GLOBAL INITIATIVE FOR FISCAL TRANSPARENCY

The GIFT That Keeps on Giving:

Resource Mobilization and Financial Sustainability

Andres P. Falconer

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**1. Introduction**

This report summarizes the findings and recommendations of an assessment conducted in the first quarter of 2019[[1]](#footnote-1) focusing on the financial sustainability of the Global Initiative for Fiscal Transparency, (henceforth simply GIFT). It is based on the analysis of the views of more than 26 stakeholders, including representatives of member governments, CSOs, donors, many of these Lead Stewards, as well as members of the GIFT Coordination Team, among others, obtained through individual interviews, and from the results of a workshop conducted with GIFT’s Lead Stewards[[2]](#footnote-2). While the findings and recommendations are strongly grounded in the views and opinions of the multiple voices consulted, they ultimately represent the position of the author of this study.

GIFT has played a central role in setting and advancing the agenda of fiscal transparency since its inception, in 2011. GIFT, a multi-stakeholder action network initially envisioned by founding partners the World Bank and the International Budget Partnership (IBP), has sought to facilitate dialogue between governments, civil society, international finance institutions and other stakeholders to find and share solutions to challenges in fiscal transparency and participation. Beyond the strength of its partners and stewards, the recognized competence and credibility of its Coordination Team is also undoubtedly a factor in GIFT’s widely acknowledged leadership role in the field of fiscal transparency. GIFT’s annual operating budget of approximately USD 1 million, a relatively modest sum in comparison to its impact and influence, also suggests that the initiative has represented good value for money.

GIFT is perceived as having made a mark in its field by giving visibility to the issue of fiscal transparency among governments and major international players, proposing widely accepted principles and standards that raised the bar of budget accountability and citizen oversight, supporting governments in their efforts to improve their budget transparency and accountability practices, and by its success in convening practitioners and policymakers, building trust across sectors, promoting peer learning, and providing IT practical tools, among other results.

As a lean startup with a small secretariat function, legally unincorporated and hosted by its founding steward, IBP, GIFT has experienced considerable success in mobilizing resources for its cause. The World Bank, through a 3-year USD 2.25 M Development Grant Facility (DGF) grant, played a major role in supporting GIFT’s launch and initial work. Private foundations, notably the Omidyar Network (now Luminate) and the Hewlett Foundation have ensured GIFT’s capacity to operate and deliver on its programs on a continued basis.

Yet even as the achievements of GIFT are generally lauded as significant, there is a shared view among stakeholders that GIFT’s impact falls short of what was originally envisioned by its founders, or perhaps that the speed of change in the field of fiscal transparency has been slower than anticipated, with many expected results yet to materialize. This (self-)critical assessment may be the result of an evolving understanding of the theories of change underpinning the work of GIFT, its peers and other players in the field of transparency, accountability and participation. Most notably (in somewhat simplified terms), the initial expectation of strong causal links between *access to information*, *participation* and *accountability*, leading to improved government performance, public services or other development outcomes, proved to be more complex and problematic. The trajectory of GIFT’s programming over time reflects the evolving understanding of these expected causal links, seeking to address the shortcomings in initial assumptions.

Furthermore, a generally favorable context for the emergence of the field of transparency and accountability in the first years of the current decade, to which other global initiatives in the field, such as the Open Government Partnership (OGP), can trace their origins, has been replaced by a significantly changed reality. The rise of governments of illiberal tendencies (also among GIFT’s Stewards), the trend to closing of civic space and the apparent growing frustration of ordinary citizens with elected representatives in many parts of the world, giving rise to new and unexpected forms of citizen action, suggests that real gains made in the field of fiscal transparency have yet to translate into benefits perceived by the people.

Given the circumstances above, it does not surprise that current donors to GIFT, in one form or another, are reassessing their own priorities and portfolios, and cannot be assumed to be automatically willing to offer future financial support to GIFT without careful consideration. The field of fiscal transparency and public participation continues to be considered relevant, but the means to achieve its goals and, ultimately, its real impact on citizens are under the microscope and on the drawing board.

Such considerations take place within a network that has, from its inception, a resource mobilization challenge and an identity dilemma: the fact that, as a network, its key stakeholders and Lead Stewards are also in direct competition for funding, before the same limited number of donors, pursuing similar objectives (e.g. transparency, participation and accountability). This is a challenge that must be openly addressed in future stewards’ discussions, one that poses strategic questions on financing not only GIFT, but the collective needs of the field and of its leading players.

GIFT is undoubtedly at a critical turning point in its trajectory. Ultimately, the “coming of age” of GIFT, no longer a startup, combined with the perceived shortfalls of the field, and the negatively changed global context, pose challenges to the financial sustainability of the initiative, while also prompting a broader consideration of its overall strategies and programs. GIFT, through its credibility and reputation built over nearly a decade of work, its solid partnerships and capable and respected Coordination Team, is very well positioned to enter a new phase, and is looking into the future in a timely manner, with foresight and leadership.

