

Civil society and national policy

DFID sponsored international workshop in Glasgow explores how governments and donors can work more effectively with civil society

An international Donor Workshop on Civil Society, sponsored by DFID UK at the end of May 2000, brought together around 80 people actively involved with civil society and poverty reduction. Those attending included bilateral donor staff with responsibility for the changing relationships with civil society, experts on participation and budgeting from Southern governments, multilateral agencies and civil society organisations from the South with a track record of work on citizens' rights.

The mix of perspectives and experience led to a dynamic meeting and participants were keen that the discussion, interaction and learning should continue in the future. This bulletin tries to capture some of the main discussion points and to summarise some of the contributions. A website giving a full account of the meeting, details of background papers, contact details and sources of information can be found at www.devinit.org/csw.htm and on pages 11 and 12.

The Workshop had two themes: first, the character of the changing relationships between donors and civil society and second, the role of donors vis a vis civil society engagement in shaping the pro-poor policy environment, particularly in national budgeting.

The first day of the meeting focused on information sharing, with donors and civil society groups explaining the changing nature of relations. A key theme was that whilst civil society organisations retained an important role in service delivery, increasingly the focus of attention was shifting to areas such as:

- networking • information sharing
- capacity building • policy analysis
- advocacy.

The second day of the workshop looked in detail at the growing involvement of civil society in national policy processes – particularly budgeting. Drawing on the work of the International Budget Project and agencies such as IDASA in South Africa and DISHA in India, the meeting discussed what civil society could add to policy formulation, who should be involved and how donors and host governments could facilitate effective participation.

A case study session on Uganda included perspectives from government, the Uganda Debt Network and DFID UK on how civil society had actually been involved in policy processes such as Uganda's Poverty Eradication Action Plan. Representatives from multilateral agencies and civil society described experiences from other countries.

Minister highlights changing role of civil society

George Foulkes opened the workshop with a quote from the 19th Century Scottish social entrepreneur, Robert Owen: 'Society may be formed so as to exist without poverty'.

The UK Parliamentary Under-Secretary of State stressed the need for donors to adapt both their funding mechanisms and their thinking to reflect changing relationships with civil society. In recent years, donors have focused on broader strategies for poverty reduction and are underlining the importance of participatory approaches and local ownership. Central to all of these developments is the involvement of a much wider range of stakeholders in planning approaches to poverty and development. Civil society is not just a convenient delivery mechanism for donor agencies and governments. It must be viewed as a genuine expression of local needs and actions.

In a speech which highlighted questions for the workshop, he asked participants to keep in mind

continued on page 10

Contents

Donors, NGOs & civil society: changing roles and relationships	2–4
Civil society and national budgets	5–7
Multilateral perspectives on civil society budget participation	7–8
Case Study on Uganda	9–10
Contacts & information	11–12

Donors and civil society:

People working on civil society in bilateral donor agencies are strongly aware of having to manage a relationship that is changing radically. Donors are moving in different ways and at different speeds but in broadly the same direction: away from spending money through NGOs and towards establishing wider and more complex partnerships.

The first day of the DFID Workshop on Civil Society was devoted to exploring these changes and the questions that are now forming part of the daily agenda of donor agencies:

What are we trying to achieve through our links with civil society? How far have we moved on from seeing NGOs as an alternative delivery mechanism? Do we see civil society organisations as a way of understanding the needs of poor people? Do we invest in civil society in order to strengthen the capacity of poor and excluded groups to assert their rights? Do we see an energetic and articulate civil society as a sign of a healthy democracy?

What about our aspirations for civil society at home? In Japan, the involvement of NGOs and civil society is seen as critical to maintaining domestic support for a large aid programme. In Spain and Italy municipalities are actively involved in development cooperation.

Who are our civil society partners? Are they mainly NGOs, or do they include partnerships with and through the other great pillars of civil society – the churches, trades unions, women's organisations, business and municipalities?

As part of the preparatory work for the DFID Workshop on Civil Society, each donor was asked to prepare a brief outline of their relations with civil society. Reports from 18 donors were contributed to the workshop and are now available at <http://www.devinit.org/cssumsheet.htm> Each highlights issues of most significance nationally. Together they provide a unique resource for comparing donor priorities and approaches to poverty, civil society and NGOs.

From NGO Support to Civil Society Engagement

Denmark has recently completed an evaluation of its cooperation with NGOs. Mogens Pedersen from the Danish Ministry of Foreign Affairs initiated the Workshop discussion on the changing donor relationships with civil society with a presentation of the findings of the evaluation on the impact and relevance of NGO assistance. Here we summarise some of the main points of the presentation and four key issues that were raised during intense plenary discussion.

The evaluation found four main strengths and five main weaknesses of NGO assistance:

Strengths:

1. Most NGOs are focusing clearly on poverty
2. NGOs have close relations with partners
3. They are eager to follow up on activities and have good mechanisms to do so
4. They meet the basic needs of the poor

Weaknesses:

1. NGOs are still working in isolated way and are not strong on relating micro to macro
2. They are engaged in implementation activities, rather than as facilitators
3. They focus on service delivery
4. They have insufficient knowledge of socio economic context

5. They do not consider long term impact – some do not even consider the possibility of measuring long term impact.

Denmark is revising its policy in response to these findings.

- Strengthening civil society in the South will become the main objective of future collaboration with Danish NGOs
- Denmark will make a specific effort to put civil society in the driving seat
- It will abandon the project idea – and move towards programmes and activities under the umbrella of general but well defined objectives
- It will focus more on co-ordination and alliances
- It will take the view that NGOs have to move away from service delivery towards advocacy and lobbying. NGOs should focus more on their capacity to promote an enabling environment for the poor to promote their own development.

