

# **Citizens, Accountability and Public Expenditure:**

## **A Rapid Review of DFID Support**

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## Glossary

CAP	Country Assistance Plan
CBO	Community Based Organisation
CSO	Civil Society Organisations
DANIDA	Danish International Development Agency
DFID	Department for International Development
EMAD	Europe Middle East and Americas Division
ICSD	Information and Civil Society Department
IDS	Institute of Development Studies
M&E	Monitoring and Evaluation
NAO	National Audit Office
NDI	National Democratic Institute
NGO	Non Government Organisation
ODI	Overseas Development Institute
OPR	Output to Purpose Review
PARPA	Programma de Accao a Reducao de Pobreza Absoluta: Mozambique's Poverty Reduction Strategy
PCR	Project Completion Report
PEM	Public Expenditure Management
PETS	Public Expenditure Tracking Studies
PPAs	Programme Partnership Agreements
PRBS	Poverty Reduction Budget Support
PRS	Poverty Reduction Strategy
PRISM	Performance Reporting Information System for Management
RAP	Regional Assistance Plan
SEILA	Rural Development Programme – Partnership for Local Governance: Cambodia
SWAPs	Sector Wide Approach

### EXECUTIVE SUMMARY

#### INTRODUCTION

S1 This review is a preliminary mapping of what DFID is doing to strengthen domestic accountability on public expenditure in the countries in which we work, with a particular focus on countries where some of our aid is provided as budget support through government systems. It responds to immediate questions raised by senior management around the extent and nature of DFID support in this area, and is a first step in scoping for a major evaluation of DFID's work on Voice and Accountability to be conducted during 2006.<sup>1</sup>

S2 The review identifies, on the basis of information available centrally within DFID (principally the PRISM database and project monitoring reviews), work to support two key aspects of work targeting accountability on public expenditure: **transparency and opening up space**, and **participation and capacity building**. These comprise work on the supply side of accountability, to improve the availability and accessibility of information on public expenditure and to open up public expenditure processes; and work on the demand side, to build the capacity of civil society organisations to engage with public expenditure processes and to facilitate that participation at national, sub-national or sector levels.

#### OVERVIEW

S3 A total of 87 interventions on citizen accountability on public expenditure, which have been operational during the period from 2000, were identified, in 28 countries. The majority of interventions (45) are in Africa, with fewer in Asia, Latin America, Europe and the Middle East. There is broadly a balance between interventions addressing transparency and those building capacity and supporting participation. DFID supports more work at a national level than at sub-national levels, particularly on transparency, and a small number of initiatives address accountability on public expenditure in sector programmes (see Table 1, below, for details).

S4 The total value of these commitments is £505 million, but only a proportion of this targets citizen accountability. For example, work on the transparency of budgets to produce budget information in a form accessible to the public may be a small part of a much larger financial accountability programme that concentrates on financial systems in government. Interventions with a significant focus on transparency and accountability in public expenditure total £156 million, while those where an unknown (but

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<sup>1</sup> Evaluation Department will conduct a full scoping and evaluability study on voice and accountability during the latter part of 2005.

probably fairly small) proportion of the overall expenditure relates to accountability total £349 million.

S5 In countries where DFID provides a significant proportion of aid through general or sector budget support, almost all country programmes have one or more objectives relating to strengthening accountability on public expenditure, and in all but a few cases significant interventions are underway or planned to address these issues. Many of the interventions are still in the early stages, and the analysis of expenditure focused in these areas over the last two years suggests that spending in the countries where programme aid approaches are furthest advanced and where corresponding accountability interventions have been in place for longer (such as Tanzania, Uganda and Ghana) tends to be highest (see Tables 2 and 3 below for details). The highest proportional spend is in some of the smaller programmes in Latin America where levels of programme aid are small, and in Bangladesh where large civil society accountability programmes have been established for some time.

### **WHAT HAS DFID SUPPORT ACHIEVED?**

S6 Building accountability is a gradual process and many of the interventions identified are at an early stage of implementation. Based on the sources used (output to purpose reviews (OPRs) and a small number of project completion reports (PCRs)) it is difficult to ascertain clear impacts on public expenditure as a result of DFID's programmes in this area. A small number of reviews suggest changes have occurred in the incidence of corruption and in financial management as a result of DFID interventions.

S7 More frequently intermediate changes are mentioned, for example the generation of methodologies and experiences to inform national debate, improvements in the quality of participation, the availability of information, or levels of awareness. Specific examples include increased interventions by civil society in parliamentary business in Malawi; increased access to information about the activities of school management or health watch committees in Bangladesh; growing public interest and participation in anti corruption measures in Bangladesh; increased levels of cooperation and partnership between municipal authorities, public institutions and non government agencies in Serbia; and a qualitative and quantitative increase in the level of engagement of civil society organisations (CSO) in holding government to account in areas of civic rights and pro-poor policies in Uganda.

### **LESSONS**

S8 The following are some preliminary lessons, based on issues that have been raised in project reviews. These would require further examination and verification in a full evaluation.

- Civil society action and demands can be catalysts for change and governments are sensitive to public demands (example: *Kenya Political Empowerment Project*).



- Interventions to enhance accountability at sector level, such as in education or health, have often encountered problems due to inability of local bodies to respond in the absence of decentralisation of authority and financial devolution. This is commonly something that is outside the remit of the sectoral ministry and thus delays further implementation (*Malawi Education Sector support; Peru Health Rights project*).
- Developing greater accountability takes time and requires a change in attitudes on all sides (*Uganda Decentralisation support; Mozambique Decentralised Planning*).
- Political will and sincere government engagement can be important factors contributing to the success of attempts to enhance accountability. Where this does not exist, progress may be slower (*Brazil Social Exclusion TCU; Bangladesh Financial Management Reforms*).
- Development agencies need to coordinate their support to civil society to engage with public expenditure processes so as not to overwhelm fragile civil society movements (*Uganda*). Harmonised approaches are stated to have greater impact (*Kenya*) but this also demands more in terms of staff time and negotiation and mediation skills.