**2. Considerations on Resource Mobilization**

The fundraising challenges GIFT faces are both unique due to the singular nature of the initiative, but also common within the nonprofit field. Funding nonprofit initiatives is no trivial matter, whether a local food pantry or a global action network, and is fundamentally distinct to the task of mobilizing resources in government and in the private sector. While governments hold the power to tax their citizens, purportedly in exchange for the provision of public goods, and the private sector trades goods and services to clients or customers in exchange for money, nonprofits do not have a unique, typical or ideal funding mechanism. In fact, it is the multiplicity of funding sources that characterizes the nonprofit “sector”. Charitable donations are often thought to be their distinguishing funding source, but in fact the spectrum of nonprofit funding includes grants, contracts, sponsorship, sales revenue, membership dues, investment income, in-kind contributions, voluntary labor, among a myriad of others. While some organizations have a principal source of income (e.g. tuition fees for universities, member dues for labor unions, individual donations for religious organizations, government grants and contracts for many international CSOs), most nonprofit initiatives cannot rely on a single “cash cow” and instead strive to make ends meet and strike a balance among multiple streams of finance. Securing a diverse pool of funding types and sources places organizations under constant strain but can counter a risk of unhealthy dependence on a single source of funds that could lead to dependence and instability. In fact, a diverse mix of funding can be the key to autonomy, long-term financial predictability and reality-grounded innovation. GIFT’s challenge is to identify the ideal mix of funding sources that will maximize impact, ensure autonomy, and limit the administrative burden of servicing the requirements of multiple funding sources.

Fundraising is often perceived as akin to sales. The work of the fundraising professional, whether drafting concept notes and project pitches, responding to calls for proposals, organizing gala events or managing a direct mail operation to prospective donors, is seen as complementary and distinct from the rest of the mission-related core work of the nonprofit entity. This is a common misrepresentation that can be a costly error. The resource mobilization function is more akin to a well-developed marketing operation in a firm that has a robust commitment to understanding customer needs, with a strong feedback loop to its research and development capacity, continuously incorporating market inputs into the very nature of its products and services. While in the private for-profit firm its customer is usually both the paying client and the ultimate owner and user of the goods sold, in the nonprofit and development context these are often separated: the source of funding (e.g. a donor) may not be the recipient or final beneficiary of the products (be these free meals, malaria nets or a public information portal). Yet both must be treated as clients – or active stakeholders – to balance serving their needs and expectations, as well as achieving the ultimate purpose of the organization, initiative or project.

Nonprofit initiatives, whether grassroots or global, service or advocacy focused, often fail to understand the above, and can find themselves frustrated by either complacently expecting donors to support them because of the self-evident worthiness of their cause or, conversely, becoming “donor-driven”, that is, passively responding to opportunities for funding, with little regard to mission or plan.

A measured approach recognizes the continuous interplay between the centrality of an organization’s mission and theory of change, on the one side, and the of funding opportunities on the other, mediated by the reality of the organization’s needs and capacities. This interaction between mission and money is a continued test of the organization’s relevance and a beacon for innovation in program design and delivery, in organizational capacity and even in its governance. It is the ultimate test on whether an organization is relevant and fit-for-purpose.

For GIFT, these are critical considerations. Given the relatively small size of its field, its limited number of donors, and their interplay, both in collaboration and competition, GIFT will not address its fundraising challenges simply by hiring a fundraiser, but must revisit issues of governance, theory of change, product portfolio, secretariat capacity, and network relations, among others, to identify and develop opportunities. These challenges are further addressed in the following sections.

As seen, contrary to common perception, the nonprofit and developmental arena incorporate a degree of complexity not found either in the private commercial sector or in the public governmental sphere. GIFT’s experience in the past eight years illustrates this evolving relationship between mission and theory of change, on one hand, and its funding environment and model on the other. Its financial future – and in fact its continued relevance – will be determined by its ability to evolve in response to both its understanding of the needs and gaps in the field of fiscal transparency and its stakeholders and beneficiaries, as well as by its capacity to capture and shape the opportunities and expectations of potential financial backers.

**3. The Situation: Stakeholder Voices**

This section summarizes the emerging views of the multiple stakeholders and GIFT stewards consulted during the listening exercise conducted as the basis of this report. Stakeholders were heard on a variety of topics, in loosely structured interviews, covering pre-determined issues, but also allowing interviewees to veer into their areas of interest or concern.

*“We have a problem”*

GIFT’s stakeholders describe a challenging future environment. The field of fiscal transparency has come a long way in the decade of 2010, and GIFT has played an unquestionably important role in it. While most stakeholders continue to perceive the field to be important, they recognize that the environment in which the GIFT operates is vastly changed. Some question whether “fiscal transparency” as a label is still as effective a rallying call. Electoral cycles have given rise to new governments among several of GIFT’s champion countries, including the Philippines, Mexico, South Africa, the United States itself and Brazil. The new political reality in these countries has led not only to the expected change in interlocutors, but also to some apprehension about the continued support to the agenda of fiscal transparency. Nonetheless, despite mixed signals and concerns about a de-prioritization or change in emphasis of the agenda of transparency and participation, GIFT is succeeding in sustaining a level of engagement of these governments, largely through the commitment of mid-level, technically-minded, career civil servants, who value GIFT both for the professional development opportunities it provides, as well as for its support in raising the visibility of the fiscal transparency agenda in their countries. Nonetheless, GIFT’s interlocutors also report being constrained in their ability to advance the agenda amidst changing political priorities.