To facilitate this new policy Denmark will have to make changes in the way it works too. Most importantly, it must recognise that a strategy in support of civil society has to touch all aspects of development assistance. It cannot remain only the concern of a single department. The Danish administration will make more effort to attract different types of NGO and build new alliances. Direct funding of civil society organisations in the South will need to

increase. NGOs will be encouraged to build clear core competencies and reduce the numbers of countries and issues they cover.

Plenary Comments

Is Civil Society in the Driving Seat or is it the Taxi Driver?

There are contradictions in donor policies that aim to put civil society in the driving seat and then tell the driver where to go! Donors talk of creating an environment that fosters particular types of civil society organisation – but at the same time assert that civil society should set the agenda. Who is determining the modalities of donors' relationships with civil society? What dialogue goes on with grass roots organisations?

Money Mediates – and undermines – Relationships

The perspective of many southern CSO and coalitions is that relationships between donors and civil society are mediated by money first and foremost.

Some donor led 'priorities' can be seen as undermining civil society. Instead of asking whether there are existing initiatives by civil society in South that can be built on, donors come with their own priorities. Both civil society and donors should be considering the extent to which they share interests; in practice the situation is that donors set conditionalities. This undermines the

authenticity of Southern civil society organisations and reduces their ability to make fundamental changes in social, economic or political arenas.

Rhetoric on capacity building but lack of support for civil society organisation growth

Not many donors are willing to invest in the long term sustainability of civil society organisations. Funds are often rigidly tied to projects, not to support for the organisation.

Despite massive funds invested in NGOs in Africa, there is little understanding of what the results have been. Few if any African NGOs feel that they are financially sustainable.

More attention should be paid to the conditions that enable civil society organisations to grow, replicate and scale up – like a business. Donors do not have a strategy for investment for growth in this sector.

Micro to Macro/Service delivery

Much of the ability to comment on macro matters arises from grass roots, project based, service delivery projects. Donors should be careful not to be too doctrinaire in their current opposition to projects and service delivery.

New dynamics in government/civil society relations on issues such as relating micro to macro, policy work and advocacy, transforming relationships, are affecting both North and South. If ministries are serious about development cooperation, not just aid, they should be considering the extent to which they support these things in their own countries. There is an urgent need to create an enabling environment for development cooperation in the North.

Damaging and extreme shifts in policy

Why do donors shift strategy every five years? We have had environment, gender, advocacy and lobbying and, not so long ago it was projects. This is a fundamental weakness in donor engagement with Southern CSO. It is indicative of the way that the agenda is set by donors who expect civil society to conform, and to conform very quickly.

Beyond NGOs: Donor Work with Civil Society Groups at Home

The definition of an NGO varies between countries and organisations. Some donors will only fund professional development agencies; others have policies that embrace a much broader range of civil society from football clubs to local councils. Others again have programmes of 'decentralised cooperation', where local authorities are empowered both to spend (and raise) some of their revenue on development cooperation.

Rafael Gerez from the Comunidad de Madrid and Michel Doucin from the French High Council for International Cooperation spoke on these themes.

The significance of decentralised cooperation in Spain lies not just in the funds they disburse. Municipalities for instance often 'do' a different kind of development, based more on solidarity links between people and organisations; spending through NGOs is typically high and links with local organisations and business are built in. This is not seen as a 'charitable extra'; rather, international cooperation with poor countries and peoples is stated to be a fundamental part of the politics of the region.

Opinion polls show strong public commitment to development cooperation in all donor countries. Widespread engagement with civil society can help to give expression to that commitment. This in turn builds public support for international development.

The goal of the Haut Conseil is to increase the involvement of civil society in France's cooperation policy. It involves NGOs, migrants associations, social and professional organisations, communities, researchers and experts in development, environment, cultural, scientific and technical cooperation are all members. Its mission states that 'government no longer has a monopoly on initiative and expertise in an area which will affect the living conditions of future generations and which therefore requires a human, sustainable development strategy'. Email Hcci@cooperation-internationale.gouv.fr

Civil Society Concerns about relationships with donors

Kumi Naidoo is Director of CIVICUS – the World Alliance for Citizen Participation. His comments focused on concerns that civil society organisations have expressed on the nature of the emerging engagement between donors, Southern governments and civil society.

• **Definition.** 'Civil society' is an all-embracing term that can mean all things or nothing. Who do we mean? It seems many people are still essentially talking about NGOs. There isn't a strong sense of social movements, trades unions and other sorts of organisations. In different societies, the term 'civil society' can mean very different things. In the South, civil society itself contests the term 'civil society' as a Western import.

• **Politics.** Discussions sometimes unwittingly depoliticise what is essentially a political project. The emergence of a more active civil society is a new challenge of governance. There are political dimensions and implications.

• **Poverty.** Many discussions do not sufficiently link poverty with deepening structural inequality. At this point in human development, we cannot have an intelligent discussion about poverty, without understanding how structural inequality is a breeding ground for greater poverty.

• **Democracy.** Assumptions are made about democracy in the West versus emerging democracy in the South. Southern governments sometimes turn to southern civil society organisations and say, 'You are just agents of Western donors. You are self-appointed do-gooders, whereas we are elected.' Southern civil society organisations can respond by arguing that governments cannot take a victory at the ballot box as a blank cheque for everything they want to do for the next four or five years. But it is important that northern donors recognise this challenge to civil society in the way that they engage in the South. Northern organisations also need to look at the northern 'democratic deficit'. People walking away from polls, a high level of media control and manipulation of electoral processes and highly undemocratic party machines.

