

## Helpdesk Research Report: Budget Support and Civil Society

03.12.09

**Query:** What experience is there of civil society engagement with poverty reduction budget support? What mechanisms and agreements are used? What guidance exists on best practice if any? And what has been documented on results and experiences including case studies?

**Enquirer:** DFID

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#### 1. Overview

There is a lot of information and guidance available on civil society engagement with budget and policy processes in general. However, there are very few resources available that specifically consider civil society engagement in contexts of poverty reduction budget support (PRBS) or general budget support (GBS). Most studies of budget support make a cursory reference to civil society or civil society organisations (CSOs) as critically important accountability mechanisms, but little in-depth research, analysis or evaluation has been conducted on this topic. It has therefore not been possible to find specific information on mechanisms or agreements used, or guidance on best practice. Instead, the list of resources that follow include general observations and recommendations from the academic, NGO, donor and practitioner communities, followed by some case studies which specifically discuss civil society engagement in the context of budget support.

The following points are repeatedly made in the literature:

- One of the main rationales for instigating budget support is to strengthen national institutions, including domestic sources of accountability. The key role for civil society in PRBS is in holding government to account, along with parliament.
- Donors providing budget support to governments have tended to simultaneously provide support to civil society to strengthen their capacities for holding government to account. This is regarded as key to ensuring the effectiveness of PRBS over the long term.
- Parliament is often weak in developing countries and is unable to fulfil its oversight function. Civil society therefore has to step into this gap, although CSOs too are often lacking in capacity.
- Donors have failed to appreciate the diversity of CSOs and have tended to treat civil society as homogenous. This has meant that there has not been enough space for genuine, broad-based CSO involvement in policy and budget processes.
- Donors can, and often do, undermine domestic accountability by continuing to occupy the space that civil society should occupy in relation to holding government to account. Donors should instead work to strengthen civil society so that it is able to effectively fulfil this accountability role.

Several of the resources below list ways in which donors can support civil society. The most frequently mentioned are:

- Provide core funding to CSOs.
- Make donor information, policies and processes readily available to CSOs.
- Push country governments to make their information freely available to CSOs on a timely basis.
- Provide capacity development to CSOs, particularly in the areas of policy dialogue and budget analysis.
- Support a broadening of spaces for citizen voice and mechanisms for citizen engagement in budget and policy processes.

## 2. General resources

**Hayes, L. and van Zyl, A., 2007, 'Linking Budget Analysis with Aid Advocacy: How Civil Society Groups can Monitor Donor Budget Support', Eurodad and International Budget Project:**

[http://www.eurodad.org/uploadedFiles/Whats\\_New/Reports/Linking\\_budget\\_analysis\\_with\\_aid\\_advocacy.pdf](http://www.eurodad.org/uploadedFiles/Whats_New/Reports/Linking_budget_analysis_with_aid_advocacy.pdf)

This report makes recommendations to donors and civil society groups. The authors call on donors to increase GBS but to also act to ensure that CSOs are able to effectively hold governments to account. It suggests that donors can do this in the following ways:

- Fund CSO development alongside GBS
- Support greater CSO voice and participation in decision making
- Ensure that CSOs have timely access to relevant information
- Ensure that they do not displace CSO voice

Part of the reason for donors pursuing GBS is to strengthen national institutions and accountability. Donors must therefore step out of the accountability role and make space for CSOs to occupy that position so that governments are accountable to internal citizen groups rather than external donor institutions.

Specific guidance is given to CSOs on how to more effectively monitor budget support and hold government to account. The authors state that this is the key role for CSOs in budget support. CSOs should:

- Map key decision-making processes and sources of revenue
- Collate public information and lobby for greater access to information where necessary
- Map decision points on budget allocations and implementation. This should help CSOs to identify opportunities for influence.
- Consider strategic alliances and opportunities, for example, alliances with audit institutions.