The private US-based nonprofit foundations that have funded – and continue to support GIFT at present – are also recognized as champions of the broader field of transparency, accountability and participation, led or advised by thought leaders in the field. These players have a strong vested interest in their investments in GIFT and have demonstrated their long-term commitment to the initiative. Their role, at times, may be more akin to that of a venture investor or business angel than to a detached philanthropist. Yet as a current donor expressed, “it is unreasonable to expect continued support at this stage of implementation”, as GIFT is no longer a startup. Furthermore, the political winds of change and the now apparent shortcomings in the theories of change underpinning their own investments appear to be leading the foundations away from global platforms such as GIFT, adding to the pressure to demonstrate tangible development outcomes, and visible changes to the lives of ordinary citizens. As a foundation officer noted, foundations may continue playing a role in investing in frontier issues led by the network but are unlikely to continue offering general support to GIFT.

While the World Bank has initially been a core GIFT supporter through its USD 2.25 million DGF grant between 2014 and 2017, with additional funding of USD 300,000 pledged in 2018, it appears to have become unfeasible for the Bank to commit resources in similar conditions in the foreseeable future, as discretionary sources of CSO grant funding no longer exist or are severely constrained. Similarly to the foundations, the Bank notes that opportunities for niche funding in thematic areas of shared interest or in specific countries and regions may still exist.

The International Monetary Fund (IMF), also a Lead Steward of GIFT, has not committed funding to the initiative and is unlikely to do so in the future, due to its own constraints.

In short, GIFT’s honeymoon with its donors is over, and a “business as usual” approach to future fundraising is not a viable option.

*“Is GIFT still relevant?”*

“Sometimes organizations need to declare success and move on” noted a foundation officer, who expects GIFT not to take its future relevance for granted. While a number of interlocutors praised the past achievements, the capacity and leadership of GIFT’s team and network, the issue of continued relevance was recurrent, though often used as a rhetorical question to underscore a need for change its *status quo*.

A “glass half empty” situation is described: one in which fiscal transparency has become fully mainstream, but its benefits are not felt by the public. One in which public financial information is made available but is not used or acted upon by citizen groups. Furthermore, while GIFT is credited with advancing the agenda at the global level, primarily among International Financial Institutions (IFIs) and the OECD, the impact is less clear at the country level, and has been skewed toward certain regions such as Latin America, for reasons peculiar to the experience and networks of GIFT’s team.

Stakeholder voices suggest that GIFT’s financial future is not merely a question of more fundraising, but a matter of revisiting assumptions, adapting and repurposing and, in some cases, challenging and reinventing its operating mode.

*“GIFT* IS *a network!”*

As GIFT seeks to enhance its organizational capacity, including by expanding its core secretariat team, it is confronted with a fundamental question of identity. As an “action network”, GIFT has focused on peer exchange among its members, with its impact stemming from the collective action of this membership. With its lean secretariat, GIFT has served this role well. Its capacity as a convener, its ability to build trust across sectors, and to forge collaboration and knowledge sharing among its membership is highly appreciated. Yet GIFT has been able to play this part largely through the financial support of its benefactors. Its membership, including a number of Lead Stewards, benefits from GIFT’s network services at no cost. GIFT’s international events, learning missions, peer exchanges, networking opportunities, technical assistance, and other activities have largely been offered free of cost to all involved. On the other hand, GIFT’s core team has been increasingly experimenting with other modalities of work, including technical assistance directly paid for by interested parties rather than financed by its core unrestricted donor funds. This experience is proving promising yet gives rise to controversy. The fee-for-service work increases the demands on the small secretariat, diverting energy from network services to clients. Perhaps more importantly, it also poses the question of whether GIFT is well positioned to operate in more commercial terms in the field of consulting or technical assistance, and whether this shift will be well welcomed by its own stewards and members.

Several voices of caution were heard among stakeholders: a more paying client-oriented GIFT could detract from its mission, would potentially compete and alienate its membership, weakening its standing. From a pure business perspective, some alerted that prioritizing fee-paying services is not a silver bullet and is not an easily scalable model, as it would also rapidly escalate the costs of the secretariat function.

Members put a premium on GIFT’s nature as a network and urge creative thinking on leveraging and adapting this model. GIFT as a network, it is still strongly believed, can advance the agenda faster than members can individually, but the reality of stewards not having “skin in the game” must be somehow countered. Some interlocutors firmly believe that members, especially governments, should and may be willing to pay a fee or annuity for the privilege of membership. This is certainly an option to consider, especially under the prevailing view that GIFT’s membership should be a “selected club” of leaders in the field of fiscal transparency.