## **ISSUES FOR FURTHER WORK**

S9 This short review has mapped a sub-set of DFID's interventions in the broader thematic area of voice and accountability work. The preliminary findings and lessons identified would require further verification and investigation to improve our understanding of the issues. A number of areas for further investigation are suggested by this review:

- How does DFID determine the balance between PRBS and accountability work in different contexts, and how can we assess if the balance is appropriate in any particular context?
- What is the evidence on which approaches are most successful, particularly when scaling up from community level or when working at the level of national budgets?
- How does DFID select its range of partners for this work, and how do we ensure these are the right ones?
- How effectively is DFID using PRBS dialogue to influence on accountability, and with what effects?
- To what extent does DFID work with existing domestic accountability structures or are new or parallel structures being created?

- What are the risks associated with this work in different contexts?

S10 These issues and others will be considered as part of the scoping for an independent evaluation of Citizen Voice and Accountability planned by DFID's Evaluation Department for 2006.

## 1. INTRODUCTION

1.1 This review is a preliminary mapping of what DFID is doing to strengthen domestic accountability on public expenditure in the countries in which we work, with a particular focus on countries where some of our aid is provided as budget support through government systems. It responds to immediate questions raised by senior management around the extent and nature of DFID support in this area, and is a first step in scoping for a major evaluation of DFID's work on Voice and Accountability to be conducted during 2006.<sup>2</sup>

1.2 At this stage the primary sources of information have been DFID's internal management information and knowledge sharing systems, and while every effort has been made to ensure the information extracted is as complete and accurate as possible, it can only be as reliable and comprehensive as the source from which it is drawn.<sup>3</sup>

## 2. REVIEW FRAMEWORK

2.1 Recent work on poverty reduction strategy (PRS) monitoring<sup>4</sup> identifies three areas of monitoring activity in the context of PRS: poverty outcomes, implementation of PRS policies, and expenditure monitoring. This review focuses on the last of these, monitoring of public expenditure, as the first part of a chain of accountability without which accountability for service delivery or for poverty reduction cannot be enforced. It also includes interventions with a focus on implementation of policies, where these open up space for consideration of expenditures.<sup>5</sup>

2.2 DFID's interest in public expenditure management reform has increased as we move to providing resources through partner governments' systems in support of sector programmes, national or sub-national budgets. Work on the 'supply side' of public expenditure management focuses on linking policy, planning and budgeting in determining budget allocations, predictability and transparency of allocations, and 'horizontal accountability' between the various branches of the state, through formal audit mechanisms and parliamentary oversight.<sup>6</sup> This work tends to focus on formal technical and procedural adjustments to policy and budget systems. However, there is

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<sup>2</sup> Evaluation Department will conduct a full scoping and evaluability study on voice and accountability during the latter part of 2005.

<sup>3</sup> A separate note on the experience of using DFID's information systems for these purposes will be produced later this year.

<sup>4</sup> Cox, M and Thornton, N (April 2005) *PRS Monitoring Systems: An Analysis of Institutional Arrangements*.

<sup>5</sup> A full mapping and review of DFID support to accountability interventions in service delivery is proposed, to be carried out by the Scaling Up Services Team in Policy Division. The current review excludes interventions designed mainly to increase the voice of citizens in policy making, such as Participatory Poverty Assessments, or to track performance on poverty reduction, such as national household poverty surveys.

<sup>6</sup> DFID (2001) *Understanding and Reforming Public Expenditure Management: Guidelines for DFID*. PEM encompasses revenue policy and operations, where there are also accountability issues. The current review focuses on expenditure, since this is where the majority of DFID's work is concentrated.

growing recognition that this approach is not sufficient to address the informal structures and underlying norms and values within PEM systems that undermine the allocation and execution of pro-poor public expenditure.<sup>7</sup> The importance of 'opening up' the budget process and creating spaces for the participation of independent actors (civil society groups, private sector organisations, communities and individual citizens) is increasingly recognised and documented in a range of contexts.<sup>8</sup> At the same time, the capacity of civil society actors or the private sector to hold governments to account is often weak, due to poor knowledge of the budget process, lack of analytical skills and inadequate or unproven methodologies for operationalising a stronger role for citizens.<sup>9</sup>

2.3 This review will look at DFID's support to processes of budget transparency and participation to enhance accountability. It will seek to identify what DFID is supporting and to disseminate lessons on the basis of documentation available centrally.

### ***Transparency: information and 'opening up' of public expenditure processes***

2.4 Transparency initiatives can include work to support the opening up of processes of decision making around public finances (including planning processes), enhancing the legal framework for transparency of information around budgets and public expenditure, and directly enhancing the availability, quality and appropriateness of information on public finances. In addition to being a means to facilitate greater engagement between state and citizens on public finances, increased availability of information also reduces the opportunity for corruption in the use of public funds. The National Audit Office (NAO) Safeguards review<sup>10</sup> recommended that DFID ensure it identifies external sources of information, including non government organisation (NGOs) and other bodies, and makes best use of these in identifying and assessing corruption risks. This review will identify work supported by DFID to develop transparency of public expenditure.<sup>11</sup>

### ***Participation in public expenditure processes and capacity building***

2.5 Citizen involvement in public expenditure management can be promoted at various stages of the budget:

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<sup>7</sup> Norton, A and Elson, D (2002) *What's Behind the Budget? Politics, rights and accountability in the budget process*, Overseas Development Institute (ODI).

<sup>8</sup> Examples from the International Budget Project website.

