OGP countries have made commitments related to procurement transparency. Given that the new EITI standard recommends (but doesn’t require) contract disclosure, the OCP is also poised to work with interested EITI member countries in implementing contract disclosure requirements. Most exciting in our view is OCP’s increasingly savvy engagement with the private sector—an obvious partner given that multinational companies often face unfair procurement competition from local, more politically connected companies. They have recently brought on Stephen Peel, a British investment banker, businessman, investor and philanthropist, as an advisory board member, and have been able to interest an impressive number of international and local companies to date in this agenda.

On the other hand, the obvious disadvantage to OCP’s flexible design compared to other MSIs is that it lacks some of the carrots and sticks of more formal mechanisms. Without country members, membership criteria, or quality-control assessments, the initiative utterly lacks even the minimal “teeth” that EITI and OGP have. As for carrots, a major incentive for developing countries to join MSI’s like EITI and OGP is the perceived reputational benefits that will accrue, which in turn can help unlock donor funding or private-sector investment. The fact that countries can’t formally join OCP means OCP may be missing out on this important leverage point. On the other hand, countries can still signal alignment on these issues by endorsing the OC principles and implementing the data standard, or by taking action on open contracting issues from within the EITI or OGP framework, thereby benefitting from the associated monitoring and assessment of those mechanisms. Similar to OGP, there is also the risk that OCP becomes an overly “tech”- focused initiative that enables governments and companies to avoid more politically challenging reforms while obtaining international and domestic kudos for their transformative leadership on this issue.

*Open Contracting Partnership Secretariat*

In June 2015, FGP gave a first-time, one-year grant for $200,000 to the OCP secretariat, to support it in its first year of independence from the World Bank. Mark and Julie pursued the grant for several reasons. First was the strategic relevance of the initiative to FGP’s mission, given the important role that contracts between public and private actors play at multiple stages in public financial management processes, with strong links to existing FGP work on extractives and budgets. Mark and Julie also found OCP’s non-membership-based design appealing, given the “transparency initiative fatigue” that had begun to set in for government and civil society actors engaged in more process-heavy endeavors like EITI and OGP. OCP’s emphasis on breaking down silos in transparency work, deliberately seeking to work with and through other MSIs and organizations, rather than building a substantial new structure of their own, was appealing for similar reasons. Finally, the quality of OCP’s leadership was a key factor for FGP – most importantly, its new executive director, Gavin Hayman, former managing director of Global Witness, where Hayman combined impressive management competency with communications savvy and an activists’ issue-campaigning mind set. We saw Hayman as the kind of leader that could help OCP play a more effective advocacy role by partnering with other initiatives and campaigns to press governments and institutions to open up their contracting processes. FGP did not consider any other approaches to addressing contract transparency issues in giving this grant, in part because work on procurement is not (yet) an explicit part of FGP’s strategy. While the role of contract transparency in natural resource governance is crucial, FGP’s existing grants to PWYP, NRGI, and Global Witness were already indirectly helping to advance contract transparency through EITI. Likewise, support for IBP has at times trickled down to groups like Procurement Watch in the Philippines that are focused on the expenditure side of contracting and the huge waste, corruption and mismanagement that occur there – and IBP’s intensive work in South Africa is beginning to address procurement reform as well. While we could have considered supplemental funding to these or other organizations to intensify their efforts in this particular area, we did not do so at the time; instead, we found OCP’s crosscutting approach to the importance of contracts across the public resource chain to be a more compelling fit for our mission, that could also work with our existing partners to advance extractives contract and procurement transparency and accountability concerns, while extending the campaign to new actors and directly engaging reform minded governments in particular.

Having given the grant in mid-2015, it is too early for FGP to assess how successful it has been. There are promising signs related to their efforts to reach out to and learn from the experiences of existing MSIs; there are also some early positive signs from the field, such as their work with the Ministry of Economic Development and civil society in Ukraine around a new open public procurement platform, that show their agenda and approach are having resonance in the field at strategic moments. While FGP intends to renew and increase its support to OCP in 2016, we will be closely monitoring the initiative in an effort to better assess the following questions we have about the initiative:

1. *Will it be able to raise enough money to have impact?* OCP’s funds so far have come entirely from private foundations, and while it hopes to diversify its fundraising base in the coming two years to include significant contributions from bi- and multi-laterals, this remains to be seen.
2. *How will the in-country programming work in practice?* In addition to its advocacy work, OCP envisions work to strengthen national- and subnational-level implementation of open contracting reforms, but it is not yet clear how such projects will be operationalized with limited staff capacity.
3. *Will OCP really encourage more effective use of, and accountability around, contracting data?* Given the lack of carrots and sticks highlighted above, OCP has less ability to create incentives for governments to adopt open-contracting reforms. Its success will therefore depend on how well it exploits other incentive structures, both international and domestic, to encourage reforms and ensure they are implemented well.