**4. GIFT’s Funding Model**

As noted in the previous sections, GIFT’s basic funding model and primary source of finance to date has been grant funding. The original World Bank grant, its renewed commitment in 2017, and the revenue from two foundations, Hewlett and Omidyar Network (Luminate), have constituted the bulk of GIFT’s operating budget since 2018, once the World Bank’s DGF funds were exhausted. IBP, GIFT’s host organization, has also, since the past year, contributed financially to the initiative. These sources have financed an annual operating budget in the region of US$1 million.

*SEE THE TABLES WITH INCOME & EXPENDITURE FOR PERIOD 2014-2020 IN THE ANNEX*

Other noteworthy sources of funding, not reflected in GIFT’s accounts, consists of in-kind contributions, particularly by countries serving as hosts to GIFT’s international events, as well as the staff time of stewards and partners, often civil servants paid for by their governments to take part in peer learning and technical assistance missions to other governments.

The current funding model is likely to prove untenable in the short to medium term, with the potential withdrawal of core funding sources and new sources likely increasingly more narrowly restricted to specific programs, activities or regions. Thus, the current model of a core-funded GIFT as a “gift” to its beneficiaries must be replaced by a more diversified approach.

As noted in the previous section, GIFT has increasingly been experimenting with fee-for-service contracts, including supporting World Bank country programs in Mongolia.

As GIFT cannot expect continued World Bank grant funding, and its current philanthropic are also giving notice of their changed priorities, GIFT must carefully weigh and pursue opportunities for different sources, matched to each type of activity. Section 2 of this report described the multiplicity of types and sources often tapped by nonprofit initiatives.

For GIFT, this funding basket could include a combination of *member contributions*, *participation fees* for events, *commercial sponsorship* for events and publications, in addition to *grants* and *contracts* from foundations, IFIs and bilateral donors, with fee-for-service revenue as an increasingly important, but not necessarily a dominant source. In all likelihood, this will be a gradual and adaptive process, with a phased rollout. Each type of activity or line of action will have an ideal funding source. These options are developed further in the Recommendations section of this report.

While the establishment of GIFT was possible due to the World Bank’s seed funding, later supplemented by Hewlett and Omidyar, the renewal of the foundations’ support, in 2018, was only possible under the reasonable condition that the Lead Stewards match this funding, which triggered the IBP and the World Bank to pledge additional support. These circumstances, as seen, are not likely to be repeated, as the Lead Stewards are unwilling or unable to continue providing support in the same terms. Furthermore, GIFT’s Lead Stewards, in particular the IMF, the World Bank and the IBP often rely on the same institutional donors as GIFT does, creating a potential conflict of interest in GIFT’s governance, and producing a situation which may lead to a sustainability crisis. This dilemma of GIFT as a network in competition with, or held captive by, its own members is an issue to be debated honestly with its Lead Stewards.

**5. Future Scenarios and Options**

The following scenarios and options were derived from the listening exercise with stakeholders and Lead Stewards, ranging from a “wind down” to an aggressively “commercial” scenario, with two more middle-of-the-road options.

*Option Zero – “Mission Accomplished”*

Under this option, GIFT would consider that it has largely achieved its goal of mainstreaming the field of fiscal transparency on a global scale, has built a solid foundation for it to advance, and is either no longer necessary or is not well positioned, as a global initiative, to continue pursuing this cause to where it has evolved. GIFT as an initiative would cease to exist, its hosting agreement discontinued and the team, disbanded. Certain aspects of its work and the network itself could be pursued by individual Lead Stewards, such as PEFA (for standards), IBP (for CSO engagement) etc.

This scenario, as noted in the Stakeholder Voices section, is partly a rhetorical device to stimulate deep thinking about the continued role and relevance of GIFT. While winding down GIFT would not be necessarily an indication of failure, there is sufficient shared belief in the continued relevance and the adaptive capacity of the initiative to rule this option out.

*Option 1 – Minimalist GIFT*

Under this scenario, in response to dwindling donor funding and to changed priorities in the field of fiscal transparency, GIFT would reduce its scope to its most basic functions as a global initiative, maintaining its role as convener and facilitator of a multi-stakeholder network, seeking to perform only the highest-yielding, lowest-cost activities, such as the technical work around fiscal transparency standards and identification and sharing of best practices. Under this option, GIFT’s secretariat capacity would be limited to basic coordination and organization needs, under a third-party host.

While this is a more realistic scenario than discarded Option Zero, it is possible that this path could ultimately also lead to a gradual wind-down: gutted of a more ambitious mandate and more robust secretariat, a minimalist GIFT could lose it entrepreneurial capacity and leadership role. Even in a scenario of reduced financial needs, the question of how the initiative should be financed remains elusive. For these reasons, the minimalist option is not one recommended to be actively pursued, but is merely a fallback scenario if other options do not thrive.

