

Lessons from the Field

The Impact of Civil Society Budget Analysis and Advocacy in Six Countries

Practitioners Guide

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Section 1

Introduction

1.1 Background and objectives of the comparative study

The budget is a government's most powerful social and economic policy instrument and plays a central role in the lives of each and every citizen. Not only are the resources for public budgets derived from citizens' expenditures and earnings, but citizens, especially poor and low-income ones, are the primary beneficiaries of government programs financed through the budget. It is therefore vital that citizens understand government budgets, and have access to information and processes that will allow them to hold the government accountable for the use of public funds.

Unfortunately, citizens have been traditionally excluded from budget decision-making and monitoring, as have been civil society organizations, legislatures, and the media. In most developing countries, public budgeting is still conveniently governed by the arcane principle that budget information should be guarded as a state secret, and the process dominated exclusively by the executive. Budget transparency and accountability is often weakest in countries where poverty and inequality are highest. The result is a massive leakage of scarce public resources into unnecessary projects, corruption, and ineffective service delivery, undermining efforts to reduce poverty, improve governance, and consolidate democracy.

In order to address these problems, an increasing number of countries are devoting substantial resources (usually with international donor assistance) to implementing best practice financial management techniques, such as medium-term budgeting, and reforming key government institutions. However, sustainable improvements in public budgeting will require building the capacity of both government and independent oversight institutions, such as civil society, the legislature and the media. To date, much less attention has been devoted to establishing an effective budget oversight system, and to ensure that independent stakeholders have the information and capacity necessary to hold governments to account.

Despite this relative lack of attention, there have been important developments in budget oversight capacity in many developing countries. The most impressive progress has been driven by citizens themselves. In over 60 countries, a wide range of civil society organizations have been working to improve their capacity to understand, analyze and influence the government budget. Civil society budget work, as this trend has been named, has expanded dramatically in Africa, Asia, and Latin America amongst universities and think-tanks, as well as within grassroots organizations and social movements.

For some activists and academics, civil society budget work is the key to establishing active citizenship and effective checks and balances over public finances. The argument is that civil society is able to adapt its intellectual and advocacy skills to the budget, and will over time train legislators and journalists to establish complementary policy space and compounding influence. For others, however, civil society budget work is unlikely to have a substantial impact on the budget, either because the budget process is too closed or because successful organizations will ultimately be co-opted by the government. Skeptics are also concerned that the rigid structure of public

budgets limits the availability of discretionary resources or the scope for effective re-prioritization.

Despite its dramatic growth, civil society budget work is still a relatively unknown tool for citizen participation, and its potential impact largely speculative. While anecdotal information has been very encouraging, there is not yet sufficient information available to answer the central question: *Can civil society improve the transparency, accountability and impact of public spending?*

This synthesis paper attempts to fill this gap in our knowledge by bringing together evidence from case studies of independent and experienced civil society budget organizations in Brazil, Croatia, India, Mexico, South Africa, and Uganda. The paper addresses two primary questions:

- What, if any, has been the impact of civil society budget work in the six case study groups?
- What are the different factors that explain such impact?

The paper is addressed to civil society researchers and activists that are considering (or already using) budget analysis as a tool for policy advocacy in developing countries, but it could also be of interest to other audiences, such as academics and donor organizations.¹

1.2 The six budget organizations

This paper synthesizes the work of six organizations: Ibase in Brazil, Institute for Public Finance in Croatia, DISHA in India, Fundar in Mexico, Idasa in South Africa, and the Uganda Debt Network.

The range of organizations included in this study is purposefully broad and includes development NGOs, networks and social movements, and research organizations. The range of countries included is purposefully broad as well, including upper-middle-income (Croatia, Mexico and South Africa), lower-middle-income (Brazil), and low-income countries (Uganda and India) as well as mature democracies (India and Brazil), countries in transition to democracy (Croatia), and countries characterized by democratic deficits (Uganda).

Despite differences in organizational type and context, all six organizations share a basic commitment to social justice, the rights of the poor, and effective and efficient use of public resources. Each organization's approach to budget work is shaped by these normative principles. For most of the organizations under review, budget work forms only a part of their overall set of activities, and some groups have created special units for this purpose.

The budget program at **Ibase** (the *Instituto Brasileiro de Análises Sociais e Econômicas*) in Brazil was set up in 1990, shortly after Brazil's new constitution

¹ A working paper for an academic audience, and a shorter briefing paper for a donor audience will be published separately. See www.internationalbudget.org for further information.

sanctioned the return to democracy and opened new opportunities for popular participation and democratization. The promotion of active citizenship has been at the core of Ibase's mission since its early days in the battle against the dictatorship. This mission is reflected in the group's budget work, which focuses on building the capacity of citizens and civil society groups and their related networks, analyzing budget information, and using budget information to change the relationship with central and local governments.

The **IPF** (Institute of Public Finance) in Croatia was founded in 1970. It was one of several publicly-funded research organizations established by the socialist regime. Over the years, it has developed from a dormant institute focusing almost exclusively on tax issues and local budgets into a dynamic leader in public finance and economic research, with ties to international and regional research networks. While its focus is mostly academic and long-term, the IPF has strong links with policymakers and the media and strives to disseminate information about budgets and public policies to a wide audience through regular events, publications, and a website.

DISHA (Development Initiatives for Social and Human Action) was founded in 1985 in the Indian state of Gujarat as a social movement dedicated to the political and economic empowerment of the poorest citizens, in particular tribal minorities, scheduled castes, and landless laborers. Since the mid-1990s, DISHA has used budget analysis as part of its effort to mobilize its members to demand their rights. DISHA seeks to ensure that the state government adheres to its constitutional mandate of providing resources and services to marginalized communities. DISHA does this by analyzing government spending commitments and expenditure outcomes in areas that are of greatest concern to the poor. DISHA has also trained other Indian NGOs in budget work, which has given rise to the formation of budget groups in other states and stimulated interest in the use of budget analysis to improve government accountability.

FUNDAR (Center for Research and Analysis) was established in Mexico in 1999 to promote social justice and human rights by monitoring public policies concerning poverty and the social sectors, and has made budget analysis a priority since its founding. FUNDAR has become known for its work on monitoring public funds, especially in the areas of maternal mortality, HIV/AIDS, and spending under the presidential budget, but also for its coordinating role in the Latin American Budget Transparency Index. FUNDAR also collaborates with — and provides training and advice to — a number of other groups in order to expand citizens' impact on the definition of government priorities and the allocation of public resources.

