

Budget monitoring and policy influence

Lessons from civil society budget analysis and advocacy initiatives



Budgets are a vital policy tool that governments use to promote their objectives, from ensuring macroeconomic stability to allocating resources and delivering services. Given the inherently technical nature of budget processes, and their core political function of raising and distributing public resources, they have often been characterised by a lack of transparency and scarce participation by external actors. In the past decade civil society actors have gradually become more involved in advocacy activities aimed at influencing public spending. Civil society budget analysis and advocacy has become more common in a number of developing countries, including those where donors have been supporting budget reforms to improve governance and reduce poverty.

Civil society budget groups have two main things in common: they blend applied budget analysis with advocacy activities, and they focus mostly on the impact of budget policies on the poor. Groups engaged in budget work include a wide range of organisations, from development NGOs to social movements and research organisations, active in countries at different levels of income and of democratic maturity. Their activities span from training to technical analysis of budget documents, and from expenditure tracking and budget monitoring to building advocacy networks and organising campaigns.

While budget analysis and advocacy activities have expanded dramatically in Africa, Asia, and Latin America over the past decade, no material has been systematically gathered on the impact of such work. Therefore, civil society groups interested in undertaking budget work have little access to the experiences of the pioneering organisations. This Briefing Paper summarises



Holding government to account. UDN has been monitoring school construction and education spending in rural Uganda.

the findings of a study, led by the International Budget Project and the Institute of Development Studies at the University of Sussex, which attempts to fill this gap by bringing together evidence from case studies of organisations in Brazil, Croatia, India, Mexico, South Africa, and Uganda that have been engaged in budget work for at least five years (Box 1).

During the course of the research, the evidence collected led to the formulation of an interpretive framework that brings together budget groups' different objectives and the factors that shape their capacity to achieve results (Figure 1). Despite their different backgrounds and histories, these organisations share some common long-term objectives, including 'good governance' broadly defined and the improvement in the social and economic conditions of the poor. This study focused mostly on a set of intermediate outcomes more directly linked to applied budget analysis as a research and advocacy tool. These intermediate outcomes belong to two categories: *budget accountability* (budget groups' impact on levels of budget transpar-

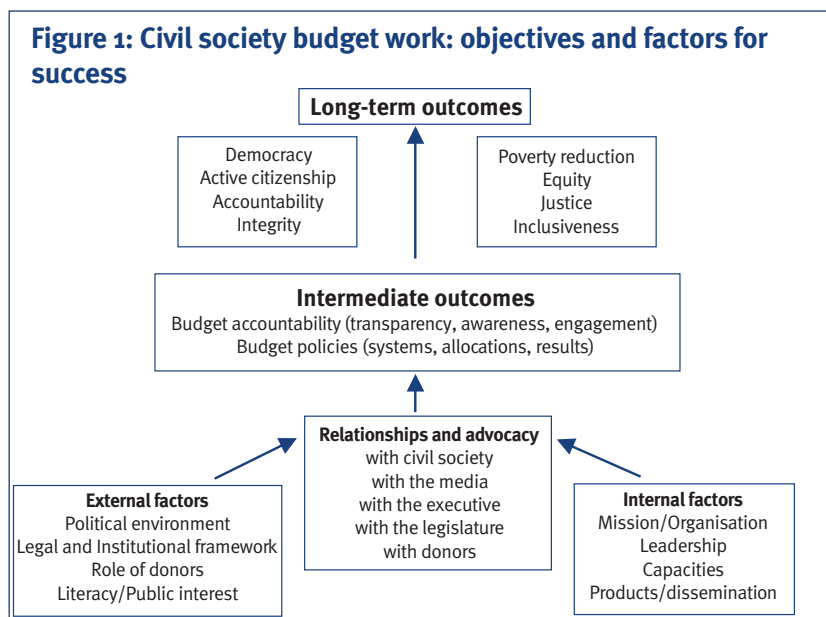
Key points

- Civil society budget work has achieved significant impact in different areas and in different environments.
- Civil society participation in budget processes is a core component of effective Public Financial Management (PFM) systems.
- Donors can help strengthen and deepen civil society budget work.