<sup>9</sup> Methodologies such as score cards, social auditing and peoples hearings are becoming more widely known, but require significant work and adaptation when applied in different local contexts.

<sup>10</sup> NAO (2004) *A Review of Safeguards Against the Misappropriation and Diversion of Aid*.

<sup>11</sup> Examples of the type of work to be considered are: supporting or encouraging the publication of public expenditure information (by state or non-state actors), developing capacity for commentary on and analysis of public expenditure, and work on the legal framework for availability of public expenditure information.

- a) *the drafting stage*: formal opportunities for citizen engagement are usually limited but informally there may be opportunities for influencing the drafting<sup>12</sup>;
- b) *the legislative stage*: opportunities for civil society groups to complement the role of the legislature<sup>13</sup>;
- c) *the implementation stage*: opportunities to monitor and analyse divergences between planned and actual expenditures, and tracking public financial flows;
- d) *the audit stage*: opportunities for citizen engagement at this stage have tended to be weak, but there is now documentation of “participatory auditing” involving community members.<sup>14</sup>

2.6 While some support can be targeted at specific stages of the budget process, other support is provided more generally to strengthen the capacity of civil society to participate in and monitor public expenditure. The review will consider DFID support to a range of different actors (civil society organisations, communities, the private sector), and at what level of public expenditure these actors are supported to engage (national, sub-national or municipal levels).

### **3. METHODOLOGY**

3.1 For this rapid review the principal sources of information are Country and Regional Assistance Plans, the PRISM database and documents held within it, together with other documentation obtained from DFID’s internal website and from Headquarters-based staff. Direct contact with country offices has been minimal, although some country office staff have provided additional information.

#### ***CAP/RAP review***

3.2 All published CAPS and RAPs were reviewed and their objectives relating to accountability on public finances identified.

#### ***PRISM review***

3.3 A number of PRISM searches were carried out to identify potentially relevant interventions, and the results combined into a master list:

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<sup>12</sup> Examples include the Kenya Institute for Economic Affairs’ annual input on underlying budget priorities; poverty hearings conducted by the South Africa National NGO Coalition; and attempts to produce ‘alternative’ or ‘parallel’ budgets in Canada. More ‘formal’ government-led approaches include the participative budgeting in Brazil; and the participatory poverty assessment approach used in Uganda.

<sup>13</sup> For example through budget summaries and analysis, training of legislatures and media, or facilitating the collection and collation of information from specific interest groups.

<sup>14</sup> Experience in Kerala, documented by Goetz, A and Jenkins, R (2004) *Developing An Accountability Profile, A Framework for Analysing Governance Relationships*, Institute of Development Studies (IDS).

- Initial searches for commitments under the following input codes: anti-corruption, economic policy, economic research, government services, governance policy, governance research, human rights, local government reform, private sector development, public reform/good governance, social policy, social research, statistics, strengthening civil society.
- Keyword searches for ‘accountability’, ‘civil society’, ‘private sector’.
- Searches of all interventions listed as Budget support or SWAPs.
- Cross-checking of operational and planned intervention lists for all country programmes identified in the initial searches.

3.4 The initial list of interventions was narrowed to those with clear relevance to the topic, producing a list of 87 complete, operational and planned interventions.<sup>15</sup> Documentation on these interventions was reviewed and information on the objectives and activities of each intervention summarised. Where possible, on the basis of Project reviews, lessons learned were identified.

#### 4. SUMMARY OF DFID SUPPORTED INTERVENTIONS

##### *Overall summary of DFID support*

4.1 The review identified a total of 87 interventions addressing transparency and participation in accountability for public expenditure. These interventions are in 28 countries.

**Table 1: DFID interventions addressing transparency and participation in public expenditure**

	Transparency/Opening up space	Participation/Capacity Building	Total interventions <sup>16</sup>
National	33	25	47
Sub national	12	29	38
Sector	7	5	11
Africa	26	27	45
Asia	10	9	19
Latin America, Europe and Middle East (EMAD)	9	12	19
Non-specific	4	4	4
<b>OVERALL TOTAL</b>	<b>49</b>	<b>52</b>	<b>87</b>

4.2 The majority of interventions are in Africa, with Asia and EMAD having equal numbers. There is broadly a balance between interventions addressing transparency and those building capacity and supporting participation. DFID supports more work at a national level than at sub-national levels, particularly

<sup>15</sup> Searches were limited to interventions with some activity after 1 April 2000.

<sup>16</sup> Some interventions address both transparency and participation so figures for the total are not necessarily the sum of the other two columns.

on transparency, and a small number of initiatives address accountability on public expenditure in sector programmes.<sup>17</sup>

4.3 The total value of these commitments is £505 million, but only a proportion of this targets citizen accountability. For example, work on the transparency of budgets to produce budget information in a form accessible to the public may be a small part of a much larger financial accountability programme that concentrates on financial systems in government. In the following analysis interventions have been classified as (a) those that have significant focus on transparency and accountability in public expenditure; and (b) those where an unknown (but probably fairly small) proportion of the overall expenditure relates to accountability. Overall, DFID has interventions totalling £155.9 million with a significant focus on transparency and accountability of public expenditure (a); and a further £349.5 million includes some components related to enhancing accountability on public finances (b). Table 2 focuses on those countries where DFID provides a significant level of aid through government budgets as PRBS or SWAPs.

4.4 The majority of CAPs for Africa, Asia and EMAD regions have similar approaches to accountability, expressing objectives around one or more of the following areas:

- Accountable, transparent government and public expenditure management.
- Responsive and accountable service delivery agencies and local government.
- Building capacity of civil society, particularly the poor, to voice demands and hold government at all levels to account.

