



Budget transparency

New frontiers in transparency
and accountability

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Contents

Executive summary	5
Introduction	8
The strategic review	9
Methodology	9
Structure of the report	9
I. Background	10
1. Definition of transparency and accountability and scope of the field	11
What is meant by transparency and accountability?	11
What do transparency, accountability and participation mean in the budget arena?	11
Who are the actors involved?	13
2. The state of fiscal transparency	14
3. Recent trends	15
A ground shift in budgeting systems	15
Growing interest in governance, transparency and civil society partnerships	15
Increased appreciation of the importance of context	16
Internationalisation of the agenda	16
Technical shifts in budgeting	16
II. Describing the sector	18
4. Current status of demand-side budget work	19
Background	19
Mapping applied budget work: a taxonomy	19
International	21
In-country	21
5. Budget work – trends and lessons	26
What has changed in demand-side transparency work?	26
What key lessons have been learned?	27
What are the key obstacles to sector effectiveness?	28

III. The way forward	30
Criteria for selecting programme ideas	31
What do we know about this work?	31
What does this mean for the future?	32
Recommendations	33
Ratcheting up international pressure	33
Shifting power at national level	35
Learning what works and where	38
Conclusion	39
Annexes	40
Annex I: Defining transparency, accountability and participation	41
Annex II: Recommendations	42
Ratcheting up international pressure	42
Recommendation 1: Design and adoption at international level of budget transparency and participation standards	43
Recommendation 2: Establish an international budget oversight platform	45
Shifting power at national level	47
Recommendation 3: Establish a multi-donor initiative to consolidate civil society budget monitoring and explore important new areas of work	47
Recommendation 4: Building transparency and accountability coalitions between SAIs, legislatures and civil society	49
Recommendation 5: Building capacity in governments for budget transparency	51
Learning what works and where	52
Recommendation 6: Critical pathways to success: building the sector's knowledge base on context	52
Conclusion	54
Bibliography	55
Respondents	56
Acronyms and abbreviations	57
Acknowledgements	58
About the author	58

Executive summary

Budget monitoring is a relatively young sector, but it now has ten or so years of experience. This paper makes clear the gains of the past ten years. There are civil society organisations (CSOs) in over 100 countries engaged in such activities, methodologies have been developed and piloted, training programmes and trainers exist, skills are being developed and advocacy approaches have been tested. There is also increasing collaboration and learning fostered between CSOs working on budgets, through the International Budget Partnership network and other networks. Several case studies of impact have documented retrospectively the positive changes in budget institutions, policies, allocations and the quality of expenditure that have resulted from this work. There is stronger evidence of widespread change in middle-income countries, but there are also important examples of meaningful impact in low-income and challenging environments, such as Chad, India, Malawi and Pakistan.

Nevertheless, the growth of activity in the sector would seem greater than the degree of impact. This is a result of both internal and external factors. Access to information and engagement opportunities is probably the most significant constraint. The average level of transparency around the world is deplorable, especially in countries that are aid-dependent, rich in natural resources and low-income. In these environments, civil society (and other oversight actors) alone is not able to hold the government accountable for revenues and expenditures.

However, recently there have been meaningful improvements in budget transparency in a number of diverse countries, including low-income countries, as a result of several factors. These include opportunities arising from changes in government, internal pressures from civil society and parliament, and external pressure from donors and international initiatives. Change is meaningful but slow, and subject to possible backsliding.

The strategic review presents an analysis of the trends, gaps and opportunities in the budget, expenditure and procurement arena. This review has then enabled us to suggest specific initiatives that can enhance both the external and internal pressures on governments. We also try to address the technical and financial constraints facing CSOs. Finally, we suggest focusing substantial investment in documentation and learning that will be useful to those working on budgets, as well as those working on monitoring aid, extractive industries and the environment.

The initiatives proposed in this document are not meant to be comprehensive. Opening up budget processes is clearly a very large, long-term goal. We have tried to choose a limited number of programmes that would contribute meaningfully to the dialogue and which might be appropriate for the Transparency and Accountability

Initiative donor collaborative. The importance of deepening work on budget transparency cannot be overstated. Core budget transparency is important to all sectors of the transparency and accountability movement. For that reason, working on budget transparency is even much more urgent than before. As the gains of those working for extractive transparency multiply, and as the massive flow of funds to mitigate and adapt to climate change begin, developing country budget systems and oversight will be challenged as never before. Unless much greater inroads on budget transparency are made, this greater flow of resources is unlikely to have the impacts imagined and could undermine existing governance efforts.

Transparency and accountability are ends in themselves – people have a right to information on and a say over decisions that affect them, and to hold decision-makers to account for those decisions. They are also a means to better decisions. Budget transparency is necessary, but not sufficient for accountability.

The focus in the research has been on demand-side initiatives – particularly by non-state actors – that build transparency and accountability in the budget, expenditure and procurement arena.

Many different types of organisation are involved the work in many different and often challenging political, social and economic environments. Over the past ten years the sector has learned that the focus of work and the strategies chosen to achieve transparency and accountability improvements are context-dependent and that it is important to identify which necessary preconditions or enabling factors are not in place in order to sequence interventions. The sector has learned that in all forms of intervention in the sector, work that is based on evidence and that is technically sound has greater currency than work that is not. The sector has learned that coalitions are important and that relationships with state actors, the media and other CSOs are critical. Peer learning, imitation and adaptation have proven to be powerful mechanisms to spread the work within and across borders. Sector donors have played an important role in this process, by encouraging growth in new geographical areas, using approaches developed elsewhere.

In short, the past ten years can be seen as an origination phase during which the sector has built a sound foundation that is well anchored in real demand and with complete ownership by country-level actors. The work has succeeded in breaking ground for a legitimate space for civil society actors in an arena which was traditionally seen as the action space of state actors only.

But the growth in the work has not been matched consistently by impact. The following challenges and opportunities define the field as we see it today:

- Unlike many other sectors of the transparency and accountability movement, the budget movement grew from the 'bottom up', meaning that its growth has been almost exclusively driven by country-based CSOs. The advantage is that there are strong institutions in a wide range of countries on which to build international cooperation. The disadvantage is that budget transparency has still not captured global attention in the way that other related movements have, and it has yet to galvanise a coherent international movement. Nevertheless, the opportunities to break through this barrier and elevate the global profile of budget transparency exist now more than ever before.
- The impact of civil society budget transparency and accountability work is constrained by a paucity of information and formal and informal opportunities to engage in the budget process.
- Weak formal oversight institutions – legislators and supreme audit institutions – deprive civil society actors of an important route to influencing state actions and ensuring accountability.
- There is a paucity of donors prepared to provide long-term and predictable financing to the sector, and the lack of long-term funding prevents organisations from building dedicated capacity and undertaking the consistent work that can impact at a higher level.
- The sector has great difficulty accessing and retaining the high-end skills it requires to build its professionalism and engage in the increasingly complex public finance management context.
- The sector's progress is also hindered by an as yet rudimentary understanding of the dynamics of context, programming choices and pathways to success.

What does this mean for the future? The recommendations below are based on the criterion that new initiatives should be game-changing: they should seek to understand and address the barriers to greater effectiveness in civil society work seeking budget transparency and accountability. They should take up the opportunities to leverage the foundation that has been built.

The proposal is therefore that new initiatives should contribute to the following sector objectives:

- Changing the external/international and domestic incentives that governments face for greater budget transparency and engagement with citizens to improve the lives of the poor. There is insufficient pressure on many governments to change: if progress is to be accelerated it is necessary to bring together local and international advice, advocacy and pressure;
- Greater engagement with constitutionally mandated oversight institutions to address systemically weak budget oversight and to restore their function as citizen agents and as avenues for citizen engagement. Ultimately, we want a system of oversight with CSOs playing an important role, but in concert with constitutional actors;
- Growing our understanding of and promoting work that is sensitive to differences between and within countries. The sector needs to build sufficient experience to aim at more nuanced strategies tailored to different country environments;
- Address the funding and skill barriers that CSOs face in building the stable and skilled capacity they need to engage with budget issues, gain legitimacy, nurture relationships and take on the long-term consistent effort that is required to shift power, empower citizens and achieve open, responsive and accountable government.

On balance, the programme recommendations focus on innovation by building an international presence for the first time, while consolidating the base for financial accountability at the national and sub-national levels. This strategy will help ensure that flows of funds from natural resources, aid and climate finance lead to tangible development outcomes. The recommendations do not preclude innovation or the sector entering new work streams. In fact, they are aimed at creating better circumstances within which to achieve these aims.

The first two recommendations therefore complement the sector's strong country-based foundation with international work to change the incentives that governments face to improve budget transparency and establish open budget processes. A next set of recommendations aims to shift power at the national level by addressing weak country-level oversight institutions and the paucity of consistent funding streams, while working to identify and support reformist elements in government. The final recommendation targets key knowledge gaps in the sector.

Summary of recommendations

Recommendation 1

Design and adopt at international level budget transparency and participation standards that can provide CSOs and legislatures with greater leverage in demanding greater access to budget information, and clarify donor expectations.

Recommendation 2

Establish a broad international budget oversight platform to build awareness of the need for open budgets and pressure on closed governments to open up, while supporting governments committed to improvement. The platform will bring together national and international civil society, multilateral and bilateral donors, regional development institutions, professional networks and governments that are committed to improving their practices. The platform will reflect and bolster the growing international convergence on the centrality of budget transparency to improved governance.

Recommendation 3

Establish a multi-donor initiative to increase the professionalism of the field and support the building of effective institutions. This recommendation addresses the threat to the sector posed by short-term projectised CSO funding – which drains talent – and the need to develop medium- and long-term strategies for engagement with government.

Recommendation 4

Establish pilot projects to build accountability coalitions between CSOs, oversight actors and reformists in government.

Recommendation 5

Establish a programme of work in selected countries with governments/executive actors committed to greater transparency and participation to build capacity for open budgeting. Successful projects will help to create examples of effective models of change that might be adapted in similar environments.

Recommendation 6

Map the relationships between different contexts, their associated transparency and accountability challenges and critical pathways to success in fostering open, responsive and accountable governments.

We believe that the recommendations – in combination but also each in its own right – have the potential to be game-changing in the empowerment of citizens and their organisations and oversight institutions. However, this list is not exhaustive. There are two additional frontiers that are hugely important, but which we were not able to explore fully within the available resources for the research to be able to recommend initiatives with confidence.

Firstly, strengthening the role of the media as a partner at country level and a social accountability institution in its own right should be a priority for work. It is therefore recommended that the initiative does further work to explore these challenges and what they might mean as a core challenge and therefore a frontier in its own right.

And secondly, the potential role of technology in demand-side transparency and accountability work is not adequately reflected in the recommendations as

they stand. The rise of new technologies and cheaper access to and wider coverage of technology in developing countries offer significant opportunities for empowering citizens. There are without doubt many countries where synergies between the open government data movement and demand-side budget work can accelerate citizen empowerment, oversight and accountability. It is therefore necessary to acknowledge this as a frontier in demand-side budget work and note that a marker should be put in the programming of the initiatives above to include encouraging the use of technology in the means selected to achieve objectives.

Introduction

Transparency and accountability have absolute value as democratic principles. Timely, accurate, comprehensive and useful information on the state's fiscal activities and accountability to citizens for the use of resources are the state's obligations and citizens' right.

Transparency and accountability also have operational or instrumental value in budgeting and public financial management (PFM), in that the obligation to make known the nature and extent of the state's fiscal activities acts as a check on potentially bad budgetary decisions, forces budgetary actors to comply with budgeting rules and thereby improves the likelihood of better budgetary outcomes. Moreover, transparency and accountability can lead to broader public debate and better policy, thereby further improving the likelihood of better budgetary outcomes and contributing to building social cohesion. Budget transparency and engagement opportunities are essential to empowering citizens to participate in public processes and to hold their government to account.

Core transparency of budgets and open budget processes are essential for work in other sectors of the transparency and accountability movement. For example, sustained transparency on natural resource flows is linked to transparency on all resource flows and requires transparency on the use of flows to deliver accountability; government accountability for sector service delivery relies on understanding how the services are financed and how the money flows; international monitoring of agreed climate change actions depends on governments being transparent on the allocation of resources to the sector and their use.

In aid-receiving countries, there is a critical juncture between aid transparency and budget transparency. Good information on domestic budgets is crucial to aid effectiveness, just as good information on aid is crucial to government accountability. Citizens of aid-receiving countries have a crucial role to play in demanding, from their own governments, accountability for the use of foreign grant and loan flows, as well as for climate change funds and natural resource flows.¹

The strategic review

This paper comprises a review of initiatives – particularly by non-state actors – that enhance transparency and accountability in the budget, expenditure and procurement arena and a set of recommendations on critical work to make this work more effective.

The purpose of the strategic review is to survey the field: transparency and accountability work that is commonly undertaken; cutting-edge approaches and new directions; obstacles to making the work more effective; and opportunities to enhance its effectiveness. The document therefore (i) develops a conceptual map of current and past initiatives; (ii) discusses relevant developments in the fields of fiscal, revenue, expenditure and procurement management in their political and economic contexts; (iii) explores obstacles, opportunities and gaps that exist; and (iv) provides a shortlist of recommended future areas of work to support.

Methodology

The focus of the research approach has been on consultation. It comprised the following:

- **A literature study:** a review of existing literature – books, papers, reports, reviews, evaluations, primary documentation from initiatives and so forth – in order to understand what is being done, by whom, where and with what results. The literature study also looked at issues of context as discussed above;
- **A survey of key actors with follow-up interviews:** key actors were interviewed about their work, shifts that have taken/are taking place and why, and what are the gaps and opportunities that exist;
- **Discussion and consultation with the reference group:** similar discussions were undertaken with the individual members of the reference group constituted for the initiative. The researcher prepared a post-literature review discussion note as a basis for these discussions.¹

Structure of the report

This document is set out in three parts:

- **A. Background:** This part of the report (i) provides a brief discussion of the meaning of transparency, accountability and participation in the budget arena; (ii) briefly discusses the current state of fiscal transparency in the world; and (iii) reviews significant trends in the public finance and governance environment within which budget transparency and accountability work take place;
- **B. Status of sector and main trends:** This part reviews and analyses the sector, (i) mapping and discussing the current state of transparency and accountability work; (ii) identifying important trends and lessons; and (iii) identifying crucial needs in the sector that should be addressed to deepen existing work;
- **C. The way forward:** This final section draws on the discussion in the first two parts of the paper to argue for a shortlist of six programming ideas representing crucial work in the medium term to increase the sector's effectiveness.

¹ This highlights a critical overlap between this paper and the Natural Resource Governance, Climate Change and Donor Aid Flows papers. This paper highlights the need for domestic

transparency for aid and other flows through budgets, but recommendations on it are reflected in the work of the other research streams

I. Background

1. Definition of transparency and accountability and scope of the field

The Transparency and Accountability Initiative aims to identify opportunities for demand-side transparency and accountability work and to develop strategies to access these opportunities for potential funders and practitioners. The purpose of this section is to describe what is meant by this field of research, namely what is meant by 'demand-side transparency and accountability work' in the 'budget' theme.

What is meant by transparency and accountability?

This study looks at budget, expenditure and procurement initiatives that build open, responsive and accountable government. The primary focus is on demand-side initiatives i.e. on work that empowers non-executive actors to access information and hold the executive to account for budgetary decisions made.

The definitions of transparency, accountability and participation that are shared between studies in the first-phase T/A Initiative studies recognise this dynamic (see Appendix 1 for the full definitions). The studies sees transparency not only in terms of disclosure, but in terms of relevant, accessible, timely and accurate disclosure of information on actions, rules, plans and processes. Accountability is defined in terms of an overall accountability system, where actors are held answerable and face consequences within government and from outside of government. Different elements of the accountability system are seen as interdependent. Accountability can be an outcome of formal, linear processes, but the studies also recognise that it can also ensue from processes that involve challenge, contestation and transformation. The studies acknowledge that participation is a necessary element of good governance. There is no accountability without participation, in particular consultative or empowered participation. Participation by formal constitutional budget oversight structures is seen as insufficient because it requires empowered citizens who have access to information and processes to hold their governments to account. Participation is key to making transparency and accountability directly meaningful to citizens and to fostering responsive government.

What do transparency, accountability and participation mean in the budget arena?

The generic definition of transparency can be interpreted specifically for the field of the budget study. Kopits and Craig (1998) described fiscal transparency as 'openness toward the public at large about government structure and functions, fiscal policy intentions, public sector accounts, and projections. It involves ready access to reliable, comprehensive, timely, understandable, and internationally comparable information on government activities so that the electorate and financial markets can accurately assess the government's financial position and the true costs and benefits of government activities, including their present and future economic and social implications.'

Note the elements highlighted in this description:

- **Openness about government structure and functions:** availability of fiscal information is not enough: people also need to understand which structures should be held to account;
- **Fiscal policy intentions and projections:** planned fiscal policy and budgets over the medium to long term;
- **Public sector accounts:** policy and budget outcomes as recorded in the public accounts;
- **Requirements for the scope and quality of information:** readily available, comprehensive, timely, understandable, internationally comparable;
- **Purpose of making the information available:** so that people and markets can accurately assess the government's financial position and the cost and benefits of government activities, including their present and future economic and social implications.

This definition of transparency largely corresponds with the IMF Code on Fiscal Transparency (1999, revised 2007). The IMF defines fiscal transparency as being open to the public about the government's past, present and future fiscal activities, and about the structure and functions of government that determine fiscal policies and outcomes. The code translates this definition into four areas of good (or fiscally transparent) practices: (1) clarity of roles and responsibilities; (2) open budget processes; (3) public availability of information; and (4) assurances with regards to the integrity of the information, including the requirement that fiscal information should be externally scrutinised.

The Organisation of Economic Co-operation and Development (OECD) Best Practices in Fiscal Transparency (2001) describes fiscal transparency more narrowly. In the OECD document, it is defined as 'openness about policy intentions, formulation and implementation', extending this characteristic to (1) the reports required in the budget process and their general content; (2) specific disclosures to be contained in the reports; and (3) the practices required to ensure the integrity and quality of the information in the

reports. In short, the OECD focuses on the information that should be available to the public, timeliness and standards of quality.

This review is informed by these international descriptions of transparency. This paper reviews, and offers proposals on, the following key perspectives on budget and fiscal transparency:

- Transparency on government’s financial position, assets and liabilities and financial flows;
- Off-budget revenue and expenditure;
- Revenue forecasting and revenue administration;
- Ex ante and ex post budget transparency. In other words, transparency of the proposed budget, of processes to prepare, of budget enactment, of budget execution, of financial and budget reporting and of audit, audit reports and follow-up on audit recommendations;
- Transparency of processes connected to budget process – for example, policy processes and service delivery.

Effective transparency and oversight of governments’ actions in all these areas are crucial to healthy public finances, effective service delivery and good governance.