*Option 2 – GIFT takes the lead*

In this option, GIFT takes active steps to mature from its current state as an incubated, third-party hosted action network, transforming into a full-fledged organization, pursuing a leading role, positioning and repurposing itself to meet the needs of the field, bringing along the Stewards and stakeholders that wish to follow, in a “leading” rather than “serving” role. In this model, GIFT designs, markets and implements its programs primarily based on its strong secretariat delivery capacity and reputation.

This is an option that merits serious consideration, despite serious drawbacks and risks. GIFT’s secretariat reports promising developments in its ability to attract revenue from development partners increasingly in the form of contract work rather than grants. Certain types of activities, such as training and technical assistance could be monetized into profitable product lines.

Furthermore, a network, as GIFT members describe the organization, is a notoriously transient and volatile form of organization, for all its potential. Network-type organizations are often a reflection of a specific moment in time, of a funding window of opportunity or the confluence of context-specific factors that are inevitably bound to change. And while the flexible and agile nature of a network is often positive feature, over time networks face the need to create lasting and formal structures, or are eventually discontinued. Member-serving networks can also be prone to capture, competition, stifling or free riding by dominant members, leading to underperformance.

With the above in mind, there are also numerous potential negative implications to turning its back on the network model. Coming of age as a secretariat-led, program-driven organization may alienate or even antagonize current members and partners, which could cascade into a cycle of undermining its capacity and credibility. As competition for resources in the field of development is fierce, this option will inevitably lead to a realignment in the interests and incentives for collaboration, partnership or outright competition with organizations that currently support GIFT.

As with Option 1, this disruptive scenario, at this point, is only recommended as an interesting thought experiment to explore certain opportunities and to grasp more fully the comparative advantages of the action network model in contrast to other options.

*Option 3 – Leverage the Network, unleashing its potential*

This preferred option is presented in detail as a recommendation, in the section below.

**6. Recommendations**

This section presents the author’s recommended course of action in pursuit of GIFT’s mid and long-term sustainability goals, drawing from the ideas and suggestions proposed by GIFT’s stakeholders. The recommendations vary in scope, covering a range of dimensions, from broad strategic considerations on governance, identity and membership aspects to reflections on managerial aspects.

1. *Pursue and fully develop a revised network model suitable for GIFT’s needs*

This first point recognizes the foundational nature of GIFT as a network, its widely acknowledged capacity to act as a convener and broker, and the impact it has achieved in that role. The network, including the active participation of major international players such as the IMF, World Bank and the OECD, important governments and leading civil society groups is, undoubtedly, GIFT’s main asset. Yet the structure and the modus operandi of this network in its current form assumes and now depends almost entirely upon the availability of external funding. A network is not a free ride. Rethinking the membership can be the key to unlocking new business opportunities, delivery capacity and, ultimately, funding, the focus of this report. While detailing a fully redesigned network model exceeds the scope of this study, the following aspects may serve as useful guideposts.

1. *Review, clarify and tighten stakeholder/partner/member/steward parameters*

With the growing understanding of GIFT as a self-selected group of champions in fiscal transparency and citizen participation, GIFT should define more precisely the terms of membership into this more or less exclusive group. These parameters may differ for governments, CSO partners and other initiatives. For the sake of inclusiveness, and to expand business development opportunities, GIFT may also consider a two-tier affiliation model, encompassing both the leading countries as well as those committed to following in their steps. Such a process could make GIFT membership a strong aspirational goal, building support and attracting financing opportunities.

1. *Seek higher-level buy-in*

GIFT’s outreach to governments has primarily been with technical career civil servants rather than high-level political appointees. While this has ensured a level of continuity through electoral cycles, and has mitigated the risk of identification of GIFT with one or another political group, it should now also seek and cultivate higher level support within its member governments, conferring a stronger mandate to the initiative. The mid-level and technical support have ensured GIFT’s *survival* across political cycles, but in order to *thrive* and achieve greater impact it must ensure high-level buy-in.

1. *Translate this buy-in into strong political commitment and action plans*

One of GIFT’s most promising recent programmatic advances consists requiring member governments to develop explicit commitments in the field of fiscal transparency. This is a welcome development that should create new opportunities, especially if these commitments are backed strongly by senior government officials. The experience of the Open Government Partnership with commitments and action plans may serve as a benchmark both for the potential and shortcomings of such an initiative, but GIFT, through its tighter thematic focus and strong peer network, is arguably better positioned than the OGP to monitor, support and advance these commitments, and to transform this into a financially viable line of action.

1. *Map network resources and engage these a primary delivery mechanism*

The GIFT network comprises or has access to the most knowledgeable and experienced individuals in the field. Their affiliations may change over time, and so should their manner of contribution to the network. Some of the cadres of the current GIFT secretariat originate within the network: they are former government officials and consultants who have engaged with GIFT in a different capacity before joining the team. In addition to occasionally hiring secretariat staff from within the network, GIFT should be able to source all the consultants, trainers, researchers, proposal writers, advocates and political champions it will ever need. Leveraging the network means not only building capacity, but also using the resources within the network to serve its needs.