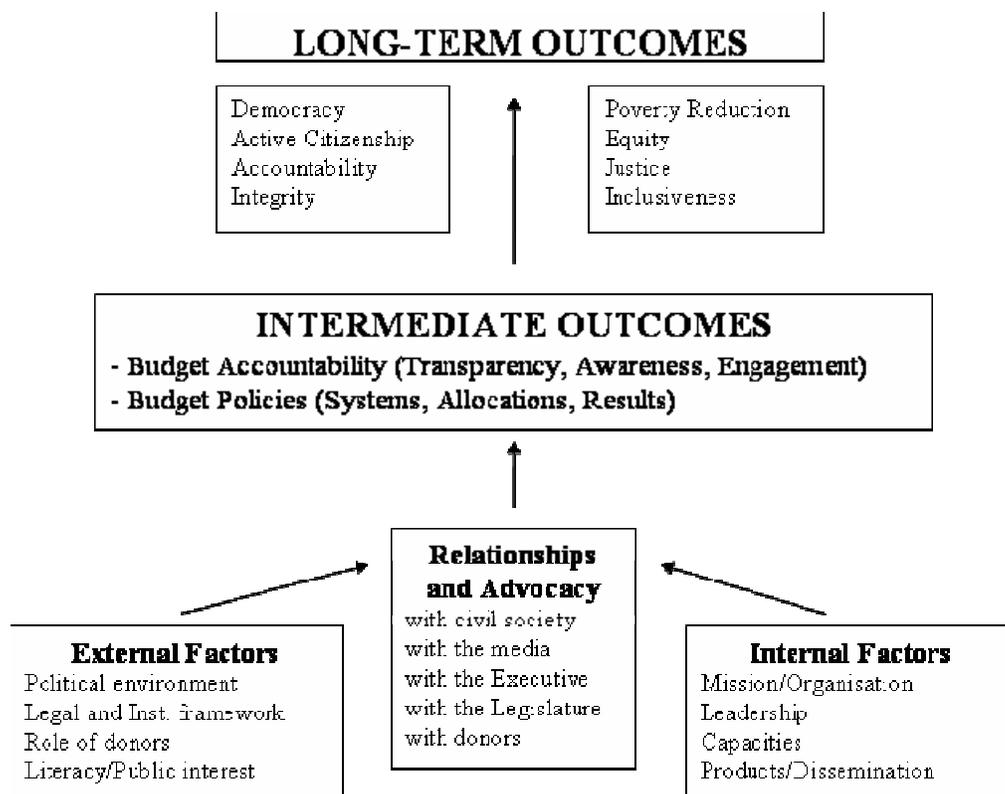
BIS (Budget Information Service) is one of the programs set up by Idasa (the Institute for Democracy in South Africa) in post-apartheid South Africa to monitor the transition of the government's economic and social policies towards inclusion and democracy. One of the first projects in a developing country to conduct applied budget work, BIS has built a strong reputation for solid, fact-based analysis in various areas of budgeting, such as AIDS, children, education, local governments, and women. BIS has also supported budget groups in a number of other countries in Sub-Saharan Africa through the Africa Budget Project.

Since its early days campaigning for debt relief, **UDN** (Uganda Debt Network) has evolved from a network of organizations and individuals working on debt and poverty in Uganda into an NGO that conducts extensive budget analysis, advocacy, and anti-corruption activities. It is well known for its outspoken attitude and its intelligent use of the media to disseminate its findings and recommendations. Using a combination of research and advocacy, UDN undertakes campaigns aimed at improving governance and stemming corruption at the national and district levels. It has built a strong reputation both for linking local budget monitoring activities with national policies and for coordinating the efforts of civil society groups to influence government policies.

1.3 Impact framework and summary of main findings

During the course of the research, the evidence collected led researchers to formulate an interpretive framework that brings together budget groups’ different objectives and the factors that shape their capacity to achieve results. This framework, which shapes the structure of this study, is graphically depicted in Figure 1.1 and explained in more detail in following sections.

Figure 1.1 The impact framework for budget groups



To being with, despite their different backgrounds and histories, the budget groups analyzed in this study share some common long-term objectives, which generally belong to two main categories. The first is improving “good governance,” including democratization, active citizenship, government accountability, low corruption, and effective and efficient social delivery. The second is improving the social and

economic conditions of the poor, including poverty reduction, economic justice, and equity and inclusiveness in government policies. While the research did not assess the impact of budget work on these long-term outcomes, they constitute the basic motivation guiding the groups' strategic decisions and activities.

Instead, this study focused on a set of intermediate outcomes more directly linked to applied budget analysis as a research and advocacy tool. These intermediate outcomes also belong to two categories: *budget accountability* (budget groups' impact on levels of budget transparency, public literacy and awareness of budget issues, and public engagement with budget processes) and *budget policies* (such as budget systems, allocations, and service delivery).

Budget groups' likelihood of having an impact depends not only on external factors, such as the political environment in the country, but also on internal factors, such as how well the group is organized. The evidence from the six case studies further highlights the importance of the relationships that groups develop with different actors. These relationships are a key component of each group's advocacy strategy, through which coalitions are built, information is passed, influence is exercised, and ultimately impact is achieved.

The rest of this paper explores this framework, drawing on evidence from the case studies. Section 2 describes groups' impact on the intermediate outcomes of budget accountability and budget policy. Section 3 analyzes the external factors, internal factors, and relationships that enabled groups to have an impact. Section 4 distills the most important lessons and challenges for successful budget work.

Section 2

The Impact of Civil Society Budget Work

While many people are sceptical about the usefulness of civil society involvement in budget processes, the case studies have shown a wide array of instances where budget groups have managed to achieve significant impact on budget accountability and policies.

All of the groups have improved the quantity and quality of public information concerning the budget, and often they are the only dependable source of information on the budget's impact on poor people. Groups also have considerably expanded budget literacy and engagement in the budget process.

The case studies also show that budget groups can bring about improvements in budget policies, such as more funding for reproductive health in Mexico, for poor children in South Africa, and for indigenous peoples in India. They are also able to improve the quality of expenditures, as was the case in expenditures related to tribal populations in India and health and education in India.

A related important finding is that as civil society budget capacity improves, so does the capacity of legislatures and the media to engage in the budget process. Successful civil society budget groups tend to work closely with both of these constituencies building an effective oversight system. The challenges confronting budget groups are

how to reach deeper into civil society to include organizations and citizens working in rural or remote areas, and how to influence a greater proportion of the government budget.

2.1 Impact on budget accountability

Budget awareness and literacy

Many civil society organizations, journalists, and even parliamentarians lack the basic skills to engage meaningfully with budget issues. The case study groups have therefore invested considerable effort in raising the general level of budget literacy in society and building an active audience for budget work.

Their major tools in this effort are providing educational materials, training, and discussion forums on the budget. Many groups start out by producing a basic guide to the budget, which helps them gain knowledge, establish credibility on the issue and start building an audience. IPF in Croatia produced a particularly impressive “Citizens’ Guide to the Budget” (followed by a “Citizens’ Guide to Taxation”) that provides an accessible, engaging introduction to budgeting, a historical review of budgeting in Croatia, and background on the actors and processes involved. IPF couples its publications with training and convenes roundtable discussions on its latest research work.

To build budget awareness and literacy, trainers need to think carefully about how to link budget issues to citizens’ daily lives and how to use creative media to get their message across. Since the late 1990s, UDN has produced an impressive stream of materials, from brief technical documents to films and documentaries. UDN is perhaps best known for its media work and its campaigns, such as showing how an increase in MPs’ pensions reduces the available funds for development projects. By demystifying the budget and highlighting corruption and poor policy choices, UDN makes its messages accessible to people with limited knowledge of economic issues. Recently, Ibase launched a very successful distance learning version of its training courses (see box).

Since 2002, Ibase has transformed its two main training modules on “Social Control of Public Budgets” into online distance-learning packages that allow people across Brazil to participate in an in-depth budget training via the Internet. More than 350 people participate in the program each year. Currently, one full-time Ibase staff and one external collaborator devote their time to managing distance-learning programs and supervising students online.

The first module, “Mayor for a Day,” focuses on general topics such as politics and institutions, citizenship and participation, and the basics of budget-making, linking personal experience with public policies at the municipal level. Participants formulate a basic budget of a small town, responding to pressures from different constituencies and complying with federal regulations and guidelines.

The second module, “Deciphering the Budget,” explores ways to obtain and interpret information on municipal budgets and to lobby local officials on specific issues. It is designed to be easily understood and to relate to people’s everyday lives.

From Ibase Case Study

Budget transparency and availability of budget information

Access to budget information is one of the first major hurdles that civil society organizations face, and usually remains a significant obstacle even in countries with budget systems that are relatively open and transparent. Budget groups play a vital role in expanding, interpreting, and disseminating budget information to enable civil society and other actors to conduct better analysis and advocacy. All six groups have established themselves as a key source of independent, authoritative, and accessible information on budgets, and specifically the impact of budget policies on the poor.

