Creating Incentives for Budget Reform: Enhancing Engagement of CSOs and Accountability Institutions for Budget Transparency and Accountability

Joint research project by GIZ and IBP

Terms of Reference for Country Case Studies
(El Salvador, Georgia, Indonesia, Kenya, and South Africa)
June 2014

A. Background

Supporting governments to become more accountable and transparent – in particular with regard to their budgets and service delivery – is a core element of Good Financial Governance (GFG). The public budget is an intrinsic part of governments’ policies and the subject of intense political discussions, as it translates political priorities into allocation of financial resources. It is therefore vital for the budget process to be transparent, and for budget documentation to be of high quality and accessibility, in order to allow citizens to hold government to account for the management of public funds, e.g. through budget analysis and budget tracking initiatives.

Budget reformers have come to understand that a purely technical approach to improving public finance management (PFM) does not suffice. Instead, the political dimensions of PFM also need to be considered. That is why the German Development Cooperation is pursuing the holistic Good Financial Governance (GFG) approach in its technical and financial assistance, which integrates the technical with the normative and political economy dimensions to support PFM in partner countries. This approach includes aspects such as incentive systems, cooperation and consultation mechanisms, and efforts to better leverage the comparative and strategic advantages of different actors and stakeholders contributing to achieve GFG.

The IBP has been at the forefront of efforts to support a robust role for independent organizations in the budget process. The organization’s most recent efforts to document the impact of civil society work on budget accountability have demonstrated the important role of formal accountability institutions (such as legislatures and Supreme Audit Institutions) and external donors in complementing the role of domestic civil society actors in improving the equity and effectiveness of budget decision-making and spending. GIZ and IBP are now setting up a research partnership aimed at building public knowledge about the political economy of public budgeting and, in particular, the interrelationships that exist between institutions that comprise the budget accountability ecosystem and how these can work in favour of budget transparency and accountability.

Research has shown that both CSOs and development agencies can play a role in incentivizing budget reforms and extending the scope for transparency and accountability. CSOs’ budget work, like that undertaken by the IBP and its partners, focuses on research and advocacy and on training and capacity development for citizen groups in different countries. Implementing donor agencies, such as GIZ, usually work with government agencies involved in the budget process (including the ministries of finance and/or planning, Supreme Audit Institutions, Parliaments and line ministries). While CSOs have a comparative advantage in mobilizing and informing the general public (outreach) and thus exerting pressure on governments to reform (the demand side of accountability), donor agencies incentivize budget reforms through policy dialogue linked to grants and loans, often coupled with short- or long-term technical cooperation. For this reason synergies between CSOs and donor agencies’ budget work could be explored further, to an extent where technical cooperation can have a complementary role to CSO work, for example by using the findings and recommendations put forward by these organizations in support of change at the institutional and political levels. At the same time, there is room for engaging CSOs more
strategically in budget reforms, for instance by creating better linkages between them and national accountability institutions, such as Parliaments or SAIs.

Such coordination calls for a better understanding of the approaches taken by these different actors. Exploring how accountability actors influence government and how development partners support accountability actors could provide a basis for better coordination between organizations such as IBP and GIZ or other external development actors – who support different partners – and parts of the accountability system. For this reason, GIZ and IBP are commissioning case studies in 5 countries (El Salvador, Georgia, Indonesia, Kenya, South Africa) focused on how accountability actors work together and how development partners support their work. These countries were chosen among those where both GIZ and IBP have relevant ongoing programs and direct engagement with accountability actors around the budget process, and to ensure a broad geographic spread.

B. Scope and purpose of the case studies

The case studies are aimed at gaining a better understanding of the role of different accountability actors in promoting budget transparency and accountability, about the ways in which they collaborate, and about the ongoing and potential role of external actor like GIZ and IBP or other development partners in providing support to reforms in this area. The case studies will cover the following two major topics, and consider guiding questions listed below (not exclusive):

1. **Country Accountability Systems: How do different accountability actors engage and collaborate with each other to promote budget transparency and accountability?**
   
   a. A description of country accountability systems: Who are the key actors in the accountability system and what roles do they play? The description should describe the roles of legally designated accountability actors such as legislatures and audit institutions as well as that of other actors such as CSOs and the media and This description should consider the *de jure* as well as the *de facto* roles that each of these actors and institutions play in the accountability system, and the accountability mechanisms and processes that are in place.
   
   b. Analysis of effectiveness: How effective have the different accountability actors been in terms of transparency and accountability levels in the country and the quality of the PFM-system? How do they influence and impact on government’s reform programs? What are the working relationships between the various accountability actors and how have these relationships impacted on their effectiveness? What are the risks and bottlenecks in their relationships.
   
   c. Which common goals and interests do CSOs, SAIs, legislatures, media and governments share with regards to budget transparency and accountability, and how can these actors collaborate in order to pursue these common goals? What are the political economy issues that influence these roles and interests? Are there opportunities for closer cooperation between formal accountability actors and CSOs to improve budget transparency and accountability?
   
   d. Where are the gaps in the formal and informal structures and process of the country’s accountability system? What are the possible entry points for closing these gaps?