In the budget arena – the forum within which it is decided what governments do and who will pay for it – participation

and accountability have two distinct outcomes related to different phases of the budget process. Yilmaz and Beris (2008) make a useful and relevant distinction, which we adjust here for specific application to the budget arena. Responsiveness is the willingness of governments to allocate resources to citizen preferences, and accountability is answerability for resource use decisions. In budgeting, responsiveness is closely linked to accountability to citizens for ex ante budget decisions. A budget process in which citizens and their associations make their preferences clear will be more transparent and accountable than a budget process that is entirely closed and opaque, although such communications in and of themselves will not necessarily achieve transparency or accountability.

In practice it is often difficult to distinguish between responsiveness and accountability work (see Box 1).

For these reasons we have included both work that is aimed at engaging with government to make sure that citizens’ preferences for resource allocations are heard, and work that directly seeks information to hold government to account.

A final transparency/participation distinction is between proactive transparency (and the kinds of participation that it engenders) and governments’ willingness to release

Effecting transparency and accountability through budget work

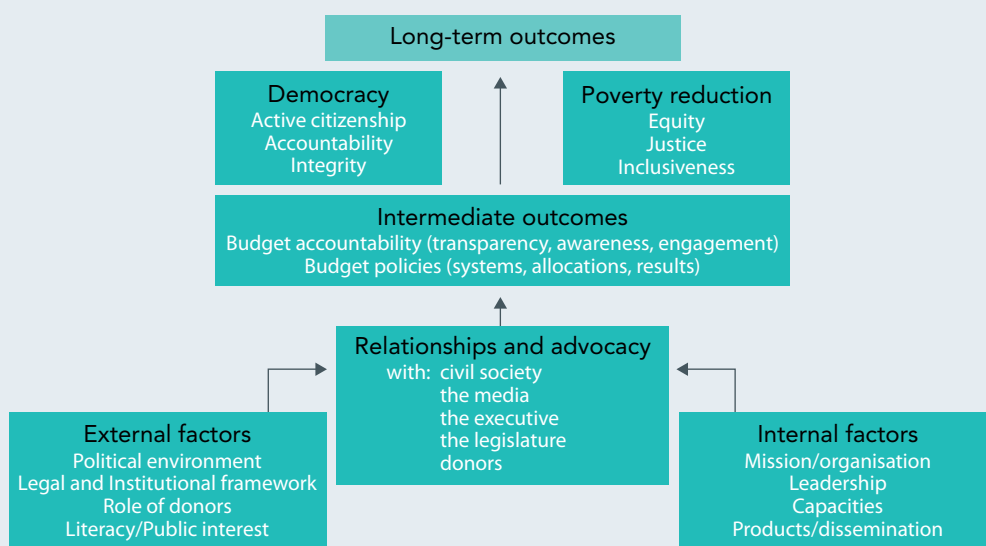
Civil society budget work has a number of direct objectives. A lot of the work is undertaken primarily to shift public resource allocations to, and improve the actual flow of resources and/or service delivery in, specific policy areas such as health, to specific sub-sections of the population (e.g. women or children) or to specific geographic areas. Other work is undertaken as a check on corruption. Many organisations recognise the potential impact of their work on systemic transparency and accountability. Further layers of expectation (for example, improved governance of budgets, democratisation and better development outcomes)

are also added, sometimes explicitly in the mission statements of organisations or by the donors who support the work.

The diagram below, developed by De Renzio and Krafchik, expresses the theory of change underlying these assumptions.

Some groups, however, see their main focus as fostering transparency and accountability through influencing public resource management systems. But even then, they may elect to do so by seeking responsiveness and better service delivery within specific sectors.

FIGURE 1: OBJECTIVES AND FACTORS FOR SUCCESS OF CIVIL SOCIETY BUDGET WORK



information to which citizens are entitled. Both of these are crucial for accountable government and empowered citizens. For the purposes of this review, the demand-side work to build transparency of the second kind is included and its value is recognised. However, it should be the subject of a study on its own.

Who are the actors involved?

This review pays particular attention to initiatives by civil society actors that demand greater openness and accountability from state actors. However, it is important to keep in mind the relationships between civil society organisations (CSOs) and other actors in the field. Here, we identify the actors on the state and demand sides throughout the budget process.

The executive: The executive is not, however, monolithic. The budget system functions through a series of horizontal accountability relationships: spending agencies and the central budget authority, public officials and political office holders, the cabinet and the executive head of state, junior and senior officials, regions and the capital and so forth. In practice, formal roles and responsibilities are shaped by country-specific organisational cultures and political economy factors, which can render formal accountability systems close to ineffective. In principle, however, some actors do want to hold others to account and therefore have an alignment of interests with citizens. For example, ministries of finance are interested in ensuring budget discipline from spending agencies, which creates opportunities for engagement with civil society actors.

Public external oversight bodies: These actors are key public accountability institutions. Almost all countries in the world have a formal separation of powers between the executive and the legislature, where the latter has the role of authorising the budget and overseeing its execution. Supreme audit institutions (SAIs) report independently on the use of public resources, including the proper and effective use of public funds, the development of sound financial management and the proper execution of administrative activities. Both parliaments and SAIs should themselves be accountable for their role in the budget process. Many countries have additional statutory oversight bodies such as ombudspersons and anti-corruption and other commissions that can play a role in the allocation and use of budgets.

Citizens and CSOs: Citizens and CSOs drive social accountability mechanisms. This paper and the research have taken a broad view of civil society, namely as the various organisations, institutions and associations that function outside of the state and the commercial institutions of the market. Many definitions of civil society stress its voluntary character. The London School of Economics (LSE) Civil Society Centre defines civil society as:

‘[T]he arena of uncoerced collective action around shared interests, purposes and values. In theory, its institutional forms are distinct from those of the state, family and market, though in practice, the boundaries between state, civil society, family and market are often complex, blurred and negotiated. Civil society commonly embraces a diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power. Civil societies are often populated by organisations such as registered charities, development non-governmental organisations, community groups, women’s organisations, faith-based organisations, professional associations, trades unions, self-help groups, social movements, business associations, coalitions and advocacy groups.’ (LSE 2010)

Civil society budget work is undertaken by many types of organisation, as is set out below. They may be research institutions, community-based organisations, activist-oriented or think tanks. Some are not strictly budget groups but turn to budget work as a means to achieve their objectives.

The media: Some authors argue that the media – because they are or should be working for the same public good goals as civil society (for instance, poverty alleviation, freedom of speech and so forth) – are an integral part of civil society. However, media outlets are to a large degree commercial and sometimes state-owned institutions, and ideally should provide objective reports and analysis. Therefore, they differ from civil society insofar as they are not voluntary and should not represent specific interests (Spurk 2007). This status presents specific problems for the media’s role as a social accountability institution. Three roles in governance are commonly assigned to the media: watchdog, agenda setter and gatekeeper in the public forum (Norris 2009). The media are essential to the effectiveness of many CSOs, as they serve to channel their voices into the public domain, building pressure for reform. This paper does not deal adequately with the media; again, it is a study in its own right. The concluding section, however, does underscore the centrality of the media to the effectiveness of demand-side work and notes that more work is required to understand what work would be critical to go forward in this area.

2. The state of fiscal transparency

Despite the global emphasis on fiscal transparency in the past ten years, the state of fiscal transparency worldwide is deplorable. This is a serious constraint on demand-side work to build open, responsive and accountable government.

The 2008 Open Budget Survey of the International Budget Partnership indicated that up to 80% of the world's governments fail to provide adequate information for their citizens to hold them accountable for managing public resources. The survey evaluates on a biennial basis whether central governments give the public access to budget information, have transparent budget processes and give citizens opportunities to participate in the budget process. The Survey also examines the ability of legislatures and auditors to hold their governments accountable.

The 2008 Open Budget Index (OBI) – an index based on survey responses that ranks countries by how transparent they are in aggregate – showed that in 2007, 68 of the 85 countries surveyed did not provide the public with the comprehensive, timely and useful information that people need to understand, participate in and monitor the use of public funds. Almost 50% of the 85 countries studied provided minimal or no information. Thirty-two percent provided some information; only five countries provided extensive information.

The worst offenders – the countries that make scant, if any, information available – are Saudi Arabia, Algeria, Democratic Republic of Congo, Sudan, Rwanda, Equatorial Guinea and São Tomé e Príncipe. At the other extreme, some countries are highly transparent and make abundant data available to the public throughout the budget process. According to the OBI, the most transparent countries are the United Kingdom, South Africa, France, New Zealand and the United States.

One of the most significant findings of the Survey is that many governments produce the budget information that would allow the public to participate effectively in the budget process but do not release it. In 51 of the 85 countries surveyed, the government produces at least one key document that is not disclosed to the public.

Other significant findings are:

- The least transparent countries are mostly located in the Middle East and North Africa (with an average OBI score of 24 out of 100) and in sub-Saharan Africa (average OBI score of 25).
- The worst performers tend to be low-income countries that often depend heavily on revenues from foreign aid or oil and gas exports. Many poor performers have weak democratic institutions or are governed by autocratic regimes.
- Lack of transparency undermines accountability and prevents participation.
- Almost all countries publish the annual budget after it is approved by the legislature. However, in China, Equatorial Guinea, Saudi Arabia and Sudan, the approved budget is not published, preventing the public completely from monitoring its implementation.
- Most countries provide much less information during the drafting, execution and auditing stages of the budget process. This prevents the public from having input on overarching policies and priorities, improving value for money and curbing corruption.
- Weak formal oversight institutions exacerbate the situation. In the majority of countries surveyed, legislatures have very limited powers, time and capacity to review the executive's budget proposal and monitor its implementation.
- Likewise, in many countries the SAIs do not have sufficient independence or funding to fulfil their mandate, and often there are no mechanisms in place to track whether the executive follows up on audit recommendations.
- Comparisons between the OBI results for 2006 and those for 2008 show that some countries have started to improve their budget transparency. In Croatia, Kenya, Nepal and Sri Lanka, significant improvements either were influenced by the activities of civil society groups or have created opportunities for greater civil society interventions. Important improvements in budget transparency were also documented in Bulgaria, Egypt, Georgia and Papua New Guinea.
- There is also evidence that progress can occur in challenging contexts: Jordan and South Africa stand out among their regional counterparts. Among lower-income countries, Peru and Sri Lanka both provide their citizens with a significant amount of budget information.

3. Recent trends

Budgeting and public finance management have advanced significantly since the 1980s. Some of this progress has been transplanted through development aid programmes. Below, we discuss some of the main trends and factors in the budget arena that are relevant to civil society budget work.

A ground shift in budgeting systems

In the 1970s and 1980s many OECD countries experienced pressure on their budgets, with rising deficits and debt levels and less availability of funds for public goods and services (Campos and Pradhan 1995; Schick 1999). Countries across the world therefore turned to reforming how they budgeted and managed their resources to restore discipline in the budget process and to direct resources better to priority spending areas.

Key features of the reforms were an upfront emphasis on medium-term macroeconomic and fiscal planning to ensure affordability, accompanied by changes to how budgets were planned and managed. Whereas previously policy, budgets and work organisation were centrally planned in detail, reforms decentralised sector budgetary decision-making from central budget authorities in return for accountability for the results of spending. This signalled a departure from traditional hierarchical accountability relationships associated with a Weberian understanding of public sector institutions, towards the more pluralistic and diversified set of accountability relationships (Yilmaz and Beris 2008) inherent to new public management structures. This shift – transplanted to developing country contexts – is central to the interest of ministries of finance in demand-side accountability on the ground.

It was not only the high-income countries that experienced pressure to reform budgeting systems. Many developing countries also experienced serious macroeconomic imbalances and were forced to adjust levels of spending and reduce deficits. However, reviews in the early 1990s already pointed to the persistence of unsustainable budget deficits, continued imbalances in public spending and collapsed service delivery (Campos and Pradhan 1996; World Bank 1992 and 1994). The 1990s therefore saw the introduction of reforms modelled on successful European reforms in developing countries.

Key to these changes was an emphasis on transparency as countries sought to change the incentives on budgetary actors, making it costly to misbehave (Campos and Pradhan 1995). It also meant a broadening of accountability from

compliance with due process and rules to accountability for budget performance – in other words, requiring deliberate engagement with the trade-offs presented in matching limited resources with expenditure demands and placing emphasis on the performance of budgets against norms of fiscal discipline, effective resource use (against policy objectives) and operational efficiency. Ministries of finance became interested in transparency and accountability for service delivery, a direct alignment with citizens' interests.

The changes were captured in mechanisms that are now the common currency of budget reforms: the introduction of a medium-term expenditure framework (MTEF) and programme-based approaches to budgeting; budgeting for results and accrual accounting;² the modernisation of budget classifications and charts of accounts to deliver multi-dimensional information to budget processes; an emphasis on the use of non-financial performance information in budgeting; and the introduction – particularly in developing countries – of technology into PFM in the form of computerised accounting and financial management information systems (FMISs).

These mechanisms are crucial for open budgets: their adoption by the state means that much more and better information is more readily accessible for use by oversight institutions, citizens and their associations. However, the history of budget reform – particularly in developing countries – is awash with instances where reforms have been formally adopted, but not implemented. Citizen action to demand the transparency benefits of reforms is crucial. The formal adoption of reforms creates a policy commitment against which governments can be held accountable for effective implementation: this is an opportunity for civil society groups and legislatures.

Growing interest in governance, transparency and civil society partnerships

Donor pressure to reform budget approaches in developing countries is driven by the democracy and good governance agenda, with its focus on accountability, transparency and participation as desirable attributes of effective states (Robinson 2006). In the early 2000s the understanding that budgeting is inherently political and not merely technical supported the conclusion that technical reforms – such as the introduction of MTEFs, budget and account classification reforms or FMISs – on their own are not sufficient and that budget reforms can only be successful if supported by reforming the governance of budgetary decision-making (Pretorius and Pretorius 2008).

² Accrual accounting was touted to be necessary to support the shifts in budgeting as it provides better information on the true cost of government services (Wynne 2010; Ellwood and Newberry 2007). However, even though it was incorporated into the international public sector accounting standards (IPSAs),

many high and upper middle-income countries' experience with this reform has been negative or at best neutral, and there is today some scepticism about its introduction, with countries postponing it indefinitely (Wynne 2010).

Moreover, informal practices rather than formal (reformed) practices determine how budgets are made and executed. These realisations pointed to initiatives to strengthen how legislatures engage with budget processes, support for reforming the audit function and a recognition of the role that CSOs can play in budgeting and PFM in developing countries. In recent years this interest has not waned: as results from technical reforms internal to the executive lag behind their adoption, donors are increasingly interested in working with legislatures and SAIs, returning to transparency as a precondition for success and a high-priority reform item and looking at civil society to fill the gap as an active accountability agent. This interest is an important opportunity for the transparency and oversight movement to clarify its legitimacy and to seek a step change in the conditions under which it operates.

Increased appreciation of the importance of context

Over the past ten years, as budget reform experience mounts, it has become clear that a 'blueprint' approach, where ideas are simplistically transferred to developing countries, would not succeed (Pretorius and Pretorius 2008). The growth in cross-country diagnostic, research and survey work and the resulting datasets are starting to provide empirical evidence of what has been understood in nominal terms at the country level: context matters. And it matters in ways that can be understood and used.

Internationalisation of the agenda

Since World War II, the fiscal and budget decision-making of nation states has become increasingly affected by the rise of regional institutions and international agreements, commitments, codes and standards. European Union member states are subject to legislative fiscal demands from, and are the recipients of expenditure by, a supra-national body. The member states of the West and Central African Monetary Unions (WAEMU and CAEMU) and the Eastern Caribbean Currency Union (ECCU) are subject to their own fiscal rules.

Besides the Fiscal Transparency Code and the IPSAS, other international standards include the standards for external auditing developed by the International Organisation of SAIs (INTOSAI), standards for reporting on revenues from extractive industries (the Extractive Industries Transparency Initiative, EITI) and the current development of standards for aid information (the International Aid Transparency Initiative, IATI). Other normative frameworks – even though not constituting internationally ratified standards – can be equally powerful instruments for transparency around the use and management of public resources. Examples are PEFA (the multi-donor framework for assessing systems regarding public expenditure and financial accountability); CPAR (a similar procurement assessment framework) and the OECD Principles for Integrity in Procurement; and the recently published diagnostic framework for assessing public investment management (Rajaram et al. 2010).

Countries' commitments with regards to the management of official development aid (ODA) in terms of the various aid effectiveness instruments (the Monterrey, Rome, Paris and Accra commitments) influence the management of public resources.

International instruments, however, do not only affect how public resources are managed, but also how they are allocated. Several examples of international instruments are relevant (some of which are the subject of research in other themes of the T/A Initiative):

- The various human rights instruments, which underpin civil society transparency and accountability work that assesses countries' funding for the progressive realisation of their commitments under the instruments – for example, the Convention on the Elimination of Discrimination Against Women (CEDAW) and the Convention on the Rights of the Child;
- International treaties and declarations on the environment and climate change;
- The United Nations Millennium Development Declaration and the Millennium Development Goals (MDGs), which have far-reaching budget implications for all countries.

These internationally accepted standards and frameworks provide an opportunity for CSOs to monitor governments and pressure them to improve performance. The effectiveness of international work to catalyse change at the country level is key to some of the recommendations in this paper.

Technical shifts in budgeting

As the world's governments modernise and as economic and financing structures become more complex, the mechanisms used by governments to balance public finances, fund goods and services and manage expenditure and service delivery become more complex and all too often less transparent. Despite the technical complexity of processes, adjusting to these developments will become increasingly important for transparency and accountability work. This applies equally to developing and developed nations. We have isolated a few areas in this review that are particularly critical.

The financial crisis and fiscal adjustments that resulted from it are likely to prove a challenge to transparency and accountability. The crisis that started in 2008 has raised the spectre of fiscal risk and has placed fiscal adjustment back on the policy agendas of developed and developing countries and the international institutions. Governments have an incentive to reduce deficits by moving expenditure off-budget and debt off their balance sheets, and more discretionary expenditures – such as public investment expenditure – could well bear the brunt of cuts in spending. The design and implementation of appropriate fiscal rules to manage fiscal risk in the post-crisis international financial system are likely to become an agenda item for governments and international organisations like the IMF and the OECD over the medium term. However, as history has shown, governments can be inventive, appearing to comply with fiscal rules while using opaque measures to escape their discipline.

Extra-budgetary funds and institutions: Extra-budgetary funds (EBFs) and transactions include all revenues, expenditures and financing that are excluded from the annual budget law through which parliaments authorise raising revenue and expenditure against the revenue.³ Extra-budgetary entities (or units) are institutions that are engaged in extra-budgetary transactions, may use extra-budgetary accounts, may have their own governance structures and, often, a legal status that is independent of government ministries and departments. Extra-budgetary accounts are established outside of the central revenue fund (Allen and Radev 2010).

These devices are widespread in both developing and developed countries and pose a significant risk for transparency and accountability. In a sample of developing and transition countries, social security funds represent 25% of total central government outlays and other extra-budgetary funds 9.4%. For developed countries the potential transparency issue is even bigger: 37% and 12% respectively. There are several important budget management problems associated with EBFs and institutions (see Allen and Radev 2010, p.3 for a full discussion). Key to our agenda is that EBFs multiply easily and fragment political governance and PFM.