Among the case studies, lack of budget information was most severe for DISHA. The Gujarat budget is not released to the public, and the government presents only summary features on its website. Since its approaches to secure the budget directly from the government have been rebuffed, DISHA has chosen to obtain budget documents from opposition members of parliament on the day of the budget speech. DISHA analysts then work through the night to simplify, interpret, and disseminate this information to parliamentarians, the media, and civil society. DISHA is the sole source of publicly available budget information in Gujarat.

Even when the government is generally more open to providing public information, groups may still struggle to obtain sensitive information. In Mexico, FUNDAR was forced to use right-to-information legislation together with budget analysis and financial audit skills to uncover major corruption in the use of public funds for HIV/AIDS prevention and treatment (see box).

In 2002, the Mexican Chamber of Deputies approved an increase of 600 million pesos for programs dedicated to specific programs for women's health and other issues. Subsequently, the president of the Budget Committee of the Chamber of Deputies requested the Minister of Health to divert 30 million pesos of this amount to eight non-governmental Centers to Assist Women. The minister complied. This diversion of funds created an uproar in Congress, as it was clearly arbitrary and irregular. A network of six civil society institutions was formed to address this issue. Relying on the powers of the independent body established to enforce the 2003 Right to Information Law, the coalition obtained information on the use of these funds. FUNDAR's analysis showed that the Centers to Assist Women were in fact linked to Provida, a right-wing pro-life organization whose programs ran counter to the Mexican government's policies on HIV/AIDS. Groups also found that 90 percent of the funds allocated to these organizations were blatantly misused — most of the payments were not invoiced and went to 'ghost' organizations that shared the same address as Provida. Subsequent investigations by the internal and external auditors upheld FUNDAR's findings. The internal auditor imposed a huge fine of 13 million pesos on Provida, which was asked to return the funds and was barred from receiving public funds for 15 years.

From FUNDAR Case Study

Once data has been obtained, groups invest considerable effort in analyzing and repackaging the information to make it usable for civil society and other actors in their efforts to hold the government accountable. For example, Idasa has developed a methodology — the Children's Budget — to analyze the implications of government

budgets for children in South Africa, tracking budget allocations and analyzing the budget in the context of South Africa's legal commitment to children's social and economic rights. Other groups have used similar methods to assess the budget's impact on women and people with HIV/AIDS.

Once the analysis has been completed, groups must ensure that it reaches the full range of citizens and other actors to build budget literacy and effective advocacy. UDN uses community radio programs to reach a broad, non-literate rural audience; it also produces short publications that are inserted into one of Uganda's most widely distributed newspapers. Ibase in Brazil has transformed Rio de Janeiro's entire municipal budget into an online database with a user-friendly interface. Most of the groups also collaborate with other organizations that have greater experience and skills in reaching particular constituencies or working with particular media.

A final challenge is that in many countries, a significant proportion of public expenditures occurs "off budget" and is not reflected in publicly available information. This often holds for some public enterprises, foreign aid inflows, and defense-related expenditures. Ibase's recent efforts point to an important way forward for budget work in this regard. Brazil's National Economic and Social Development Bank (BNDES) is a huge institution, with an annual budget larger than the World Bank's global lending portfolio. Concerned that many important decisions regarding public investment are being taken outside the budget process, Ibase has launched a dialogue between BNDES and Brazilian civil society. A new bulletin has been launched to raise awareness about the role of BNDES in national development strategies and provide information and analysis about important projects sponsored by BNDES.

Engagement in the budget process

Budget groups can help broader civil society participate more effectively in budget debates in several ways. They can provide specialized knowledge and skills, such as when the issues under discussion are technically complex. For example, when Idasa was concerned about certain technical aspects of new financial management legislation, it took the lead in building awareness of these issues among a broader constituency.

Budget groups also can participate in a civil society coalition, providing knowledge, analytical skills, and networks to enhance the coalition's impact. For example, a reproductive health coalition planning to monitor the Mexican government's commitment to maternal mortality approached FUNDAR for help in data analysis to make the coalition more effective in policy debates. In another example, at a time when most HIV/AIDS advocacy groups in South Africa were focusing on the national treasury and health departments, Idasa's AIDS Budget Unit helped shift groups' attention to expenditures at the provincial level, where problems were increasingly frequent.

For most of the case study groups, supporting a broad, formal engagement of civil society in the budget process remains an ongoing challenge. This is especially true in rural areas and in areas with low literacy rates. UDN went furthest in overcoming this challenge by integrating local groups into a large network of national and sub-national

civil society institutions so that local perceptions of service delivery are integrated into civil society's discussions with national ministries.

Increasing legislators' engagement in the budget process forms a significant part of most budget groups' work. Legislatures often lack the powers, information, and analytical skills to play more than a "rubber-stamp" role in the budget process. Budget groups not only provide evidence during formal legislative hearings, but also brief legislators individually, providing data and analysis and helping them raise questions to hold members of the executive accountable. DISHA's work provides a rich example of the continuous effort required to enhance the legislature's role in the budget process (see box).

As the budget is being formulated, DISHA undertakes pre-budget advocacy with Members of the Legislative Assembly (MLAs) to increase the time allocated for the budget debate. DISHA organizes meetings with legislators to explain key issues in more detail and encourage them to adopt a more active role in Assembly budget debates. It also prepares press articles and questions for the MLAs for use in budget debates.

DISHA obtains the budget documents from the Assembly on the day the budget speech is delivered and prepares a five- or six-page brief of specific issues in the budget, with a particular focus on issues affecting the poor. DISHA then sends this information to the MLAs so they have an information base on which to raise questions. During the subsequent budget debate, DISHA provides budget information on a daily basis to MLAs, NGOs, and the press.

After receiving summary budget information, some MLAs ask DISHA for further information on specific issues. DISHA also produces commentaries on the budget debate for use in the media.

From DISHA Case Study

Finally, some of the groups invested considerable effort in enhancing the quality of financial and budget journalism. For example, a key element of IPF's work is to put the results of its research and analysis into the hands of journalists in order to influence media coverage of public financial issues, ensuring that it is noticed by political officials and opinion leaders. FUNDAR and DISHA also pay systematic attention to their work with the media. On the other hand, greater attention to this area could strengthen the work of Idasa and Ibase.

2.2 Impact on budget policies

Budget systems

The case studies did not record widespread impacts in this area, indicating that changes at this level are not easy to achieve – opportunities are infrequent and a longer time frame is required. For example, Idasa took advantage of the post-apartheid transition to influence the new financial management legislation in the direction of increased transparency and accountability.

Opportunities to influence budget systems can also emerge outside of transitions. In Uganda, UDN and its partners uncovered weaknesses in regulations concerning

government procurement that permitted misuse of funds and wastage. Through a targeted campaign, they were able to get the regulations improved (see box).

In 2002, UDN and its partners in the Teso region of Eastern Uganda published a report that documented misuse of funds from the Schools Facilities Grant (SFG) in Katakwi district. UDN also produced a documentary on the misuse of funds, which received wide media coverage. The report drew the attention of the prime minister's office, and an official investigation was ordered. The investigation confirmed many of UDN's findings and resulted in the dismissal of the district tender board and the appointment of a new district engineer to oversee the SFG projects in the district. Further, the contractors responsible for the poor construction of school buildings were ordered to rebuild the classrooms. The government also revised the SFG guidelines to improve the quality of construction of school buildings, classrooms, and toilets. Contractors are now required to submit a performance guarantee that they will do quality work and ensure timely delivery. Further, banks are required to provide guarantees on any advances that are released to the contractors, who need to demonstrate their qualifications before they are allowed to bid for local government contracts.

