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Panel Three: Strategies for Strengthening Domestic Accountability Mechanisms

Panelists:

SMITA SINGH
Hewlett Foundation

CHARLES GRIFFIN
The Brookings Institution

WARREN KRAFCHIK
International Budget Project

KARIN LISSAKERS
Revenue Watch Institute

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P R O C E E D I N G S

MS. SINGH: Good afternoon. We turn to the third and last panel of today's conference. And we're going to pick up on many of the themes that we've heard throughout the day, but today's panel will be an intensely practical panel.

We have with us three distinguished panelists, who each in their own way are grappling with a question that we've returned to time and again in the earlier panels and in our discussions, namely, what should be the role of international civil society organizations and funders in strengthening the domestic demand for accountable institutions in developing countries. And I phrase that as what should be the role, but the underlying question is also do we actually have a constructive role to play.

Before – I'm going to proceed this way. I've been asked by the conference organizers to give a little bit of a background on why the Hewlett is interested in this area and what we expect to happen as a result of our own investments, which I should say are at this point very nascent. And then, I will introduce the panelists and turn it over to the meat of the discussion.

So, to the Hewlett Foundation, let me start by saying we don't really have an interest in governance, per se. Our overarching mission for the foundation's global development program is to promote equitable growth in poor countries, in other words, to have a measurable and sustainable impact on poverty. And we work with our grantees as partners, who are really the ones doing the heavy lifting in terms of achieving this goal.

So, what are the principles that guide our investment strategies? Very briefly, we look for leverage and for areas that have been neglected or where official donors are less

likely or able to operate. And we try to appeal to our own comparative advantages, which namely are an ability and a history of sticking with areas of work for a very long period of time, persistence. Ironically enough, given the topic of today's discussion, as a result of the lack of accountability, in other words, we really aren't accountable to anyone but our boards, foundations can have very, very long time horizons.

And to Professor Fukuyama's early point, we don't have to work on the official donor political cycles, but we can afford to be patient. And we think that we should take advantage of this unique characteristic in thinking about where our monies can be best used.

And finally, although we can be patient, we do have a desire to hold ourselves accountable for results and accountable ultimately to the poor whose lives ought to improve as a result of our investment.

So, where is it that these principles lead us? First, although Hewlett is a large foundation, the money that we bring to the table is small relative to the needs in any given sector, such as education, health, or agriculture. However, we can ensure or help ensure, rather – I don't claim to say that we could ever ensure – that the public and private monies that flow into providing services or supporting programs in these sectors are allocated more efficiently and used more effectively, then we think we can have a much greater impact and more importantly – and I underline this – one that is sustainable, even when our investments end.

And this is part of the reason I think that Professor Fukuyama earlier talked about patience in this work. When we're looking at the delivery of services, it's often much

easier for us to come in and deliver those services or fund others to do so, rather than help create the systems or shore up those systems that over time will continue to manage the delivery of those services.

So, in essence, this is the value proposition for us and what attracted us to this kind of work. To us, this made more sense than directly investing in the service provision, where the scale is well beyond what we could bring to the table. So the long and the short of it is for us, that we've concluded that if leverage is one of our guiding principles, then we need to be thinking about transparency and accountability and let me say domestic accountability in public expenditures in developing countries.

So, as we've begun to think about investing in this area – and I should say, we're really new to the game. Our global development program has been around two years, and we're very much following in the footsteps of other donors. But we did look around at the history of externally financed institutional reform efforts to improve governance more generally and transparency and accountability in public expenditures more specifically.

And a few observations, some of which you've heard before from other speakers. First -- and I'm going to grossly simplify when I talk about these observations so bear with me. First, bilateral donors in particular have put substantial efforts into what we think of as democracy promotion in transition and developing countries. But, as we've heard, electoral democracy, neither guarantees transparent or accountable institutions, nor the effective delivery of services. And I'll return to that later in my conclusion.

Second observation, multilaterals along with bilaterals have worked with governments and invested heavily in promoting what we've been calling today the supply side of accountability mechanisms, whether it's you know, promoting judicial reform, the development of fiduciary and internal audit functions, computerization, to name a few.

Third observation, multilaterals in particular have focused on reducing opportunities for corruption in the projects that they fund and in some cases, developing strategies for preventing or combating corruption more generally.

So, this is what we looked at when we say primarily the official landscape of funders and what they were doing. And what we've come to realize, and it's not something that we've come to on our own, but rather, reflected in the general discussions today, is that these interventions may be necessary building blocks of an accountability framework, but what they deliver is a supply of rules, laws, and practices.