The lack of transparency on EBFs and isolation from the budget process can distort the overall macroeconomic and fiscal position, threatening the delivery of services. EBFs are also associated with the dilution of accountability and control, problems in reporting and consolidating fiscal data and the diversion of limited administrative capacity. They are at times regarded as a potential locus of political and administrative corruption, when 'little empires' are built with public resources, and where political parties are financed through these funds. EBFs, however, are not necessarily bad. There may be good macroeconomic, institutional or public finance management reasons for establishing them. The degree to which these potential negative consequences are manifested is a function of the country-wide and institution-specific framework in terms of which they are being managed. CSOs can play an important role in tracking these funds and ensuring that their negative consequences are limited.

Procurement reform: Until relatively recently, procurement was seen as a back-office function not under the scope of budget reforms. However, in the face of shrinking budgets and the need to fight corruption, many developing countries have instituted reforms aimed at making the procurement system more transparent and efficient and increasing the accountability of public officials (Hunja 2003). Procurement reforms are also part of the aid effectiveness agenda, with the international Development Assistance Committee (DAC) Working Party developing standards for integrity in the management of the procurement function based on good practices in OECD and non-OECD states. In developed countries too, procurement reforms to increase transparency and value for money are common. Procurement reforms can include the introduction or redrafting of procurement legislation and rules, decentralisation of the procurement function

and the introduction of an independent procurement regulatory/oversight agency. In countries where formal reforms have been instituted, informal practices are often difficult to change. In other countries where formal reforms are on the agenda, powerful interests in society can stall their finalisation. Other countries have not yet undertaken reforms.

Tax policy and administration reforms: Many developing countries have undertaken far-reaching reforms of their tax policies and tax administrations. Reforms commonly involve widening the tax base, tax equity and the creation of unified, independent revenue administration agencies and integrated taxpayer information systems.

Financing public infrastructure and managing public investment projects: Value for money in capital projects is a longstanding budget management concern. While some advocate considering capital spending together with recurrent spending, there are also good reasons for treating spending on investment projects with capital-specific procedures for appraising projects and for the subsequent monitoring and management of the resulting infrastructure. Traditionally, in developed economies capital spending was treated in an integrated manner with recurrent spending for budget planning and management purposes, even if it was identified, accounted for and reported separately in the budget and accounts. Since the late 1990s, however, some countries have placed more emphasis on separate good practices for planning and management public investment projects. Developments that supported this shift have included accrual accounting, 'private financing' for public service projects and in some cases stronger links between capital spending and changes in public debt (Spackman 2002).

In developing countries – where donor funding formed a sometimes significant portion of public investment spending – donors encouraged the development of public investment plans to facilitate linking public investment to priorities, coordination and appropriate trade-offs between competing projects. However, the resulting dual budgeting processes did much harm through weakening the link between planning and budgeting on the one hand and the capital and recurrent costs of projects on the other. As a result, little emphasis was placed on capital-specific budget system requirements for much of the 1990s. More recently, however, there has been a returned separate focus on (i) the need for investment in public infrastructure in view of the MDGs and closing the infrastructure gap between developed and developing countries (OECD 2006, 2007; World Bank 2010); (ii) the need for private money to fill the financing gap; and (iii) the need for capital-specific procedures to ensure value for money and sustainability (Radjaram 2010; OECD 2007).

³ EBFs include special funds (e.g. social security funds, road funds); development funds; investment funds; contingency or reserve funds; stabilisation funds; savings funds; financing funds.

II. Describing the sector

4. Current status of demand-side budget work

This section takes stock of demand-side budget-related work on transparency and accountability from the perspective of CSOs. It maps current work against key characteristics in order to survey the field and provide a background to discussion in the next section, which covers the major trends in how civil society actors have addressed transparency and accountability in budgets.

Background

The spread of civil society groups active in the arena of public budgets gained momentum from the mid-1990s. Today budget work by CSOs takes a variety of forms and is present in every aspect of every phase of the budget cycle.

The analysis of public policy through the lens of the budget was common in various public policy think tanks in the USA, Canada, Europe and Australia long before the 1990s. Examples are the Center on Budget and Policy Priorities in Washington DC, which started in 1981 looking into general budget issues and programmes to combat hunger (Shapiro, 2001), the Institute for Fiscal Studies, a British think tank which started in 1970 with the aim of providing independent fiscal analysis (IFS, 2010) and the Institute for Fiscal Affairs in Croatia, also founded in the 1970s.

In the developing world, however, early budget work was not undertaken by think tanks only. Some of the earliest engagement was by Developing Initiatives for Social and Human Action (DISHA), which turned to budget analysis and policy advocacy to advance the interests of forest labourer members in Gujarat State in western India in 1992. Other early examples of work include the Institute for Democracy in South Africa (IDASA), which started the Budget Information Service – a unit that undertook independent budget work to analyse the impact of budgets on the poor – in 1995. Whereas IDASA linked its work with strengthening the capacity of sector committees in the newly elected first democratic parliament of South Africa and did operate in a manner akin to a think tank, DISHA had a more activist approach and used its membership base to mobilise the public and undertook lobbying in political circles (Shapiro 2001).

Shapiro (2001, p.7) links the emergence of civil society applied budget work to 'dramatic transformations in governmental systems' in the 1990s. These in turn were linked to the wave of democratisation that opened up societies and resulted in the greater availability of budget information and opportunities for those outside

government to contribute to decision-making processes. Other shifts also spurred the growth of civil society budget work, Shapiro argues. He notes public expenditure management (budget) reforms and decentralisation as contributing factors, as well as the emerging consensus of the complementary roles of the state, civil society and markets in addressing poverty (p.8). The increasing interest in the potential role of CSOs in engendering transparency and ensuring accountability for the use of public resources is also noted by Robinson (2006) and Yilmaz and Beris (2008). While some civil society work occurs outside of the action space of the state, others 'violate explicitly the separation between state and society, inviting civil society to the inner chambers of the state to participate directly. Those functions could be the elaboration and control of local budgets through participatory budgeting, or the hiring and firing of principals through local school councils, or the auditing of local government managed public works programs through social audits and freedom of access to information laws' (Yilmaz and Beris 2008). Of course, these forms of participation are at the heart of diagonal accountability mechanisms (Calitz 2010).

Mapping applied budget work: a taxonomy

Applied budget work across the world can be described by the type of work, type of organisation, focus area, level of government, key target groups and so forth. The following hierarchy of categories provides a framework against which most activities can usefully be described.

In-country vs international initiatives

CSOs are active in promoting the transparency and accountability of government institutions at the international and country levels. International activity differs in nature from that conducted in-country (although there is scope for replicating some international initiatives locally). The first distinction we make in mapping the work is therefore by classifying it as international or national.

As detailed later in this section, international activities generally comprise grant-making, in-country initiatives with governments, setting up peer-learning networks and support for budget organisations and undertaking cross-country comparative studies and developing norms and standards.

In-country activities can also be divided into a number of other categories.

Characteristics of the groups undertaking in-country activities

In-country initiatives can firstly be categorised by the type of groups leading them. Are the groups nationally or locally based, are they experienced or not, are they public policy groups, or do they have grassroots connections to members? The work is undertaken by many different types of organisation. Shapiro (2001) identifies three types of group that undertake budget work: applied policy institutions (think tanks), academic or research institutions that have added an applied budget component, and activist organisations that have added a budget research component. Today groups affiliated with religious institutions, community organisations and trade unions and often networks of groups or organisations are also involved in scrutinising budget processes.

Stages of the budget process in-country groups seek to influence

Some initiatives focus on *ex ante* accountability and on upstream information and processes in the budget cycle, seeking to improve fiscal policy decisions and allocative and/or operational efficiency by shifting budget allocations. Others direct their efforts at *ex post* accountability and focus on downstream information and processes, seeking to hold budget actors to account for the use of resources. Some cut across both upstream and downstream processes and are linked to specific sectors, specific beneficiary groups of spending or specific budget issues such as investment funds or debt, and seek improved fiscal decision-making and implementation. A few groups target the public resource management system of the state itself, seeking to make it more responsive and accountable to citizens.

Mechanisms used to effect or enforce change

Some initiatives are technical in nature and rely on the quality of findings to affect change; others rely on mobilisation or litigation to force change; and some concentrate on building skills to engage in budget processes and economic and fiscal literacy in key stakeholders. While the type of strategy followed to effect change often corresponds with the type of group, sometimes technical groups turn to mobilisation to effect change through coalition building, and membership-based groups set up technical arms.

Characteristics of the context within which the work occurs

Work undertaken in high- and middle-income countries differs from activities undertaken in low-income countries. At the same time, the type of initiative is also determined by the regime type and stability of the country: what can be done in dictatorial states differs from that which can be done in open, democratic states even if their income levels are similar. Post-conflict and fragile state contexts also present specific challenges.

It is not possible to name and map all or even most civil society budget work against this taxonomy in the context of this paper, nor is it possible to reflect on all the variations of work that occur. The examples provided below are therefore intended to be illustrative rather than representative; to provide a flavour of the work rather than an exhaustive overview. To provide a better flavour of the objectives, approaches and results of civil society work, a few selected examples are described in a little more detail.

International

As is illustrated below, the strength of the sector has been its bottom-up growth. International and regional work has been more limited in terms of the number of organisations and initiatives that are active and the activities they undertake.

International work comprises:

Grant-making

Long-term support from the private US foundations makes up the majority of the available funds. The UK's Department for International Development (DFID) is the only bilateral donor with substantial, consistent investment in the sector. World Bank initiatives have also contributed to an increase in funding. Other support is short-term, ad hoc and insubstantial. Consistent, long-term and increasing funding to budget-focused work is lacking in the sector.

Networking and learning

The best example of an international network is the network coordinated by the International Budget Partnership across 100 countries. The character of the network is still largely about learning but recent efforts, such as the Six Questions Campaign and the longer-standing Open Budget Initiative work, have started to generate greater demands for a collective voice, position and action.

There are also strong regional organisations that have been active consistently for several years and are in a position to support a more focused and collaborative international civil society effort.

Some non-budget sector networks and international organisations, such as the child and maternal health communities, the Access to Information network, the construction and medicine availability communities and the extractive industries transparency network, have turned to budget work and budget transparency issues. A challenge for budget-focused international networks is to encourage these networks to build their voices on budget transparency and accountability.

Cross-country research and the establishment of norms and standards

There have been some efforts to gather international data on budgets. Examples are the OBI's Six Questions Campaign, Transparency International's survey and work done by the Freedom of Information network in monitoring access to information legislation.

Strong regional and global sector networks are also emerging that raise the profile of budget policy and budget transparency work. Examples are the maternal health network, the access to information movement and coalitions around work in the economic, social and cultural rights arena. Some networks have a particular budget focus, such as the International Budget Partnership network, the Tax Justice Network and the Publish What You Pay coalition's expenditure work. There is growing interest in budget work in the environment, climate change and education sectors.

Despite this growing energy for collaboration in the international sector, country-level work tends to be stronger than international or regional work, and it remains to be seen how this enthusiasm will be harnessed for coherent progress. While there are some international standards and norms and cross-country diagnostic frameworks in place that already support budget transparency and oversight work, the existing standards are not specific enough to enable monitoring and effective pressure on governments. There are no standards around civil society engagement and participation, nor for legislative engagement in the budget process. Existing research frameworks and a growing bank of empirical data, however, provide a rich base of data on which to build standards.

As a result, country-level organisations have limited options for calling on international support or standards and norms to address country-level barriers to their effectiveness. On the other hand, unlike other aspects of the transparency and accountability movement, international work can draw on the real experience of existing organisations.

In-country

Upstream work that affects *ex ante* accountability

Relatively few initiatives still do general upstream work, such as assessing budgets for allocative efficiency overall against a country's policy commitments. While this type of work is still undertaken (e.g. the Institute for Public Policy Research in Namibia), most upstream initiatives focus on specific issues. For example, several organisations look at fiscal framework and debt issues, including the Philippines Debt Audit Campaign, the Jesuit Centre for Theological Reflection in Zambia and the Zimbabwe Coalition on Debt and Development. Some scrutinise the macroeconomic assumptions and fiscal framework decisions of government: for example, the Kenya Institute for Public Policy Research and Analysis (KIPPRA), the Institute for Fiscal Studies (UK) and the Institute for Public Finance (Croatia). Others take a sectoral focus, such as Sikika (health, Kenya), the Centre for Economic Governance and Aids in Africa (South Africa), Haki Elimu (education, Tanzania) and the Advocates Coalition for Development and Environment (agriculture, Uganda), or a beneficiary group focus, for example the Tanzania Gender Network.

Few groups analyse taxation, and they tend to be located in middle- or high-income countries: for example, the Institute for Fiscal Studies (UK), the State Fiscal Analysis Initiative (US), Alabama Arise (US), Croatia Institute for Public Finance, Isodec CBA (Ghana), CIPPEC (Argentina), Adva Centre (Israel) and Inesc (Brazil).

Even fewer focus on investment spending. An exception is the Brazilian Institute of Social and Economic Analyses (IBASE), which has a five-year old-campaign for transparency in the commitments made and processes used by the powerful state development bank, Banco Nacional de Desenvolvimento Econômico e Social (BNDES). Few groups work on the allocation and use of donor aid flows: an exception is ODA Watch in the Philippines.

Innovative work on extra-budgetary investment funds

Since 2005, IBASE in Brazil has been using applied budget analysis to monitor the powerful Banco Nacional de Desenvolvimento Econômico e Social (BNDES), which is among the largest development banks in the world, with an annual budget that exceeds that of the World Bank. IBASE aims to demonstrate how civil society can influence the policies and procedures of development banks, which have great power and influence but are characterised by their off-budget nature and lack of transparency and accountability.

In 2007 IBASE helped to create the BNDES Platform, a coalition of 35 CSOs and social movements, to monitor the activities of the BNDES. IBASE conducts specific studies on the BNDES's operations, using the bank's own information, as well as analyses and data from other research institutions. Its activities include a newsletter and awareness-raising campaign on the BNDES's role in development and related budgetary implications; a South American Meeting of Populations Affected by BNDES Projects; and an interactive map of BNDES-funded projects (www.plataformabndes.org.br/mapas), which provides project descriptions and locations, as well as the beneficiary corporations and the share structure for each project, in order to highlight the relationship between corporations and equity participation by the bank itself. The map also features an important participatory mechanism for local communities affected by the projects to post their comments, videos, links and other relevant documents. Significant achievements have been made in improving the transparency of the BNDES, including the bank publishing lists of projects for the first time.

Source: IBP, 2008a

Upstream work can also take the form of support for participatory budgeting initiatives. A participatory budget is 'a mechanism (or process) through which the population decides on, or contributes to decisions made on, the destination of all or part of the available public resources' (UN Habitat 2004). The extent, influence and methodologies of participatory budgeting differ greatly from one location to the next. Usually the government sets up mechanisms for citizen engagement such as citizens' boards. In some cases, however, CSOs play an important role in processes, either initiating them or as a participant. Groups that support the work therefore operate at the local level: sometimes local groups work on their own or national groups link with community-based NGOs at the local level to build capacity for participatory budgeting. Examples are Center Stratigiya in St Petersburg, the People's Voice Project in the Ukraine and CIDADE in Brazil.

Downstream initiatives that affect ex post accountability

Work on transparency of and accountability for budget execution and service delivery takes several forms, including budget monitoring, participative expenditure tracking and service delivery monitoring.

A fast-growing area of downstream activity has been monitoring the transfer of funds from central government through to the institutional level (expenditure tracking) and monitoring/auditing the implementation of projects or delivery of services on the ground as they occur. Early forms of such initiatives were the Uganda Debt Network, an umbrella organisation consisting of over 100 member organisations, which trained community monitors to track the implementation of Uganda's virtual poverty fund programmes in local districts in Uganda.

Innovative use of technology to monitor state institutions

Twaweza, meaning 'we can make it happen' in Swahili, is a newly established ten-year initiative that seeks to enable people in Kenya, Tanzania and Uganda to improve their quality of life through a bold, citizen-centred approach to information access and public accountability. Twaweza's core purpose is to enable millions of ordinary citizens in East Africa to exercise agency – i.e. express views and take initiative to improve their situation and hold government to account – and to access basic services of better quality and exercise greater control over resources that have a bearing on services.

The organisation aims to identify partners that have large membership on a subscription basis and with whom incentive compatibility can be explored, so that their structures or capacities can be used to enable citizen agency directly. One pilot initiative is to partner with a mobile phone company in Uganda which has millions of subscribers. The project will pilot an SMS-based application that generates frequent and detailed overviews of teacher and pupil attendance in 100 primary schools, selected in two districts. The information will make transparent the dynamics around teacher absenteeism and will inform district and sub-district government officials for their appropriate short-, medium- and long-term action, as well as non-state actors at (sub-) district level. The information will be presented to different actors in school communities to stimulate action and engagement.

Source: Twaweza

Example of monitoring service delivery through survey technology

Integrity Watch Afghanistan was founded in May 2006 with the mission to increase transparency, integrity and accountability in Afghanistan through policy-oriented research, the development of monitoring tools and trainings for the facilitation of policy dialogue. One monitoring tool is monitoring public services: clients are presented with an exit survey after using public services.

The monitoring process is divided into six major steps: the mapping of the procedure to be surveyed, the design of the questionnaire, the survey, analysis of the results, discussion with the agency providing the service and advocacy based on the decisions taken. The results are collected, collated and provided to the public service organisation, with whom an agreement exists to undertake the work. The process is repeated every four to six months to gauge the effectiveness of interventions. Services that are not improved are then put under pressure through a targeted advocacy campaign.

Source: Integrity Watch Afghanistan

There are not many examples of explicit engagement with procurement processes and outcomes. A well-known example is the work of Procurement Watch in the Philippines. Procurement processes are crucial in determining value for money in government spending and in ensuring integrity in government, and this is a clear area where work can be developed.

Common themes are (i) the need to have some distribution of official information and projects at the local level; (ii) the use of community-based monitors or monitoring committees; (iii) the use of community scorecards; and (iv) the use of survey methodology. A fast-growing area is the use of expenditure-tracking methodologies: a World Bank review of civil society budget initiatives in Africa linked to Poverty Reduction Strategy Papers identified 14 instances (out of 40) that were or included some form of expenditure tracking.⁴ Examples of groups involved in expenditure tracking are Afghanistan Integrity Watch, Twaweza Education monitoring (Eastern Africa – see Box 3), the Omar Asghar Khan Development Foundation (Pakistan), Asociación de Investigación y Estudios Sociales (Guatemala), G-Watch (Philippines), Mazdoor Kisan Shakti Sangathan (MKSS, India), Muhuri (Kenya) and the Concerned Citizens of Abra for Good Government (CCAGG, Philippines).