From UDN Case Study

Budget allocations

The case studies provide several examples showing that budget work can have a direct impact on pro-poor budget allocations. Each of these cases involved significant increases in existing budget line-items (in national, provincial, or local budgets) for programs aimed at marginalized groups.

One of these examples comes from Mexico. In 2002, the incoming Fox government committed itself to eradicating Mexico's extremely high incidence of rural maternal mortality. To evaluate the degree to which the government was living up to its commitment, FUNDAR joined a local coalition of reproductive health NGOs and produced research that highlighted glaring problems in the government's response. FUNDAR's research showed that the government was not allocating sufficient resources and that poorer states were being disfavoured. Armed with these findings, FUNDAR's coalition created sufficient pressure to secure a ten-fold increase in national allocations to these programs.

In South Africa, a large proportion of the population depends on government grants, and nearly half of this group relies on the Child Support Grant to support their children. While the post-apartheid government redesigned the Child Support Grant to benefit all children equally, regardless of race, the roll-out of the revised program faced substantial obstacles. Analysis conducted by Idasa's Children's Budget Unit showed that local governments' lack of capacity was making the program less accessible, particularly for rural and marginalized communities. Idasa also found that program funding was increasing slower than the inflation rate. It recommended that the real value of the grant be maintained, that the age limit of eligibility be increased, and that additional resources be allocated to improve distribution in rural areas.

To ensure that its findings had impact, Idasa distributed its analysis widely, pursued opportunities to discuss its recommendations with government officials, and built

strategic alliances with the broad spectrum of civil society organizations committed to children's rights. The combination of this coalition's mobilizing power and Idasa's solid information produced success: the government increased funding for the Child Support Grant in real terms and raised the eligibility cut-off from 7 to 14 years of age.

Budget results

Given the weaknesses of budget systems in many developing and transitional countries, increasing budget allocations for pro-poor programs is no guarantee that money will be spent well and will actually reduce poverty. In many countries, obstacles such as under-spending, corruption, and inefficiency often prevent the poor from benefiting despite the investment of considerable public resources. Budget work has therefore increasingly focused on developing tools to take on the challenge of implementation, moving from monitoring budget allocations to monitoring budget implementation and service delivery.

DISHA has focused on ensuring that government departments spend all of the resources that have been allocated to them, in particular by tracking funds allocated for the Tribal Sub-Plan (TSP), which promotes the socio-economic advancement of indigenous peoples. After the state budget is approved, DISHA informs the elected councilors in village *panchayats* of the specific allocations for local projects and asks if implementation is underway. If it isn't (as often happens), DISHA writes to the relevant government minister, who then compels the local administration to release the funds. Implementation of the TSP budget has improved dramatically, from 20 percent under-spending in 1993 to 20 percent over-spending in 1996. Informed commentators confirmed that the advocacy efforts of DISHA and its affiliates contributed to the more effective utilization of budget allocations for tribal welfare.

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

The UDN community monitoring committees have achieved numerous successes. For example, monitors reported that patients in one community health center were treated poorly and forced to bribe hospital officials and buy their own medicine (which is supposed to be free). The resulting investigation by district officials led to a complete overhaul of the center, and subsequent reports by community monitors present a much improved picture. Despite some initial resistance from district officials, monitoring committees generally report that they have established constructive relationships with local governments, enabling them to address a number of problems.

Section 3

The factors shaping the impact of budget work

Recounting the cases in which budget groups were able to achieve impact would not be useful without analyzing in more detail the various factors that shaped their ability to influence policy. These factors belong to different categories: (a) external factors, which are largely beyond budget groups' direct control, include the political environment, the legal and institutional framework, the role of donors, and the degree of literacy and interest in budget issues in the general population; (b) internal factors relate to the characteristics and strategies of each of the groups, and to the ways in which they operate; and (c) relationships with other actors, including government, other civil society groups, the media and donors, ultimately determine the ways in which budget groups are able to influence public policies.

3.1 External factors

Political environment

The six groups in this study operated in very different political environments. Idasa, Ibase, and FUNDAR began to engage in budget work shortly after the shift from a repressive regime to a more open and democratic one, which created space for greater transparency and policy engagement. The budget work initiated by Idasa and FUNDAR pushed these boundaries further, contributing to new rules on the management of public finances and promoting transparency and accountability.

Brazil's experience shows that the existence of a democratic regime does not guarantee that budget work will succeed; Ibase's call for increased participation of civil society in the national budget process after President Lula took power went largely unheard. This motivated Ibase to shift its attention to engaging with local government and the National Development Bank. On the other hand, Uganda's experience with community monitoring (discussed in the previous section), which took place under the non-party system introduced by President Museveni, shows that budget work can sometimes succeed even in less democratic and non-transparent environments.

In all countries, working on budgets can be seen as sensitive or even dangerous because it impinges on core political interests dealing with the control of public resources. Budget groups need to constantly monitor the political landscape and shift strategies to maximize results. At all times they must stay focused on producing high-quality research and working strategically, in collaboration with other actors.

Legal and institutional framework

To operate effectively, budget groups need to understand key aspects of the budget's legal and institutional framework, such as the phases of the budget process and the rules governing access to budget information.

For example, in Mexico budget policies are shaped by a six-year national development plan linked to the presidential administration. Once such plan is approved, the Chamber of Deputies can make only minor changes to the yearly budget allocations for the various programs (up to 5 percent of the total budget), and it cannot change the programs themselves. This means that for Fundar to change

Mexico's budget priorities significantly, it must accomplish this right after the presidential election, while the national development plan is being drafted.

Parliament's limited power in budgetary matters was a constraint in other case studies as well. In Croatia, budget power is centralized in a closed executive branch, and parliament is given less than two weeks to analyze and approve the budget proposal (see box). In South Africa, parliament has no amendment powers at all, and rejecting the executive's budget proposal is not really an option as it would create a major institutional crisis. Thus, while parliament can be an important ally in budget work, budget groups have little choice but to engage directly with the executive branch as well, even though it is less open to external scrutiny and participation.

The budget in Croatia is typically tabled on a Friday, with a major debate scheduled for the following Wednesday. After the debate, there is a week's recess during which time members of parliament can consider the budget and prepare and submit amendments. These amendments are consolidated by government, but often not taken into account in the revised budget which is then approved by parliament. Up to 400 amendments are presented each year, but in the last six years none has been accepted.

From IPF Case Study

Apart from the role of parliament, other elements of the budget's legal and institutional framework can shape opportunities for successful budget work. For example, UDN and Ibase took advantage of Uganda's and Brazil's decentralization of power and resources to local governments by focusing its activities on monitoring local-level budgets.

Role of international donors

International donors sometimes influence recipient countries' budget systems and budget policies. For example, in many countries the IMF has a clear influence over the macroeconomic framework used to define the major budget parameters. This is true even for middle-income countries like Brazil, which until recently had a program with the Fund related to its heavy debt burden.

Other donors, especially when they provide direct support to a country's budget, play a part in determining budget policies (such as by demanding a specific focus on pro-poor spending) and in supporting public finance management reform. In Uganda, for example, donor support was key in improving budget transparency and building better planning and budgeting capacity at the local level. Civil society — and indeed parliament — usually has extremely limited opportunities to influence these negotiations, but the process of establishing the Poverty Action Fund in Uganda has provided opportunities for their engagement in the process.

Literacy levels and public interest in budget issues

The existence of a well educated, informed, and active citizenry makes the work of budget groups much easier, giving them an audience that can understand and respond to the issues the groups address.

For example, Croatia's strikingly weak civil society limits IPF's ability to build coalitions for change. Brazil, in contrast, has a strong tradition of social movements and good levels of education (at least in urban areas), but one Ibase initiative — a new online budget database — fell short of its intended objective of empowering local communities to demand more transparency and efficiency in budget management because Ibase failed to recognize that the database's main audience (community-based organizations) often lacked internet access.