**Actionaid / Care International, 2006, 'Where to Now? Implications of Changing Relations Between DFID, Recipient Governments and NGOs in Malawi, Tanzania and Uganda', Briefing Note, Actionaid and Care International:**

[http://www.actionaid.org/assets/pdf%5CWhere%20to%20now%20\\_briefing%20note\\_final%20for%20distribution.pdf](http://www.actionaid.org/assets/pdf%5CWhere%20to%20now%20_briefing%20note_final%20for%20distribution.pdf)

This briefing note summarises the key findings of country level research carried out in Malawi, Tanzania and Uganda on the effects of GBS on local and international NGOs. Overall the research finds that GBS is increasing space for CSO involvement in policy dialogue, especially through the PRSP process. However, CSO influence is still insufficient

and there is a large gap between the rhetoric and the reality. In particular 'civil society participation in national poverty reduction strategies has tended to be rather superficial poverty diagnostic consultations with perhaps some discussion about which sectors should be priorities. Discussions around the underlying principles of the aid relationship between donors and governments, funding levels and allocations, budget ceilings and disbursement triggers and conditions are rarely, if at all, opened up to civil society and wider public scrutiny" (p.2).

Donors have partially supported GBS because of an assumption that it will 'enhance democratic accountability'. This note emphasises this is not an automatic consequence of GBS, but something that must be demanded by CSOs. Also, there has been little or no analysis of whether this 'enhancement' is taking place and whether CSOs and parliaments are effectively holding governments to account. Parliaments in the countries studied are generally regarded as weak and lacking in legitimacy. CSOs therefore have to step in to cover the accountability gap.

Although overall levels of funding to civil society do not appear to be dropping as a consequence of GBS, funding to NGOs providing traditional service delivery is declining. This is concerning if alternative services are not being provided by the state. There are also changes in the types of activities being funded by donors. The research finds that donors funding GBS have simultaneously supported civil society capacity development in the areas of policy dialogue, monitoring and holding government accountable. However, overall the authors argue that donors do not engage with CSO enough and that donor practices strategies and practices 'remain largely opaque' (p.4) to CSOs.

**Hauck, V., Hasse, O. and Koppensteiner, M., 2005, 'EC Budget Support: Thumbs Up or Down?' ECDPM Discussion Paper 63, Maastricht:**

[http://www.ecdpm.org/Web\\_ECDPM/Web/Content/Navigation.nsf/index2?readform&http://www.ecdpm.org/Web\\_ECDPM/Web/Content/Content.nsf/vwDocID/FC48E9C6117B9921C1256FD9002A2D09?OpenDocument](http://www.ecdpm.org/Web_ECDPM/Web/Content/Navigation.nsf/index2?readform&http://www.ecdpm.org/Web_ECDPM/Web/Content/Content.nsf/vwDocID/FC48E9C6117B9921C1256FD9002A2D09?OpenDocument)

This paper acknowledges that civil society has an important accountability role to play in the context of budget support, especially as parliamentary oversight is generally weak in developing countries. However, domestic accountability is hampered by a general lack of capacity across parliament and civil society, coupled with the fact that CSOs are kept badly informed and lack 'political weight'. Budget support requires regular reporting to civil society. CSOs should also participate in general or sector poverty reviews. Social accountability is an inherent part of budget support and therefore accompanying capacity development for CSOs is critical. Areas where particular support is needed are policy dialogue and improving understanding of macro-economic mechanisms.

**IDD and Associates, 2006, 'Joint Evaluation of General Budget Support: Synthesis Report', study undertaken for the OECD, University of Birmingham, UK:**

<http://www.oecd.org/dataoecd/secure/19/46/36442783.pdf>

This in-depth synthesis study makes a few references to civil society engagement in budget support. The authors state that donors have supported CSOs in conjunction with providing budget support. This has particularly been the case where CSOs are involved in anti-corruption initiatives. CSOs are identified as an accountability mechanism in the budget support process. Particular reference is made to the Burkina Faso case study which finds that 'feedback loops' relate mainly to government and international partners, without including civil society groups and other national institutions.

**Eurodad, 2006, 'Open NGO Letter on Budget Support Aid', European Network on Debt and Development:**

<http://www.eurodad.org/aid/article.aspx?id=124&item=340>

This open letter (dated 22<sup>nd</sup> May 2006) is a response from several NGOs to the OECD sponsored evaluation referenced above (IDD and Associates). The letter supports the Evaluation's claim that CSOs have a clear role to play in budget support. However, it makes several observations / recommendations in relation to civil society engagement in the budget support process:

- Donors are still dominating sectoral policy and budget discussions at the expense of CSO involvement.
- Donors should take CSO views into account when making decisions on when they will and will not provide GBS.
- Donors should appreciate the diversity of civil society and broaden the participation of CSOs accordingly.
- Donors must transparently inform civil society of their aims, priorities and funding decisions.