4.5 In all but a few cases significant interventions are underway or planned to address these issues, either through focused work or as part of larger public expenditure reform programmes. Many of the interventions are still in the early stages, and the analysis of expenditure focused in these areas over the last two years shows that it is the countries where programme aid approaches are furthest advanced and where corresponding accountability interventions have been in place for longer (such as Tanzania, Uganda, and Ghana) where spending in this area tends to be highest (see Table 3). The highest proportional spend is in some of the smaller programmes in Latin America where levels of programme aid are small, and in Bangladesh where large civil society accountability programmes have been established for some time.<sup>18</sup>

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<sup>17</sup> There may be more work focused on accountability in sectors but focused on service delivery standards or outcomes rather than on expenditure. This work will be mapped by the Scaling Up Services Team in the near future.

<sup>18</sup> Percentages have been calculated for comparison purposes but this does not imply there is a desirable ratio of spend in relation to PRBS. The issue of whether it is possible or desirable to scale up accountability work in line with PRBS deserves further attention.

**Table 2: DFID commitments to citizens accountability in selected countries**

<b>Country</b>	<b>Accountability objectives</b>	<b>Intervention(s)</b>	<b>(a) £m</b>	<b>(b) £m</b>
Bangladesh CAP 2003/6	Yes	Yes	25.9	18.9
Bolivia CAP 2002	Yes	Yes	3.6	0.55
Ethiopia CAP 2002/6	Yes	Yes	3.7	23
Ghana CAP 2003/6	Yes	Yes	9.9	30
India CAP 2004/8	Limited	Yes	7.5	38.9
Kenya CAP 2004/7	Yes	Yes	7.3	5.39
Malawi CAP 2003/6	Yes	Yes	14.0	43.5
Mozambique CAP 2004/7 (consultation draft)	Yes	Limited	0.8	0
Nepal CAP 2004/8	No	Yes	2.5	0.24
Pakistan CAP 2005/7	Yes	Yes	0.8	0.9
Palestine West Bank & Gaza CAP 2004	Yes	No		
Rwanda CAP 2003/6	Limited	Limited	1.1	0.59
Sierra Leone Framework Agreement 2004	None specific	Yes	7.9	0
Tanzania CAP 2003/4	Yes	Yes	13.9	25
Uganda CAP 2003	None specific	Yes	11.3	60.6
Vietnam CAP 2004/6	Yes	Yes	0	7.38
Zambia CAP 2004/7	No	Yes	0.2	15
<b>Total for selected countries</b>			<b>110.4</b>	<b>269.95</b>
<b>Total DFID portfolio</b>			<b>155.9</b>	<b>349.5</b>



**Table 3: DFID PRBS allocations and expenditures on citizens accountability in selected countries, 2003/5**

Country	PRBS 2003/4 (£m)	PRBS 2004/5 (£m)	Expenditure 2003/4 (a) £m	Expenditure 2004/5 (a) £m	Accountability as % of PRBS 2003/4	Accountability as % of PRBS 2004/5
Bangladesh		15.9	1.48	2.75		17
Bolivia	3.3	1.25	0.42	0.93	13	74
Ethiopia	20.0	45.0	0.2	0.63	2	1
Ghana	25.0	35.0	0.49	1.15	2	3
India	75.2	71.3	0	0.01	0	0
Kenya			0.44	0.7		
Malawi	10.0	25.8	3.1	2.4	31	9
Mozambique	16.6	35.3	0.21	0.1	1	0
Nepal			0.26	0.67		
Nicaragua	0.03	0.82		0.26	700	32
Pakistan	50.0	7.5		0.18	1	2
Rwanda	16.8	34.3		0.03	0	0
Sierra Leone	10.0	12.0		0.19	1	2
Tanzania	60.0	65.0	1.02	1.19	2	2
Uganda	30.0	35.0	1.12	1.17	4	3
Vietnam	10.0	20.0	0	0	0	0
Zambia	8.9	16.0	0.08	0	1	0
Total (average) for selected countries	335.8	429.5	8.82	12.36	(3)	(3)

Source: DFID Departmental Report 2005; PRISM data

### ***Supply side: transparency of public expenditure and opening up space***

4.6 Interventions on the supply side were identified in 22 countries.

<b><u>Africa</u></b>	<b><u>Asia</u></b>	<b><u>Rest of World</u></b>
Ethiopia	Bangladesh	Brazil
Ghana	India	Jamaica
Kenya	Nepal	Peru
Malawi	Pakistan	Armenia
Nigeria	Vietnam	Croatia
Rwanda		Yemen
Sierra Leone		Kyrgyzstan
Tanzania		
Uganda		
Zambia		

### **Opening up space in planning and expenditure processes**

4.7 A number of different types of intervention were identified which seek to open up space in planning and budgeting processes.

(i) *Planning*: Interventions aimed at increasing space for citizens' or civil society to participate in planning processes at local or sectoral levels. Different approaches have been taken, for example in Ethiopia guidelines for participation have been developed centrally, while in Croatia partnerships in the form of 'compacts' have been negotiated between government, civil society and the private sector.

(ii) *Budgeting and legislative oversight*: Some country programmes, for example in Kyrgyzstan and Malawi have worked to make processes of budget formulation more transparent and to open up space for civil society to play a role in preparation of national and sector budgets. The objectives of these types of programme are to enhance budget allocations for pro-poor expenditures, promote debate and encourage demand for improved expenditure management. In Malawi space was created for civil society networks to influence the budget debate in parliament through discussions with the Budget and Finance Committee. Other country programmes (Zambia, Pakistan, Tanzania, and planned work in Nigeria specifically targeting national and state development plans) have worked to increase the capacity of parliament and provincial government to play an oversight role. The Malawi programme showed this is an important factor for successfully enhancing participation of civil society in parliamentary oversight of budgets and expenditure.