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Figure 1: Civil society budget work: objectives and factors for success



...ency, public literacy and awareness of budget issues, and public engagement with budget processes) and *budget policies* (such as improvements in budget systems, shifts in allocations, and better results). The likelihood of budget groups having an impact on the intermediate outcomes depends on a number of factors. External factors are those that fall outside the sphere of influence of budget groups themselves, and which they have to consider as part

Box 1: The six case studies

The budget programme at the **Instituto Brasileiro de Análises Sociais e Econômicas** (IBASE) in Brazil was set up in 1990, shortly after Brazil’s new constitution sanctioned the return to democracy and opened new opportunities for participation. The group’s budget work focuses on building the capacity of other groups to analyse budget information and use it to influence central and local governments.

The **Institute of Public Finance** (IPF) in Croatia is one of several research organisations established by the socialist regime in the 1970s. Over the years, it has developed into a leader in public finance and economic research, with strong ties to international networks.

Development Initiatives for Social and Human Action (DISHA) was founded in 1985 in Gujarat (India) as a social movement dedicated to the empowerment of the poorest citizens, in particular tribal minorities, scheduled castes, and landless labourers. Since the mid-1990s, DISHA has used budget analysis as part of its effort to mobilise its members to demand their rights.

FUNDAR, Centro de Análisis e Investigación, was established in Mexico in 1999 to promote social justice and human rights by monitoring public policies. FUNDAR is known for its work in the areas of maternal mortality, HIV/AIDS, and spending under the presidential budget, but also for its coordinating role in the Latin American Budget Transparency Index.

The **Budget Information Service** (BIS) was set up in 1995 by the Institute for Democracy in South Africa (IDASA) to monitor inclusion and democracy in post-apartheid government policies. BIS has built a strong reputation for solid analysis in various areas of budgeting, such as AIDS, children, education, local governments, and women. BIS has also supported budget groups in a number of other countries in sub-Saharan Africa.

The **Uganda Debt Network** (UDN), known in the late 1990s for campaigning on debt relief, has evolved into an NGO that conducts extensive budget analysis, advocacy, and anti-corruption activities. It is well known for its outspoken attitude, and has built a strong reputation for linking local budget monitoring activities with national policies.

of the context in which they operate. They include: (a) the political environment and the opportunities for engagement with the government; (b) the legal and institutional framework determining access to budget information; (c) the presence and role played by international donor agencies; and (d) the overall level of literacy and interest in budget issues in the wider population.

At the same time, there are very important internal factors that the case studies show are key in shaping impact opportunities. These are related to the group’s characteristics and the way in which it is internally organised. For example, the focus of the budget group in term of its mission and of the role that budget work plays inside the organisation; the existence of leaders who combine technical skills with advocacy capacities; the availability of internal technical capacity to carry out budget analyses; and the attention given to packaging products and disseminating results to appropriate audiences.

The evidence from the case studies, however, highlights the particular importance of the relationships that budget groups develop with different actors, from civil society and the media to the executive and legislative arms of government, to donors. These relationships are the key component of each group’s advocacy strategy, through which coalitions are built, information is passed, influence is exercised, and ultimately impact is achieved. Groups which were able to develop wider networks both within and outside government, and more strategic collaborations with different actors, were the more successful ones in terms of achieving actual policy influence.

What impact has civil society budget work had?

Budget accountability

Access to budget information is one of the first major hurdles that civil society organisations face in understanding the budget. Budget groups have played a vital role in expanding, interpreting and disseminating budget information to enable broader civil society and other actors to conduct better analysis and advocacy. Lack of access to information was most severe for DISHA in India. The Gujarat budget is not released to the public, and the government presents only summary features on its website. The organisation therefore adopted an alternative strategy to obtain budget documents from opposition members of the parliament.

Even in situations where the government is generally more open to providing public information, groups may still struggle to access particularly sensitive information. In Mexico, FUNDAR had to use Right to Information legislation to uncover major corruption in the use of public funds for HIV/AIDS prevention and treatment (Box 2).

Once groups gain access to data, they invest considerable resources in analysing and repackaging the information to ensure that other actors can use

it to hold the government accountable. Some of them have developed ‘Citizens’ Budget Guides’, others, methodologies for analysing the impact of the budget on specific groups such as women and children, as in the case of IDASA in South Africa. Dissemination is also key to reach the full range of citizens and other actors that can use the information in their advocacy efforts. UDN, for example, has used community radio programmes to reach a broad, non-literate audience in rural areas. They also produced inserts that were distributed to over 40,000 readers inside a national newspaper.