⁴ http://www.worldbank.org/socialaccountability_sourcebook/Regional_database/peaf.htm

Making procurement accountable

In 2001, a group of individuals determined to fight corruption in government procurement in the Philippines established Procurement Watch Inc. (PWI) as an NGO to advocate for a new procurement law and to monitor enforcement of the law after it was enacted. In 2003, PWI's advocacy efforts assisted passage by the national legislature of a new procurement law – perhaps the first time in the country's history that a civil society group had successfully advocated for a law on a subject that required a high degree of technical expertise.

Currently, PWI conducts a wide variety of capacity-building activities with different groups and individuals, including anti-corruption officials, agencies involved in large procurements, CSOs and private citizens. PWI's most recent initiative has been to develop Differential Expenditure Efficiency Measurement (DEEM), a tool to measure corruption and inefficiency in public procurement. PWI has tested DEEM by collaborating with the government's internal audit agency, which agreed to provide the NGO with access to procurement documents maintained by the agencies it was auditing.

PWI's methodology involves systematically checking compliance with prescribed procedures at every stage of the procurement process, and identifying irregularities. In addition, it does a substantive check to compare the price paid by government with market prices. PWI's efforts have helped to establish systems that allow citizens not only to sit as observers on government bid and award committees but also to act as monitors to ensure that contractors comply with their contracts.

Source: Ramkumar, 2008

A potentially fertile area of work currently with low uptake is with horizontal oversight institutions, such as SAs and parliaments. For example, HakiElimu in Tanzania – an organisation with a focus on education – has included the popularisation of the Auditor General's Reports in its activities in the past, with great success. The Asociación Civil por la Igualdad y la Justicia (Argentina) improved transparency and accountability of the legislature by litigating for access to committee meetings and exposing poor ex post oversight practices. More common forms of working with parliaments include forming coalitions around shared interests (e.g. Parliamentary Commission of Inquiry into Public Debt, Brazil) or providing research support and training to parliamentarians or parliamentary committees.

Working with oversight institutions

The Civil Association for Equality and Justice (Asociación Civil por la Igualdad y la Justicia, or ACIJ) was founded in 2002 by a group of young professionals to demand transparency and accountability in public institutions and to advocate for pro-poor policies in Argentina. As part of its effort to combat corruption and increase transparency, ACIJ routinely analyses audit reports and tracks the actions taken to implement recommendations made by public audit institutions.

During its investigations, ACIJ discovered that government took no action to rectify problems or to implement the national audit institution's recommendations. When it wanted to attend meetings organised by the legislative committee responsible for reviewing audit reports (Comisión Mixta Revisora de Cuentas, or CMRC), it was refused. In addition, it learned that the committee itself did not meet to discuss the audit findings; instead, the committee secretary approved certain audit recommendations and then obtained signatures of consent from the other committee members.

ACIJ filed a successful legal suit demanding that CMRC meetings be open to the public and a second successful suit demanding access to minutes of previous CMRC meetings. The meeting reports were found to contain many irregularities. ACIJ concluded that CMRC members were not truly interested in analysing audit reports or demanding corrective action. It publicised its findings, which were reported in national newspapers, and this negative publicity spurred the CMRC to begin meeting regularly (and properly) to discuss audit reports.

In a sign of increasing cooperation between ACIJ and Argentina's auditor general, ACIJ created a database of journalists and NGOs who have expressed interest in receiving the auditor general's monthly bulletin summarising the main investigations. ACIJ and the auditor general also agreed to create a system whereby CSOs can propose topics for audits to be conducted.

Source: Ramkumar 2008, pp.139-140

Activities explicitly aimed at improving public resource management systems

A number of organisations undertake work to make budgeting systems more transparent, responsive and accountable to citizens. Key among these are the Public Sector Accountability Monitor programme of the Centre for Social Accountability in Grahamstown, South Africa; the Policy Forum in Tanzania; and two Mexican organisations, Sonora Ciudadana and Fundar, Centro de Análisis e Investigación.

Building social accountability in public resource management

Founded in 2003, Policy Forum is a national coalition of over 90 CSOs in Tanzania that seeks to influence policy processes in order to reduce poverty, promote equity and bring about greater transparency and accountability. Policy Forum strives to increase informed civil society participation in decisions and actions that affect the lives of ordinary Tanzanians, particularly the most disadvantaged.

Policy Forum focuses on three specific areas: 1) local governance: monitoring the decentralisation of power to the regional, council and sub-council levels of government; 2) public money: monitoring the acquisition and use of public money for government activities on behalf of citizens; and 3) active citizen voice: fostering a culture of more informed public debate on issues of development. For example, it was instrumental in investigating whether a local tax hike on a fish market would contribute to upgrading the market's water and sanitation infrastructure, which resulted in the tax hike not occurring but the infrastructure being upgraded all the same.

The Centre for Social Accountability in Grahamstown, South Africa, monitors the effectiveness of public resource management systems and their openness throughout the budget cycle in a number of sectors, engaging with civil society, media, oversight and executive actors to point out shortfalls and to advocate for fundamental budget system improvements.

Strategies for impact

A variety of strategies are in use, and organisations may combine different strategies to be effective.

- **Technical analysis combined with information-based advocacy:** Many groups that work upstream undertake technical analysis of budgets and expenditure and use various dissemination channels for advocacy – for example, publication of findings, holding seminars and round tables, engaging the media, distributing information to other groups and stakeholders inside and outside the state.
- **Awareness raising in and mobilisation of communities and citizens:** Much of the downstream work combines monitoring activities with the mobilisation of communities to engender accountability and change or redress. Not all such work occurs on downstream issues. Fundar in Mexico, for example, used people-based advocacy together with strong analytical work to address a budget allocation issue in the health sector.
- **Forming coalitions:** Coalitions bring different skills and attributes to a budget focus. For example, the Philippine Debt Coalition drives advocacy campaigns by combining organisations with analytical skills and organisations that can call on large membership bases.
- **Litigation:** Although it is still not a common strategy, some budget groups undertake litigation to increase budget transparency or enforce accountability. The use of access to information legislation is common among access to information groups to gain access to budget information (litigation by CSOs is often seen in Eastern Europe). There are fewer examples of budget groups using the legislation to gain access to budget information (for example, the Centre for Social Accountability in Grahamstown in the Eastern Cape). The Treatment Action Campaign in South Africa successfully litigated for the state provision of drugs preventing the transmission of the HIV virus between mothers and children. The Asociación Civil por la Igualdad y la Justicia in Argentina used litigation to gain access to parliamentary committees.
- **Training and economic literacy education:** Many groups train stakeholders and citizens in budget analysis or work to improve economic literacy.

5. Budget work – trends and lessons

In the 15 years since 1995, the body of civil society work in the transparency and accountability arena that focuses on public budgets has grown exponentially. The IBP alone currently has data on 214 groups in 106 countries, compared with a handful of groups when it started out in 1999. Furthermore, the field has changed shape and emphasis. This section looks at some of the main trends and key lessons learned.

What has changed in demand-side transparency work?

Applied budget work has spread from upper- and middle-income countries to low-income and fragile states

Among developing and transitional countries, applied budget work first took root in middle-income countries, such as Brazil, Croatia, India, Israel, Mexico, Poland, Russia and South Africa, in the 1990s. At the end of that decade, a second wave of civil society budget organisations emerged in low-income countries in Africa (Burkina Faso, Malawi, Uganda, Zambia), South and Central America (Bolivia, Ecuador, Honduras, Nicaragua, Peru), South Asia (Indonesia, Nepal) and Central Asia (Azerbaijan, Georgia, Kazakhstan) (Friedman 2006). Today most countries have civil society groups actively engaged with budget issues and the budget process.

Initiatives have grown from the bottom up

The growth of the budget transparency sector has been largely organic, the result of national and local CSOs arising in response to particular challenges. Innovative approaches have been developed when ordinary citizens or their associations ask fundamental questions, such as ‘What is happening to my share of a promised service?’ (e.g. MKSS in India) or ‘If I pay this tax, what do I get in return?’ (e.g. Policy Forum in Tanzania). Other organisations have developed methodologies in response to governance shortfalls at the macro level (e.g. Twaweza in East Africa). In other cases, the lead has come from public policy organisations with a research orientation that have turned to budgets as a logical avenue to engage with policy concerns (e.g. the Institute for Fiscal Studies in Croatia), or significant changes in the political environment have opened up gaps (e.g. IDASA in South Africa). The organic nature of this growth has resulted in a rich array of approaches, significant innovation and a willingness to experiment that have served the sector well. This type of growth is a sign of its natural fit with issues of citizen agency and state responsiveness.

The number of groups engaging in downstream activities has grown in the past decade

Most of the groups undertaking activities relating to budget processes at the end of the 1990s were working upstream in the budget cycle, undertaking independent budget analysis and engaging with national or local governments on budget allocations. Although past actual expenditure often was integral to the analysis, the objective of the work was to influence budget policy and to increase transparency and accountability in the budget process. Some groups did undertake downstream budget monitoring activities relatively early on (for example, the Uganda Debt Network) or monitoring of service delivery (Centre for Policy Analysis), but they were far fewer in number.

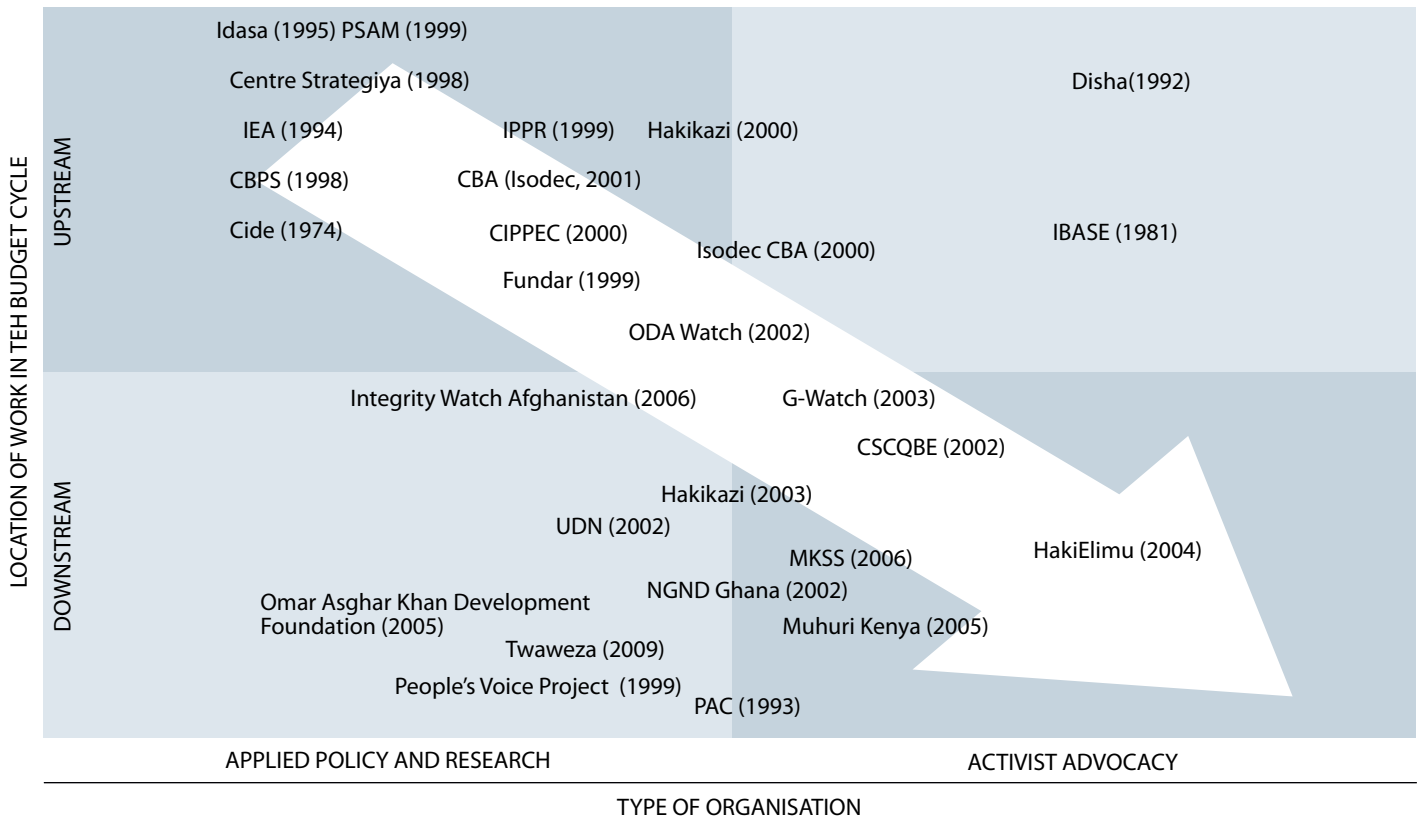
By 2010 groups undertaking downstream analysis showed faster growth, with new types of activity emerging, such as social audits and expenditure-tracking work.

The type of groups involved has broadened

Another factor behind this growth is the broadening in the type of organisations engaging in scrutiny of budget processes and outcomes. Whereas most of the groups that undertook budget work 15 years ago were think tanks and academic research institutions operating at the national level and from (capital) cities, many groups have since become engaged at the local level, with a greater focus on advocacy, specific sector or interest group. The prevalence of faith-based or trade union-linked groups that are active in the sector is notable. The idea of engaging with budgets to achieve advocacy objectives has become much more broadly known.

Figure 2 maps groups highlighted above, against where they work in the budget cycle and the type of group that they broadly are. It recognises that there are many activist groups that become involved in analytical work and many think tanks and research institutions that become involved in advocacy. If one looks at the year in which the groups first initiated budget work, the trend from the upper left (upstream work by think tanks) towards the lower right (downstream work by advocacy/activist/membership-based organisations) is clear.

FIGURE 2: NATURE OF WORK AND TYPE OF ORGANISATION IN APPLIED BUDGET WORK



Downstream initiatives have generated new and more accessible information on budget processes

A shared feature of many downstream activities is that they generate information on the use of public resources that would otherwise not be available. Upstream work, in contrast, for the most part uses information provided by the executive for analytical purposes. It is also much easier for ordinary citizens and stakeholders such as members of parliament to relate to the kind of information that the downstream activities generate, as opposed to the much more technical outputs of upstream work. The information generated by downstream activities therefore lends itself better to people-based advocacy, or citizen agency.

There has been a growth in the number of networks, coalitions and national/local partnerships focusing on budget processes

In the 1990s, most of the groups engaged in budget processes operated alone, only occasionally joining forces with other organisations on specific issues. Now it is much more common for medium- and long-term programmes to be undertaken by networks or coalitions of organisations and, in some cases, by partnerships between national and community-based groups.

There is more sharing of methodologies for engaging in budget processes

The methodologies used to engage in budget processes – again particularly downstream activities – are now expressed in greater detail and are better publicised, shared and more often replicated. The upstream work tends to be more technical, requiring specialist analytical skills that can be harder to develop and retain as an organisation.

What key lessons have been learned?

Context is vital to success

This is true of any initiative. However, the emerging understanding of what these conditions are is useful to note. CSOs in Africa identified the following key enabling pre-conditions: (i) a politically stable and democratic state; (ii) an established legal and institutional framework for participation and engagement; and (iii) access to information.⁵ In addition, the following factors are important: the quality of the relationships between CSOs and their ability to form coalitions and networks; the identification of actors and champions within the state with whom formal or informal relationships can be built; spaces for engagement; and the availability of information and a free and open media.

⁵ Interview, Rose Nierras, IBP/Logolink.

Funding stimulates activity

The main US foundations have funded transparency and accountability efforts over a long period of time and are responsible for stimulating budget-focused initiatives in several countries. More recently, governance, transparency and accountability and the role of civil society have become more prominent in other donors' strategies, leading to new streams of activity. At the same time, new international CSOs and institutions such as ActionAid and the Urban Institute have also turned to civil society budget work as a means to pursue their objectives, resulting in participative budgeting and expenditure-tracking work spreading across the world. The high incidence of access to information-based initiatives in Eastern Europe is related to Open Society Institute grant-making programmes. The growth of civil society work and the types of new work that are undertaken are therefore driven as much by the interests and strategies of these actors as by purely local priorities.

Civil society is also good at innovating mechanisms to strengthen transparency and accountability

The strength of CSOs is in their ability to be innovative in drawing attention to funding irregularities, lack of responsiveness, service delivery failures, non-delivery on policy commitments and breaches in transparency and accountability. Enabling citizen agency and/or advocacy on behalf of citizens are the founding principles of most of the organisations listed above: CSOs and their leaders are as a rule alert to emerging challenges and supple in their ability to respond creatively to changes in the environment. They can innovate and communicate new mechanisms to engender a responsive, transparent and accountable state. Civil society innovation requires not only finding the means to pursue new objectives but also finding new strategies to pursue longstanding objectives. These mechanisms then spread across borders and within countries through take-up by other actors, sometimes the state itself.

Progress in addressing transparency and accountability shortfalls requires engagement with institutions over a long period of time

Changing the behaviour of state institutions in the management of public resources is a long-term process. While successful engagement on specific issues provides a measure of success for CSOs, bringing about systemic change requires persistent engagement over a long period of time. This lesson is evident in the experience of several of the older budget groups, such as CSA, Fundar and IBASE. Building relationships, inspiring trust and acquiring legitimacy and influence all take time.

Evidence-based (comparative) advocacy work is more effective

The experience of the OBI internationally and MKKS, the expenditure tracking initiatives and so forth at national level demonstrates that advocacy is more effective if based on new evidence derived from research conducted by civil society – particularly when that research is comparative.

Peer learning has helped the sector evolve

An investigation of the history of different groups highlights the degree to which peer learning has initiated new workstreams or has deepened budget work. For example, the Institute of Public Finance in Croatia turned its academic research into public policy advocacy after it attended an IBP conference. Hakikazi turned to the use of scorecards after learning about them from the Public Affairs Centre in India. The Uganda Debt Network turned to budget analysis after learning from IDASA. The innovative work being done by the Centre for Social Accountability in South Africa in the development of accredited courses in social accountability, built on its own experience over ten years and that of its partnering institutions, has been instrumental in stimulating work in other organisations, such as the Policy Forum in Tanzania.

What are the key obstacles to sector effectiveness?

Despite its successes, the sector is also facing significant challenges.

Demand-side work is constrained by lack of information and a struggle for legitimacy

A key constraint is access to quality information on budgets and processes – precisely what the sector is fighting to improve. Donors, states, legislatures and SAs are interested in the effectiveness of civil society groups as accountability agents, but they remain ambivalent about granting the sector a place at the table. Some of the concerns are well founded, and questions persist about the legitimacy of CSOs: what is a legitimate role for them? When can they legitimately challenge the state? Where are the boundaries to ensure that state accountability for state institutions remains? How are CSOs themselves accountable? The questions are all familiar, but there are no clear answers relevant to all contexts, or even specific contexts or periods in a country's development path. This makes CSOs vulnerable to attack by governments and risks weakening their message.