1. *Explore establishing member fees, primarily for governments*

As a development of the first recommendation, GIFT should seriously consider establishing a fee system, possibly as a recurring annuity levied on member governments. Governments regularly contribute to international organizations of which they are members, from UN agencies to other multi-stakeholder initiatives. In the field of budget transparency, CABRI, the Collaborative Africa Budget Reform Initiative, has adopted this model. If membership of GIFT confers prestige, in addition to access to useful resources and services, it should follow that governments could be willing to become paying members. The potential revenue generated through member fees is of a very significant order of magnitude in relation to GIFT’s typical financial needs: as an example, 10 countries contributing an annuity of US$50,000 could represent half of GIFT’s overall annual budget, in recurring and mostly unrestricted funding. A higher fee, or a larger pool of paying members could potentially secure the close to the totality of current needs, and leverage the growth of GIFTs budget, programming and impact.

The establishment of member fees is not a simple matter, and merits further detailed consideration. This option will present significant hurdles and may prove ultimately unfeasible. Placing a price on membership could affect governments’ willingness to voluntarily take part in GIFT, change their expectations in terms of member benefits or service, as well as lead to demands to have a stronger voice or role in the initiative’s formal governance. Extracting funds from governments, especially mid and low-income countries is never straightforward. GIFT’s status as an unincorporated entity hosted by a US-based nonprofit organization may not suit this option. Thus, creative and persuasive solutions should be considered. GIFT may consider the need to legally incorporate and adapt its governance mechanisms to reflect its nature as an international membership organization. Alternatively, it may seek an arrangement such as the creation of a World Bank-hosted multi-donor trust fund (or use an existing mechanism, such as the Open Government trust fund). The architecture of the fee mechanism also merits consideration: Would a lower fee be more palatable to governments, or is the hurdle of establishing a fee system at *any* price point the key constraint? A flat fee or a sliding scale according to a country’s capacity? Can countries be encouraged to top these contributions up with additional donations, according to capacity? Part of these donations or other donor contributions could be used to sponsor membership of low-income countries. Should fees be purely voluntary, at least initially, or be reduced or altogether waived for some countries?

A corollary of GIFT as a membership network of *countries* or *governments* is that the standing of other current Lead Stewards would also change. International partners such as the IMF and the World Bank, rather than being expected to be core funders, at present is an unrealistic expectation, become anchors and guarantors of the technical capacity and political credibility of the initiative. GIFT should pursue its Lead Stewards to ensure that they are willing to renew their commitment to the initiative and explore ways in which they can support its mission.

The broader governance and programmatic implications of this proposed change deserve further investigation, which is beyond the scope of this study, but appear to bear the promise of potentially securing one of the pillars of the long-term sustainability of GIFT. Some evidence, as reported by interviewees, suggests that current Lead Steward governments do not consider unreasonable the prospect of the establishment of fees. In addition to the financial resources themselves, few things confer more credibility to an initiative than a membership that is willing to contribute its own resources. Anchoring GIFT’s financial base to a solid foundation of member fees will undoubtedly create opportunities to raise, leverage and blend additional financial sources.

1. *Focus on the mission and position GIFT as a “development partner” rather than a vendor or service provider*

GIFT must resolve – or strike a balance on - the dilemma of the collaborative yet competitive nature of its network, especially as it pertains to fundraising. The pathway to address this issue is to frame its engagement with its network members with an unrelentingly focus on its mission, and strive to forge its relationship with its stakeholders according to their shared visions, ambitions and values, as development partners.

In practice, this should result in more opportunities for collaboration, in new joint efforts in peer learning, knowledge creating, technical assistance and capacity building, as well as, significantly, in fundraising and in advocating on behalf of the field to donors and decision-makers.

GIFT has been striving to diversify its sources of funding by offering its services to potential paying clients. Most notably, this approach is bearing fruit with the World Bank itself which, while apparently unable to grant funds to GIFT as it did in the past, increasingly values the initiative for its ability to deliver on its own programs, and continues to have a vested interest in GIFT’s ultimate success. There may be a rich vein of potential funding opportunities to develop as a service provider, particularly in areas where the expertise of GIFT is widely acknowledged, such as the implementation of budget portals.

Two important caveats in this respect were made earlier in this report: 1) the importance of not compromising the ability to operate as a network as a result of work as a service provider (e.g. by being perceived as in competition to its members, or by neglecting member services in favor of client work), 2) a caution to not rely solely on client revenue as a source of funding, as it can detract from mission and may not be a readily scalable model. An approach that can serve the GIFT’s unique nature is to position the initiative as a *development partner*, rather than a vendor or service provider. The difference in approach is to build upon and take advantage of the relationship of trust with stakeholders – governments, development agencies, IFIs, CSOs – demonstrating how GIFT can meet their needs, and tapping into the network to promote and its expertise and secure mutually beneficial deals. Though its partnership approach, GIFT can both demand for its services and secure the funding for these. In effect, to leverage the membership to both buy and sell GIFT’s work.