Greater budget transparency, however, is seldom sufficient to ensure that civil society and other stakeholders can actively intervene in the budget process. Many civil society organisations, parliamentarians and journalists lack the basic skills to engage meaningfully with budget issues. Budget groups have therefore invested considerable effort in raising the levels of budget literacy and awareness, in order to promote deeper engagement. IDASA has offered its training courses to participants from over 220 organisations throughout sub-Saharan Africa. In Brazil, IBASE opted for the development of a distance education training programme, aimed at reaching a wider national audience (Box 3).

Budget policies

The case studies also provide more limited but significant evidence that budget work can have a direct impact on improving budget systems and on pro-poor budget allocations and results. For example, IDASA in South Africa managed to push for substantial changes in government policies on child benefits (Box 4).

DISHA’s analysis of state expenditure patterns from the mid-1990s revealed that government spending on the advancement of tribal groups was well below the 15% level mandated by law, and that allocations were not being utilised effectively. Sustained mobilisation by unions affiliated with DISHA, including marches and demonstrations, publicised this finding and pressured the government to respond. The government modestly increased allocations as a percentage of total expenditures. More significantly, implementation of the budget for the Tribal Sub-Plan (TSP) improved dramatically, partly thanks to DISHA’s efforts in pressuring local governments to ensure that resources for local development are used for their designated purpose.

In Uganda, UDN has sought to tackle corruption and inefficiencies by training community-based monitors to check the quality of local service delivery, with a particular focus on local infrastructure projects. The culmination of the community monitoring process is an annual ‘district dialogue’, during which the monitors present the results of their work to district authorities and demand a response. Collating information at the local level enables UDN to discuss problems with officials from the appropriate level of government; it also generates unique data that can support UDN’s work on national budget issues.

Box 2: The Provida case in Mexico

In 2002, the Mexican Chamber of Deputies approved a substantial increase in funding for programmes dedicated to women’s health. Subsequently, the president of the Budget Committee requested the Minister of Health to divert part of this increase to eight non-governmental Centres to Assist Women. This request created an uproar in Congress, as it was clearly arbitrary and irregular. A network of six civil society institutions was formed to address this issue. Relying on the powers of the independent body established to enforce the 2003 Right to Information Law, the coalition obtained information on the use of these funds. FUNDAR showed that the Centres were in fact linked to a right-wing pro-life organisation (Provida) whose programmes ran counter to the Mexican government’s policies on HIV/AIDS. They also found that 90% of the funds allocated to these organisations were blatantly misused – most of the payments were not invoiced and went to ‘ghost’ organisations that shared the same address as Provida. Subsequent investigations by the internal and external auditors upheld FUNDAR’s findings. The internal auditor imposed a huge fine on Provida, which was asked to return the funds and was barred from receiving public funds for 15 years.

Lessons for civil society

The results of the comparative study point to useful lessons for civil society organisations interested in undertaking applied budget work, reflecting the experience of groups which have been active for a number of years. In brief, the study shows that:

- Civil society can and does have an influence on budget processes and policies, despite some inherent limitations linked to the nature of budgets and to a general lack of budget literacy;
- Budget work is an adaptable tool, which can be used in different environments, by identifying and exploiting various entry points in the policy process;
- Any organisation, from policy think tanks to social movements and community-based networks can successfully engage in budget work;
- While impact on transparency and civil society engagement is more common, structural change in budget processes and policies requires a long-term strategy and commitment;
- The basis of effective budget work is analysis which is accurate (to ensure credibility), accessi-

Box 3: IBASE’s distance education programme

Since 2002, IBASE has transformed its two main training modules on ‘Social Control of Public Budgets’ into online distance-learning packages that allow people across Brazil to participate in an in-depth budget training via the Internet. More than 350 people participate in the programme each year. The first module, ‘Mayor for a Day’, focuses on general topics such as politics and institutions, citizenship and participation, and the basics of budget-making. Participants formulate a basic budget for a small town, responding to pressures from different constituencies and complying with federal regulations and guidelines. The second module, ‘Deciphering the Budget’, explores ways to obtain and interpret information on municipal budgets and to lobby local officials on specific issues.