(iii) *Monitoring*: Work in the decentralisation process in Uganda has attempted to make links between citizens' assessments on public expenditure and budget processes, and in Peru attempts were made to open space for education committees to participate in planning and monitoring of financial management in districts. Some examples of community contracting in infrastructure programmes have also been found, although this was not systematically addressed in this review.

(iv) *Auditing*: Opening space for civil society participation in auditing expenditures is rare, but in Kenya DFID support to the education sector has attempted to do this through creating space for school auditing to take into account the views of school committees.

(v) *General support*: Some interventions have objectives signifying intent to develop strategies for opening up space, but are not yet explicit in how this will be done. In Uganda, as part of a broader programme on financial accountability, PEM institutions are to develop strategies and plans for improving public involvement in PEM at national and district levels. In Malawi, work will be undertaken with the Ministry of Finance and some sector ministries to open up space for participation in budgeting processes, and Sierra Leone's Civil Society strategy is intended in part to open up channels of communication between the state and civil society around public expenditure.

4.8 In addition to funding interventions to enhance transparency and accountability, DFID has substantial opportunity to use dialogue underpinning budget support to exert influence on governments to encourage opening up space for greater accountability. An evaluation of this would require a different methodology to assess policy dialogue and it is not therefore covered in this review.

## **Strengthening the legal and institutional framework for access to information and accountability**

4.9 Interventions in this area range from those targeting broader access to information to those making changes in specific aspects of legislation or regulation. DFID has supported interventions on Freedom of Information legislation in Tanzania and Ghana, on budget framework legislation in Rwanda, and revision of the format for financial statements in Uganda. Programmes in Pakistan and Sierra Leone mention support to public access to information and government communication strategies, while a programme is planned in Malawi to support institutional reform of the poverty monitoring system.

4.10 DFID is also supporting innovative work internationally and in a number of countries under the Extractive Industries Transparency Initiative, to increase the availability of information on payments to government from oil, gas and mining industries.

### **Production of information**

4.11 In some countries, DFID is supporting work to enhance the availability of information on public expenditure, either by government or by civil society or research institutes. In many cases these interventions aim to present information in a more appropriate format, or through more accessible communication channels, for the public.

#### *(i) Enhancing government production of information*

Poverty monitoring and PEM programmes in Ghana, Rwanda, Tanzania, Uganda, Zambia and Vietnam include components supporting the production of information on budgetary processes or on transparent and clear presentation of budgets by governments.

#### *(ii) Dissemination of information on public expenditure*

Programmes in Ghana, Zambia and Brazil are supporting civil society and research organisations to produce dissemination materials on budgetary processes and public financial management, in forms that are more accessible to local communities. In Nepal, DFID is supporting work to disseminate and consult on the poverty reduction agenda and policies. Work in Brazil on publication of accessible audit summaries, the development of data banks and public access websites has been particularly successful in stimulating increased demand for information and better financial governance.

The Ghana country programme is an example of DFID support to a range of initiatives to enhance accountability on public expenditure. Ghana's CAP sets out a clear accountability objective with a number of interventions to take forward:

- PRSP inception and monitoring with civil society participation playing a key role in a number of innovative ways, such as Citizen Report Cards and Social Audits;
- Support to civil society to play an active role in both contributing to the development of legislation and more generally to work with government at a number of levels;
- Support to develop a culture of transparency and accountability through building capacity in research and advocacy institutions.

(iii) *Public Expenditure Tracking Studies*<sup>19</sup>

The searches did not identify many instances of DFID bilateral support to PETS, but this may be because of the poor quality of information available centrally and that PETS are smaller components of larger interventions. PETS were identified in DFID's support to the education sector in Uganda, and in a programme of public financial management reforms in Bangladesh, although in the latter case it was stated there is a risk that tracking studies will not have any impact due to lack of political will to address the problems of public expenditure management.

***Participation in public expenditure management and capacity building***

4.12 DFID also provides support to building the demand for accountability among citizens. Interventions can broadly be said to be those that support capacity building of civil society or the private sector to strengthen their capacity to engage with processes of public expenditure management, and those that specifically target participation of civil society in aspects of public expenditure management. A total of 52 interventions addressing participation and capacity building were identified, in 24 countries.

<b><u>Africa</u></b>	<b><u>Asia</u></b>	<b><u>Rest of World</u></b>
Ethiopia	Bangladesh	Armenia
Ghana	Cambodia	Bolivia
Kenya	India	Brazil
Malawi	Nepal	Croatia
Mozambique		Nicaragua
Nigeria		Peru
Rwanda		Serbia
Sierra Leone		Yemen
South Africa		
Tanzania		
Uganda		
Zambia		

<sup>19</sup> Public expenditure tracking studies were originally developed to meet the accountability needs of donors for expenditure in specific sectors. However, some have subsequently been used by governments as a means of enhancing accountability to their own citizens.

## Capacity Building

### *(i) National level*

A few country programmes, almost all of them in Africa, are funding interventions aiming to strengthen the capacity of civil society to engage with budget processes at a national level. Interventions in Ethiopia, Malawi, Mozambique, South Africa, Tanzania and Uganda are targeting civil society at national levels with specific capacity building activities like training in public expenditure analysis and carrying out public expenditure reviews, and developing strategies for dialogue with parliamentary committees and other oversight and regulatory agencies. Work in Ethiopia has also targeted the media to build its capacity to understand PRSP issues and public expenditure processes to contribute to improved quality of available information on these issues.