An interesting example of matching strategy with capacity was UDN's work with community monitors. Rather than engage in sophisticated budget tracking studies, which would have been too complicated to carry out, UDN trained community monitors in simpler monitoring and evaluation techniques that were not only more directly linked to issues that the monitors could follow effectively, but also of more direct interest to the monitors, since they concerned the quality of service delivery rather than the quantity of budget disbursements.

3.2 Internal factors

Mission

As the range of groups in this study shows, budget work can be performed effectively by many different kinds of organizations, from membership and grassroots organizations to advocacy-oriented campaigning groups to more traditional think tanks and research institutes. The groups also have different missions, with long-term objectives which range from poverty reduction and better economic management on one side, to democracy and empowerment on the other (see box).

Thus, each group brings different strengths to its work and specializes in particular methods. IPF focuses on more technical economic research, while Ibase and DISHA focus on building capacity and spreading budget information across civil society, and FUNDAR and Idasa fuse technical work on budgets with more proactive advocacy strategies.

For all of the budget groups, however, the core of their activity is the provision of timely, objective, accessible, and accurate information on government budgets and related policy issues, and a commitment to research-based evidence to inform policy debates and advocacy. Their non-partisanship is important both to ensure the credibility of their findings — which are not based on pre-conceived ideologies or political positions — and to enable them to build relationships with a broad range of actors, including the legislature and executive. This does not mean that budget groups cannot adopt positions on policy matters; it does mean that their analysis must be based on hard and undisputable evidence.

This commitment to serious technical analysis can be considered one of the reasons for their success. In all the case studies, it is clear that this commitment gave the group a degree of credibility that many other groups find hard to obtain. In some cases this commitment to objective analysis has created internal tensions, especially for groups that perform many activities besides budget work, such as Ibase, Idasa, and DISHA. These groups face the challenge of making budget work relevant to the organization as a whole, rather than developing it as a separate line of work,

disjointed from the rest of the organization's activities. Within Ibase, for example, the possible synergies between budget analysis and other areas of its work have not been adequately exploited, so Ibase staff working on budgets speak almost exclusively to an external audience.

Leadership

Many successful civil society groups suffer from what has been termed "founder syndrome." Established by a brilliant individual who shapes the organization to his or her vision, the organization's close identification with this vision creates problems as circumstances (or people) change.

A different sort of management problem has been experienced by UDN, where the founding director has stepped aside to encourage a leadership transition but the vacuum has not been filled, which may have damaged the organization's credibility.

As all of the case study organizations have learned, some of them through bitter experience, building multiple layers of potential leaders must be a priority from the inception of the organization. Further, while leadership is a key factor in shaping success, leadership transitions are complicated. Grooming the next generation of leaders is essential, but transition struggle between vision, continuity, and change in the organization is an important one to manage.

Capacity

Budget analysis requires technical skills that are not easily found or built. Over a relatively short period of time, the six budget groups analyzed have managed to establish substantial analytical expertise in understanding the impact of budgets on poor and marginalized populations. In most cases, they achieved this with analysts who lacked formal applied budget training.

Groups have adopted a mix of strategies to build their internal capacity. FUNDAR and UDN hire relatively young staff with undergraduate qualifications, who develop capacity for research and budget analysis through on-the-job experience. Collaboration with universities is another common strategy, adopted mostly by IPF but also in part by UDN. FUNDAR and Ibase hired media and communication specialists only when specifically required, such as for the launch of the Latin American Budget Transparency Index. Idasa, in contrast, has focused on building internal capacity across a spectrum of skills, from hard-core researchers to activists and trainers.

Retaining skilled capacity can be challenging as well. Budget analysis skills are often in short supply, so budget group staff can easily find alternative employment opportunities. Some organizations, such as FUNDAR, have responded by improving employment conditions, including health and pension benefits. Others, such as IPF and Ibase, manage to retain their staff by creating a stimulating working environment and maintaining a good public reputation. Yet in some cases (such as UDN), staff turnover represents a significant challenge for the group's long-term sustainability.

Products/Dissemination

As many of the case studies show, a key aspect of a successful communication and advocacy strategy is how budget groups package and disseminate the results of their budget analyses in order to influence government policy.

Groups' primary audiences are the executive and legislative branches of government, civil society groups, and the media. While government technocrats might prefer a substantive technical analysis, politicians will probably have time only for key findings and policy proposals. Parliamentarians, who often do not have a technical background, may need background on the context of the research — and on ways in which they can influence the executive. Grassroots organizations might prefer visually oriented materials with simple language in order to reach community audiences, while journalists will be most interested in news stories and “scoops” of public interest.

The results of budget analysis, therefore, should be disseminated in a way that is *diverse, targeted, clear, and timely*, telling a convincing story that encourages other stakeholders to act on its recommendations. Timeliness is particularly key, as information must be disseminated in time to allow stakeholders to influence policy debates.

The six organizations adopted a series of strategies to respond to this challenge. For example, Idasa Children's Budget Unit publishes an annual report on its investigations as a 200-page book targeted at an important but narrow audience of academics, government officials, and policy experts. To ensure that its analysis is used more widely, however, Idasa also creates a simplified summary of the book (with graphics and cartoons) for NGOs working on child-related issues, faxes instructions for follow-up actions to campaigning organizations, and works with other organizations to develop training materials and community radio programs in multiple languages. Similarly, FUNDAR prepares reports in both short and long versions, which allows it to approach government officials with short and concise messages and follow up with more detailed information if requested.

3.3 Advocacy and Relationships

The crucial arena in which external and internal factors meet, and probably the most important single factor in determining a budget group's chances of having an impact, is the relationships the group develops with other actors and stakeholders and the advocacy strategies the group adopts to influence policy debates.

... with the rest of civil society

Budget groups are not likely to succeed if they work in isolation. Each of the groups that had a significant impact gave priority to establishing solid relationships with a wide range of other civil society organizations. These partnerships ensure that groups address issues of broad interest, create opportunities to draw on the capacities and expertise of other groups, and provide access to grassroots information and contacts.

These relationships may be long-term, strategic ones or project-based, tactical ones. Ibase's mission includes spearheading the formation of networks working on specific issues, such as monitoring the Rio de Janeiro municipal budget or promoting transparency in the operations of the national development bank. Similarly, DISHA has a long tradition of helping communities and other groups organize to claim their rights. On a more tactical level, FUNDAR, in its work on maternal mortality issues, sought to build up its links with local assemblies and deputies by working with NGO partners in sub-national areas that had credible records of work on reproductive health.

Many of the successes achieved by budget groups are actually the result of collaboration with a number of civil society organizations and stirring interest by the media. In many of these cases, budget groups provided the technical analysis that formed the foundation of a campaign led by a wider coalition. In the Provida campaign, for example, FUNDAR provided the core skills of budget analysis and financial auditing that helped unearth and interpret key documents and expenditure statements, providing critical evidence to support the campaign. The success of the initiative launched by Idasa's Children's Budget Unit to reform the Child Support Grant scheme depended on other organizations using CBU's technical work to inform broader campaign efforts (see box).

Idasa's Children's Budget Unit worked with groups like the People Participating in Poverty Reduction Project, the National Committee for the Management of Child Abuse and Neglect, the Child Justice Alliance, the Community Law Center, and the Alliance for Children's Entitlement to Social Security (ACCESS). As proponents of the expansion of the Child Support Grant needed to be able to illustrate the financial feasibility of their plan, so budget information became an important part of the debate. ACCESS, one of the leading organizations in this struggle, mobilized the effort to deliver a petition to the Minister of Social Development requesting the extension of the grant to age 18. The conjunction of ACCESS' mobilizing power and CBU's solid information was critical to the success of the campaign.