To ensure sustainability, in whatever future shape of the network, GIFT needs to fundraise before development agencies and institutional donors, in a setting where the Coordination Team efforts are accompanied and endorsed institutionally by the lead stewards, in order to ensure coordination, coherence and credibility to the GIFT effort.

1. *Maintain leadership capacity of secretariat*

Notwithstanding the above recommendations about GIFT’s inherent identity and potential as a network or membership organization, sustaining a competent executive function, in the form of its secretariat, is another pillar for a sustainable organization. Stakeholders interviewed emphasized repeatedly that GIFT’s credibility rests as much on its Stewards and partners as it does on the capacity of its coordination team, particularly in the person of the current Network Director. A strong executive, capable of articulating and implementing a vision, relating to high-level officials as peers, shepherding a diverse coalition and running an efficient operation is a necessary condition for success. Supporting the executive with capable human resources, whether staff, consultants or volunteers should not be neglected at the expense of maintaining a lean central operation. GIFT’s governing body should seek to preserve and strengthen the initiative’s capacity to attract and retain top-notch talent at as a top priority.

More than one interviewee highlighted that the network coordinator “should not be afraid to lead” and should push GIFT’s stewards and partners out of their comfort zone, rather than counting on them for direction. Rather than criticism, this advice was offered as encouragement, and a recognition of the network’s own limitations. This leadership is expected and appreciated.

1. *Pursue thought leadership and frontier issues – the money will follow*

As noted in this report, GIFT originated to give form to a powerful idea, backed by important stakeholders with the means to support it. As this theory of change was put into practice, its shortfalls and gaps gradually apparent, both the idea and its backers have evolved. In order to survive and thrive within its mandate, GIFT must show a continued ability to learn, adapt and address these gaps with concrete solutions. GIFT has made strides in this respect, experimenting with interventions such as tools (information portals), campaigns (public rallies), capacity building, peer learning and technical assistance. The issue of citizen participation in budget accountability currently is cited as an area that merits more attention. As an initiative closely linked to the practice on the ground, to high-level policy debates and to academic thought leadership, GIFT is and should continue to be in a position to formulate and secure funding for innovative and pilot programs designed to address perceived gaps, and to push the boundaries of practice, rather than remaining in tried and tested territory.

Furthermore, the locus of fiscal transparency interventions – and donor interest – has shifted in the past decade, away from global initiatives toward increasingly local-level action. As noted, this follows a quest to identify more clearly the specific impact on citizens: taxpayers, or users of public services, for example. While budget transparency and accountability has been primarily the remit of ministries of finance or treasuries, there is growing interest in this field within different spheres of government, including sub-units in federative states, local and municipal governments, as well as away from the core of government into line ministries and service provision units.

The spheres of budget accountability in, for example, health, climate finance, or immigration and refugee services may be a very different universe from the one in which GIFT currently operates, albeit not an entirely unfamiliar one. The comparative expertise and relationships that GIFT can bring to the table will reduce barriers and entry cost in new sectors. Entry into new sectors or spheres may be a case in which simply “following the money” and pursuing opportunities may yield results without risk of detracting from the mission.

1. *Implement a product development and investment cycle*

A typical “business life cycle” is described as a progression of stages, from startup (or launch), growth, maturity and decline (or, eventually, rebirth). Each stage poses different challenges and requirements, in terms of its required investment as well as return. An analogy with private sector product cycles suggests that certain knowledge activities, such as commissioning and publishing groundbreaking research on a frontier issue (say, fiscal transparency in fragile, conflict and violent contexts, or the impact of new social networking tools on direct citizen engagement) is akin to the early project development stage, requiring intensive investment and yielding uncertain results. Following the analogy, converting the findings of this research into actionable insights, in the form of bespoke training programs or advisory services can result in a rapid growth. The gradual mainstreaming of this knowledge could lead to the development of new products, such as self-assessment resources, online courses and guides, and other scaled-up tools with broad use (but typically lower return margins). Nonprofit initiatives often neglect to develop their programs along these typical business cycles, and frequently find themselves in constant “pilot project” mode. Furthermore, many initiatives conceive areas such as knowledge, capacity building, advocacy and service delivery (and fundraising, for that matter) as distinct siloed functions, failing to build synergies among these. This fragmented approach is often reinforced by donors themselves, who limit their interest on one or another aspect, and fail to leverage their investments in pilots.

In GIFT’s case, the implications and opportunities of this approach should be clear: when entering new markets or sectors, the tools at GIFT’s disposal are knowledge and learning instruments, such as research and peer learning within network members. Identifying those donors interested in such agendas and tools becomes a fundraising priority. On the other end of the spectrum, where GIFT’s expertise is established and recognized, the focus should shift into readily scalable interventions requiring smaller incremental investments and staff dedication – workshops, training of trainers, e-courses etc. offered both to paying clients or subsidized through donor investments.