- **Global Issues.** Too many civil society discussions focus on the meso or micro level and do not give enough attention to macro questions such as reforming macro global governance institutions.
- **Legitimacy.** On accountability and legitimacy there are no easy answers. For example, how authentically can civil society organisations based in urban areas speak for people in rural areas? We need to explore issues such as how to manage specialised roles and continuous dialogue with more grass-roots counterparts.
- **Linking civil society South & North.** There are success stories on land mines and debt where people have networked and forged common agendas. Such relations can be mediated by common values and common citizen interests across boundaries, rather than being constructed solely around money and resources.
- **Capacity Enhancement.** The way some northern counterparts talk about capacity building can be very disempowering! It is not a question of quotas! Millions, if not billions, of dollars have been poured down the capacity building drain, with very little to show for it. The real challenge is how existing capacities can be enhanced, promoted and developed, through partnerships.
- **Time.** Donors particularly need to realise that working with civil society takes time – there is it is not a sufficiently strong sense of how long it takes for things to happen.
- **Partnership.** Contradictions exist in the partnership debate. Can you be an equal partner if you don't have a cheque book, or when you have a partner who has a huge cheque book? How can you construct partnership in a way which gives real effect to partnerships and which ensures some equity in the interaction?
- **'Donor consultation fatigue syndrome'.** Almost every month of the year, some donor is convening a consultation process. Could these exercises not be better co-ordinated? Similarly, could donors not be more consistent in applications procedures, funding proposals, reporting requirements? These things place a huge burden on civil society organisation staff who should be doing the actual work that they set out to do.

Comments from Working Groups

The Workshop on Civil Society was designed as a way of getting people to talk together and understand different perspectives and initiatives. A series of working groups looked both at generic issues, such as the changing nature of civil society partners, and at specific areas including funding mechanisms, public attitudes and interdependence between governments and civil society. A selection of issues is highlighted here to give a flavour of the range of participants' interests.

Donors are clearly engaging with a much wider variety of civil society organisations – not just big NGOs. The nature of engagement is also changing, with a new and strong policy dimension being added to the traditional involvement of civil society organisations in service delivery.

Civil society needs to be defined more clearly. It is usually defined as the sector between the state and market. **It is important not to romanticise civil society and forget about its 'uncivil' elements.** Promoting a working understanding of key terms would help dialogue and policy development and prevent confusion arising from different understanding of concepts such as 'partnership' or 'civil society'.

There are different reasons for engaging with civil society. Some donors are seen as taking a purely instrumentalist view – NGOs and CSOs being regarded as cost-effective implementation mechanisms. But Workshop participants felt that donors needed to go beyond this approach. **Engagement with civil society has to touch all parts of development assistance.** It cannot be the task of just one department. Donor civil society departments need to develop much closer links with other donor departments and country offices.

Many civil society organisations need to ensure that they have something worthwhile to contribute. Understanding how policy decisions really impact on the lives of poor people and **drawing conclusions from grassroots experience that can improve the policy making process is extremely challenging work** – but that is what is being asked of civil society. Participation tends to be discussed as if it is unproblematic, as though there were no issue about who gets to participate and who does not, and no issues of difference such

as gender and ethnicity.

Donors are keen on shifting funding away from service delivery to advocacy/capacity building. However participants argued for a more balanced approach. **A sudden withdrawal from service delivery could leave gaps in service provision, which would adversely affect poor people** and hinder the achievement of poverty reduction targets.

Directly funding Southern civil society organisations could avoid the problem of their financial dependence on Northern NGOs and may also reduce transaction costs for donors. But, do donors have the capacity to fund directly? Do donors and Southern CSO share a vision? It is a paradox that a strong civil society is needed to limit the power of donors but that those donors are also the funders of civil society. **Donors and Northern NGOs tend to have insufficient knowledge of the socio-economic context of Southern countries and the diverse and conflicting interests in society.** Civil society interest groups may be against pro-poor action for social and cultural reasons as well as economic ones.

Donors need to improve engagement with civil society in their own countries and be realistic about demands made of Southern countries. **There is a danger that civil society will be required to take on more than it can handle,** including responsibilities which governments should meet.

Where can donors best add value? Donor contributions are marginal in some areas but crucial in others. What methods can donors develop to ensure that assistance is appropriate and avoids disrupting internal development processes?

Who is setting the agenda? There is a consensus that civil society must have a stake in decision making processes. But questions need to be asked about the degree of dialogue between national and grassroots players. **Donors, governments and civil society need to work on creating spaces for voices to be heard** and understanding who is excluded.

Donors must consider the legitimacy and representativeness of groups with whom they engage. Legitimacy in advocacy comes from interaction with the poor. What is the **legitimacy of civil society organisations in the eyes of the poor?**

Civil society involvement in policy and budgeting

The budget is at the heart of government and society – the place where priorities are determined and the interests of different people and sectors are weighed up. In the context of poverty reduction the budget is critical. The priorities, the allocation of resources and the efficiency with which they are utilised have been seen as fundamental to poverty reduction for a long time. Recently however much more attention has been given to the budget process: the rights of the governed to have a say in the decisions that affect them and the pragmatic results of participation. Citizen involvement can ensure that budget priorities are in line with poor people's priorities.

As donors have recognised the importance of engaging with a much wider range of stakeholders in planning approaches to poverty and development they have seen the need to review the ways that they work with civil society in the South.

The DFID Workshop was fortunate in being able to draw on a range of expertise from civil society groups involved in monitoring and advocacy around budgets, technical expertise on Poverty Reduction Strategy Papers and those actually involved in producing the budget in Uganda.

Budget Analysis and Social Activism in India

M.D. Mistry, Director of the Indian NGO DISHA (Developing Initiatives for Social and Human Action) led a working group at the Civil Society Workshop. He has written persuasively on why civil society organisations should become involved in budget analysis. Here we summarise some key points that he has made. More detailed information can be seen at <http://www.internationalbudget.org/> DISHA's contact details pages 11 and 12.

DISHA began to see the need for budget analysis when it lobbied the government on issues such as land rights for tribal forest land cultivators and the collection rate for 1 million tribal leaf-plucker women in Gujarat. DISHA realised that unless it had information on the money spent by the national and state governments, it would be difficult to lobby for change. This realisation forced DISHA to learn how to analyse the state budget.

The word "budget" is enough to turn off most social activists. But state and district budget documents can be fascinating because they are not just numbers. They show the expressed intention of government, its policies, and its allocation of financial resources, which create the rich and poor regions and groups within the state.