The authors express disappointment that the evaluation 'barely analysed' the impact of GBS on domestic accountability. They argue that this is critically important and donors should systematically assess the impact, and build strategic systems to strengthen domestic accountability on an ongoing basis. The letter makes a number of other recommendations and statements in relation to the Evaluation's more general findings. It is therefore, in itself, an example of formal civil society engagement in macro debates on budget support policy and practice.

**VIDC, 2009, 'Budget Support and Civil Society Participation: Summary Report' Expert Workshop, 27<sup>th</sup> January 2009, Vienna:**

<http://dp.vidc.org/fileadmin/Bibliothek/DP/pdfs/SocialAccountability-SummaryReport%20Final.pdf>

This workshop report summarises discussion on 3 aspects of budget support and civil society participation:

- 1) What are the needs and priorities of Southern civil society organisations regarding their roles in social accountability measures supplementary to budget support?

A good practice example of the Uganda Debt Network (UDN) is explored in relation to this question. Factors for their success in budget advocacy are listed and necessary support to Southern CSOs is identified.

- 2) How does the 'New Aid Architecture' change the role of Northern CSOs?

There is a role for Northern CSOs in supporting Southern counter-parts via capacity development, financial support, supporting transparency and access to information, relinquishing political space to Southern CSO counterparts, sharing experiences and building international alliances, amongst other comments.

- 3) What are the appropriate measures and interventions to foster social accountability by donor agencies?

Responses emphasised that donors must change their attitudes to CSOs, and appreciate the diversity of civil society rather than treating CSOs as homogenous. Other recommendations to donors include providing core funding, improving trust levels and the application of human rights principles.

**DFID, 2008, 'Poverty Reduction Budget Support: A DFID Policy Paper', Department for International Development, UK:**

<http://www.dfid.gov.uk/Documents/publications/pov-red-budget-supp-update-feb08.pdf>

This policy paper makes several explicit references to civil society engagement in PRBS, all in relation to the accountability function CSOs can play in the budget support process. DFID have found that PRBS is most effective when additional support is also provided to bolster civil society's ability to hold government to account. The paper suggests that support may be necessary specifically to increase civil society voice and strengthen national institutions' ability to analyse budget and expenditure patterns. Donors should also assist civil society by ensuring that CSOs have access to budget related information. The paper states that domestic accountability is threatened when closed donor budget support meetings are used to make key decisions about the budget and policy priorities. Instead, civil society must be included in such discussions and can play a role in identifying specific conditions related to disbursements and benchmarks.

**Williamson, T., Kizilbash Agha, Z. with Bjørnstad, L, Twijukye, G., Mahwago, Y. and Kabelwa, G., 2008, 'Building Blocks or Stumbling Blocks? The Effectiveness of New Approaches to Aid Delivery at the Sector Level', Working Paper 6, Report to Irish Aid, ODI:**

<http://www.odi.org.uk/resources/download/1526.pdf>

This paper reviews aid policies and practices in Tanzania, Uganda and Mozambique. Occasional mention is made to civil society and the inclusion of CSO representatives in various budget related working groups / fora is explored. The authors emphasise the need for donors to act sensitively to ensure that their own behaviour does not undermine the development of civil society and social accountability:

"[A]id and donor behaviour still shifts accountability away from domestic constituents. Donors still undermine domestic accountability systems by setting up parallel procedures to address their own fiduciary concerns, and this can crowd out accountability demanded by civil society and, in some cases, can work to counter executive demands for greater efficiency" (p.29).

**Carter, R. and Lister, S., 2007, 'Budget Support: As Good as the Strategy it Finances', Social Watch:**

[http://www.gender-budgets.org/component/option,com\\_docman/task,doc\\_view/gid,359/](http://www.gender-budgets.org/component/option,com_docman/task,doc_view/gid,359/)

This short paper identifies a role for civil society in terms of advocacy, as well as a role in holding government accountable. The authors argue that CSOs should seek to hold donors to their funding commitments whilst also strengthening domestic social accountability for public expenditures.