But as we all know, rule books are not enough. These rules have to be enforced through both formal and informal incentives to get real changes on the ground and that transplanting formal institutional structures and practices will not work if the existing incentive systems upon which they are overlaid push people to circumvent those rules and practices in formal institutions.

In different ways, we've heard the same stories this morning from Professor Heller and then again from Professor Fukuyama. So instead, as many of us have said, we need to think about increasing the domestic demand for accountability on the assumption that you're not going to get a change in behavior until citizens, as the ultimate principles if we think of this as a principle agent game, actually demand those changes.

And effective demand certainly requires the rules that allow it or as Ngozi spoke about, sort of the supply side conditions that can take advantage of that domestic demand or that the domestic demand can take advantage of those supply side conditions. But we also need a civil society in governing institution that gives voice to those demands.

So, the question in some ways before us is how can we on the outside encourage domestic demand for accountability and hopefully get the desired changes in behavior and improved governance and finally, in our case, improved outcomes for the poorest citizens of these countries.

We don't pretend to have the answer, but this panel is actually going to focus on some very promising approaches. So, before I turn to the panelists, let me throw out a few things that Hewlett thinks about as we start scaling up our investments in this area.

One is that in some ways it's the private foundation community or private funders, like ourselves, who have been responsible both for the positive and the negative aspects of funding civil society in many developing countries. As we heard, I think from Steven earlier today, that really the primary sources of funds are still from external donors for much of civil society, not really from a robust internal philanthropic community. And in that sense, we bear some responsibility for creating the confrontational and vulcanized civil society that many have talked about. And as funders, we need to think about that.

Second, I think one of the things that we are realizing but others have said also is that there really is a need for a more technically and analytically sophisticated civil society that can focus not just on demanding services but actually move to thinking about

policy reform and more importantly, the tradeoffs involved in both the demand for services as well as the creation of policies.

Third, I want to emphasize a point that Professor Fukuyama said that -- the disadvantage or the advantage of going last is that you often repeat. But let me put a somewhat different spin on what Professor Fukuyama said and that is the point he made about integrating political and economic development.

Certainly, it's true that these communities of – the democracy promotion community and the traditional economic development or international development community have largely operated in two different worlds. And as the international development community embraces governance and institutions wholeheartedly, as Professor Fukuyama pointed out, it behooves us to learn from those who have been working on these issues, namely to learn from the democracy promotion community.

So, let me put a slightly different spin on this. I also think it goes the other way around. In our work on democracy promotion, we have spent a lot of time thinking about accountability in a rather narrow framework, namely, first of all, accountability in an electoral framework, and even when we go beyond elections, it's around rights primarily. Too often, when we think about democracy promotion, we don't think about democracy with a small D, namely, democracy actually delivering goods and services in ways that affect the lives of everyday people.

And to some extent, I think that both communities can learn and ought to be learning from each other. In fact, the recent sort of discontent with democracy flows very much, I think, from the questioning of whether democracy can actually deliver.

Fourth point – and again, others have said this, so I won't belabor the point – is we really think we need to bet on local innovation and that in some ways, our R and D infrastructure for thinking about transparency and accountability interventions needs to move certainly from Washington, DC, but even from centers in the north really to the south.

And to that end, we're thinking not only about supporting work around budget monitoring these kinds of interventions, but really looking to build the intellectual infrastructure, the capacity of think tanks, independent policy research institutes in the developing world to tackle homegrown solutions to these problems. Because as we've heard time and time again and can't emphasize enough, context matters.

And then finally, let me end with saying we can't be too sanguine about domestic accountability as sort of the issue de jour as being the panacea. In other words, we can remove some information asymmetries. We can even help provide platforms for the solution of collective action problems, so citizens' voices can be heard. But these will ultimately support changes at the margin in dislodging the underlying political dynamics that really shore up or as Tom Heller put it earlier, empty out the formal institutions that we think of as being involved in governance.

And so our work will ultimately be at the margin. By our work, I mean the work of external entities will ultimately really be at the margin and the heavy lifting will be done in country. And what this will require, as others have said before, is what I think of as hardheaded patience.

So, in other words, yes, we ought to have long time horizons and again, I think foundations are uniquely well suited in that way to have those kind of time horizons. But on the other hand, we really do need to be hardheaded about what are the other outcomes we'd like to see so that 20 years down the road what we don't have is a lot of robust civil society institutional watchdogs, but not a lot of change on the ground, in our case, in the services and lives and livelihoods for the poorest people.

So, with this, let me introduce our panelists. What I'm going to do is introduce our panelists all at once and then let each of them come up. I'm not going to go over their bios, but you will find them in your packets. But I will say a little bit about the efforts that each panelist represents.