**Going Forward**

Based on the above analysis as well as feedback received from a recent portfolio review on this topic with our Advisory Board (who has rich experience with the aforementioned and other similar initiatives), FGP is reflecting on the following questions as it considers how to go forward:

1. How soon is too soon (or too late) to judge the relative merit and impact of a multi-stakeholder initiative, given the huge amount of resources and energy involved (from FGP and the field) and the typically protracted maturity path for many of these relatively unprecedented efforts? Moreover, what does success for MSIs look like – what do we hold them responsible for, recognizing that certain MSI mechanisms are good at galvanizing attention and creating new norms, but not necessarily at implementing them?

2. How much do we value quantity over quality? FGP could spend $400,000 per year for several years in one country that demonstrates clear opportunities for reform in a number of areas (extractives, tax, access to information, corruption, budgets, open data, etc…), or it could put this money into an effort like OGP, that reaches 65 plus countries, but may have less meaningful and highly scattered, somewhat accidental impact in a slightly larger number of places. What other benefits besides country-level reforms are these initiatives delivering for the field (norm setting, trust building, peer exchange, leveraging other donor funding, etc…) and are they worth it?

3. How many MSIs is too many? The growing proliferation of MSIs for governance (and more broadly) in a context where countries are now also facing implementation and reporting demands for a huge number of 2030 development goals, targets and indicators raises serious concerns about transaction costs for low-income country governments in particular – as well as for the local NGOs we’re expecting to engage in these processes. Do these hybrid governance mechanisms require such serious focus and investment in process from all parties to be successful that asking a low-income government to manage more than one or two of them at a time begins to subvert all of them, and/or distract from the real work of reform?

4. It may be too soon to tell, but what are initial impressions on the lasting effects (if any) of MSIs? Would progress disappear without the structure/monitoring efforts of the MSI? In other words, can/how can changes outlast the MSI itself? How are MSIs looking at/approaching this? OCP, for example, has made clear through its structure (and through its intention of being a time-bound endeavor) that it intends to inculcate norms on open contracting within eight years –success or indeed failure to meet these goals will obviate the need for its existence beyond the identified time frame. Might this approach “force” MSIs to think critically about the sustainability of outcomes they help realize?

5. What lessons can we take about the advantages and disadvantages of the contrasting designs of EITI, OGP, and OCP, and the conditions under which different design elements are most applicable or useful in addressing fiscal governance issues?

1. OSF began supporting key MSIs prior to the creation of FGP (EITI, OGP), and they are deeply enmeshed in the fabric of key grantees’ work, although FGP has decided to continue and in certain cases increase our investment in some MSIs (OGP) as well as begin supporting new ones (OCP) since its creation.   [↑](#footnote-ref-1)
2. FGP was one of several donors that encouraged and supported the Transparency and Accountability Donor Collaborative (which OSF is a part of) to undertake an evaluation of multi-stakeholder initiatives in 2015, looking their structure, impact and effectiveness to date, and resulting in a series of convenings amongst MSIs and CSOs earlier this year. [↑](#footnote-ref-2)
3. When Julie McCarthy, FGP’s Director, assumed her position at OSF in January 2013, she had most recently helped to launch OGP and was the outgoing founding director of its Support Unit. The Transparency and Accountability Initiative (T/AI), which FGP was a member of, also sat on the OGP Steering Committee, represented by Martin Tisne and Anthony Richter, with Julie taking over Anthony’s seat in mid-2014. [↑](#footnote-ref-3)
4. OSIWA, “Converting Natural Resources into Development: From Transparency, to More Efficient Natural Resource Management,” 2015, p. 4. [↑](#footnote-ref-4)
5. Brockmyer, Brandon, and Jonathan Fox, “Assessing the Evidence: The Effectiveness and Impact of Public Governance-Oriented Multi-Stakeholder Initiatives,” 2015, p. 24. [↑](#footnote-ref-5)