From Idasa Case Study

Finally, creating good links with universities and academics has been useful for many budget groups. IPF benefits considerably from its close linkages with academia, relying on university collaborators for much of its technical work. UDN has selectively also brought in academic expertise, especially when sophisticated analysis is needed that its young staff may not be able to carry out. In contrast, Ibase, UDN, FUNDAR, and Idasa probably have underutilized their relationships with the academic sector.

... with the media

The importance of strong relationships with the media cannot be overstated. Governments are quite likely to take media reporting on hot policy issues into account when making decisions on these issues.

Writing regular articles for newspapers is one way in which groups have developed good relationships with journalists while establishing themselves as experts at the same time. UDN and FUNDAR, in particular, have developed a considerable media

profile thanks to regular appearances on the media. UDN has also managed to reach a wider audience by issuing a quarterly newsletter (distributed with one of the main nationwide daily newspapers) and by paying for local radio programs in which community monitors and common citizens discuss the quality of service delivery and management of public resources by local governments.

In other cases, such as Ibase, DISHA, and IPF (see box), groups have tried to develop a reputation as a reliable source of information for journalists. Ways of accomplishing this include organizing training courses for journalists and developing a media event for the launch of a specific publication.

A key element of IPF's work is to put its research and analysis into the hands of journalists, placing a high priority on securing media coverage for its research work. It does this through distribution of materials, including announcements of new books and articles available in the Institute library, making IPF staff readily available for interviews and assistance when reporters contact them, and maintaining close relationships with a network of journalists interested in public finance issues. This media strategy assures that the IPF's work is not confined to the research community but that it will also get noticed by political officials and other national opinion leaders.

From IPF Case Study

In three of the case studies (Ibase, DISHA, and Idasa) the lack of a clear media and communications strategy limited the organization's impact. While all three organizations deal with the media and are often seen as a useful source of information, they had no clear strategy in place to maximize the media visibility of their research or campaign.

... with the Executive

Relationships between budget groups and government departments are important because policymakers are the real, final audience that budget groups need to reach and convince of the need for policy change. Yet such relationships are often delicate. Governments are often uninterested in civil society involvement in policy matters and non-transparent in the generation and dissemination of budget data. Establishing good communication channels with relevant ministers and senior civil servants is a key component of a successful advocacy strategy, one that some of the groups involved in this study (especially DISHA and Ibase) have found difficult to manage.

There are three main challenges that budget groups need to address. First, groups should decide the level of government at which contact should be sought. While ministers, as politicians, may be somewhat open to outside voices on policy issues, their appointments are subject to the vagaries of the political cycle and they tend to be less accessible. Moreover, senior officers are the ones mostly responsible for policymaking. They are the ones who prepare proposals for ministers to consider and assess the feasibility of different policy options. The experiences of UDN and FUNDAR highlight the need to identify "like-minded" technicians in key government positions who will take civil society inputs into account in formulating policy (see box).

As UDN's former executive director put it, "first build relationships, then present challenges." This points to the importance of building bridges based on reciprocal trust and understanding across the public-private divide, and then gradually "educating policymakers to the value of constructive criticism." It is not sufficient to produce and publish a report on the government's budget policies and send it to the minister; rather, it is necessary to find out where and at which level the official who is most likely to listen to the recommendations and build internal consensus is sitting, and build a strategic link with him or her.

From UDN Case Study

Second, starting to establish such linkages with key government officials can be difficult. Budget groups need to think creatively and exploit both formal and informal channels. In Uganda, participatory processes related to the Poverty Reduction Strategy process created forums to which civil society groups were invited to present views and proposals, and UDN used these forums to present its work. In other cases, more informal channels were used to gain access to ministers and key government officials, such as well-connected board members (FUNDAR and UDN) or former staff members who had moved to government jobs (Idasa and Ibase).

Third, budget groups need to think about how they present information to government officials. The case studies highlight the importance of constructive criticism and "quiet diplomacy", of attempting to convince officials that the analysis is credible and the recommendations are feasible — particularly in financial terms — and of basing arguments on evidence rather than immediately adopting a confrontational approach based on media campaigns (see box). A careful weighing of the costs and benefits of different kinds of interventions should guide such decisions, however. More forceful action through more public approaches should be kept as an option in case other approaches do not bear fruit.

Quiet diplomacy, not a particularly common strategy among NGOs, is a matter of attitude as much as method. It includes:

- *Not immediately assuming a confrontational approach, but always being disposed to dialogue and collaboration with government officials.*
- *Documenting the issue at hand, using real facts, in order to frame arguments.*
- *Building and sustaining channels of communication with public officials.*
- *Presenting problems hand in hand with possible solutions .*

From Idasa Case Study

... with the Legislature

There is a natural partnership between budget groups and legislatures. Both have a key function in ensuring accountability during the budget process. Budget groups need access to data and advocacy channels, while legislators need access to research capacity and independent advice. Budget groups have generally focused on the legislature as a key point for intervention in the budget process for several reasons: the tabling in Parliament is often the first time the budget is made public; there is strong media interest in the legislature's work; and the legislature often has some degree of influence over the executive.

FUNDAR and Idasa have developed strong relationships with different parts of the national legislature, including the committees in charge of the areas in which the groups are involved. The groups provide parliamentarians with regular briefings, handle questions from parliamentarians and their staffs, and submit analyses for their consideration. In Mexico, the fact that parliamentary elections are held every three years means there is a constant need for capacity building, and thus regular opportunities for forging new relationships and networks.

Ibase and DISHA have mostly focused on local assemblies, where they are better able to obtain budget information (through members of the opposition) and to help shape the parliamentary debate by undertaking pre-budget advocacy and briefing assembly members on specific policy issues.

In countries where parliament has only limited power over the budget, the impact of civil society budget work with parliament may be restricted to increasing parliamentarians' awareness and engagement in budget issues. Nevertheless, the expertise that budget groups can bring to parliamentary debates on the policy content of budget proposals is an important component of any budget advocacy strategy.

... with donors

Many of the donors that fund budget groups are not active stakeholders in budget processes. However, in some of the countries involved in this study (particularly Uganda and Brazil), other international donor agencies — in particular the World Bank and the International Monetary Fund — and some of the bilateral agencies in more aid-dependent countries like Uganda wield considerable influence over government decisions on budget processes and policies. Relationships with these agencies can therefore be very important for budget groups, above and beyond direct funding for budget work.

Advocacy efforts for increased budget transparency and for specific pro-poor budget measures should include international donors as targets in order to convince them of the need to influence government policies. For example, the Brazil Budget Forum, a network of NGOs co-led by Ibase, has been campaigning for the adoption of a “Social Responsibility Law,” which would shift the government away from the existing “Fiscal Responsibility Law” (passed under IMF pressure), in which budget surpluses are created in order to finance debt repayments, and toward addressing the “social debt” that has kept many people in poverty. Similarly, UDN was involved in a campaign to ensure that Ugandan resources freed by debt cancellation were effectively used for poverty reduction. In this latter effort, joint action by civil society and international donors helped lead to the establishment of a “Poverty Action Fund,” which increased and protected budget allocations to pro-poor sectors such as health, education, agriculture, water, and sanitation.

Budget groups have to tread a fine line. If they come to be seen as collaborating too closely with donor agencies on policy issues, they could be branded as “promoting foreign agendas” and being “agents of neo-imperialism.” On the other hand, if groups criticize donor behaviour on certain issues, they might lose actual or possible funding sources.

Section 4

Lessons and Conclusions

This final section of the paper extracts some of the broader lessons of successful budget work from the case studies, supported by insights from a wider range of budget groups in different parts of the world. While the previous sections tried to highlight detailed strategies that might be applied in individual organizations, the conclusions will focus on situating these results in the context of the growth of the budget movement as a whole.