Demand-side work is constrained by an imbalance in power between the executive and constitutional oversight institutions

A key handicap for CSOs promoting accountability in the budget process is that it has no institutional mandate of enforceability, except the sometimes distant threat of political change at the ballot box. That mandate rests with horizontal state accountability institutions. Horizontal accountability agencies also often have the constitutional mandate to demand the information and the formal access to processes that civil society needs to undertake its work. CSOs that seek improved transparency and accountability in the budget process therefore have to engage with these institutions and the media. However, in many cases the horizontal accountability institutions that have a constitutional mandate for this role are ineffective or choose not to take up the role in practice, and the media lack interest or the necessary economic resources or investigative skills.

Consistent funding sources for the sector are limited

Few organisations are able to raise funding from individual voluntary contributions or through membership fees. Few are attached to universities or other institutions with stable income streams. Many are dependent on funding by private, multilateral and bilateral donors. Despite the high level of interest in their work, not enough donors are active in the field in a consistent and sustained way. Many donors enter the field but offer funding only for programmes that respond to their perspective of what is urgent, and even then only for relatively short periods of time.

As a result, sustaining programmes and building stable capacity – so crucial for impact at the macro level – is a significant challenge for many organisations. Respondents expressed concerns about the difficulty of sustaining civil society budget programmes over decades. Few organisations in the field have long histories of budget work. Even fewer programmes are sustained over long periods of time. With a few exceptions, organisations are unable to offer skilled staff members salary and career progression or much security. The result is high staff turnover and low ability of organisations to build long-term relationships, a problem exacerbated by the technical nature of the sector. Changing the shape of programmes and activities to fit donor whims also interferes with organisations' ability to formulate the long-term strategies that are required or to respond effectively to changes and opportunities.

Knowledge about what works when and why is still limited

The sector has seen significant strategic innovation and almost explosive growth. Different organisations have invented different strategies to affect budgetary decisions, hold state actors to account and build more transparent, responsive and accountable public resource management. By now, however, it is clear that the effectiveness of these strategies depends on context. What might work in one environment does not necessarily work in another. Dictatorial regimes, fragile states or resource-rich states require specific types of strategy. Some strategies might only be effective in industrialised economies. It is crucial that both donors and CSOs themselves get a better understanding of (i) what transparency and accountability objectives should be prioritised in what contexts and how to sequence interventions; (ii) what necessary pre-conditions and enabling factors need to exist for specific strategies to be successful in different contexts; (iii) when partnership and coalition building, and with whom, will increase impact; and (iv) how to build these relationships in different contexts.

Operationalising the importance of relationships and coalitions in civil society strategies

Recent research in civil society accountability work in Africa⁶ found a correlation between the degree to which CSOs experience relationships and the effectiveness of their work. Networks assist in popularising issues, building pressure and accessing stakeholders. However, building and sustaining coalitions and relationships with other CSOs carry significant transaction costs and require very specific skills and capacity. While coalitions represent opportunities, these challenges need to be taken into account.

One aspect of the relationship challenge is linking national and local work and expanding local work across regions. Some civil society budget groups at the national level have succeeded in developing links to local-level groups and linking national and local activities – for example, the Institute for Social Accountability (TISA) in Kenya, which has stimulated and supported social audits of constituency development funds, or the People's Voice Project in Ukraine, which has formed ties with local community groups. Coalitions and networks are becoming more common. However, in many countries the potential for greater impact through collaboration is still unrecognised. There are examples where the linkages do occur, but it is usually issue-driven.

Another question is how to form productive relationships with state actors. The juxtaposition of citizens to state institutions is not uniform across all institutions. Some institutions – such as parliaments, SAIs and other accountability or watchdog bodies – are either more directly agents of or service providers to citizens or share citizens' interest in transparency and accountability. The executive itself is not monolithic: again, some parts of the executive are in effect the allies of citizens and their institutions in the accountability architecture (central budget offices).

Also, the champions of transparency and accountability reforms within institutions can often be incidental collaborators in the quest of CSOs for accountable institutions, programmes and individuals. That civil society can engage with state institutions and individuals within the state differentially creates opportunities for coalitions and formal and informal networking strategies – or diagonal accountability arrangements – to strengthen accountability.

⁶ Interview, Rose Nierras, IBP/Logolink.

III. The way forward

Criteria for selecting programme ideas

What do we know about this work?

The sections above have investigated the budget context within which demand-side work operates, described the sector, tried to understand in what ways it has grown and what the lessons are that have been learnt about what works and, finally, isolated the key challenges that the sector faces if it is to play a more effective role in bringing about open, responsive and accountable management of public resources.

In summary, the field of budget transparency and accountability has grown significantly over the past ten years. The work has grown from analytical and information-centred advocacy work upstream in the budget cycle, to grassroots contestation of accountability for the use of money and delivery on policy commitments, using budget issues to mobilise ordinary citizens. It now uses a variety of strategies to shift allocations, force transparency and make actors accountable. With more than a decade of innovation and experience behind it, the sector now has in place an array of tried and tested methodologies.

Many different types of organisation are involved in many different and often challenging political, social and economic environments. The growth of budget-focused activity has been organic, pointing to a natural fit between the desire for citizen agency and engagement with how public resources are used for service delivery. This is a great strength and one that makes the work ideal for building powerful coalitions between different types of actors, as evidenced by many examples of coalition building across the world.

Over the past ten years, the sector has learned that the focus of its activities and the strategies chosen to achieve transparency and accountability improvements are context-dependent, and that it is important to identify whether necessary preconditions or enabling factors are in place before interventions are sequenced. The sector has learned that work that is based on evidence and that is technically sound has greater currency than that which is not. It has learned that relationships with state actors, the media and other civil society institutions are critical. Peer learning, imitation and adaption have proven to be powerful mechanisms to spread the movement within and across borders. Sector donors have played an important role in this evolution, by encouraging growth in new geographical areas using approaches developed elsewhere.

In short, the past ten years can be seen as an origination phase during which the sector has built a sound foundation that is well anchored in real demand and with complete ownership by country-level actors. It has succeeded in breaking ground for a legitimate space for civil society actors in an arena that was traditionally seen as the action space of state actors only.

But the deplorable state of budget transparency worldwide and the persistence of closed and non-responsive budget practices point to the scale of the challenge. While the sector can easily demonstrate specific and localised gains, its impact on macro-level budget transparency and oversight is less heroic. In many

countries, citizen agency is weakened and governments are resolutely opaque, closed and unaccountable. Granted, success at this level is limited by many factors that CSOs cannot affect. It is also unlikely to be quick, pointing towards a key lesson of experience in the sector so far, namely that leveraging specific localised successes to bring about systemic change is a long-term undertaking that requires stable, skilled organisations that can nurture relationships and build legitimacy.

The following challenges and opportunities define the field as we see it today:

- Unlike many other sectors of the transparency and accountability movement, the budget movement has grown from the 'bottom up', meaning that its growth has been almost exclusively driven by country-based civil society groups. The advantage is that this means that there are strong institutions in a wide range of countries on which to build international cooperation. The disadvantage of this approach is that budget transparency has still not captured global attention in the way that other related movements have, and it is yet to galvanise a coherent international movement. Nevertheless, the opportunities to break through this barrier and elevate the global profile of budget transparency exist now more than ever before.
- The impact of civil society budget transparency and accountability work is constrained by a paucity of information and of formal and informal opportunities to engage in the budget process.
- Weak formal oversight institutions – legislators and supreme audit institutions – hinder an important route for civil society actors to influence state actions and ensure accountability.
- There is a paucity of consistent donors in the sector, and the lack of long-term funding prevents organisations from building dedicated capacity and undertaking the consistent work that can impact at a higher level.
- The sector has great difficulty accessing and retaining the high-end skills it requires to build its professionalism and to engage in the increasingly complex public finance management context.
- The sector's progress is also hindered by an as yet rudimentary understanding of the dynamics of context, programming choices and pathways to success.

Strategically, the sector is at a critical, but opportune juncture: its successes have demonstrated its capacity to shift political economy dynamics and to catalyse accountability. As the international community returns to a focus on effective budget transparency and oversight as essential preconditions to build effective states and achieve development outcomes, there is therefore a growing interest in addressing systemic governance weaknesses in the budget arena. This interest does not come only from donors, but also from oversight institutions, their international associations and from parts of the executive. At the same time, the sector should also take on board important emerging risks to budget transparency, arising from the increasing complexity of public finance modalities used by states.

What does this mean for the future?

The concept of seeking 'new' frontiers in the budget, expenditure and procurement field needs to be defined carefully. The pursuit of novelty should not come at the cost of addressing the core challenges in existing work. New initiatives should, however, be game-changing: they should have strong strategic impact, and they should seek to understand and address the barriers to greater effectiveness in demand-side work, while anticipating where existing work should grow or adjust its direction.

The proposal is therefore that new initiatives should contribute to the following important sector objectives:

- Changing the external/international and domestic incentives that governments face for greater budget transparency and engagement with citizens to improve the lives of the poor. There is insufficient pressure on many governments to change: if progress is to be accelerated, it is necessary to bring together local and international advice, advocacy and pressure;
- Greater engagement with constitutionally mandated oversight institutions to address systemically weak budget oversight and restore their function as citizen agents and as avenues for citizen engagement. Ultimately, we want a system of oversight with CSOs playing an important role, but in concert with constitutional actors;
- Growing our understanding of and promoting work that is sensitive to differences between and within countries. The sector needs to build sufficient experience to aim at more nuanced strategies tailored to different country environments;
- Addressing the funding and skill barriers that CSOs face in building the stable and skilled capacity they need to engage with budget issues, gain legitimacy, nurture relationships and take on the long-term consistent effort that is required to shift power, empower citizens and achieve open, responsive and accountable government.

On balance, the programme recommendations focus on innovation by building an international presence for the first time, while consolidating the base for financial accountability at the national and sub-national levels. This will help ensure that flows of funds from natural resources, aid and climate finance lead to tangible development outcomes. The recommendations do not preclude innovation or the sector entering new workstreams. In fact, they are aimed at creating better circumstances within which to do so.

The first two recommendations therefore complement the sector's strong country-based foundation with international work to change the incentives that governments face to improve budget transparency and establish open budget processes. A next set of recommendations aims to shift power at the national level by addressing weak country-level oversight institutions and the paucity of consistent funding streams, while working to identify and support reformist elements in government. The final recommendation targets key knowledge gaps in the sector.

Recommendations

Ratcheting up international pressure

Our review above shows that, unlike many other sectors of the transparency and accountability movement, the budget movement has grown from the 'bottom up'. The disadvantage of this approach is that budget transparency has still not captured global attention in the way that other related movements have, and it is yet to galvanise a coherent international movement. The opportunities to break through this barrier and elevate the global profile of budget transparency exist now more than ever before, with strong growing demand from country-based groups to speak with one voice at the international level on transparency and accountability. The deep concern of CSOs

about budget transparency is mirrored in the increasing concern amongst donors about this issue. The concerns of civil society and donors are also mirrored in the work of legislators and supreme audit institutions in many countries, and through their international associations.

At present, many countries are not improving or consolidating improvements in budget transparency because they are not under sufficient pressure to do so. Countries are changing, but slowly and inconsistently. The perceived benefits to governments are still greater than the costs associated with continued opacity. The two recommendations below are geared to enhance the profile of budget transparency and thereby ratchet up the pressure on governments to open up their budget processes.

Recommendation 1: Design and adopt at international level budget transparency and participation standards

The proposal is for the design and adoption at the international level of budget transparency and participation standards that can underpin work at country level, enhance the leverage of local CSOs and legislatures in negotiations with government and provide a focal point for coordination with legislatures, SAIs and international development partners.

This programme will address the gaps that existing guidelines are not specific enough about what qualifies as transparency in different circumstances, and that they have paid little attention to the equally important demand for enhanced public participation in the budget process. At the same time, local CSOs across the world are engaged in a constant struggle to be treated as legitimate interlocutors on issues of public finance. These CSOs have found that they are taken far more seriously when they anchor their demands in widely accepted international norms and standards.

The ultimate goal of the intervention is to foster progressive realisation of budget transparency and open budget processes at country level that can be used to hold governments to account. To do so, it is necessary to limit the ability of governments to claim irrelevance of existing standards and to anchor country stakeholders' legitimate demands for access to budget processes in an international standard.

Recommendation 2: Establish an international budget oversight platform

The proposal is to establish an international budget oversight platform to build pressure for open budgets on closed governments. The platform will leverage the growing convergence between international donor, civil society, legislature and auditing institutions on the centrality of budget transparency to improved governance. It will bring together national and international civil society, multilateral and bilateral donors, regional development institutions, professional networks and governments that are committed to improving their practices.

Many governments are still opaque in respect of the allocation and use of public resources and run closed budget processes. Budget oversight is weak as a result and the accountability of the executive unenforced. Up till now, most of these governments have had little incentive to change: budget transparency and oversight have not featured consistently or significantly on the reform agendas of donors and the ability of local actors in most countries to create enough pressure for systemic, sustained change on their own has been extremely limited.

In many countries, therefore, a stasis exists: governments provide no or insufficient information, oversight actors are sidelined and disempowered and civil society has no information and limited access to generate change.

Recently, however, budget transparency has come into focus for different communities of practice. There is an opportunity at present to bring together powerful actors at the international level and to instrumentally align their interest in budget transparency and oversight to create effective pressure on closed governments. This has the strong potential to break stasis at country level, enable oversight actors and civil society and engender a positive cycle of change.

The proposed international budget platform will leverage the converging interests of divergent and powerful actors to create awareness of budget transparency as an issue central to many agendas, focus attention on the problem, create pressure on closed governments, link local and international actors and develop mechanisms to accelerate progress.

The ultimate goal of the intervention is specific changes at country level, for example the sustained availability of comprehensive, useful and timely budget information; increased access for stakeholders to budget processes and strengthening of the role of constitutional oversight actors. Such changes will create enabling circumstances for accountable executives, supporting poverty alleviation, development and equitable growth in the long term.

The initiative will send a clear, coherent message to closed governments about the imperative and need for change, supported by pressure from a variety of powerful actors important in targeting governments. The platform will raise awareness of the centrality of budget transparency and oversight and facilitate the prominence of these objectives in the work of multilateral, bilateral and country actors. The platform can coordinate supply and demand-side work at a country level to bring about sustainable change in budget oversight opportunities and practices. It can also ensure that there are sufficient resources – technical and financial – to ensure that change is possible. The objectives are to shift the incentives facing recalcitrant governments, as well as provide support to domestic oversight actors demanding greater openness.

Shifting power at national level

Despite some real improvements in budget transparency, budget processes remain closed in the majority of countries. Furthermore, those gains that have been made are not yet sustainable and can easily be reversed. Despite the many examples of CSOs, legislatures and SAls driving budget policy and process changes, the executive arm of government continues to dominate the budget process

and has substantial latitude to block reforms. Legislatures, SAls, the media, CSOs and reform-minded bureaucrats remain fairly marginalised in this process. In order for these changes to become more regular and institutionalised, this balance of power will need to shift. In this context, it is vital to continue to deepen the work and strength of domestic oversight institutions, and their capability to work in partnership with each other.

Recommendation 3: Establish a multi-donor initiative to consolidate civil society budget monitoring and explore important new areas of work

The proposal is to establish a multi-donor initiative to create a stable environment within which CSOs can consolidate their position, strengthen their skills and dedicate time and capacity to forming important local partnerships.

The strategic review highlights several areas of unfinished business, including the transparency of basic documents that should provide information on budget allocations and budget execution, and basic participation processes, such as public hearings in the legislature. It is vital that the T/A donor collaborative not lose sight of these struggles for transparency fundamentals.

The strategic review also highlights that in order to be successful in promoting sustained, systemic shifts in countries' budget transparency and oversight practices, CSOs need dedicated capacity and need to be able to work and nurture relationships over long periods of time, backed by funding. At the same time, CSOs face significant problems retaining the human resource skills required for this task: the experience of training up promising youngsters only to lose them to higher-paying and/or more secure jobs with clearer long-term career paths is common in the sector.

Finally, the strategic review identifies a series of important under-explored or new areas that CSOs could engage in more meaningfully, thereby deepening their work and value at country level. This requires the capacity to take on technically more demanding work in expenditure analysis and to expand work into new areas, such as extra-budgetary funds, tax, procurement, public-private partnerships, large public sector investment spending and financing and a range of sub-national budget issues.

Pursuing these challenges requires long-term consolidated civil society institutions with respected and dedicated budget analysis and advocacy capacity. However, longer-term consistent funding support for civil society budget work has been limited to a handful of private donors. While many civil society budget groups have accessed support from multilateral and bilateral donors, this has mostly been ad hoc, shorter-term and tied to specific donor programme goals. One of the major challenges to organisational consolidation in the sector is the lack of access to sustained institutional support. New donors who are interested in entering the sector are faced with many barriers, including a lack of confidence in their ability to make effective programme choices.

The proposal is therefore to create a large multi-donor initiative to ensure secure funding to CSOs that have a proven record of effective budget work. Such an initiative could begin to ensure a growing core group of institutions the opportunity to deepen their traditional work and also to explore some of the new opportunities outlined above. We have in mind here a version of the Think Tank Initiative initiated by the Hewlett Foundation. At the same time such a fund would reduce barriers faced by new donors to enter the sector, as they can draw on the work of experienced donors.

Such a fund might set a reasonably high threshold for support to encourage established, mature institutions to continue to increase the quality and impact of their work. However, it is also necessary to expand the number of organisations and breadth of work in the sector. We therefore suggest that such a fund also provide shorter-term grants, at least initially, to ensure that work on budgets is expanded in low-income and challenging environments and that innovative methods are piloted in new or emerging areas of work.

The goals of the programme are to ensure that conducive funding circumstances are created for sustained civil society work on core objectives, the development of capacity to take on high-skill and potentially high-impact work and opportunities to pilot work in challenging environments and in emerging areas. The ultimate goal is to ensure long-term impact of civil society work and to consolidate the position of CSOs in the budget arena through improving the quality and effectiveness of their work, thereby facilitating the growth of the sector worldwide.

The programme intervention will achieve this by pooling donor contributions to secure long-term funding streams for established organisations, thereby creating the space for these organisations to nurture relationships, take on the long-term task of building effective intervention modalities and retain the required skills to do this and to deepen the technical quality of the work.

The idea is essentially one of pooling supply-side risks to reduce funding instability and the impact on the sector of funding insecurity and short-term programming cycles. It will pool the risk of and capacity for experimenting with approaches in challenging environments or pilot tools for emerging areas of work, thereby increasing the likelihood of this occurring. It will also pool the cost of and capacity to undertake continuous evaluation of sector approaches and effectiveness, thereby improving sector impact.

Recommendation 4: Build transparency and accountability coalitions between SAIs, legislatures and civil society

This intervention pilots modalities to strengthen partnerships between SAIs, legislatures and civil society in order to address ubiquitous weak oversight of budgets under different circumstances at country level.