First, we're going to hear from Charlie Griffin. Charles and colleagues at the Transparency and Accountability Program at Brookings are working with several partner organizations to produce a global report synthesizing the theoretical and empirical knowledge base for the growing number of stakeholders and funders in this area. And Charlie is going to talk today a little bit about the framework that TAP is developing to think about this work.

Second, we're going to hear from Warren Krafchik, who is one of the people I've learned the most from in the last few years as Hewlett has begun exploring this work. Warren heads the International Budget Project, which is a global network of budget analysis and advocacy organizations. And to a point that several others have said, IBP provides training opportunities and other forms of support for its network around the world to help them build the technical and analytic capacities that we've talked about.

IBP also publishes the Open Budget Index, which rates countries for the transparency of their budgets and budget processes. Obviously, very little can be done by civil society to actually analyze and advocate for budget priorities if the budget is secret or in some cases, imaginary. IPB has really been at the forefront of building a movement of civil society organizations focused on transparency and accountability of public expenditures. And Warren is going to talk to us about some of the key lessons from IBP's work and its strategy moving forward and addressing some of the challenges we've heard about.

And then third, we'll hear from Karin Lissakers. Karin is the executive director for the Revenue Watch Institute, which has focused on opening the revenues flowing from extractive industries to public scrutiny and improving the management of those revenues in mineral rich countries. As one of the key organizations using the tools of transparency and accountability to counter the so-called resource curse, Revenue Watch is now moving to expand its scope of operation to the expenditure side of the budgets.

And with that, I'm pleased to turn the podium over to Charlie.

MR. GRIFFIN: Good afternoon, everybody. In my previous life, I tried very hard to improve service delivery in education and health and as a consequence was the subject of accountability in many shapes and forms and always trying to build accountability systems into programs.

And I see here in the room actually the architect of one of those situations where I personally was held accountable for expenditures. It's Cako Miwei I see back there who

had to work with the minister of education in Afghanistan to try to move grants in a system that basically didn't function to schools to get them rebuilt and functioning again.

And I went to Kabul and we drove about 90 miles north to visit one of these schools. And one of the transparency mechanisms which are often used in these kinds of projects is to put a big board in front of the school saying here's the amount of the grant and here's how it's going to be spent, so that the people – the parents and the students can hold the school accountable for it.

Well, we came to visit the school, and I'm sure you remember this very well, Cako. And as we walked in, the headmaster of the school pointed out at the top that these first two lines are the awards – the World Bank Awards for the best students – the best male student and best female student in English. And then we went into a classroom and as we arrived, a male and a female stood up. And the teacher said, well, these are the winners of the World Bank Award for best students in English.

And I looked around and out one window, kind of like this, you could see an entire graveyard of Soviet armaments that the Afghans had defeated. You look in the corner and there are pots of flowers made out of spent shells that were shot into the school. I thought well, this is a credible threat. And then the teacher said, well, now are you going to give the award. So, we had to pull our wallets out and sort of come up with the money for the award right then and there.

The reason I tell this story is because of the power of the credibility – the power of the accountability chain there is quite simple in what we've been talking about today: first, that people were armed with information; second, that they clearly had a

credible threat. Maybe it was in my mind, but it was there. It could be the media. It could be anything else. And third, they had a very clear purpose for what they wanted. So, these are kind of the building blocks of getting advocacy for what the government can produce presented to us in a very personal way.

Now I will get this up. I'm going to proceed from Smita's good guidance about developing a bit of a framework here. And I'm going to present what's a work in progress. Therefore, that's another way of saying it may be full of holes. So, before you get too critical, just think of this as a brainstorming session where you can actually contribute to the development of this.

And what I'm presenting is part of an effort by my colleagues here at Brookings, Dave de Ferranti, Justin Hasinto, and Graham Ramshaw, to think through an approach to the problem of increasing government accountability to its citizens. It's a problem for all countries, as several people have mentioned today. It's not just one of our pointing fingers to poorer countries. But we are focused on poorer countries because improving the quality of expenditures in their environments is so important because the resources are so limited and their poorest citizens really depend – it's much more than in a country like this on the quality of public expenditures.

And it's not just a question of spending money from external sources better. By improving the ability of citizens to advocate for better public spending or at least to improve public spending, it also causes all expenditures to improve. So, we're often focused in this corruption – in our corruption focus on simply aid money, but the focus in terms of transparency and accountability has to be on the – on all sources of money.