In a number of countries, DFID is supporting work under the Extractive Industries Transparency Initiative (in partnership with the World Bank) to build multi-stakeholder partnerships including civil society organisations to hold government to account on use of oil, gas and mining revenues. DFID is also supporting anti-corruption efforts in a number of countries with a focus on Africa through a partnership with the World Bank Institute. Activities include corruption surveys, public outreach on controlling corruption, promotion of press freedom and investigative journalism, with the aim of helping to build political commitment for reform. DFID is also supporting the Civil Society Budget Initiative of the International Budget Project to strengthen citizen engagement in public budgeting in 11 low-income countries including Bolivia, Malawi, and Mozambique.

### *(ii) Sub-national level*

A greater number of country programmes are working to enhance the capacity of civil society to hold government to account on a sub national level. Many of these interventions recognise the need to deepen the engagement of poorer communities and community structures with local government processes. Programmes in Ethiopia, Ghana, Kenya, Mozambique, Tanzania, Bangladesh, India and Nepal provide funds to NGOs and community based organisations (CBOs) or networks to build capacity at community level to demand responsive and accountable government. Some other programmes (Bangladesh, Brazil, Armenia, Serbia and Montenegro) are attempting social mobilisation of communities for public expenditure planning and monitoring, while others have a sectoral focus and are seeking to build capacity for accountability in a particular sector, for example on health in Nicaragua.

In Bangladesh DFID has provided support to Nijera Kori, a local NGO that works with groups of landless people across the country. One of the main strengths of the project is that it is based in building the capacity of locally based organisations of landless people and encouraging the development of networks of support. In terms of demand side accountability, some of the achievements of the project include:

- The local groups have become involved in committees monitoring the delivery of services and the use of resources in areas such as health, education and security. The focus of this monitoring is on specific issues such as fee-taking by medical staff, access to medicines that the government provides, extortion by police, and school management;
- The experience and information from the representatives on these committees is fed back to the members of the groups they represent and the information is used as the basis for holding members of parliament and the chairmen of local democratic institutions to account.

## Research

4.13 Several country programmes (Ghana, Ethiopia, Uganda and Yemen) are supporting research and analysis of public expenditure. In several countries DFID has supported work specifically to analyse the budget or aspects of the budget from a gender perspective. For example in Yemen the health and education budgets have been examined for their implications for men and women. However, PRISM data and other analyses suggest gender analysis of budgets either has not effected, or is only just commencing to effect changes to government spending or be linked to demands for greater accountability on public expenditure.<sup>20</sup>

4.14 In addition to work supported by country programmes, ICSD through the Civil Society Budget Initiative, supports international research on civil society participation in budget processes. Under the Development Research Centre on Citizenship, research has been conducted on participatory budgeting in Sao Paulo.

## **Participation: budget preparation; legislative oversight; budget monitoring; audit**

### *Preparation*

4.15 Few DFID interventions target the involvement of civil society in the formulation of budgets, but there are examples in Cambodia and Bolivia. The SEILA programme in Cambodia promotes decentralised planning and monitoring and evaluation (M&E) using donor and government funds together with a community contribution, and in Bolivia DFID supports a programme on participatory local government in five municipalities in Bolivia.

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<sup>20</sup> Waterhouse, R and Neville, S (2005) *Gender, Voice and Accountability*, Evaluation Department Working Paper 7.

### *Legislative oversight*

4.16 The only direct example of DFID support to civil society engagement with legislative oversight processes on public expenditure comes from Malawi, where civil society networks were supported to prepare and submit reports on public expenditure to the Budget and Finance Committee of Parliament. In Mozambique a tripartite 'Poverty Observatory' including government, civil society and the research community aims to produce information to increase politicians' accountability to Parliament on implementation of the PARPA.

### *Monitoring*

4.17 Fourteen interventions supporting non-state actors (civil society and the private sector) to monitor resource allocation and expenditures have been identified. These operate at a range of levels (national, state, community, sector) and many of them are in early stages of implementation. At the national level, DFID's support to Kenya's M&E system seeks to build capacity of non-state actors to report on implementation and link to budget cycles, with the aim of improving resource allocation and use. Malawi's NDI programme supported four civil society networks and the business community to monitor budgets and feed their findings into parliamentary hearings. Work in Nicaragua and in Yemen has focused on training of NGOs and CBOs in budget monitoring, and in Nicaragua quarterly and annual monitoring tools for use by civil society have been developed. In Sierra Leone a report card system is being set up to monitor performance of three key government agencies and line ministries. Uganda's anti-corruption support included the development of tools for monitoring 'transparency' including the national integrity survey covering experience of fee-taking and perceptions of corruption, and strengthening of civil society and media to participate in anti-corruption campaigns. Again in Uganda, the Uganda Debt Network, which receives support from DFID, is developing methodologies for community based expenditure monitoring and looking at methods for scaling up. Similarly in Bangladesh, support is being provided to Transparency International to conduct report card surveys on unofficial payments for health and education, extortion by police and losses of food aid.

4.18 Civil society monitoring of sector budget expenditure is being supported in the health sector in Nigeria and the education sector in Malawi. A project with monitoring of health sector expenditures commenced in Peru but was closed when DFID withdrew its country presence. These projects have sought to develop community or user involvement in monitoring expenditure in line with published spending plans.

4.19 Lastly, in Sierra Leone and in Bolivia, DFID is supporting work to strengthen civil society monitoring of sub national policies and expenditures. In Sierra Leone District Budget Oversight committees have been developed with CBO participation and CBOs have also been involved at district level in monitoring of a direct community financing initiative. In Bolivia methodologies were developed for enhancing citizen monitoring of municipal and

departmental policies, aimed at making citizen monitoring more constructive rather than adversarial.

### *Audit*

4.20 There were limited cases of DFID support to the involvement of citizens in audit processes. Specific interventions with a focus on audit and where methodologies for directly enhancing accountability to citizens have been developed and utilised include PRS monitoring in Ghana, which has included a number of participatory accountability studies; and the Bolivia Health Transformation project where civil society was empowered to participate in financial audits through vigilance committees. Some civil society organisations are planning social auditing under the Poorest Areas Civil Society Programme in India.