For DISHA, getting hold of budget documents and analysing them took time and meant learning new skills in analysing budgets. Because DISHA was the first public group to publish an alternative budget analysis, the organisation thought a lot about what its materials should contain. The aim was that DISHA's work should stand out from the piles of the papers that elected members get from the government every day during the budget session. Notes were kept short — six pages long at the most. DISHA's analysis emphasised how poor people are left out of the budget policies. It used detailed budget figures to show how policies adversely affect the poor.

"Injustices to the Tribals" created a great deal of interest in the media and amongst politicians, bureaucrats and voluntary agencies. Many opinion formers and policy makers became eager consumers of DISHA's materials — using them to press causes and lobby government.

- DISHA notes (prepared in local languages because of the educational background of users) shaped budget discussions in the assembly, dominating budget proceedings.
- Government officials became more alert to questions raised in the assembly.
- Budget discussion became sharper and more factual, forcing ministers to reply to the facts and making government officials work.

- For the first time, DISHA's notes stirred discussion on tribal issues. Issues affecting the poor were discussed.
- DISHA's name became familiar in the "corridors of power." Access to officials, ministers, elected representatives, and the press became easier.
- Members of the Legislative Assembly asked DISHA to conduct budget-analysis training programs for them.
- DISHA was not perceived as a struggle-oriented and slogan-shouting organisation since intellectual abilities had been used to put a case across solidly using the government's own figures.

A Guide to Budget Work

One of the main background documents for the Workshop was the International Budget Project's *Guide to Budget Work*.

The International Budget Project of the Center on Budget and Policy Priorities (a Washington based non-profit organisation) was started in 1997 with the goal of assisting NGOs, civil society organisations and researchers in their efforts both to analyse budget policies and to improve budget processes and institutions. According to IBP, there has been a growing interest in budget analysis by civil society — reflecting a

Civil society involvement in policy and budgeting

trend towards greater openness, democracy and participation in many countries.

The Guide to Budget Work explains why civil society organisations should engage in work and then provides a hands-on description of approaches. It includes:

- Information on specific budget organisations around the world, how they started and what they do on budgets
- A typology of budget work including: Economic and Fiscal Analysis; Budget Process and Practice Analysis; Sectoral Analysis (such as health or education issues); Distributional or Group Analysis that examines the impacts of budgets on different income groups or parts of society (such as children or women).
- Some lessons for being effective at budget work, including advice on writing about technical budget issues for a broad audience; media & dissemination; and working with policymakers.

Appendices include an introduction to budget basics. See contacts on pages 11 and 12.

Gendered Budgeting in Tanzania

In a presentation on the Gender Budget Initiative in Tanzania which analysed a range of initiatives to mainstream gender in national planning and budgeting processes, Agrippina Moshia also set out some of the opportunities and challenges arising from the involvement of civil society in the GBI. These are highlighted below. The full version of the paper includes a description of the objectives, implementation and achievements of the programme, an analysis of focal areas for donor support and the opportunities created by social and political reforms.
<http://www.devinit.org/cspaptgnp.pdf>
Contact: Tgnp@muchs.ac.tz

The Gender Budget Initiative has a strong focus on capacity building, both through research and through identifying actors in NGOs who can lobby and advocate. Capacity building and research has increased the Tanzania Gender Network's access to government and strategic decision-making bodies.

The Tanzania Gender Network has identified two major challenges to capacity building of civil society. First, civil society groups often have different conceptual outlooks and very different capacity to deliver. Second, the lack of knowledge on macro-economic issues and how they relate to their livelihood, has made capacity building a long process. Addressing this lack of knowledge is also more difficult in the absence of national programmes of awareness raising on resource generation, allocation and utilisation and in the absence of stakeholder participation in planning and budgeting processes.

The Gender Budget Initiative has made it a priority to find allies and key actors in specific ministries. Government actors became involved in the process as researchers, providing access to data that would otherwise be considered confidential. This enabled strong ties to be built between the Tanzania Gender Network and government technocrats.

Coalitions and networking have been used to create alliances, contacts and solidarity with other groups and people, leading to collective actions. Collective action is seen as vital to obtain change, especially when civil society is viewed as a rival by government. Through the coalition and capacity building programme, like-minded NGOs and Community Based Organisations work together on common agendas, complementing the government's development initiatives.

An Overview of the Work of Budget Organisations

Warren Krafchik is Manager of the Budget Information Service (BIS) at the Institute for Democracy in South Africa (Idasa). He based his presentation around four statements on current budget work:

- *The work of applied budget organisations covers a broad spectrum of issues and methodologies.*
- *These organisations can add value to the budget process and poverty alleviation by deepening debate and improving policy choices.*
- *To succeed in budget work civil society organisations must invest in a sustained effort. Donors need to*

ensure that any support for budget work is predictable, consistent and sustained.

- *NGO applied budget work is likely to grow*

Independent applied budget groups focus on a wide variety of topics and use several methodologies.

The Idasa Budget Information Service (BIS) was set up in 1995 to:

- Provide timely, critical, objective and accessible information on the impact of the budget on poor people.
- Its work is targeted at legislatures, civil society and the media.
- The aim is to enhance the participation of these target groups in budgets.
- This reflects the belief that broader participation will build commitment to trade-offs and improve budget and poverty policy allocations and impact.

The Budget Information Service was a response to three major macro-economic issues facing South Africa. The need to spend current resources better through reprioritisation. The need to monitor devolution of social services to newly established and unequal provinces. The need for a broad budget reform agenda, including improvements in transparency, accountability and participation.

IDASA considers itself to be a critical ally of the transition – supportive of government poverty alleviation efforts, but retaining the right to criticise. IDASA is not principally an advocacy organisation, having no membership or community base. It tries to provide information / analyses that will help the advocacy / interventions of civil society and legislatures.