### **3. Case studies**

**Batley, R., Bjørnstad, L. and Cumbi, A., 2006, 'Joint Evaluation of General Budget Support 1994-2004: Mozambique Country Study', study prepared for the OECD:**

<http://www.oecd.org/dataoecd/53/34/43867765.pdf>

This is one of the country studies feeding into the Joint Evaluation referenced above (IDD and Associates, 2006). This study finds that there have been low levels of civil society involvement in GBS processes in Mozambique. However, from a weak base, GBS has brought about or supported mechanisms that have enhanced civil society engagement and accountability. However, this has been one of the areas of weakest progress in GBS generally. Budget support processes have made policy dialogue more inclusive of

stakeholders, including CSOs, and policies have been subjected to greater public scrutiny. CSO involvement is described as 'restricted but growing' (p.23) and CSO participation in learning processes remains weak. The study makes three recommendations in relation to civil society:

- Develop a strategy for enhancing accountability with Parliament and the Poverty Observatory (a forum of government donors, parliament and CSOs)
- Maintain Joint Review pressure for measures against corruption
- Maintain pressure to focus and implement reform of the justice sector and audit systems

**Lanser, P., Dom, C., Orivel, F. and Ouédraogo, 2006, 'Evaluation of General Budget Support: Burkina Faso Country Study':**

<http://www.oecd.org/dataoecd/41/61/36685464.pdf>

This is one of the country studies feeding into the Joint Evaluation referenced above (IDD and Associates, 2006). This study concludes that GBS has impacted on CSOs, leading to a growing awareness and empowerment of civil society in general. The CSOs most actively involved in the GBS process in recent years are listed on page 59. The study recognises that GBS has not directly financed these NGOs but argues that a link does exist, in that a desire to enter into GBS arrangements has led to certain donors actively seeking to strengthen civil society as a necessary mechanism for ensuring GBS success over the long-term.

**EURODAD, 2008, 'Old Habits Die Hard: Aid and Accountability in Sierra Leone', report by EURODAD and the Campaign for Good Governance:**

[http://www.eurodad.org/uploadedFiles/Whats\\_New/Reports/Report\\_Salone.pdf](http://www.eurodad.org/uploadedFiles/Whats_New/Reports/Report_Salone.pdf)

This paper concludes that civil society in Sierra Leone is dissatisfied with donor attempts at 'ownership' and states that donors are not prioritising civil society engagement in aid policies and practices. The paper also notes that there is a general lack of trust between all parties and a particularly weak relationship between government and CSOs. A lack of transparency and access to information hinders the role that CSOs can play, both in relation to information from donors and from government. Donors should facilitate CSO engagement in public policy discussions and support capacity development, for example by providing core funding, not 'instrumentalising' NGOs for donor aims and not dividing emerging civil society movements. In addition, the government should be more open to dialogue with civil society. The following recommendations to civil society are also made:

- Improve networking and communication skills.
- Build constructive relationships with government and donors without being co-opted by them.
- Urban policy and advocacy organisations should develop their research and communication skills whilst also building stronger links with community and membership-based organisations.

Section 3.6 (page 29) is entitled 'Democratic ownership requires more enabling environment for civil society' and discusses in more general terms how CSOs have struggled to participate in policy and budget decisions.

**Forster, R., and Winter, C., 2006, 'Issues Note on Social Accountability Component: Ethiopia / Protecting Basic Services Project', World Bank:**

[http://siteresources.worldbank.org/ETHIOPIAEXTN/Resources/Issues\\_Paper\\_SA\\_component.doc](http://siteresources.worldbank.org/ETHIOPIAEXTN/Resources/Issues_Paper_SA_component.doc)

In 2006 the World Bank approved the 'Protecting Basic Services (PBS) programme in Ethiopia. It is essentially a hybrid instrument which is effectively sector budget support earmarked to service delivery, under the functional mandates of sub-national governments. This note discusses the innovative 'Social Accountability' component 4 which aims to strengthen the capacity of citizens and civil society organisations to engage in public budgeting processes and hold public bodies to account for the delivery of basic services.

Also of relevance is the World Bank PBS 2009 'Project Appraisal Document' for PBS II, please see attached file named 'WB PAD'. Please note that under PBS II components 3 and 4 of PBS I become sub-component C.

**Additional information**

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**Websites visited**

Google, Google Scholar, GSDRC, World Bank, Mokoro, DFID, OECD, ELDIS, IngentaConnect, International Budget Partnership, ECDPM, Christian Michelsen Institute, Overseas Development Institute, Capacity4Dev, VIDC, CIVICUS, [aideffectiveness.org](http://aideffectiveness.org), Eurodad.

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