2. **How do development partners support the engagement and collaboration of accountability actors?**
   
   a. What is the approach that donors and implementing development agencies have taken to supporting the accountability actors described above? Who does their support target? What kinds of support do they offer? (e.g. capacity building,
organizational development, building strategic relationships, financial support etc.)?
b. Which other organizations support accountability actors, how and with what impact? What is the approach of the IBP and other such actors to supporting accountability actors in this country? Who does their support target? What kinds of support do they offer? (e.g. capacity building, organizational development, building strategic relationships etc.)?
c. Which opportunities and potential exist for more effective support through development partners? What would more effective ways be to provide such support? What are the possible synergies between development partners active in this country?

C. Methodology

Because the results of this research for each case study need to be comparable and should be able to speak to an external audience in a convincing manner, we propose the following measures to ensure the maximum rigor in gathering and evaluating evidence.

Evidence and sources

This research should provide robust and comparable evidence and analyses. For this reason it should draw on appropriate and multiple sources of evidence in order to verify sources and build as strong a case as possible. For source material, the reports should at least draw on:

- Relevant documents produced by accountability actors (parliament, supreme audit institutions, CSOs, ),
- Relevant documents issued by the government,
- Relevant documents analyzing the accountability system in this country such as academic research / international think tanks and newspaper/media reports,
- Relevant documents issued by development partners (active in the country as well as studies undertaken under the framework of the Effective Institutions Platform and relevant to the topic of accountability and transparency)
- Interviews with accountability actors (parliament, supreme audit institutions, CSOs),
- Interviews with government, and
- Interviews with informed observers such as academics, public intellectuals, etc.
- Interviews with development partners active in the field of supporting PFM reforms, budget transparency and accountability.

Peer review

This research will be subjected to extensive peer review. The first level of peer review will be the various internal GIZ/IBP reviews of the case study reports. At further points in the research process, at a minimum at the studies’ completion, we will solicit external peer reviews of the case study.

D. Timeframes, deliverables and process

Expression of interest and proposal including a detailed budget by 23rd June 2014;

An outline of the proposed case study, based on a first literature review (desk study) should be submitted to the GIZ/IBP for comment by 30 July 2014. The GIZ/IBP will provide feedback
on the baseline report within 10 working days. The outline should include a framework for the main components of the case study, focusing on the above-mentioned content as well as a detailed description of the sources of primary data including the names of potential interviewees.

Interviews (field study) shall be undertaken between the beginning of August and the end of September.

A first draft of the case study report including a summary of preliminary findings should be submitted not later than 15th October 2014. The GIZ/IBP will provide feedback within 15 working days of submission and solicit external peer reviewers. Please note that this feedback could require extensive additional work by the researcher, including further interviews and data gathering.

A final draft of the case study should be submitted by 31 January 2015.

Please note that GIZ and IBP retain the right to make any final edits to the document that may be required before publication. It also retains the right to shorten or re-use the case study in any way.

E. Length of the reports

The final case study report should not exceed 10 000 words, excluding tables and graphics. While some flexibility will be allowed, case study reports should give equal weight to the major areas as described above in “B. Scope and purpose of the case studies”.

F. Profile of researchers

Individual or teams of researchers /consultants will be eligible to apply. Case study researchers should fulfill the following qualifications:

- Education: University degree, preferably in economics, political science, development studies or similar;
- 3-5 years’ working experience in the field of international development cooperation, focusing of issues relating to public finances;
- Knowledge of and experience with the functioning of different accountability actors, country accountability systems and the implementation of government reform programs, ideally from former consultancies, advisory services or similar;
- Deep understanding of the political context and dynamics in the respective country;
- Knowledge and experience with designing and conducting qualitative and quantitative surveys relating to public finances;
- Experience with multi-stakeholder approaches;
- Strong communication skills appropriate to interact with a wide range of actors in a complex and partly politically sensitive environment;
- Excellent proven ability to draft clear, concise and accurate reports in English that address national and international development practitioners as well as policy makers;
- Proven ability to work results- and action-oriented, to deliver on time and according to budget;
- Being familiar with the approaches of German Development Cooperation and IBP is an advantage;
- Applications from residents / locally based consultants will be preferred.
G. Reporting

The researcher will report to the head of the Sector Program “Good Financial Governance” within GIZ (Dr. Anke Scholz) and the Manager of Research and Learning Mr. Albert van Zyl of the International Budget Partnership. The researcher will be available for regular briefings with and might contact for any questions relating to the case study research or contractual matters the project advisors of IBP (Mr. Albert van Zyl, avanzyl@internationalbudget.org) and GIZ (Ms. Nathalie Bouchez, nathalie.bouchez@giz.de).

H. Fees and payment

Payment for the assignment will cover consultancy fees, transportation costs and accommodation during travelling (if necessary) and will be disbursed according to the proposed budget.

J. The contracting Parties

The International Budget Partnership (IBP) collaborates with civil society around the world to use budget analysis and advocacy as a tool to improve effective governance and reduce poverty. Its major areas of work include: (a) building budget analysis and advocacy skills through training and technical assistance; (b) measuring and advancing transparency, accountability, and public participation in the budget process worldwide; and (c) contributing to strong and sustainable organizations by providing financial assistance for civil society budget work.

The Federal Ministry of Economic Cooperation and Development (BMZ) mandated the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH with implementing a sector programme (SP) ‘Public finance, administrative reform and decentralisation (Good Financial Governance, GFG). The sector programme advises BMZ on conceptual and methodological aspects in the thematic area of taxes, budget, administrative reforms, financial control and resource governance. Its mandate is to further develop the German approach to Good Financial Governance (GFG) and transparency initiatives and to promote these actively in at the international level.