The Budget Information Service programme includes the South African Women's Budget, the South African Children's Budget and will include a Budget for the Disabled in South Africa. As well as work at national level, project activities include monitoring each provincial legislature and providing inter-provincial comparisons of health, education & welfare expenditure. IDASA conducts comparative analyses of anticipated financial outturns. Our aim is to

Civil society involvement in policy and budgeting

predict future budget legislation and provide policy alternatives drawn from international experience that can deepen debate and improve choices.

Budget NGOs can add value to budget processes and decisions.

The development of quality budget work outside of government demands a sustained effort to dedicate organisational capacity on a comprehensive set of programmes. Public finance does not have a history of non-governmental involvement (or often effective legislature involvement). Carving a niche is unlikely to occur while organisations only have minimal resources dedicated to a two-week period preceding and following the national budget presentation.

BIS makes an impact through direct and indirect mechanisms including:

- Identifying and disseminating best practice
- Impact through monitoring: As an

example, the Children's Budget assesses expenditure and taxation relative to the governments commitment to the United Nations Convention on the Rights of the Child and the National Programme of Action.

- Building debate by improving flow and depth of timely, critical information
- Impact through building capacity and training for legislatures, civil society and media
- Impact through partnerships The Women's Budget is a partnership between civil society and the Parliamentary Committee on The Status & Quality of Life of Women

Future work in Africa

A scorecard has been developed by IBP and IDASA to measure Budget Transparency and Participation in the Budget Process. This survey was piloted in South Africa and subsequently a partnership was formed with NGOs in Kenya, Zambia, Ghana and Nigeria to produce a multi-

country Transparency and Participation Report for completion in January 2001. The IBP are also producing Transparency scorecards in Russia, Poland, Mexico, Argentina and Chile.

Broadening and deepening of independent, applied budget work can be expected in Africa (and beyond). NGO budget organisations will need

- consistent, dedicated funding
- skills base
- analytical legitimacy
- detailed, useful and timely information
- closed budget systems
- institutional confidence.

A fuller version of this presentation can be seen and downloaded from www.devinit.org/cspresent.htm

Email Warren Krafchik on warren@idasact.org.za

IDASA website www.IDASA.org.za/bis/default.htm

Multilateral perspectives on civil society budget participation

In a very lively plenary session, Parmesh Shah and Malcolm Holmes from the World Bank and Brian Ames from the IMF looked from a multilateral perspective at participatory processes and Poverty Reduction Strategy Papers.

PRSPs, Poverty and Civil Society

First, the features of poverty and the factors that determine it.

Poverty is multi-dimensional. Rather than looking at income or consumption we need to understand the perspectives of poor people, particularly on vulnerability and issues such as gender and children. It is

necessary to bring poor peoples' perspectives into poverty diagnostics from the beginning.

The second issue is what kind of choices there are on public action and which have the highest impact. Strategies need to be participatory but also to lead to effective public action.

The third issue is how to identify and monitor indicators of progress in a participatory way. This is important. Outcomes have in the past been determined more from outside than inside the country.

The intention of the Bank is now to shift from an IFI or external-centred process to a country-centred process. In the past, most poverty reduction

strategy documents were written outside the country. The aim now is to promote broad-based country-level ownership, not only at government but also civil society level.

Macro economic policy formulation and reform is usually very narrowly centred on Ministries of Finance and a few external institutions. How do we demystify policy formulation and improve the intensity and quality of civic engagement around the issues at the country level?

Participation in public expenditure reviews and budgeting has, up to now, centred on consultation for validation. Civil society has been primarily involved in validating documents and

Multilateral perspectives on civil society budget participation

commenting in a very peripheral way. But here we are talking about moving beyond validation to participation at the formulation stage as well as the review and budget stages.

There are three concerns about accountability within poverty reduction strategies:

- first to ensure that the strategy reflects the needs and priorities of the poor.
- second, establishing mechanisms for holding government and service providers responsible to service users. Monitoring systems are needed so that changes can be made in public actions as a result of feedback. The concern right now is that there is no feedback loop which allows the views of those consulted to influence the formulation of policies.
- third, involving citizens in the monitoring of the poverty reduction strategy itself.

The Bank has put together a set of areas where it feels that civil society could play a very major role in poverty reduction strategies – it is not a conclusive list.

- implementation of sectoral policies – service delivery is still critical
- participation in budget making
- monitoring spending
- monitoring the quality of service delivery
- monitoring government accountability
- planning at local government level

Malcolm Holmes from the World Bank continued with the presentation – providing a very brief overview of a framework for thinking about budgeting and poverty reduction. He introduced his remarks with the observation that outsiders, notably donors, wishing to support poverty reduction, should be more consistent in their interaction with developing countries.

It is important to think about budgetary outcomes in at least three dimensions.

- The first is one that many people are familiar with – the macro-fiscal policy element which can be characterised in terms of aggregate fiscal discipline;
- The second is the allocation of resources to strategic priorities;
- The third is the use of those

resources efficiently and effectively to deliver high quality services.

The key point is the inter-linkages between these three and how these relate to putting pressure on government to improve performance.

Aggregate fiscal discipline and the policy process underpin predictable funding to service delivery. Allocation of resources is fundamental to predictable policy. The Bank has been doing a lot of work recently, undertaking surveys of officials in many countries. They have identified the two key constraints to their performance as being:

- volatility of policy, and
- unpredictability of funding.

So this issue is clearly significant and donors should focus on it: how predictable is funding and how predictable is policy?

Two key principles are critical to good budgeting – transparency and comprehensiveness.

It may sound a little arcane in the context of civil society and poverty reduction to talk about comprehensiveness. But people try and get away from being part of the budget process if they can with their extra-budgetary funds, or contingent liabilities, or guarantees. People trying to work outside the budget do not have much interest in poverty – their main interest is looking after the interests of a particular set of people, and it's not usually going to be the poor!