### **Working through UK civil society**

4.21 A number of the UK civil society organisations that DFID supports through programme partnership agreements (PPAs) also have objectives relating to accountability on public expenditure. In particular Oxfam and Action Aid have supported work on budget monitoring (Oxfam in Malawi, Tanzania and Vietnam; Action Aid in India) and social auditing (Action Aid in Guatemala). Several of the PPAs refer to enhancing the links between work with communities and national and international accountability issues.

## **5. WHAT HAS DFID SUPPORT ACHIEVED?**

5.1 Building accountability is a gradual process and many of the interventions identified are at an early stage of implementation. Based on the sources used (OPRs and a small number of PCRs) it is difficult to ascertain clear impacts on public expenditure as a result of DFID's programmes in this area.

5.2 A small number of reviews suggest changes have occurred in the incidence of corruption and in financial management as a result of DFID interventions. These include reduction in informal fee-taking and improvements in access to medicines in Bangladesh, and in food rations in India. Improvements in school financial management are noted in Kenya.

5.3 More frequently intermediate changes are mentioned, for example the generation of methodologies and experiences to inform national debate, improvements in the quality of participation, the availability of information, or levels of awareness. Specific examples include increased interventions by civil society in parliamentary business in Malawi; generation of experiences for influencing activities at national level in Bolivia; increased access to information about the activities of school management or health watch committees in Bangladesh; growing public interest and participation in anti corruption measures in Bangladesh; increased levels of cooperation and partnership between municipal authorities, public institutions and non-government agencies in Serbia; and a qualitative and quantitative increase in



the level of engagement of CSO in holding government to account in areas of civic rights and pro-poor policies in Uganda.

5.4 A full evaluation in this area would need to follow different methodology to establish and verify intermediate outcomes or impacts from this support, and would also have to address and disentangle attribution issues, since many programmes and actors in this area are co-funded.



## **6. CONCLUSION: FINDINGS AND LESSONS**

### **Findings**

6.1 DFID support to building demand for transparency and accountability on public expenditure is a key feature of the majority of programmes in Africa, and to a lesser extent in Asia and EMAD.

6.2 In most countries where DFID gives programme aid (PRBS or sector budget support) it is also supporting or planning to support initiatives to enhance accountability to citizens.

6.3 In a few programmes this is less clearly articulated, and there could be a danger that domestic accountability issues are being neglected as increasing amounts are disbursed through government budgets.

6.4 On the supply side, DFID works at both national and sub-national levels, but on the demand side DFID's interventions are more focused on developing local level accountability around decentralised or devolved budgets and services.

6.5 The majority of DFID's work on the demand side is with NGOs and CBOs, sometimes operating as coalitions or networks. DFID is rarely supporting the media, the private sector or political parties in developing accountability on public expenditure.

### **Lessons**

6.6 The following are some preliminary lessons, based on issues that have been raised in project reviews. These would require further examination and verification in a full evaluation.

6.7 Civil society action and demands can be catalysts for change and governments are sensitive to public demands. The Kenya Political Empowerment Project provided support to a range of civil society organisations at a key moment in the democratic process, starting in 2000. Some of the achievements of the project have included:

- Making a significant contribution to the national debate on corruption, through publicising information on bribery in the country through surveys at various levels and hosting an international conference on fighting corruption.

- Increasing the sensitivity of government and institutions to public demands for greater accountability as well as members of civil society extending their campaigning to running successfully for parliament.

6.8 Interventions to enhance accountability at sector level, such as in education or health, have often encountered problems due to inability of local bodies to respond in the absence of decentralisation of authority and financial devolution. This is commonly something that is outside the remit of the sectoral ministry and thus delays further implementation. Examples include:

- The Kenya Strengthening Primary Education Programme, Malawi Support to Education Sector and Uganda Education Sector Support where issues around the appointment of staff, availability of resources and the devolution of responsibilities for these resources have caused delays and created obstacles in programme implementation.
- The Peru Health Rights Project, where changes in Ministry policy meant that local councils were not granted financial autonomy. This resulted in changes in the project around community involvement in the monitoring of financial management.

6.9 Developing greater accountability takes time and requires a change in attitudes on all sides. Methodologies and approaches need to be clearly understood by citizens and officials to reduce adversarial perceptions, develop concepts of 'downward accountability' and reinforce a collaborative approach with the aim of improving the quality of implementation (Uganda, Bolivia, Mozambique).

6.10 Political will and sincere government engagement can be important factors contributing to the success of attempts to enhance accountability. Where this does not exist, progress may be slower.

- In Brazil, where social exclusion issues resonate with the ideology of the Lula government, efforts to enhance transparency and address inequality and exclusion through auditing mechanisms involving civil society have been very successful. Reforms in Andhra Pradesh were spurred by high profile support from the Chief Minister and state level pressure on municipalities for responsiveness and fiscal transparency.
- In the case of the Bangladesh Financial Management Reforms Project, a lack of political interest in project outputs has given rise to concern. A recent review of the project examined ongoing work in the development of poverty-focused expenditure tracking studies. Whilst the work is progressing the review concluded that there is a danger that results of the studies will be ignored by the government.

6.11 Uncertainty and lack of clarity about what is meant by participation can limit the scope for meaningful participation. In some cases participation has been interpreted as merely notional consultation, an approach that can limit the development of real accountability.

6.12 Additionally, many programmes are grappling with issues of the legitimacy, representativeness and accountability of civil society organisations and in particular how these organisations involve or represent the poor and vulnerable. This becomes more problematic as programmes are scaled up or when civil society organisations operate at a national level.