4.1 Broad lessons for the budget movement

Lesson 1: Civil society can influence the budget

The primary, encouraging lesson from the case studies reviewed in this paper is that civil society can have a profound impact on budget transparency and accountability. In each of the studies, a more robust role for civil society in the budget led to substantial improvements in the budget process, including levels of citizen literacy, budget transparency and citizen engagement. In addition, budget groups had a more limited but significant impact on budget policies, leading to improvements in the quantity and quality of pro-poor public expenditures.

These findings are significant for all civil society organizations (and the donor and academic community) interested in improving governance and reducing poverty. They are the first documented evidence that civil society can add value to the budget process – both in terms of process and substance. These findings debunk the traditional myth in public finance that a more inclusive process can undermine the efficiency and effectiveness of budget processes and outcomes. In contrast, the case studies show that it is possible for civil society to add substantial value to budget decision making processes and outcomes.

The case studies also shed light on some of the possible limitations to the impact of civil society on public budgets, although broader evidence will be needed to specify these limits accurately. Budgets are by nature often rigid, with a large proportion of resources pre-committed to fixed expenditures, such as public sector salaries and multi-year programs. While significant incremental changes are possible in the short-term, opportunities for substantial new expenditures or reprioritization are often only possible in the medium-term.

There are, moreover, inherent limitations to the extent of participation that can be accommodated in the budgeting process. In most developing countries, budget processes remain closed and budget information scarce and of poor quality. Budgets are still technical documents designed and executed within government, with relatively small windows for informed citizen input. Spreading budget literacy to less educated and more rural populations is a serious challenge, as is finding opportunities to channel broad-based input into effective influence.

Lesson 2: Budget work is an adaptable tool

Budget work first emerged in middle-income countries (such as Brazil, India, Mexico, and South Africa), but has subsequently spread rapidly to a more diverse range of countries. In fact, budget work has flourished within Commonwealth and parliamentary systems of government (despite the inherently closed nature of their budget processes) but has been established in presidential systems of government. Although it has taken root most easily in established and emerging democracies, it has proved resilient in the face of extreme paucity of data, autocratic regimes, and extensive corruption.

The environment within which groups operate has an important bearing on impact, but does not predetermine its possible extent. Some groups have had an impact despite very difficult and closed political environments, while others have not managed to reach clear results in contexts that provided many more opportunities for success. The key to success lies in the approach taken by each organization interested in budget work to adapt their approach to the environment. Groups would do well to regularly conduct an environmental assessment of the opportunities for budget work focussing on three major variables: access to information, the budget process, and the capacity of civil society.

Budget groups can work effectively, at least initially, with relatively little information. They can also gather their own information to compare with what governments publish. But long-term sustained work depends on a deepening information base. For this reason, many groups should work closely with broad-based campaigns for the right to information.

Formal budget processes, enshrined in legislation, determine many of the potential entry points for budget groups to influence government policies. Engaging in the definition of such rules, especially in moments of political transition, is an excellent way to create a sustainable basis for future budget work. Where such processes do not exist, such as in post-conflict contexts where an effective government has yet to be established, the opportunities for sustained budget work might be limited.

Finally, effective budget work requires the existence of wider civil society with interest in and the capacity to use the results of budget work as a tool for social change. Otherwise, budget groups risk acting in a vacuum which decreases the usefulness and impact of their research. Many groups therefore start working on budgets by emphasizing work to build budget awareness and literacy within civil society.

Lesson 3: Any organization can successfully engage in budget work

When budget work first emerged among civil society organizations, it was frequently championed by think tanks or policy institutes established specifically for this purpose. The rationale was that the budget process is complicated and technically challenging, and that a specific and dedicated institution was required to establish a credible role for broader civil society in its efforts to influence policy.

While a number of the case study organizations follow this model, there are clearly other institutional models for effective budget work. The case studies include community-based networks and social movements. This is congruent with the trend

in global budget work towards a greater emphasis on sector and sub-national monitoring performed or coordinated by institutional networks or partnerships. In fact, certain types of budget work are best undertaken by grassroots or community-based organizations with a broad membership base that can play an active role in monitoring. This is particularly the case for work to monitor budget implementation and assess impact.

In many cases, budget work has been adopted to strengthen the broader mission of an existing organization, rather than led to the creation of a new organization. The fact that the entire organization is not dedicated to budget work does not prevent the group from being effective at it. In many developing countries, civil society organizations and skilled practitioners are scarce, as are the resources required to establish and manage these organizations, so enhancing the capacity of existing organizations or coalitions may make more sense than attempting to create new ones.

There are, however, three main obstacles for an existing organization to engage in budget work. If the organization has a strong advocacy profile, it may take a special effort to convince other stakeholders, such as policy-makers, that the organization is committed to solid, objective research. A second challenge is the need to build understanding and support for budget work within the entire organization. Finally, regardless of the type of organization that is undertaking budget work, establishing a dedicated core group of researchers and advocates within the organization is imperative, with the time and resources to follow and engage in the budget process year-round.

Lesson 4: Structural change requires long-term engagement

Groups in this study had appreciable impacts on both budget processes and outcomes. Examples of impact on budget policies consist mostly of changes to existing programs, such as increases in funding for specific line-items such as maternal mortality or child support, or increases in the efficiency of budget implementation.

This, however, does not mean that budget groups cannot aim to influence some higher-level policy matters, such as the establishment of new programs or a major re-prioritization of budget allocations. In some cases civil society pressure has helped shift the “rules of engagement” between government and civil society by promoting legislative changes that improve transparency and open up the policymaking process. Moreover, broad coalitions of civil society organizations, allied with the media and with sympathetic parts of the executive and legislative branches, have been able to have a more significant impact.

Such limited examples suggest how budget groups can, with adequate efforts in strategy-setting and coalition-building, reasonably aim to improve their effectiveness. However, the rigidity of budget systems, with their large fixed expenditure commitments, means that any structural impact of budget work will require a long-term strategy and commitment, for example engaging with medium and long-term policy and expenditure planning processes, and taking electoral cycles into account.

Lesson 5: Remember the mantra - accuracy, timeliness, and accessibility

The basis of effective budget work is analysis which is accurate (to ensure credibility), accessible (to guarantee a wide audience), and timely (to have an opportunity to influence policy).

By basing their work on sound research, groups can ensure that policymakers, civil society, and the media will place greater weight on their findings and policy recommendations. The rationale for the research may still reflect pro-poor objectives, but the conclusions reached must take all the available evidence into account and weigh it objectively. “Don’t be neutral, but be objective” should be a basic rule for budget work.

The accessibility of the research is equally important to effective budget work. Budget groups cannot assume an audience, they usually have to build one by demonstrating the value of the findings to the interests of the target audience. Most audiences will typically not be familiar with the details of the policy issue being analyzed, so reports must be written in clear language and data must be presented in usable formats (including graphics) adapted to each target audience.

Finally, timeliness is crucial to impact. The budget process is highly structured and time-bound, often leaving small windows of opportunity for civil society input and influence. Budget groups should therefore always keep an eye on the policy process and on the budget cycle, think strategically about key entry points and policy events, maintain an updated statistical database, and be able to allocate resources to a specific issue when needed.

Lesson 6: Impact is about relationships

While the quality of the analysis will determine the potential for impact, actual impact very often depends on the relationships that groups establish to influence policy. Ultimately, budget work aims to change government policy and behaviour. The most effective budget groups have therefore invested in building relationships over many years with a broad range of stakeholders that can help to influence government behaviour, including civil society, the legislature, the media, and government itself.