People should be encouraged to think much more about how to influence the policy process by participating in monitoring implementation. Through surveys of citizens and beneficiaries, you can begin to build a constituency for changing policies. It's not just a matter of intervening directly in the policy making process.

An element that receives less attention is fundamentally the question of whether governments have institutional arrangements that force them to consider poverty when making policy decisions? For instance, the World Bank does a tremendous amount of work on public expenditure and a tremendous amount of work on poverty, but it does not do them together. If anything comes out of the PRSP process, then it might just be that the Bank

brings these two together in its own work.

Focusing attention on government, when new policy proposals are considered, are governments required to address poverty issues? When government is considering and reviewing existing policies and programmes, is there a requirement that they take into account evaluations that reflect poverty concerns?

The final point is the need to demand a credible budget – one that provides explicit funding to deliver on explicit policies.

Documents referred to or directly relevant to the presentations by Parmesh Shah and Malcolm Holmes include the Public Expenditure Management Handbook, Poverty Reduction Source Book and Public Spending for Poverty Reduction. These papers, or excerpts from them, can be seen and downloaded from <http://www.devinit.org/cspaperslist.htm>

Civil Society and the Human Development Paradigm

In late 1999 UNDP held two workshops on civil society which marked significant developments in its thinking. The first on Governance for Human Development in December 1999 started out with the statement that UNDP's 'partnerships with civil society organizations are going to be as important as our partnerships with governments' in shaping the future of development'. The second, on Debt and Poverty Reduction in February 2000 stressed the importance of 'creating instruments which bridge the communication gap between civil society and purist macroeconomic instruments.'

In his contributions to the Civil Society Workshop, Kamal Malhotra of UNDP emphasised the significance of the human development framework. By virtue of its mandate and policy/advocacy work with the human development paradigm, UNDP was, and still is, the preferred multilateral partner of a wide range of civil society organisations, most particularly those focused on policy. The shared agenda on human development can provide the space for crucial alternative perspectives on globalisation and trade issues.

Multilateral perspectives on civil society budget participation

UNDP's 'governance for human development' agenda is premised on building capabilities and opening opportunities for and by people. Good governance relies on certain prerequisites being in place such as open access to information, participation of those likely to be affected by the outcome of public decisions, ability of the legal system

to ensure rights are respected and due process is adhered to. The role of civil society organisations in advocating, enabling and facilitating all of these is now widely acknowledged. Thus the human development framework requires that budgeting be linked to grassroots peoples' movements – in the North and the South.

Reports of the UNDP workshops on debt and governance for human development are available at <http://www.devinit.org/cspaperslist.htm>

Case study of Uganda: perspectives from government, donors and civil society

The DFID Workshop was fortunate in being able to draw on the experience and analysis of Mary Muduuli, Director/Budget, Ministry of Finance, Planning and Economic Development, Uganda. Uganda has made major efforts to engage with civil society on the budget – although, as Uganda Debt Network point out, there are limitations to the process. For a full version of the presentation summarised below see <http://www.devinit.org/csw.htm> Contact: Mcmud@starcom.co.ug

How should civil society be involved in national policy processes?

The involvement of civil society in some of Uganda's major policy processes has been strengthened in recent years as the Government has tried to forge strong and sustainable alliances with civil society. However, capacities need to be strengthened and viable coalitions built to enable active participation of civil society in the fight against poverty.

Why should government involve civil society?

Like accountability and transparency, the involvement of civil society is

crucial to guarantee that development cooperation is responsive to the needs of the poor. It is important therefore for Government to facilitate the participation of civil society organisations representing the poor in national policy processes, including budgeting. It is equally important to look carefully at the capabilities and actual performance of civil society organisations at different levels in order to promote their effective involvement and their accountability.

What roles can civil society play?

- Influencing policy formulation through advocacy, dialogue research and analysis
- Participating in formulation of sector plans as researchers, stakeholders and beneficiaries
- Delivering services and implementing public programmes
- Influencing public expenditure priority setting, resource mobilisation, allocation and utilisation.
- Monitoring and evaluating public expenditure and public programmes.

How does civil society get involved in public budgeting?

Public budgeting means prioritising needs in the context of available resources. It is an intricate balancing act between economic and political decision making. The characteristics of a well functioning public budget system include: Strategic Focus; Transparency; Predictability; Flexibility; Accountability; Accuracy; Timeliness; Comprehensiveness, Efficiency; Discipline.

But to achieve all of these features, all systems need to work properly. That in turn requires the capacities to sustain them. Although Uganda is still struggling to build a well functioning system, civil society in Uganda is already involved in many aspects of the budget.

Civil society has influence at a strategic level through the Poverty Eradication Action Plan process and Uganda Participatory Poverty Assessment, through Sector Wide Approaches and the HIPC debt initiative.

There have been improvements in the transparency of the process – budget documents are in the public domain, the process is more consultative and open to civil society.

Case study of Uganda: perspectives from government, donors and civil society

Civil society has been involved in tracking funds, monitoring outputs and results of public expenditure at different levels. It has successfully agitated to enforce accountability for the use of public resources

There has been progress on comprehensiveness – all resources involving public action are brought into the budget to promote their most efficient use – this includes contributions by communities and donor support through districts and NGOs. Discipline is also increasing as policy is more strongly linked to budget and the resources available

A citizen's right to be involved

Zie Gariyo is Director of the Uganda Debt Network. Although debt is a major issue for them, the UDN is an active representative of civil society in Uganda, participating in Consultative Group meetings and providing commentary, advocacy and analysis of progress on poverty in Uganda. A paper was presented based on the Uganda Debt Network's work and the experience of 15 organisations in the Budget Advocacy Initiative.

See the full paper at <http://www.devinit.org/cspapers.htm>

In Uganda citizen participation in the planning process is guaranteed by the constitution. However, the majority of citizens do not influence budgetary processes and policy formulation. While they have a direct interest as taxpayers in the benefits, the mechanisms for constructing budgets are too complex and require particular skills and knowledge to be understood.