Civil society cannot solve the budget transparency and accountability problem alone. Ultimately, the solution is to build an oversight system, with civil society as one actor supported by effective media, legislatures and SAIs. There is an opportunity to leverage the alignment of the legislature, SAI and civil society interest in open and accountable executives, at national and sub-national levels. The relative strengths and weaknesses of civil society, legislatures and SAIs are often complementary. For example, in many environments civil society has analytical expertise, but lacks access to the budget process and information. Often legislatures, by virtue of the constitution, have some access to the budget process, but no analytical capacity. Similarly, civil society often lacks data, especially on budget execution. SAIs have access to such data, but lack the voice to amplify and advocate with the executive. Civil society can use this data while using its voice to amplify the findings and track the executive's response to these findings.

A one-size-fits-all approach for civil society's partnering with legislatures and SAIs to strengthen formal budget oversight is unlikely. Strategies should fit the reasons for weak oversight capacity. In some countries formal budget oversight is weak because the legal mandate of parliament is inadequate; in other countries SAIs may lack *de jure* or *de facto* independence, or the production of public accounts may be delayed for so long that they are rendered otiose; in other countries the formal framework may be sufficiently strong but in practice political economy factors mean that both institutions go through the motions of oversight without resulting in effective accountability of the executive. Any combination of factors may prevail in different contexts, meaning that different strategies would be required for partnership (or challenge as the case may be).

Work to understand what it would mean for CSOs to work towards strengthening formal oversight institutions, and what would work under which circumstances and why, has not been undertaken systematically. However, it is crucial to facilitate sustained improvements in budget transparency, oversight and accountability.

The proposal is for a three- to five-year programme of partnership pilots between SAIs, legislatures and CSOs in different instances of weak effective oversight practice.

The programme will seek to build experience, learn lessons and catalyse a shift towards partnership between these institutions and civil society through utilising the demonstration effect of successes. The ultimate goal of the programme intervention is to align civil society capacity with oversight institution mandates in the long term in the interest of open, responsive and accountable government. This is only possible if the formal oversight institutions are effective and if they develop institutional arrangements to partner with civil society. The programme also creates the opportunity to link the work of budget CSOs with CSOs working in the environment or national resource governance fields, making the cross-institutional partnerships issue-based.

A first requirement is therefore to direct civil society energy towards working with oversight institutions to build their capacity and effectiveness. This would require exploration of modalities, approaches and strategies through a set of pilots in different circumstances and demonstration of the benefits of such work by disseminating the good practices that emerge.

A second requirement is overcoming barriers in SAIs and legislatures to working with civil society. While there may be individual countries where a happenstance of relationships and circumstance creates opportunities for overcoming barriers, the work will be greatly supported through an international effort to convince the international organisations representing legislatures and SAIs to sponsor or support a set of pilot projects that bring together CSOs with legislatures and/or SAIs in a range of contexts to test what works. The effort can leverage growing interest in these organisations in the potential of partnering with civil society.

The documentation and dissemination of successful pilots, as well as lessons learned, will be important to catalyse and guide roll-out of the work internationally. In this regard, a highly useful medium-term goal of these pilots would be to encourage organisations, such as the Inter-Parliamentary Union and INTOSAI, to adapt their good practice guides and declarations to include engagements and joint work with CSOs.

Recommendation 5: Build capacity in governments for budget transparency

The proposal is for a programme of work with selected governments/executive actors in selected countries to build capacity for open budgets and to demonstrate benefits.

The potential of cross-institutional accountability coalitions is under-explored. Recommendation 4 above provides for a programme to explore the frontier of partnerships between civil society and non-executive oversight actors. This recommendation acknowledges the need to move beyond the demand- and supply-side dichotomy in the conceptualisation of accountability and transparency work to address weak capacity within the executive for responsive engagement with civil society.

The executive is seldom a monolith – it is usually possible to identify reform-minded bureaucrats or other actors who share at least some of the goals of civil society budget groups and oversight actors. Unfortunately, a desire to support civil society engagement in budgets is often thwarted by an undeveloped capacity to engage

with civil society. In order to support civil society (and legislature) engagement, governments have to learn what documentation civil society needs, in what forms and at what times in the budget cycle. Disaggregating, demystifying and disseminating budget data are not skills that governments necessarily cultivate: greater focus is on developing good processes and mechanisms to make better decisions. While many governments spend some effort on getting the messaging right, few also incorporate effective work to provide information in formats that are useful to civil society and citizens.

The proposed intervention is support for technical assistance/mentoring from civil society to governments so that they can develop the skills and practices that will ensure that improvements in transparency result in information that is timely, accessible and useful for civil society engagement in the budget process.

Learning what works and where

This recommendation addresses the fact that, as highlighted above, the sector has learned that context is vitally important to success but that not enough is known about how to analyse and respond to a variety of contexts.

Recommendation 6: Critical pathways to success: build the sector's knowledge base on context

The idea is for a project to map the relationships different context, their associated transparency and accountability challenges and critical pathways to success in fostering open, responsive and accountable governments.

The project grows out of the growing awareness of the importance of context in public finance and accountability reforms. National income levels, the distribution of wealth, the structure of the economy, the degree of political stability, the relative strength of central budget offices, the freedom of the media, the executive's control of budget execution, political party structures, constitutional configuration and legal frameworks and inherited administrative traditions and cultures are all issues that make it hard to generalise about reform approaches that are likely to 'work'. Even so, some generalisation is essential to target and scale up public finance and accountability reforms. It is therefore essential to understand:

- How transparency and accountability challenges are manifested in relation to different contexts;
- What are crucial factors/combinations of factors that will contribute to success or failure of demand-side work in addressing challenges;
- What critical pathways to success are found in addressing these challenges; and therefore
- What the strategic priorities of funders and organisations working in specific contexts should be.

The importance of building dynamic knowledge bases and documenting approaches, both successes and failures, cannot be overstated. Not only is this essential to build the evidence base for the work, but it helps to build an understanding of context. There are several very important projects under way to document practices using methods that will allow for more rigorous evidence of what channels of impact are most likely to work in different contexts. However, it is also true that we are not collectively mining the available evidence or using available opportunities to combine available data to enhance our understanding of what works in what contexts. There is also no systematic effort to make the connection from transparency and accountability challenges and enabling factors through to critical pathways for success to arrive at a clearer understanding of priority strategies in different contexts.

There is currently better cross-country data available on budgeting institutions, transparency, governance and accountability than at any point in the past, as discussed above. The availability of longitudinal and cross-country information sets delivers a rich array of comparative data. On their own, each of these sets provides a specific perspective or a piece of information on transparency, accountability and/or governance. However, combined, they can provide a more comprehensive picture, that can be tracked and mapped against differences in context.

At the same time, there is also a significant mass of CSOs that engage in budget transparency and accountability work in different contexts, which can provide data on what works when. There is also already research on the impact of CSO work that can be harnessed, building on a rich base of already documented case studies.

The proposed programme will build a knowledge base on key aspects of budget transparency and accountability work (what are preconditions, what are priority challenges and what strategies work) and how they interact in different contexts for success. The goal of the programme is to build the knowledge of the sector – for use by both donors and CSOs – on what transparency and accountability challenges are urgent to address first, and under which circumstances and options for addressing them. The logic is that there is not only one pathway to success: in some circumstances supporting the oversight institutions with information and analysis will create sufficient pressure to hold the executive to account for poor budgetary decisions. In other cases, litigation might be a better route to foster accountability or openness. In other cases again, basic enabling conditions for a pathway to success such as a free and capacitated media might not be in place, changing funding priorities and/or civil society strategy. The ultimate goal of the programme is to ensure that scarce resources are used optimally and that interventions address the most urgent priorities and are sequenced appropriately at country level to ensure success.

Conclusion

We believe that the recommendations – in combination but also each in its own right – have the potential to be game-changing in the empowerment of citizens and their organisations and oversight institutions. However, this list is not exhaustive. There are two additional frontiers that are hugely important, but which we were not able to explore fully within the available resources for the research to be able to recommend initiatives with confidence.

Firstly, strengthening the role of the media as partners at country level and a social accountability institution in their own right should be a priority for work. It is therefore recommended that the initiative does further work to explore these challenges and what they might mean as a core challenge and therefore a frontier in its own right.

And secondly, the potential role of technology in demand-side transparency and accountability work is not adequately reflected in the recommendations as they stand. The rise of new technologies and cheaper access to and wider coverage of technology in developing countries offer significant opportunities for empowering citizens. There are without doubt many countries where synergies between the open government data movement

and demand-side budget work can accelerate citizen empowerment, oversight and accountability. It is therefore necessary to acknowledge this as a frontier in demand-side budget work and to note that a marker should be put in the programming of the initiatives above to include encouraging the use of technology in the means selected to achieve objectives.

Annexes

Annex I: Defining transparency, accountability and participation

Transparency

Transparency is a characteristic of governments, companies, organisations and individuals that are open in the clear disclosure of information, rules, plans, processes and actions.⁷ As a principle, public officials, civil servants, the managers and directors of companies and organisations, and board trustees have a duty to act visibly, predictably and understandably to promote participation and accountability. Simply making information available is not sufficient to achieve transparency. Large amounts of raw information in the public domain may breed opacity rather than transparency. In order for that to be achieved, a number of qualifying criteria must be added to the definition. Information should be managed and published so that it is:

- **Relevant and accessible:** Information should be presented in plain and readily comprehensible language and formats appropriate for different stakeholders, whilst retaining the detail and disaggregation necessary for analysis, evaluation and participation. Information should be made available in ways appropriate to different audiences, and at minimal or no cost;
- **Timely and accurate:** Information should be made available in sufficient time to permit analysis, evaluation and engagement by relevant stakeholders. This means that information needs to be provided while planning as well as during and after the implementation of policies and programmes. Information should be managed so that it is up-to-date, accurate and complete.

Participation

Citizen participation is understood generally either as **consultative participation** or as **empowered participation**. In the case of *consultative* participation, the government provides citizens and their representatives with (or citizens through their activities create) opportunities to be heard, but there is no guarantee that participation will be heeded. Decision-makers have the freedom to agree with citizens or not, though there is normally an obligation to give the reasons for which they agree or disagree. In order for participation to be meaningful, there must be accountability. In the case of *empowered* participation, the participants are invested with decision-making power and influence, such as having citizen representatives on boards that oversee local public service delivery. Citizens may participate through local associations, social movements and campaigns, formal participatory governance spaces and multiple approaches, which employ several of these strategies. Participation is key to making transparency and accountability directly meaningful to citizens. For the purposes of the Transparency and Accountability Initiative's research, citizen participation is relevant in as much as it leads to increased transparency and accountability.

Accountability

Broadly speaking, accountability refers to the process of holding actors responsible for their actions. More specifically, it is the concept that individuals, agencies and organisations (public,

private and civil society) are held responsible for executing their powers according to a certain standard (whether set mutually or not). Accountability is an institutionalised (i.e. regular, established, accepted) relationship between different actors. One group of people/organisations are held to account ('accountees'), by other groups ('accounters'). It is useful to think of an accountability relationship as having up to four sequential stages (Moore and Teskey, 2006):

- **Standard setting:** setting out the behaviour expected of the 'accountee' and thus the criteria by which they might validly be assessed;
- **Investigation:** exploring whether or not accountees have met the standards expected of them;
- **Answerability:** a process in which accountees are required to defend their actions, respond to questions and generally explain themselves. This applies both to negative as well as to positive feedback;
- **Sanction:** a process in which accountees are in some way punished for falling below the standards expected of them, or rewarded for achieving or exceeding them.

Most accountability sequences are not as formal, and/or do not include all these stages. More informally, one can think of accountability as not only a set of institutional mechanisms or a checklist of procedures but an arena of challenge, contestation and transformation.

Accountability can usefully be categorised in terms of horizontal, vertical and diagonal mechanisms (with the proviso, however, that success is most often found not in one of those approaches alone, but in their interaction).

- **Horizontal (or public) accountability** consists of formal relationships within the state itself, whereby one state actor has the formal authority to demand explanations or impose penalties on another. It thus concerns internal checks and oversight processes. For example, executive agencies must explain their decisions to legislatures, and can in some cases be overruled or sanctioned for procedural violations.
- **Vertical forms of accountability** (or social accountability) are those in which citizens and their associations play direct roles in holding the powerful to account. Elections are the common formal institutional channel of vertical accountability. But there are also informal processes through which citizens organise themselves into associations capable of lobbying governments and private service providers, demanding explanations and threatening less formal sanctions, such as negative publicity.
- **Diagonal accountability** operates in a domain between the vertical and horizontal dimensions, and refers to the phenomenon of direct citizen engagement with horizontal accountability institutions in efforts to provoke better oversight of state actions. Citizens bypass cumbersome or compromised formal accountability systems in order to engage in policy-making, budgeting, expenditure tracking, etc.⁸ Society Institute, Budapest.

⁷ Transparency International, 2009.

⁸ DFID/GTF, 2008.

Annex II: Recommendations

The three sets of recommendations are presented here in detail: (i) programme initiatives that will serve to increase the international pressure on governments to run open, accountable budget processes; (ii) programme initiatives aimed at supporting internal pressure on governments to do the same; and (iii) a programme initiative that will address a key knowledge gap in the sector. Each set is preceded by a brief explanation of the key problem underlying the related recommendations, drawing on the strategic review.

Ratcheting up international pressure

Unlike many other sectors of the transparency and accountability movement, the budget movement grew from the 'bottom up', meaning that its growth has been almost exclusively driven by country-based civil society groups. The advantage is that there are strong institutions in a wide range of countries on which to build international cooperation. The disadvantage is that budget transparency has still not captured global attention in the way that other related movements have, and it is yet to galvanise a coherent international movement. Nevertheless, the opportunities to break through this barrier and elevate the global profile of budget transparency exist now more than ever before.

Although such cooperation has been limited to date, there is a strong growing demand from country-based groups to speak with one voice at the international level on transparency and accountability. The deep concern of CSOs about budget transparency is mirrored in the increasing

concern amongst donors about this issue. The growing interest in demand-side accountability amongst all public financial management (PFM) donors is testimony to this concern. Some of the recent improvements in budget transparency have been due to enhanced and targeted donor engagement – and broader awareness of the ambiguous message often sent to recipient countries.

The concerns of civil society and donors are also mirrored in the work of legislators and supreme audit institutions (SAIs) in many countries, and through the International Parliamentary Union (IPU) and INTOSAI at international level. Both of the recent annual meetings of these bodies, for example, have emphasised budget transparency and accountability.

At present, many countries are not improving or consolidating improvements in budget transparency because they are not under sufficient pressure to do so. The perceived benefits of transparency are still lower than the costs of opening up. The two recommendations below are geared to enhance the profile of budget transparency and thereby ratchet up the pressure on governments to open up their budget processes. The first programme idea involves taking advantage of the growing international concern with budget transparency by convening a broad coalition to enhance the pressure and shift the incentives on governments to open up. The second initiative focuses on the development and ratification of international standards and norms for budget transparency.

Recommendation 1: Design and adopt international budget transparency and participation standards

The proposal is for the design and adoption, at the international level, of budget transparency and participation standards⁹ that can underpin work at the local level, enhance the standing of local civil society organisations (CSOs) in negotiations with government and provide a focal point for coordination with legislatures, SAs and international development partners.

The problem

Fiscal transparency has been on the international agenda since the Asian crisis of the late 1990s. Reflecting a broad concern with transparency, various international bodies, including the OECD, the European Union, the Organization of American States and the IMF, have produced or endorsed guidelines related to transparency of public expenditure.

However, existing guidelines are not specific enough about what qualifies as transparency in different circumstances, and they scarcely acknowledge the equally important demand for enhanced public participation in the budget process. In general, transparency is defined only in terms of access to information. These guidelines do not recognise that transparency alone will not lead to effective government spending. Without mechanisms that allow parliaments, media, civil society and individual citizens to discuss, debate and influence the budget process, there is no way that the budget can be used to hold governments accountable.

At the same time, local CSOs across the world are engaged in a constant struggle to be treated as legitimate interlocutors on issues of public finance. These organisations are frequently accused by governments of ignorance about budgeting and economics, of representing foreign interests or of making demands that, however reasonable in other contexts, are inappropriate for the country in question. These CSOs have found that they are taken far more seriously when they anchor their demands in widely accepted international norms and standards. When these are accepted by developed and developing countries alike, and by countries in various regions around the globe, it becomes much harder for governments to dismiss these demands as culturally alien or rooted in civil society ignorance of prevailing standards.

A norm around budget transparency and participation would enhance the standing of local civil society in

negotiations with government, and provide a focal point for coordination with legislatures, SAs and international development partners. The opportunity

This is a particularly auspicious time to promote a standard on budget transparency and participation. Recent international developments, such as links between the international credit crisis and financial opacity, the likely impact on expenditure of required fiscal adjustments and concerns with governments' actual investments in the Millennium Development Goals are again pushing transparency to the forefront of the international agenda.

The renewed concern with budget transparency is also linked to a growing focus on governance and an interest in the role of oversight institutions and civil society. Multilateral and bilateral donors are increasingly looking at civil society as an actor at country level to induce accountable government. Professional and sector networks are focusing on budget transparency and open processes as preconditions for their effectiveness. Again, there is growing recognition of CSOs as potential partners, but also caution in the absence of commonly accepted norms on participation in the budget process and civil society's role. Executive actors interested in accountable management of public resources are in many countries making use of or supporting civil society initiatives to supplement internal accountability institutions and capacity, but these initiatives remain limited in the absence of consensus on the legitimacy of participation in the budget process.

The programme intervention

The proposal is the design and adoption of international standards on budget transparency and participation. The standards will build on existing standards but address key shortcomings with regards to guaranteeing access to comprehensive, accessible and timely information and closed budget processes.

The programme goal

The ultimate goal of the intervention is to foster progressive realisation of budget transparency and open budget processes at country level that can be used to hold governments to account. To do so, it is necessary to limit the ability of governments to claim irrelevance of existing standards and to anchor country stakeholders' legitimate demands for access to budget processes in an international standard.

⁹ It is proposed that 'standards' rather than 'norms' are used, as the latter common usage would refer to commonly accepted but more informal rules of behaviour. Standards in common

usage denote norms that do not just depend on behaviour expectation, but are formally agreed by stakeholders and contain an element of enforceability.

Key programme requirements

A global norm around budget transparency and participation should embody the following three guarantees:

- **Public access to information on budget processes, policies and results:** This information should be timely to allow input into the policy process, useful in that it enables appropriate independent analysis, and accessible to enable the public to understand and interpret the data. The norm should focus explicitly on key documents and specific contents that should be released each year, as well as clear processes guaranteeing access to further data.
- **Opportunities to participate meaningfully in the budget process:** The norm should promote effective public participation in the budget process through a number of practical mechanisms congruent with the constitutional roles of the legislature, executive and SAI. The legislature should provide the first opportunity for public participation by convening open public hearings at each stage of the budget process, including the opportunity for civil society to provide testimony. In addition, direct public engagement with the executive branch is also necessary, particularly to allow constructive input into the development of the budget. To bolster public oversight of budget execution, the SAI should offer opportunities for the public to suggest audit sites and participate in the external audit process.
- **Recourse to domestic and international enforcement mechanisms:** Effective enforcement means access to legally protected opportunities for participation in the budget process that are guaranteed by an independent commission or ombudsman; and access to international arbitration where these national mechanisms fail.