From the above, it follows that every activity, product or line of action should have a clear funding source, whether a donor or a paying client, rather than a general fund to draw money from while it lasts. Subsidizing certain aspects of work with funding from other sources should be a conscious exception to a rule, rather than the standard operating mode, as is often the case in nonprofits. Each activity that should require a subsidy or investment should be carefully examined: if it is a matter of public interest, there may be an untapped source of finance for it. Many of the benefits GIFT offers its members, such as participation in events at no cost (including airfares and accommodations) have a potential source of funding that may not have been considered worthy of pursuit when there already was enough funding to pay for these costs. Subsidies also reinforce the notion to members of GIFT’s services as a “free lunch” – a gift! The discipline of continuously seeking and developing funding sources is a healthy business practice, bearing in mind that this does not mean that beneficiaries need to pay for services themselves, but that there may be a third party willing to do so. The case of conference participation is most obvious: while many of the attendees could certainly tap into their own funding sources to support their travel and accommodation costs and attendance fees (and should be strongly encouraged to), event sponsorship, including marketing and branding opportunities to private businesses (such as management consultancies or accounting firms) can result in a significant source of revenue. In fact, hosting events can potentially become a cash cow rather than a cash sink for the organization.

Within the product cycle described above, a discrete project or line of action (e.g. research) may have a typical funding source (such as a foundation grant, for example). Along the product cycle there will be numerous opportunities to further develop, scale and monetize these lines.

**7. Conclusion**

The primary scope of this study, principally based on the views of partners, stakeholders and Lead Stewards of GIFT, is an assessment of the initiative’s current resource mobilization approach, including organizational and governance-related dimensions of GIFT’s overall business model, in order to raise elements for a revised resource mobilization and financial sustainability strategy to ensure its viable future and increased impact. This assessment resulted in a proposed option, among other scenarios under consideration, as well as in a list of main recommendations outlined in the previous section.

Many, if not all, of the recommendations proposed here may be of common knowledge to GIFT’s leadership. Some may have been considered and discarded in the past, while others may reflect directions the initiative has already taken. All recommendation may not prove feasible, and certainly will not be adopted at once or without considerable adaptation. Some of the recommendations are but broad advice into matters that will require more thoughtful consideration. Beyond specific advice, the value of this report is to hopefully provoke further discussion and examination among Lead Stewards to catalyze action.

It is beyond the scope or the capacity of the author to indicate which specific paths, thematic areas or products in the technical field of fiscal transparency should be followed and developed, but the report suggests parameters for these choices. GIFT should continue to lead, to experiment and to innovate, with an entrepreneurial approach that will ultimately yield results.

As all stakeholders interviewed indicated, GIFT is a highly respected initiative performing useful work in a relevant field, backed by major players in this field. Yet its operating environment is deeply changed over the years and the organization itself is in a different phase. GIFT is at an inflection point. Its ability to secure funding depends less on fundraising prowess than on the ability to reinvent itself to respond to the challenges presented by this new phase.

As noted, fundraising is rarely only about raising funds. This report has highlighted issues of governance, strategy and program design as much as fundraising tactics. That said, GIFT should not neglect the fundraising function itself. This is one of the most important and time-consuming roles of the lead executive of an organization. It is also a responsibility that should be shared among key staff members, and one that may eventually require dedicated professional support.

GIFT is approaching this inflection point in a timely manner and with foresight, while it still enjoys strong support of its current financial backers and partners. It will certainly be capable of thriving in a new phase, at scale and with enhanced impact. In order to do so, it must begin by engaging its greatest asset – its network – in designing its future and collaborating to advance their common goals.

**Annex 1 : List of Stakeholders Consulted**

1. Joseph Asunka, Hewlett Foundation
2. Jim Brumby, World Bank
3. Andrew Clarke, Luminate/Omidyar Network
4. Grazielle David, formerly INESC, Brazil
5. Ariadna Diaz, Treasury, Mexico
6. Marianne Fabian, Dept. of Budget & Management, Philippines
7. Raquel Ferreira, Treasury, South Africa
8. Manal Fouad, IMF
9. Juan Pablo Guerrero, GIFT
10. Torben Steen Hansen, IMF
11. Ruth Levine, Hewlett Foundation
12. Warren Krafchik, IBP
13. Lorena Rivero del Paso, GIFT
14. Sailendra Pattanayak, IMF
15. Murray Petrie, GIFT
16. Alta Prinsloo, IFAC
17. Rakesh Rajani, Co-Impact, formerly Ford Foundation
18. Vivek Ramkumar, IBP
19. Carolina Renteria-Rodriguez, IMF
20. Christiane Roehler, IMF
21. Roby Senderowitsch, World Bank
22. Nicola Smithers, World Bank
23. Mauro Tapajos Santos, Ministry of Economy, Brazil
24. Omar Tarick, GIFT
25. Gerardo Una, IMF
26. Jeannette Von Wolfenrdorff, Observatorio Fiscal, Chile

**Annex 2: TABLES WITH INCOME & EXPENDITURE FOR PERIOD 2014-2020 (ATTACHED)**

1. Interviews and workshops with stakeholders were conducted during the months of February and March 2019, by phone and, when feasible, in person. [↑](#footnote-ref-1)
2. See Annex for the full list of stakeholders consulted. [↑](#footnote-ref-2)