6.13 Development agencies need to coordinate their support to civil society to engage with public expenditure processes. There is often limited capacity within civil society for this, uncoordinated efforts may overwhelm fragile civil society movements. In Uganda this has led to a basket fund to support civil society and media involvement with anti-corruption work coordinated by DANIDA. Harmonised approaches are stated to have greater impact (Kenya) but this demands more in terms of staff time and negotiation and mediation skills.



## **7. ISSUES FOR FURTHER WORK**

7.1 This short review has mapped a sub-set of DFID's interventions in the broader thematic area of voice and accountability work. The preliminary findings and lessons identified would require further verification and investigation to improve our understanding of the issues. A number of areas for further investigation are suggested by this review:

- How does DFID determine the balance between PRBS and accountability work in different contexts, and how can we assess if the balance is appropriate in any particular context?
- What is the evidence on which approaches are most successful, particularly when scaling up from community level or when working at the level of national budgets?
- How does DFID select its range of partners for this work, and how do we ensure these are the right ones?
- How effectively is DFID using PRBS dialogue to influence on accountability, and with what effects?
- To what extent does DFID work with existing domestic accountability structures or are new or parallel structures being created?
- What are the risks associated with this work in different contexts?

7.2 These issues and others will be considered as part of the scoping for an independent evaluation of Citizen Voice and Accountability planned by DFID's Evaluation Department for 2006.





## ANNEX 1: INTERVENTIONS WITH A SIGNIFICANT FOCUS ON PUBLIC EXPENDITURE TRANSPARENCY AND MONITORING

Country	Intervention Name
Ethiopia	Programme Support Fund
Ethiopia	PRSP Training for Journalists/Civil Society Institutions
Ethiopia	Partnership Fund II
Ghana	Ghana Poverty Reduction Strategy Induction Phase
Ghana	Ghana Poverty Reduction Strategy Monitoring & Analysis Project
Ghana	Government Research & Advocacy
Ghana	Civil Society Rights & Voice Fund
Ghana	Support to Ghana Integrity Initiative
Kenya	Political Empowerment Project
Malawi	Analytical Capacity Building
Malawi	Tikambirane
Malawi	Support to National Democratic Institute
Mozambique	Civil Society Participation in the Poverty Reduction Paper
Mozambique	Support to LINK
Mozambique	Decentralised Planning
Mozambique	Community Participation
Nigeria	Strengthening the Nigeria National Assembly
Rwanda	Giving Voice to Rural Women & Youth
Sierra Leone	Civil Society Strategy
Sierra Leone	Civil & Political Rights
Sierra Leone	Demand Side Governance Programme
South Africa	SA Civil Society Sector Programme
Tanzania	Communication & Access to Information
Tanzania	Civil Society & Poverty Programme
Tanzania	NGO Policy Forum
Tanzania	Assistance to Parliament
Uganda	Civil Society Programme
Uganda	Civil Society Organisation Support
Uganda	Anti Corruption Support
Uganda	Decentralisation Support Programme
Zambia	Support to Civil Society Poverty Reduction
Bangladesh	Manusher Jonno
Bangladesh	Nijera Kori
Bangladesh	Womens Voice & Empowerment
Bangladesh	Transparency International Bangladesh
India	Orissa: Civil Society & Poverty Programme
India	Andhra Pradesh Centre for Good Governance
India	Civil Society Programme in West Bengal
Nepal	NGO/CBO Support Project
Pakistan	Pakistan Legislature Capacity Building
Pakistan	National Democratic Institute
Bolivia	Sub National Government
Bolivia	Health Transformation Project
Brazil	Reducing Social Inequality TCU
Nicaragua	Active Citizenship for Health in Nicaragua
Nicaragua	Civil Society Monitoring
Peru	Strengthening Womens Human Rights
Peru	Promoting Womens Citizenship
Peru	Health Rights Project
Peru	Rural Education Development Project
Yemen	PRSP Monitoring (OXFAM)
Armenia	Armenia Civic Initiatives Project
Croatia	Croatia State/Civil Society Partnerships
Serbia	Serbia & Montenegro Civil Society
Non-specific	Extractive Industries Transparency Initiative
Non-specific	World Bank Anti Corruption
Non-specific	Civil Society Budget Initiative

## ANNEX 2: OTHER INTERVENTIONS

Country	Intervention Name
Ethiopia	Support to PSCAP
Ghana	Ghana Health Grant
Kenya	Monitoring & Evaluation System
Malawi	Support to the Education Sector FA
Nigeria	Partnership for Transforming Health Systems
Rwanda	Support Strategic Planning & Poverty Monitoring Department
South Africa	Integrated Provincial Support Programme
Tanzania	Public Service Reform Programme
Tanzania	Selected Accelerated Salary Enhancement
Uganda	Financial Accountability Programme
Uganda	Education Sector Support
Zambia	Public Expenditure Management & Financial Accountability
Cambodia	Cambodia SEILA Rural Development Programme
India	Cochin Urban Poverty Reduction
India	Poorest Areas Civil Society Programme
Nepal	Social Inclusion & Accountability in 10 <sup>th</sup> Plan
Pakistan	Devolved Social Service Programme
Vietnam	Public Financial Management Modernisation
Vietnam	Public Financial Management Reform
Bolivia	Supporting Participation in Poverty Reduction
Brazil	Social Inclusion in Policy & Planning (SIPP)
Jamaica	Jamaica Social Policy Evaluation Phase II
Kyrgyzstan	Kyrgyzstan Government Structural Adjustment Credit
Armenia	Armenia Regional Development Programme
Non-specific	Centre on Citizenship



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- promote sexual equality and give women a stronger voice
- reduce child death rates
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- combat HIV and AIDS, malaria and other diseases
- make sure the environment is protected
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