A global transparency norm can also advance the effective delivery of foreign aid, which can create an incentive for developing country governments to support it. A norm can help to clarify the expectations of both donor and recipient countries about how financial flows should be reported. At the same time, recipient countries may rely on a transparency norm to insist that donors coordinate their demands for reporting around a single broadly accepted standard, thus reducing the burden of disparate reporting requirements.

One of the challenges of defining a global norm is how to make it relevant to countries with widely diverging levels of budget transparency. The norm would necessarily have to allow for different levels of transparency, perhaps including different levels of standard: a minimum, good practice and leading standards. This flexibility would allow for the

inclusion of countries that are best and worst in the field, allow for meaningful improvements over time and limit the ability of governments in different circumstances to claim irrelevance of international standards.

Possible programme steps

Identifying the appropriate or most feasible pathways to design standards and achieve their adoption and choosing the most effective institutional home(s) is a challenge. Norm development is seldom a linear process, and it is likely to follow several pathways simultaneously.

One option is to link the development of an international standard to the establishment of an international budget oversight platform (see Recommendation 2) which will bring together the most relevant and powerful stakeholders, including the international finance institutions, multilateral and bilateral donors, professional networks and CSOs, and champion governments from industrialised and emerging economies.

In the absence of such a platform the T/A Collaborative would need to reach out in a multi-directional effort to nurture support for the development of standards, support the development of draft standards and potentially form partnerships for their negotiation and adoption.

The International Budget Partnership (IBP) has already done technical work on the development of a norm, exploring content parameters and developing pathways to its adoption. Its Open Budget Initiative (OBI) survey and index is already well accepted as a benchmark against which countries' performance on budget transparency and oversight can be measured. This work can be used as a basis on which to build an initiative.

Programme impact and risks

The potential impact is high, but the risk of failing to achieve a standard with a mass of support to achieve the objective is also significant. The convening of an international platform as described in Recommendation 2 will mitigate this risk significantly. At the very minimum, the standard would need to be supported by the international associations of oversight actors – for example, INTOSAI and the IPU – by key development partner governments and by champion governments from the South, in addition to a mass of international and national CSOs. A second risk is that the negotiation of a norm, even if successful, will take considerable time: the investment will therefore be a medium- to long-term one.

Recommendation 2: Establish an international budget oversight platform

The proposal is to establish an international budget oversight platform to build pressure for open budgets on closed governments. The platform will bring together national and international civil society, multilateral and bilateral donors, regional development institutions, professional networks and governments that are committed to improving their practices. The platform will leverage the growing international convergence on the centrality of budget transparency to improved governance.

The problem

Many governments are still opaque in respect of the allocation and use of public resources and run closed budget processes. Budget oversight is weak as a result, and the accountability of the executive unenforced. Up till now most of these governments have had little incentive to change: budget transparency and oversight have not featured consistently and significantly on the reform agendas of donors, and the ability of local actors in most countries to create enough pressure for systemic, sustained change on their own has been extremely limited.

Since the late 1990s, fiscal and budget transparency has been on the international agenda. Yet support for it and work around it has been periodic, fragmented, isolated and overshadowed by other reform agendas. The groundswell of civil society work to advocate for budget transparency and oversight has been significant, but again its reach is limited to specific initiatives. Local civil society actors have not been able to call on international support to increase pressure on governments for change.

In many countries, therefore, a stasis exists: governments provide no or insufficient information, oversight actors are sidelined and disempowered and civil society has no information and limited access to generate change.

The opportunity

Recently, however, multilateral and bilateral donors are recognising the direct link between transparency, governance and functional states. They are realising that the success of technical budget reforms is dependent on improving budget transparency and oversight, and are interested in the role of civil society in strengthening this oversight. At the diplomatic level, budget transparency is being raised as an important issue for the international good governance agenda. Oversight actors and their networks – such as INTOSAI and the IPU – are starting to focus on budget transparency and open processes as preconditions for their effectiveness and are looking at partnerships with civil society. Many international sector networks are starting to grapple with opaque budgets and closed public resource management processes as barriers to their work and are seeking partnerships with budget-enabled groups.

There is an opportunity at present to bring together powerful actors at the international level and to instrumentally align their interest in budget transparency and oversight to create effective pressure on closed governments. This scenario presents a strong potential to break stasis at country level, enable oversight actors and civil society and engender a positive cycle of change.

The programme intervention

The proposal is that an international budget platform be established that will leverage the converging interests of powerful actors to create awareness of budget transparency as an issue central to many agendas, focus attention on the problem, create pressure on closed governments, link local and international actors and develop mechanisms to accelerate progress.

Programme goal

The ultimate goal of the intervention is specific changes at country level: for example, the sustained availability of comprehensive, useful and timely budget information; increased access for stakeholders to budget processes and strengthening the role of constitutional oversight actors. Such changes will create enabling circumstances for accountable executives, supporting poverty alleviation, development and equitable growth in the long term.

The initiative will send a clear, coherent message to closed governments about the imperative and need for change, supported by pressure from a variety of powerful actors important to target governments. The platform will raise awareness of the centrality of budget transparency and oversight and facilitate the prominence of these objectives in the work of multilateral, bilateral and country actors. The platform can coordinate supply and demand-side work at a country level to bring about sustainable change in budget oversight opportunities and practices. The platform can also ensure that there are sufficient resources – technical and financial – to ensure that change is possible. The objectives are to shift the incentives facing recalcitrant governments, as well as to provide support to domestic oversight actors demanding greater openness.

Possible programme actions

The platform might be initiated by convening a large international forum on budget transparency, participation and accountability with as broad representation as possible from each of the sectors above. One applicable model is the Women Deliver process, convened over the past two years to advance international recognition and galvanise efforts to eradicate maternal mortality and improve health. It is critical to involve from the beginning a multi-stakeholder group of institutions focused on generating global attention and pressure to open budget systems.

Such a meeting might be convened by the T/A donor collaborative itself or by a broader set of donors and CSOs brought together by the collaborative. Efforts to attract the leadership of one or more Southern governments to launch the effort together with donors and civil society will enhance the legitimacy of the platform.

The outcome of such a meeting could be:

- A broad call for urgent attention to this area, materials and resources to increase its visibility;
- A systematic plan for how to advance issues of budget transparency, participation and oversight at international and country levels; and
- A grouping of actors that can drive a campaign over the longer term, organised as required by participating actors into some form of steering or coordinating body.

It might also include a call for the development and ratification of international standards on budget transparency and oversight.

The platform structure, form and approaches to achieving its objectives would be decided by the platform itself. The work of the platform should, however, be directed at working with the media and selecting high-profile ambassadors to communicate a compelling message about the importance of budget transparency and oversight to governance and poverty. The work should also include the establishment of mechanisms to influence the programming choices of donors and actors at a country level, direct and indirect advocacy work and the facilitation of linkages.

Programme impact and risk

The programme impact is potentially high. It is key to supporting the achievement of international standards, the success of pilots at country level of partnerships between CSOs and SAls and successful programmes with reformists in selected governments.

Two main risks, however, may reduce the likelihood of the immediate, intermediate and long-term impacts being achieved.

Firstly, there may not be sufficient resources to create an international platform with a meaningful voice. The assessment is that this risk is small: there are already clear signals from important players that open government in the arena of budgets, expenditure and procurement is a critical international issue. The incentive to collaborate in a platform is that joint, multi-directional effort is likely to yield better results than isolated efforts by individual actors.

Secondly, there is a risk that even if the platform raises awareness of the issue, focuses attention and creates pressure through various mechanisms, governments will be able to ignore the pressure. The assessment is that this risk is country-specific. True, there are many governments that are able to resist international pressure on key issues for long periods of time. However, for most countries it is very likely that gains will be made – they might be small and incremental in some cases, but they will be significant and representative of a shift change in others. In some countries, raising international awareness of the issue might be sufficient for change to occur. Overall, the risk of international pressure being ineffective in some country cases is not a sufficient reason to refrain from initiating an international budget oversight platform.

Shifting power at national level

Despite some real improvements in budget transparency, budget processes remain closed in the majority of countries. Further, those gains that have been made are not yet sustainable, and can easily be reversed. Despite the many examples of CSOs, legislatures and SAIs driving budget policy and process changes, the executive arm of government continues to dominate the budget process and has substantial latitude to block reforms. Legislatures, SAIs, the media, CSOs and reform-minded bureaucrats remain fairly marginalised in this process. In order for these

changes to become more regular and institutionalised, this balance of power will need to shift. In this context, it is vital to continue to deepen the work and strength of domestic oversight institutions, and their capability to work in partnership with each other.

This section contains two recommendations: the first operates at the international level to secure country-level work in the long term and the second explores the vital frontier of engagement between constitutional oversight institutions and civil society.

Recommendation 3: Establish a multi-donor initiative to consolidate civil society budget monitoring and explore important new areas of work

The proposal is to establish a multi-donor initiative to create a stable environment within which CSOs can consolidate their position, strengthen their skills and dedicate time and capacity to forming important local partnerships.

The problem

The strategic review highlights several areas of unfinished business, including the transparency of basic documents that should provide information on budget allocations and budget execution, and basic participation processes, such as public hearings in the legislature. It is vital that the collaborative not lose sight of these struggles for transparency fundamentals.

The strategic review also highlights that in order to be successful in promoting sustained, systemic shifts in countries' budget transparency and oversight practices, CSOs need dedicated capacity and need to be able to work and nurture relationships over long periods of time backed by funding. At the same time, CSOs face significant problems in retaining the human resource skills required for this task: the experience of training up promising youngsters just to lose them to higher-paying and/or more secure jobs with clearer long-term career paths is common in the sector.

Finally, the strategic review identifies a series of important under-explored or new areas that CSOs could engage in more meaningfully, thereby deepening their work and value at country level. This requires the capacity to take on technically more demanding work in expenditure analysis and to expand work into new areas, such as extra-budgetary funds, tax, procurement, public-private partnerships, large public sector investment spending and financing and a range of sub-national budget issues.

Pursuing these challenges requires long-term consolidated civil society institutions with respected and dedicated budget analysis and advocacy capacity.

At the same time, longer-term consistent funding support for civil society budget work has been limited to a handful of private donors. While many civil society budget groups have accessed support from multilateral and bilateral donors, this has mostly been ad hoc, shorter-term and tied

to specific donor programme goals. This has increased the risk of country CSOs changing tack to follow the money, rather than focusing on the development and consistent implementation of medium- to long-term strategies to bring about core change.

There is a growing mismatch between the funding needs of the sector to consolidate and deepen its core work and the available funding. One of the major challenges to organisational consolidation in the sector is the lack of access to sustained institutional support.

The opportunity

On the back of greater donor realisation of the importance of budget transparency and the increased interest in the role of CSOs to strengthen oversight and accountability (see discussion under Recommendations 1 and 2), there is an increase in financial flows to the sector. However, while the opportunity exists for CSOs to harness the enhanced flow of resources, the risk is that the support will be fragmented, will not draw on the lessons of the past and may distract organisations from their core objectives. At the same time, there are also donors who are interested in supporting the sector, but who are not confident of their ability to make effective programme choices.

The programme interventionThe first programme idea is the creation of a large multi-donor initiative to ensure secure funding to CSOs that have a proven record of effective budget work. Such an initiative could begin to ensure a growing core group of institutions the opportunity to deepen their traditional work and also to explore some of the new opportunities outlined above. We have in mind here a version of the Think Tank Initiative initiated by the Hewlett Foundation. At the same time, such a fund would reduce barriers faced by new donors to enter the sector, as they can draw on the work of experienced donors.

Such a fund might set a reasonably high threshold for support to encourage established, mature institutions to continue to increase the quality and impact of their work. However, it is also necessary to expand the number of organisations and the breadth of work in the sector. We therefore suggest that such a fund also provide shorter-term grants, at least initially, to ensure that work

on budgets is expanded in low-income and challenging environments and that innovative methods are piloted in new or emerging areas of work.

Programme goal

The goals of the programme are to create funding circumstances conducive to sustained civil society work on core objectives, develop capacity to take on high-skill and potentially high-impact work and to pilot work in challenging environments and in emerging areas.

The ultimate goal is to ensure long-term impact of civil society work and to consolidate the position of CSOs in the budget arena through improving the quality and effectiveness of their work, thereby facilitating the growth of the sector worldwide.

The programme intervention will achieve this goal by pooling donor contributions to secure long-term funding streams for established organisations, thereby creating the space for these organisations to nurture relationships, take on the long-term task of building effective intervention modalities and retain the required skills to do this and deepen the technical quality of the work.

The idea is essentially one of pooling supply-side risks to reduce funding instability and the impact on the sector of funding insecurity and short-term programming cycles. At the same time the initiative will reduce the entry barriers and risks for new donors who are interested in funding the sector but cautious because they do not know the field, thereby increasing the volume of funding to the sector.

It will pool the risk of and capacity for experimenting with approaches in challenging environments or pilot tools for emerging areas of work, thereby increasing the likelihood of this occurring. It will also pool the cost of and capacity to undertake continuous evaluation of sector approaches and effectiveness, thereby improving sector impact.

Possible programme actions

The programme intervention would require a core mass of donors to commit sufficiently large sums of money for a longer-term time horizon to secure a multi-donor initiative with the ability to commit funding for the long term and attract new donors. Key elements of work required to set up the initiative would be to decide on a suitable institutional form that will provide contributing donors with necessary assurance on the prudent use of funds, the parameters and rules for securing funding from the initiative and strong frameworks for monitoring and evaluating progress against the initiative's objectives. Work will also be required over time to secure the initiative with commitments from additional donors and to publicise the work of the initiative and its partners.

Programme impact and risks

The programme will address a critical barrier to effective and sustainable civil society work at the country level. Its potential impact is therefore high. Key risks are two-fold: given their own programming cycles, donors may not be able to make long-term commitments to the initiative, thereby limiting its ability to make long-term commitments to organisations in turn and undermining the core objective of the fund. This concern is mitigated by the notion of pooling funds and funding risks: the fund will operate with a longer-term commitment by contributing donors to replenish funds. While some donors might not be in a position to renew their commitment to the fund, the involvement of many donors and continuous entry of new donors reduce the impact of one donor pulling out. Currently the risk of donors withdrawing is borne at the organisational level, where the capacity to pool funds is considerably less, exposing the organisation and its work to shifts in donor interests and/or fortunes.

The second key risk is that the fund will reduce the options for CSOs to seek funding and will increase isomorphism in the sector, thereby reducing innovation. This risk can be mitigated by being clear that the objectives of the initiative are to provide long-term funding to established organisations, something which is best undertaken by a group of funders rather than on a one-on-one basis. It therefore does not preclude established funders continuing their own funding programmes. At the same time, including the objective of pooling the risk of work in challenging environments and piloting new approaches in the initiative's mandate will also ensure that the fund itself supports innovation.

Recommendation 4: Build transparency and accountability coalitions between SAls, legislatures and civil society

This intervention pilots modalities to strengthen partnerships between SAls, legislatures and civil society in order to address ubiquitous weak oversight of budgets under different circumstances at country level.

The problem

Civil society cannot solve the budget transparency and accountability problem alone. Ultimately, the solution is to build an oversight system, with civil society as one actor supported by effective media, legislatures and SAls. Legislatures – at national and sub-national levels where relevant – are mandated by the constitution as keepers of the public purse. To perform this function effectively, they require information, research capacity, effective legal powers to practice oversight and effective access to the budget process; most of which are lacking in many countries. SAls are also mandated, usually by the country's constitution, to provide an independent assessment of the integrity of PFM. SAls are far too often hampered by inadequate independence, inadequate funding, weak capacity and poor visibility or voice in the public arena.

Unfortunately, there are very few international institutions that have prioritised building these two oversight institutions: much of the focus multilateral and bilateral support for public finance management systems has been focused on the executive. However, this may not be a funding task for the collaborative. If the collaborative should take up the recommendations under Section 1 ('Ratcheting up international pressure') above, it will contribute to focusing international attention on this gap.

A more feasible avenue of direct intervention at country level, however, is leveraging the alignment of legislature, SAl and civil society interest in open and accountable executives. The relative strengths and weaknesses of civil society, legislatures and SAls are often complementary. For example, in many environments civil society has analytical expertise, but lacks access to the budget process and information. Often legislatures by virtue of the constitution have some access to the budget process, but no analytical capacity. Similarly, civil society often lacks data, especially on budget execution. SAls have access to such data but lack the voice to amplify and advocate with the executive. Civil society can use this data while using its voice to amplify the findings and track the executive's response to these findings.

This coincidence of interest and complementarity of skills already underpin engagement and collaboration. Many budget organisations include an interface with civil society in their planning. The strategic review highlights emerging work underpinned by more formal partnerships. However, there are factors on both sides that interfere with these complementary partnerships.

Firstly, many CSOs are cynical about parliaments and SAls as avenues for oversight, accountability and pressure for increased budget openness. In many cases, there is little in the current political landscape and distribution of power

that encourages organisations to take on the demanding and long-term task of supporting these institutions. Most organisations in addition approach transparency and accountability work with immediate policy objectives. The short-term pay-off of engaging directly with the executive is perceived to outweigh the uncertain benefit in the medium to long term of strengthened oversight institutions.

The result is that, while the importance of these institutions is recognised in principle, in practice CSOs direct their resources pragmatically to where they perceive the greatest impact to be had. This means that far too little learning is occurring on how civil society skills and power can be leveraged to support budget oversight institutions, shift power distribution and shore up constitutional mandates to demand accountability.

Secondly, SAls and legislatures are sovereign institutions embedded in powerful webs of political and administrative interest. They face conceptual barriers to work more formally with civil society. For this reason, partnerships between them and CSOs are scarce, difficult to broker and remain fragile. The potential of these partnerships is therefore under-explored and represents an important frontier in budget transparency and accountability work.

A one-size-fits-all approach for civil society's partnering with legislatures and SAls to strengthen formal budget oversight is unlikely. Strategies should fit the reasons for weak oversight capacity. In some countries formal budget oversight is weak because the legal mandate of parliament is inadequate; in other countries SAls may lack *de jure* or *de facto* independence, or the production of public accounts may be delayed for so long that they are rendered otiose; in other countries, the formal framework may be sufficiently strong but in practice political economy factors mean that both institutions go through the motions of oversight without resulting in effective accountability of the executive. Any combination of factors may prevail in different contexts, meaning that different strategies would be required for partnership (or challenge as the case may be).

Work to understand what it would mean for CSOs to work towards strengthening formal oversight institutions, and what would work under which circumstances and why, has not been undertaken systematically. However, it is crucial to facilitate sustained improvements in budget transparency, oversight and accountability.