Budget groups must guard against letting budget analysis become an end in itself, rather than a tool for better governance and social justice. For some budget organizations, this means producing information that other civil society activists can use in their ongoing initiatives. For other organizations, producing analysis is a way to strengthen their own direct advocacy. For most, however, it is a combination of these two approaches. In all cases, it is vital for budget work to be driven by clear advocacy goals and valued and used by networks of formal and informal partners that can help achieve these goals.

Work from within civil society...

By connecting with broader civil society organizations, or with citizens themselves, budget groups can ensure that they are asking the right questions and providing the answers that matter to the people they want to assist. These connections will also help budget groups draw on the power of broader civil society when necessary to promote change. While this might seem obvious, the technical nature of budget work can

make it more difficult to uphold this principle. As budget groups learn to speak the language of power and numbers, there is a temptation to start speaking exclusively to technocrats within the Ministry of Finance who converse in the same language.

The success of some groups raises another very important related issue. Citizens often have valuable knowledge of the budget process and social service delivery, such as whether text books were delivered to a village and teachers arrived for work; pensions were paid regularly; and clinics have sufficient drugs and blankets. Budget groups that are connected to wider civil society networks have access to unique information, often not available to the government. This can prove powerful ammunition in budget debates and advocacy and helps groups to build an active constituency for their work.

Invest in building allies in the media...

The media is a further critical, but often underutilized ally and can offer budget groups opportunities to reach each of its major target audiences, in particular policy-makers. As the case studies show, building a relationship with the media requires substantial investment of time and energy. Most journalists do not have access to prior training in public finance and are hesitant to cover what they perceive as technical issues. Budget groups that can rely on media coverage of their work have initiated programs to train journalists and brief them, formally and informally, on the connection between budget issues and current events. Success requires an explicit strategy to cultivate particular journalists in those media that are most important to groups target groups.

Work with the legislature (but not exclusively)...

Budget groups have often placed top priority on their relationship with the legislative branch of government. This is often a natural partnership as legislatures are formally charged with approving the budget, they can offer civil society with the only formal access to the budget process, and they may have preferential access to information. In return budget groups can enhance the legislature's access to independent research capacity, often a key constraint facing legislatures in the discharge of their responsibilities. For these reasons, budget groups have focused much of their attention on the legislature stage of the budget process.

Despite the legislature's formal responsibilities with regard to the budget, in many countries the effective role of legislative bodies is constrained by lack of formal amendment powers, minimal debating time to consider the budget, lack of access to independent research capacity, and limited access to information. Consequently, the legislature's power to influence the budget can be extremely limited in practice – or at least limited to a narrow window of time or line-items.

This is not to argue that groups should not look to the legislature as a key partner on budget advocacy. Legislatures and civil society share a common agenda of building an inclusive budget process. But groups do need to take reality into account by researching carefully at what times of the year, on what issues, and to what ends the legislature is able to influence the budget – and adjust their strategy accordingly.

Establish direct connections with the executive branch...

Civil society thus needs to find opportunities to influence the executive branch directly. Channels of influence with the executive can be formal (as in PRSP-related processes in aid-dependent countries or through participatory budgeting initiatives) or informal (through friendship or other professional ties). In working to find allies, it is important to remember that the executive is seldom a monolith; factions can be exploited as in most large organizations. For example, engaging with social sector departments may uncover allies interested in limiting military or other unproductive spending. Or where ministers or heads of department are not responsive, working to influence advisors or middle-level bureaucrats may be a more fruitful approach.

... and remember external audit authorities

In addition to the executive and legislature, budget groups could better exploit opportunities to work with other governmental actors in the budget process. In most countries, the external auditor has constitutional authority to receive comprehensive information and independently evaluate government budgeting procedures and performance. Budget groups can collaborate with these institutions in several ways that are beneficial to both institutions, for example monitoring adherence to the procurement process, or the extent to which public sector departments address the shortcomings or mismanagement uncovered in audit reports.

The general point is that budget groups should work to create relationships and alliances with all government institutions. Different combinations of strategic partnerships with these institutions can unlock information and provide access to different levers of influence for social change.

Lesson 7: Build tomorrow's leaders today

It may be difficult, at least initially, to identify and recruit a strong team for applied budget work. Very few institutions worldwide provide training in applied public finance and such specialized individuals can often command much higher salaries in the private or public sectors.

These concerns, however, can be exaggerated. Many groups have learned that it may be easier to turn an activist into a budget analyst than to turn a budget analyst into an activist. Therefore, finding individuals with strong public policy and communication skills and trusting that over time they can learn about budget issues may be the best way for budget groups to develop internal capacity for budget work.

Once trained, however, civil society budget analysts become valuable commodities. Over a relatively short period of ten years, budget groups have contributed (not always willingly) some of their best and self-trained staff to the private and public sectors. Former civil society budget practitioners now head the budget division of the Mexican Freedom of Information Institute and are Members of Parliament on the finance committee in the Indian parliament. Budget groups should be proud of these contributions, but they also have to work hard to offer incentives to retain valuable staff.

Budget work offers substantial scope for learning and is a good base for building an academic or policy career. Budget groups can find innovative ways to offer benefits such as health insurance and pension plans to increase the attractiveness of a career in the non-profit sector.

Sustainable organizations also require effective leaders. Budget group leaders are very difficult to come by: they must combine the skills of the sharp analyst and of the effective advocate. Budget work being a new field, this set of skills can often only be learned on the job. As mentioned above, the most effective budget groups were often established by pioneering leaders with a clear vision. To guarantee the future of the organization, it is incumbent on the founder (and subsequent leaders) to nurture multiple layers of leadership in the organization from its inception. Having a reservoir of skilled potential leaders will not guarantee an effective leadership transition, but it will provide one of the necessary conditions for this.

4.3 *Closing comments*

Civil society budget work has a very short history. It was just ten years ago that a small group of civil society organizations began to test methods to monitor and influence government budgets. These small experiments have generated wide international interest, well beyond the expectations of their founders. In a relatively short period of time, organizations in over 60 countries have initiated efforts with similar aims, to ensure that public resources are used for the public interest.

The case studies reviewed in this paper provide a taste of what each of these new organizations might achieve over time. At a minimum, they can work towards substantial changes in country-level transparency and engagement. As their capacity and relationships grow, significant shifts in pro-poor policies, budget priorities and implementation are also within their grasp.

Budget work is still spreading dramatically within civil society organizations around the world. An increasing number of global coalitions and social sector networks, such as the movement to monitor oil and gas revenues, are highlighting the transparency and accountability of public resources as their core objective, backed by a growing number of U.S., European and multilateral donor institutions. Many of the building blocks for a powerful social movement are therefore in place.

Yet there are still many significant gaps. One of the most obvious ones, very relevant for low-income countries, is the absence of work monitoring international donor assistance; an important omission giving the large share of developing country budgets financed by aid. There are also several regions that have yet to develop and active civil society interest in budget work, such as Central America, the Middle-East and North-Africa region, and South-East Asia.

While the challenge to date has been to assert the right of civil society to participate in budget debates, the next challenge is to improve the effectiveness of that engagement. This means ensuring that more organizations are able to achieve larger impacts more frequently. But it also means enhancing efforts to ensure that civil society budget work – and ultimately budget transparency and accountability – become integrated as core components in budget reforms as preached and practiced by international donors

and country governments worldwide. The rapid advance of this work is encouraging, but it is only at the beginning.

Monitoring the impact of budget work is an essential contribution to global learning about this new area of civil society engagement with policy processes. The case studies covered have helped to prove the potential for impact we anticipated. But there is a clear need to monitor a broader number of budget groups over time. Over the next two years, the follow-up phase of this work will consist of a more systematic data gathering effort on impact through longitudinal work, integrating information from both budget groups and independent observers. This will be fundamental to build further understanding of the potential and limitations of budget work, and of the strategies to maximize impact on particular issues and in different contexts.