Box 4: The Child Support Grant in South Africa

Many families in South Africa rely on the government's Child Support Grant (CSG) to support their children. The post-apartheid government redesigned the CSG to benefit all children equally, but the roll-out of the revised programme faced substantial obstacles. IDASA's Children's Budget Unit (CBU) undertook several evaluations which showed that local governments' lack of capacity was making the programme less accessible to rural and marginalised communities. CBU also found that funding was increasing slower than the inflation rate. It recommended that the real value of the grant be maintained, that the age limit of eligibility be increased, and that additional resources be allocated to improve distribution in rural areas. CBU distributed its analysis widely and pursued opportunities to discuss its recommendations with government officials. CBU also provided training on this issue for civil society groups, legislatures, and the country's Human Rights Commission, and built strategic alliances with organisations committed to children's rights. The combination of this coalition's mobilising power and CBU's solid information produced success: the government increased funding for the Child Support Grant in real terms and raised the eligibility cut-off to age to 14.

- ble (to guarantee a wide audience), and timely (to have an opportunity to influence policy);
- Relationships are key: the most effective budget groups have invested in building relationships with a broad range of stakeholders that can help to influence government behaviour;
- Building and retaining capacity, and ensuring effective leadership are two of the greatest internal challenges faced by budget groups.

Issues for Donors

There are also a number of issues worth highlighting for a donor audience, which could help in promoting more effective civil society budget work in countries where donor agencies are increasingly supporting organisations interested in budget analysis and advocacy as an avenue for strengthening domestic accountability processes.

Donor agencies play two main roles. On one hand, they directly influence government budget policies through their support of government programmes and the policy dialogue linked to macroeconomic or direct budget support. On the other hand, they also provide financing for civil society organisations engaging in applied budget work. These two roles are not necessarily contradictory, and can actually complement each other. However, they do require the specific attention of donor agencies to avoid the risk of undermining the long-term objectives of increasing country ownership of public policies and strengthening domestic accountability mechanisms.

How to improve the environment for budget work

Donors should:

- Continue pushing governments to increase budget

Further information

Paolo de Renzio and Warren Krafchik (2007) 'Lessons from the Field: The Impact of Civil Society Budget Analysis and Advocacy in Six Countries' *Practitioners' Guide*, Washington DC: International Budget Project (www.internationalbudget.org/PractitionersGuide.pdf).

Mark Robinson (2006) 'Budget Analysis and Policy Advocacy: The Role of Non-Governmental Public Action', *IDS Working*

transparency, and to make budget information available as widely as possible. This is a fundamental precondition for civil society budget work to happen;

- Support the work of oversight institutions (audit institutions, anti-corruption agencies, ombudsmen, etc.) and the media in fostering a broader climate of transparency and accountability;
- Provide more and better information on their own aid flows which contribute to public expenditure. Often, donor spending is implemented 'off-budget', making it more difficult for all actors to get a full picture of total spending on government programmes in different sectors;
- Recognise that civil society participation in budget processes is a core component of effective Public Finance Management (PFM) systems, contributing both to deeper budget accountability and to better budget policies. One possible entry point would be that of engaging with local organisations while carrying out diagnostic and analytical work;
- Always work in ways which strengthen rather than undermine domestic accountability. Given their superior technical and financial capacity, donors easily end up being the dominating voice in the dialogue with government on budget policies, marginalising local inputs and therefore undermining the potential role of civil society, parliaments and the media.

How to improve support of civil society budget work

Donors should:

- Avoid over-burdening civil society organisations with fragmented, small-scale, project-specific support. The nature of budget work requires long-term core support, allowing for a medium-term perspective and strategy, and focused on strengthening long-term internal capacity.
- Develop sound criteria for selecting civil society proposals worthy of financing. In the area of budget work, these could include the existence of a strategy linking budget analysis and advocacy, good linkages and networks with various actors in different sectors, a credible monitoring and evaluation system to track impact, and the credibility, objectivity and authoritativeness of the organisation presenting the proposal.

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ISSN 0140-8682

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