The opportunity

The strategic review highlights the interest of oversight institutions in partnerships with civil society to increase their own effectiveness. It also illustrates examples of where such partnerships have met with some success. The international interest and demonstration effect of these instances can be leveraged to create supported opportunities for piloting approaches in different circumstances.

At the same time, the likely international focus on oversight of the expected flow of resources to climate change, the increased focus on local accountability for aid through budgets and the interest in natural resource revenue can be leveraged to focus some of the pilot partnerships around specific sector budget oversight themes. Experience in civil society budget work has shown that cross-institutional partnerships form more easily when they are issue-based.

The programme intervention

The proposal is for a three- to five-year programme of partnership pilots between SAIs, legislatures and CSOs in different instances of weak effective oversight practice. The programme will seek to build experience, learn lessons and catalyse a shift towards partnership between these institutions and civil society through utilising the demonstration effect of successes.

The programme goal

The ultimate goal of the programme intervention is to align civil society capacity with oversight institution mandates in the long term in the interest of open, responsive and accountable government. This is only possible if the formal oversight institutions are effective and develop institutional arrangements to partner with civil society.

A first requirement is therefore to direct civil society energy towards working with oversight institutions to build their capacity and effectiveness. This would require exploration of modalities, approaches and strategies through a set of pilots in different circumstances and demonstration of the benefits of such work by disseminating the good practices that emerge. There is an opportunity in specific countries to link the work of dedicated budget oversight CSOs in this regard with the work of environmental and national resource revenue groups, basing the pilot partnerships on specific sector budget oversight themes.

A second requirement is overcoming barriers in SAIs and legislatures to working with civil society. While there may be individual countries where a happenstance of relationships and circumstance create opportunities for overcoming barriers, the work will be greatly supported through an international effort to convince the international organisations representing legislatures and SAIs to sponsor or support a set of pilot projects bringing together CSOs with legislatures and/or SAIs in a range of contexts to test what works. The effort can leverage growing interest in these organisations in the potential of partnering with civil society.

The documentation and dissemination of successful pilots, as well as lessons learned, will be important to catalyse and guide roll-out of the work internationally. In this regard, a highly useful medium-term goal of these pilots would be to encourage organisations, such as the Inter-Parliamentary Union and INTOSAI, to adapt their good practice guides and declarations to include engagements and joint work with CSOs.

Possible programme actions

Seeking collaboration with or support from international organisations representing legislatures and SAIs would be an important starting point. This would enable informed development of pilots, identification of suitable pilot countries and quicker operationalisation of partnership on the ground in potentially more countries than a civil society only initiative.

Of course, the programme would benefit from the inclusive creation of an international platform for budget oversight (Recommendation 2) and will inform and support the realisation of international standards for transparency and participation (Recommendation 1).

Such collaboration, however, is not a precondition. A civil society only initiative can seek out countries where circumstances are opportune (existing relationships, trust, good track record of CSOs involved, SAIs and legislatures willing to explore options to strengthen their role and oversight and so forth) and work through local negotiation of partnerships. As the demonstration effect builds, renewed efforts can be made to collaborate with relevant international networks.

The programme initiative would need to include a strong element of action research and clear strategies for disseminating success stories and lessons learned within relevant communities of practice.

Programme impact and risks

The potential programme impact is high. It addresses a critical gap in budget transparency and oversight work by addressing the underlying reasons for the gap: poor confidence in the likelihood of overturning entrenched power distribution at the country level and conceptual barriers to formal partnerships to overturn the status quo. Building effective oversight institutions is key to achieving oversight of international and local funds in support of climate change, as well as of donor funding generally and national resource revenues.

The primary risk that the programme faces is that success in many cases may take longer than three to five years to demonstrate. The momentum of current interest in partnerships could then be lost. It is therefore important to phase pilots so that the initial work is done in circumstances where quick wins can be demonstrated or where the risk of initial barriers and failure is lower. However, the programme would need to take on more difficult circumstances over time to be relevant and able to address the problem.

Recommendation 5: Build capacity in governments for budget transparency

The proposal is for a programme of work with selected governments/executive actors in selected countries to build capacity for open budgets and to demonstrate benefits.

The problem

The potential of cross-institutional accountability coalitions is under-explored. Recommendation 4 above provides for a programme to explore the frontier of partnerships between civil society and non-executive oversight actors. This recommendation acknowledges the need to move beyond the demand and supply side dichotomy in the conceptualisation of accountability and transparency work to address weak capacity within the executive for responsive engagement with civil society.

The executive is seldom a monolith – it is usually possible to identify reform-minded bureaucrats or other actors who share at least some of the goals of civil society budget groups and oversight actors. Unfortunately, a desire to support civil society engagement in budgets is often thwarted by an undeveloped capacity to engage with civil society. In order to support civil society (and legislature) engagement, governments have to learn what documentation civil society needs, in what forms and at what times in the budget cycle. Disaggregating, demystifying and disseminating budget data are not skills that governments necessarily cultivate: greater focus is on developing good processes and mechanisms to make better decisions. While many governments spend some effort on getting the messaging right, few also incorporate effective work to provide information in formats that are useful to civil society and citizens.

The programme intervention

The proposed intervention is support for technical assistance/mentoring from civil society to governments so that they can develop the skills and practices that will ensure that improvements in transparency result in information that is timely, accessible and useful for civil society engagement in the budget process.

The programme goal

The ultimate programme goal is to develop successful examples of executive budget transparency practices and budget processes that are open and which provide useful information for civil society engagement.

The goal will be achieved by supporting the mentoring of selected government institutions/actors by experienced civil society institutions/individuals. The programme would need to work with governments or parts of governments that are willing to change. The development of examples of accessible country budget documentation, of open data practices and of budget processes that provide useful (for all the parties concerned) opportunities for engagement will have a direct benefit for the specific countries involved, but will also have a powerful demonstration effect to advance the work worldwide.

Possible programme actions

A mentoring programme at the international or regional level could work across governments, drawing on international and regional civil society expertise to broker relationships at the country level and facilitate constructive engagement between CSOs and government actors on what information and engagement opportunities would be useful at which points in the budget cycle.

It would be important to identify countries where enabling conditions are in place to adopt more useful budget formats, to develop mechanisms to provide easier access to data and to pilot engagement mechanisms. The most important pre-condition is the willingness of target governments to engage constructively with civil society and its demand for support. The programme could be linked to the international budget oversight platform (if in place) and could also provide useful action research for the development of standards for transparency and participation.

Programme impact and risk

The likely programme impact is medium over the medium term. If demand for support grows, the programme activities and impact can be scaled up. If undertaken with willing clients in the executive, the programme is low-risk compared with its potential impact.

Learning what works and where

The recommendation in this final section addresses issues for the growth of civil society work that arise out of the emerging awareness that effective civil society interventions are particular to the context in which they occur and cannot necessarily be transplanted to other contexts.

Recommendation 6: Critical pathways to success: build the sector's knowledge base on context

The idea is for a project to map the relationships different context, their associated transparency and accountability challenges and critical pathways to success in fostering open, responsive and accountable governments.

The problem

There is a growing awareness of the importance of context in public finance and accountability reforms. National income levels, the distribution of wealth, the structure of the economy, the degree of political stability, the relative strength of central budget offices, the freedom of the media, the executive's control of budget execution, political party structures, constitutional configuration and legal frameworks and inherited administrative traditions and cultures are all issues that make it hard to generalise about reform approaches that are likely to 'work'. Even so, some generalisation is essential to target and scale up public finance and accountability reforms. It is therefore essential to understand:

- How transparency and accountability challenges are manifested in relation to different contexts;
- What are crucial factors/combinations of factors that will contribute to the success or failure of demand-side work in addressing challenges;
- What critical pathways to success are involved in addressing these challenges; and therefore
- What the strategic priorities of funders and organisations working in specific contexts should be.

The importance of building dynamic knowledge bases and documenting approaches, both successes and failures, cannot be overstated. Not only is this essential to build the evidence base for the work, but it helps to build an understanding of context. There are several very important projects under way to document practices using methods that will allow for more rigorous evidence of what channels of impact are most likely to work in different contexts. However, it is also true that we are not collectively mining the available evidence or using available opportunities to combine available data to enhance our understanding of what works in what contexts. There is also no systematic effort to make the connection from transparency and accountability challenges and enabling factors through to critical pathways for success, to arrive at a clearer understanding of priority strategies in different contexts.

The opportunity

There is currently better cross-country data available on budgeting institutions, transparency, governance and accountability than at any point in the past. Several cross-country research instruments deliver datasets, drawing on different methodologies: for example the Public Expenditure and Financial Accountability (PEFA) programme, Open Budget Initiative (OBI) survey, Transparency International (TI) Survey and Global Integrity Index. As time passes, repeat applications of these research frameworks are providing longitudinal and cross-sectional comparative ordinal datasets.

Other cross-country information sets are the freedom of information movement's cross-country research initiatives to monitor the implementation of access to information legislation, the IMF Country Reports on the Observance of Standards and Codes, World Bank and African Development Bank Country Policy and Institutional Assessments (CPIAs) and the World Bank Country Procurement Assessment Reviews (CPARs).

These are the main significant cross-country datasets and reports relevant to transparency and accountability. These information sets deliver a rich array of longitudinal and cross-country comparative data. On its own, each of these sets provides a specific perspective or a piece of information on transparency, accountability and/or governance. However, combined, they can provide a more comprehensive picture, that can be tracked and mapped against differences in context.

At the same time there is also a significant mass of CSOs that engage in budget transparency and accountability work in different contexts which can provide data on what works when. There is also already research on the impact of CSO work that can be harnessed, building on a rich base of already documented case studies.

The programme initiative

The programme initiative will build a knowledge base on key aspects of budget transparency and accountability work (what are preconditions, what are priority challenges and what strategies work) and how they interact in different contexts for success.

The programme goal

The goal of the programme is to build the knowledge of the sector – for use by both donors and CSOs – on what transparency and accountability challenges are urgent to address first, and under which circumstances and options for addressing them

The logic is that there is not only one pathway to success: in some circumstances supporting the oversight institutions with information and analysis will create sufficient pressure to hold the executive to account for poor budgetary decisions. In other cases litigation might be a better route to foster accountability or openness. In other cases still, basic enabling conditions for a pathway to success, such as free and capacitated media, might not be in place, changing funding priorities and/or civil society strategy.

The ultimate goal of the programme is to ensure that scarce resources are used optimally and that interventions address the most urgent priorities and are sequenced appropriately at country level to ensure success.

Possible programme actions

The programme can be initiated by using existing datasets to build country-level and cross-country consolidated views on common transparency and accountability challenges in different contexts. A first step might be selecting sets of countries that represent different context factors and that have been subjected to a critical number of cross-country research processes.

At the same time work would need to be done on the different research instruments, their compatibility of definition and the complementarity of the information contained in each. For example, whereas PEFA provides a picture on the internal availability of in-year financial reports, OBI would provide a picture of external availability. Whereas these two datasets look at proactive transparency, the access to information datasets would look at the degree to which citizens can access specific budget information to which they are entitled. At the same time, the Transparency International data would provide information on perceptions of integrity. Each of these paints part of the transparency and accountability picture, but together they could provide a more comprehensive view. The consensus that could emerge from this process would allow all national and international role players to map priority gaps and challenges, to relate them to context and to target and coordinate their interventions more effectively across and within countries.

The second related set of work would involve the mapping of critical pathways to change by mining existing research and case studies, logging critical success factors against country context. A lot of research exists or is happening, including case studies, reviews and evaluations that can shed light on the critical question of context and strategy, but in isolation. It would benefit from a framework and a mechanism that will allow for its integration and coordination. This could take the form of an initial mapping exercise by commissioning a paper and/or a meeting with relevant parties. Some of the generic pathways are collaborating with the media, executive or legislature; popular mobilisation; awareness raising, education and training; and so forth. But each of these generic pathways contains more specific impacts and differs in how it operates and what its enabling conditions are between contexts. This needs to be investigated and described in order for the sector to begin to understand the field.

It is likely that the knowledge gained from initial phases of the work will not be static: there is therefore a need to undertake ongoing documentation, review and analysis of CSO work and changing country circumstances to align CSO interventions with dynamic environments. Once a framework is created, other institutions can be invited to use the data, take on the research and collaborate in building a database of what works, and when.

Of course, each of these two legs of a programme initiative can be pursued on its own. Together, however, they are likely to have a higher impact.

Programme impact and risk

Over the medium to long term, the programme potentially will have significant impact by building our knowledge and understanding of enabling factors and critical pathways to addressing priority challenges successfully. However, the programme does not offer quick wins, except for providing country-level actors with opportunities to base their immediate strategies on a better understanding of key challenges to transparency and accountability.

Conclusion

This note sets out the recommendations on the frontiers of budget transparency and accountability work. The selection of recommendations was driven by an understanding that the 'frontiers' of the work in the field of budgets, expenditure and procurement are as much about understanding and addressing key obstacles to improved transparency and oversight as they are about responding to changes in the environment and new areas of work.

On balance, the recommendations are more concerned with addressing key challenges than exploring new areas of work or harnessing new opportunities. The reason is simple: budget transparency and accountability work is not new. And while the sector has built a rich and varied foundation of successful (and often innovative) work to increase transparency, engage governments on policy choices and induce accountability, it is also now in a position to identify core challenges to making sustainable progress towards open, responsive and accountable governments in the budget arena.

A first core challenge is to change the incentives for governments to improve budget transparency and access to budget processes. The lack of budget transparency worldwide, coupled with closed processes, disempowers citizens, constrains formal oversight institutions and limits the ability of civil society to engage on budgets. Recommendations 1 and 2 are aimed at changing incentives by increasing international pressure on governments to change.

A second core challenge is the paucity of consistent funding streams for the sector, combined with the requirement for a long-term strategic horizon for demand-side actors to have a sustained, systemic impact on budget transparency, responsiveness and oversight. Experience in the field has shown that success at that level takes a long time to achieve. CSOs have to be able to develop strategies for the long term and pursue their core goals; they have to build and nurture relationships; they have to acquire and retain skills; and they have to be able to deepen the technical quality of their work and engage with complex and/or emerging issues in public finance. Recommendation 3 is aimed at providing established CSOs with long-term funding horizons to address this challenge.

A third core challenge is that budget oversight institutions are weak. CSOs can at best be temporary agents of accountability. Long term, they have to work with societies' legally mandated, legitimate institutions of oversight to enforce their findings and sustain their impact. Because of various reasons set out above, direct support for and partnership with legislatures and SAls to empower them is under-explored in civil society work. This frontier is the focus of Recommendation 4.

A fourth core challenge is the lesson that, in this work, context matters hugely. What works in country A will not necessarily work in country B. A barrier to replicating the rich array of successful civil society interventions in the budget arena is the lack of a systematic, evidence-based understanding of what the priority challenges are in different contexts, what enabling conditions have to be in place and what context-specific pathways of success are. Recommendation 6 addresses this challenge.

Recommendation 5 acknowledges that not all transparency and accountability work takes place in circumstances where governments are unwilling to be open and responsive. It proposes a mentoring programme to work with governments – or parts of government – to disaggregate, demystify and present budget information for civil society engagement and develop useful opportunities of access to budget processes.

We believe that the recommendations – in combination, but also each in its own right – have the potential to be game-changing in the empowerment of citizens and their organisations and oversight institutions. However, this list is not exhaustive. There are two additional frontiers that are hugely important, but which we were not able to explore fully within the available resources for the research to be able to recommend initiatives with confidence:

1. Strengthening the role of the media as partners at country level and as a social accountability institution in their own right. All the recommendations above include an implicit role for the media: to disseminate findings, to publicise campaign materials and so forth. Free and capacitated media are generally seen as an enabling condition for successful budget transparency and oversight work, if not a necessary one. Yet, it is also acknowledged that media capacity is not always adequate, that there are inadequate frameworks to conceptualise and build the media's role in this respect in society, given that they span sectors (state, private and civil society) in many countries and follow commercial imperatives, and that they are often threatened and unable to freely fulfil their role. It is therefore recommended that the initiative does further work to explore these challenges and what they might mean as a core challenge and therefore a frontier in its own right.
2. The role of technology in demand-side transparency and accountability work. The rise of new technologies and cheaper access to and wider coverage of technology in developing countries offer significant opportunities for empowering citizens. There are without doubt many countries where synergies between the open government data movement and demand-side budget work can accelerate citizen empowerment, oversight and accountability. The technology review work for this collaborative highlights the ways in which the sector has already responded to the new opportunities. It is therefore necessary to acknowledge this as a frontier in demand-side budget work. However, the recommendations that have been highlighted here were prioritised on the basis that they address core challenges that constrain the effectiveness of demand-side budget work. It is assumed that in any one or all of these, the involved institutions and parties might harness the power of technology to achieve the outcomes highlighted.

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Acronyms and abbreviations

ACIJ	Civil Association for Equality and Justice
CAEMU	East African Economic and Monetary Union
CCAGG	The Concerned Citizens of Abra for Good Governance
CEDAW	Convention on the Elimination of Discrimination Against Women
CIPPEC	Center for the Implementation of Public Policies Promoting Equity and Growth
CMRC	Comisión Mixta Revisora de Cuentas
CPAR	Country Procurement Assessment Report
CRC	Convention on the Rights of the Child
CSA	Centre for Social Accountability
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DEEM	Differential Expenditure Efficiency Measurement tool
DFID	Department for International Development
EBF	Extra-budgetary fund
ECCU	Eastern Caribbean Currency Union
EITI	Extractive Industries Transparency Initiative
FMIS	Financial management information system
GDP	Gross domestic product
HIV	Human Immune Deficiency Virus
IATI	International Aid Transparency Initiative
IBP	International Budget Partnership
IMF	International Monetary Fund
INTOSAI	International Organisation of SAls
IDASA	Institute for Democracy in South Africa
IPSAS	International public sector accounting standards
IPU	International Parliamentary Union
LSE	London School of Economics
MDG	Millennium Development Goal
MKSS	Mazdoor Kisan Shakti Sangathan
MTEF	Medium-term expenditure framework
NRG	Natural resource governance
OBI	Open Budget Index
ODA	Official development assistance
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PWI	Procurement Watch Inc.
ROSC	Report on Standards and Codes
SAI	Supreme audit institution
T/A	Transparency and Accountability Initiative
TISA	The Institute for Social Accountability
WAEMU	West African Economic and Monetary Union

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About the author

Alta Fölscher has worked as an independent researcher and consultant since 2001, working on public finance management, good governance, aid management and education financing issues. Between 1997 and 2001 she worked at Idasa's Budget Information Service, where she started the Africa Budget Project and undertook research on fiscal transparency and budget reform among other. Since 2001 Alta has undertaken consultancies in Africa, South East and central Asia, Eastern Europe and the Caribbean, mostly with ministries of finance on public expenditure management reforms. She has also done several evaluations of reform programmes and initiatives. In 2004 she worked with senior officials from the South African National Treasury and the Uganda and Mozambique finance ministries to initiate CABRI, a peer learning network of senior budget officials in Africa and has been a technical advisor to the Secretariat since. Alta undertakes a lot of her work through Mokoro Limited.