The budget process is still largely a central government affair. The Minister of Finance on behalf of the

President presents the budget to Parliament, which is required under the constitution to authorise all expenditures.

A Budget Reference Group set up by the Ministry of Finance, Planning and Economic Development in April 2000 aims to demystify the budgetary process and policy formulation. A citizen's guide is to be developed and widely circulated.

Organisations such as UDN are already working on a strategy to popularise information on budgets and other public policies. It publishes 40,000 copies of a quarterly newsletter, *The Policy Review Newsletter*. UDN is also setting up District Poverty Monitoring Committees so citizens can participate directly in policy dialogue and influencing.

The media

The role of the media remains very limited. Most media practitioners do not bother to collect budget information and thus can not make an informed analysis of budgetary policies. The media has, however, played a leading role in exposing corruption among public officials.

The Private Sector

The Uganda Manufacturers' Association is a highly articulate, organised group of private sector entrepreneurs. Faced with high taxes on imports for raw materials and on production, they have successfully influenced budgetary policy planning to favour them.

Donors

Donors contribute over 80% of the development budget and over 20% of the recurrent budget in most Sub-Saharan countries including Uganda. Naturally, they are able to influence

public expenditure priority setting. They are highly organised, articulate and able to push for their interests. The lack of a strong civil society contributes to the degree of donor influence on policy planning.

Marginalised groups

People with disabilities and especially women are among the poorest of the poor. They are shunned and ignored in public policy planning. In recognition of the marginalisation of such groups, Government has put in place affirmative policies to ensure that women, people with disabilities and youth are represented at national and local government levels. The Budget Advocacy Initiative also has members from interest groups including disability and gender.

Minister highlights changing role of civil society

continued from page 1

the issue of how donors, as external actors, can contribute in a way that will most effectively support Southern ownership and control of the development process.

Budgeting, he noted, was at the heart of the matter – the financial expression of a country's aspirations – and a vitally important issue for the workshop. Donors were concerned to support local capacity development in areas such as statistics. The Minister pointed to the challenges facing civil society organisations, in terms of legitimacy, accountability and what they can contribute at policy level.

See speech at www.devinit.org/csspeech.htm

CIVIL SOCIETY WORKSHOP CONTACTS

AUSTRIA Wolfgang Moser, Department for Development Cooperation
Federal Ministry for Foreign Affairs
+ 43 1 531 15 4471 Fax + 43 1 1531 85272
Wolfgang.Moser@wien.bmaa.gv.at

AUSTRIA Guenther Schoenleitner
Osterreichischer Entwicklungsdienst, (OED)
+ 43 310 0592
Schoenleitner@oedwien.org

BELGIUM Kurt Petit & Michelle Devisch
AGCD – Directorat General de Cooperation Internationale
+ 322 519 0698 Kpetit@badc.fgov.be

BOLIVIA Leonor Arauco, Director, UNITAS
UNITAS + 591 2 420512 or 417218
Fax: 591 2 420457 Unitas@ceibo.entelnet.bo

CANADA Francoise Mailhot, Director, Project Facility, NGO Division, Partnership Branch, Canadian International Development Agency (CIDA)
+ 819 953 2817 Fax + 819 953 6357
FRANCOISE_MAILHOT@acdi-cida.gc.ca

CIVICUS Kumi Naidoo, Director, CIVICUS
World Alliance for Citizen Participation
+ 202 331 8518 Fax: +202 331 8774
Admin@civicus.org Kumi@civicus.org
www.civicus.org

COMMONWEALTH Colin Ball
Commonwealth Foundation
+ 44 020 7930 3783 Fax 44 020 7839 8157
Geninfo@commonwealth.int
www.commonwealthfoundation.com

DENMARK Mogens Pedersen
Head of NGO Division
Royal Danish Ministry of Foreign Affairs
+ 45 33 92 1850 Fax + 45 33 92 18 53 MOPEDE@um.dk

ETHIOPIA Jalal Abdel-Latif
Inter Africa Group
+ 251 51 87 90 Fax + 251 51 7545 iag4jalal@mailcity.com

EUROPEAN COMMISSION Timothy Clarke & Gilles Desesquelles
DG Development, European Commission
+ 322 296 1704 Fax + 322 299 2911
Timothy.clarke@cec.eu.int
Gilles.desesquelles@cec.eu.int

FINLAND Leena Viljanen, Director, Unit for the NGOs & Christian Sundgren, Ministry of Foreign Affairs, Department for International Development Cooperation + 358 9 1341 6365 Fax + 358 9 1341 6470 Leena.viljanen@formin.fi
Christian.sundgren@formin.fi

FORD FOUNDATION Mike Lipsky, Ford Foundation Fax + 212 351 3677 MLipsky@fordfound.org

FRANCE Michel Doucin, General Secretary, Haut Conseil de la Cooperation Internationale
+ 331 4317 4590 Fax + 331 4317 4639
michel.doucin@diplomatie.fr

HONDURAS Maribel Suazo, Interforos + 504 232 2431
mdasonog@sdnhon.org.hn IMF Brian Ames
IMF + 202 623 7000 Fax + 202 623 4661 Bames@imf.org

INDIA M.D. Mistry, PATHEY Centre for Budget Analysis and Policy Priorities
+ 91 79 755 9842 Fax + 91 79 755 6782
Disha@ad1.vsnl.net.in

JAPAN Tomoko Sato, Assistant Resident Representative, JICA UK Office, 45 Old Bond Street, LONDON W1X 4HS
Tomokos@jica.co.uk

NETHERLANDS Dieke Buys, Head, NGO Division
Ministry of Foreign Affairs
+ 31 70 348 5318 Fax: + 31 70 348 5956
h.buys@dru.minbuza.nl

NORWAY Svanhild Nedregård, NORAD
+ 47 22 240515 Svanhild.nedregard@norad.no

NORWAY Dag Nissen, Assistant Director General
Royal Ministry of Foreign Affairs, Norway
+ 47 22 24 3600 Fax + 47 22 249580

OECD Henny Helmich
OECD Development Centre
+ 331 4524 8285 Fax + 331 4524 7943
Henny.helmich@oecd.org www.oecd.org/dev

PORTUGAL Sergio Antonio Ferrera Guimaraes Institut de la Cooperation Portugaise
guimaraes.instcoop@mail.telepac.pt

SOUTH AFRICA Warren Krafchik, Institute for Democracy in South Africa, IDASA
+ 27-21 461 2559 Warren@idasact.org.za

SPAIN Rafael Gerez Kraemer
Comunidad de Madrid Rafael.gerez@comadrid.es

SWEDEN Magnus Lindell, Head of NGO Division
Swedish International Development Co-operation Agency (Sida)
+ 46 8 698 5293 Fax + 46 8 698 5613
Magnus.lindell@sida.se

SWEDEN Tomas Jonsson, Special Adviser,
Ministry for Foreign Affairs
+46 708 303 400 tomas.jonsson@foreign.ministry.se

TANZANIA Agrippina Moshia, Programme Officer, Lobbying and Advocacy
Tanzania Gender Network
Fax + 255 51 43244 Tgnp@muchs.ac.tz

UGANDA Mary Muduuli, Director of the Budget
Ministry of Finance, Government of Uganda
Mcmud@starcom.co.ug

UGANDA Zie Gariyo, Director
Uganda Debt Network
+ 256 41 543974 or 533840 Fax + 256 41 534856
zieg@infocom.co.ug www.uganda.co.ug/debt

UK Tony Burdon, British Overseas Agencies Group, BOAG/Oxfam
+ 44 1865 311311 Tburdon@oxfam.org.uk

UK Jennie Richmond, British Overseas Agencies Group, BOAG/Christian Aid
+ 44 20 7620 4444 + 44 20 7620 0714
jrichmond@christian-aid.org
www.christian-aid.org

CIVIL SOCIETY WORKSHOP CONTACTS

UK Richard Bennett, Coordinator, BOND, British Overseas NGOs for Development
+ 020 7837 8344 Bond@bond.org.uk
www.bond.org.uk

UK Dinny Hawes
BVALG, International Service
+ 44 1904 647799 Unais-uk@geo2.poptel.org.uk

UK Tina Wallace
Oxford Brookes University Twal838066@aol.com

UK Martin Sime
Scottish Council for Voluntary Organisations
+ 44 131 556 3882 Fax + 44 131 556 0279
Martin.sime@scvo.org.uk

UK Stephen Godfrey, SGTS & Associates
steve.godfrey@sgts.co.uk

UK Frank Black, Head CSD (prior to July 2000)
DFID
+ 44 1355 3290 Fax + 44 1355 3457
f-black@dfid.gov.uk

UK Stephen Chard, Head, CSD (from July 2000), DFID
+ 44 1355 3586 Fax + 44 1355 3457 s-chard@dfid.gov.uk

UK George Foulkes MP, Parliamentary Under-Secretary of State for International Development, DFID
+ 44 20 7917 0621 fax + 44 20 7917 0831

UK Patricia Scotland, Social Development Adviser, CSD, DFID
+ 44 20 7917 7000 p-scotland@dfid.gov.uk

UNITED NATIONS Kamal Malhotra, UNDP
+ 212 906 6590 Kamal.malhotra@undp.org

UNITED NATIONS Carlos Sanchez Milani, Programme Specialist, UNESCO, Division of Social Science, Research and Policy
+ 331 4568 4576 Fax + 331 4568 5724/28
c.milani@unesco.org

USA Adele Liskov, Program Manager, USAID
+ 202 712 0690 Fax + 202 216 3041 Aliskov@usaid.gov

USA Isaac Shapiro, Director, International Budget Project
+ 202 408 1080 Fax 202 408 0848 Shapiro@cbpp.org

WORLD BANK Malcolm Holmes, Principal Public Sector Management Specialist, World Bank
+ 202 473 7189 Mholmes@worldbank.org

WORLD BANK William Reuben, NGOs and Civil Society, World Bank
+ 202 458 5012 Wreuben@worldbank.org

WORLD BANK Parmesh Shah, Participation Thematic Team, Social Development Department, World Bank
+ 202 473 4022 Pshah@worldbank.org

DFID CONTACTS AND CIVIL SOCIETY WEBSITE

As a result of the Civil Society Workshop, a website has been set up to help participants keep in touch with policy developments and new information. Currently the website includes many of the background papers produced for the workshop, a longer list of international contacts, summary sheets on the status of each donor's work with civil society and selected resource material on civil society and related issues such as the evaluation of NGO policy work.

The Civil Society Department in DFID would be pleased to hear from anyone interested in these issues and to get suggestions for information or contacts that should be added to the website. Please contact the Civil Society Department at the addresses opposite.

DFID CONTACTS

Karen McGeough, CSD, DFID
+ 44 1355 3335 Fax + 44 1355 3457
k-mcgeough@dfid.gov.uk

Moira Marshall, CSD, DFID
+ 44 1355 3384 Fax + 44 1355 3457
m-marshall@dfid.gov.uk
DFID, Civil Society Department, Abercrombie House,
Eaglesham Road, East Kilbride, Glasgow G75 8EA

Development Initiatives

Judith Randel, Tony German,
Tasneem Mowjee, Beverly Slow,
Development Initiatives
+ 44 1749 831141 Fax + 44 870 054 8727
Di@devinit.org www.devinit.org

www.devinit.org/csw.htm



This is a special edition of *Development Information Update* produced by Development Initiatives for the UK Department for International Development. To receive *DI Update* by post or email quarterly contact Development Initiatives di@devinit.org or see *DI* on the web at www.devinit.org