I'm going to start with just two stories about reforms that go wrong or don't quite reach their reform goals. The first one is a newly elected reforming leader of a Sub Saharan Africa government begins acting on her promises to open up, clean up, and reform the government. With the help of external advisors, she changes – her government changes laws and regulations, sources of information are opened up, the media is liberalized, and regulations are simplified or eliminated. The recipe is followed to a T.

Yet, two years later, nothing really seems to change very much. Transparency International's corruption index leaves her country in the bottom 10 percent, and this golden reformer loses the confidence of the citizens and her backers. What went wrong?

Well, structures and rules were changed; transparency was increased. They were probably necessary steps, essential to any process, as particularly Ngozi emphasized today. But there are long term sorts of investments. They don't have any quick, short-run payoffs, because they don't really change incentives quickly, and they don't change long-run entrenched behavior patterns.

So, to get to some short term wins, part of the question is how can you put in place both these long-term investments that have to be made, but how can you get very quick wins.

A second example is of a Latin American country that got the problem of behavior change right by changing not only the rules but also acting on the incentives by enforcing rules against people who had previously been above the law, so of course a great risk to those enforcing the rules as the general surrounding Ngozi and the president and asking them what they're going to do about their budget cuts, but then,

also monitoring elections to make them fair, promoting unfettered access of media to government officials, and very closely monitoring informal threats so that the media did not feel like they were being threatened even though things looked like they were open.

So, this is a case of not only changing the rules but changing the incentives to really get quick changes in behavior patterns. But the next step in those reforms was to have a freedom of information law and by releasing information to encourage groups to take advantage of the opportunity to engage government more effectively at all levels, not just to get these first level – first step changes in behavior.

After five years, though, there's almost no perceptible change in the behavior of the ministries. They don't appear to be anymore accountable than they were before. And they put together their budgets basically in their own offices without much input from outside. They manage the regulatory structure in the same way as before.

The question again is what went wrong. So many things went right, but the impacts weren't there on the freedom of information laws. Well, many things went wrong. Civil society organizations in the old regime had been small single issue outfits, and they behaved mostly as interest groups with little capability beyond advocacy for their own narrow purpose, and again, as Ngozi referred to, with no skills to use data effectively, so no real capability to engage with government, even though the information was there.

Universities, where the analytical capabilities sat, didn't care or didn't really have the skills to engage with the government to advocate for changes in the public interest. Legislators did not have a system of open hearings or power over the budget to

create a channel for criticisms or any sort of challenges to the ministries. So, the result is lots of improvements, lots of additional information, but really no translation into signals that could cause change in the government's behavior.

I go through these two stories to illustrate the basic theme we'd like to convey today in our sort of framework I'm going to talk about. It's obvious, of course, that cookie cutter approaches tend not to work, but the question is why – is actually how you can get beyond the cookie cutters. Every situation – often countries say my situation is completely unique; anything you bring has to be custom made for us. We don't want to go that far away from a cookie cutter either.

So, the challenge we have is to be able to understand that while every situation is not unique, they have lots of unique characteristics, but we need a framework that can tie these two examples I just gave you together and suggest what appropriate actions might be there.

So, now I'm going to give you a picture. That's a challenge of what we face, and this is the answer. The ideas is to abstract a bit from the institutions and so on, and say what we really have is a question here of ability to signal the government and the government to signal back to the citizens, as well as get responses in terms of action.

So, in this first slide, I'm illustrating what we think is a sensible way to look at the problem. If we think of this idea of signals and actions, we have signals being transmitted in both directions, as well as actions being transmitted in both directions.

At the top, we have this line directly from citizens to government. And that's a form of communication primarily from citizens to government through elections. From

the government to citizens, it's direct actions that affect citizens, such as the military draft, policing of people, and enforcing rules on people. So the idea that – I think now you will understand what I mean by the signaling going back and forth, responses going back and forth, and actions involved on both sides.

At the bottom, we have probably the most indirect route. And in fact, this came up with the question on interest groups, such as labor unions, chambers of commerce, and so on, just in the previous session. So at the bottom, we have these other institutions, such as businesses, labor unions, which act largely on their own interests to effect government policies, but they – the governments also send signals back and forth through them through regulations and the distribution of benefits and goods.

Then there's the middle one, which we mostly focus on actually. And this is where we have intermediaries between citizens and governments, where it may be – the intermediaries may be lobbyists, may be think tanks, may be civil society organizations transmitting from citizens to the government and back from government to the citizens simple things like delivering services through other agencies, such as schools and healthcare facilities.

I'm nearly finished actually. The point here is, is there some sort of way to think about these pipes? Some of these pipes are more constricted than others. Within these intermediaries, there are the principle agent problems that Smita alluded to. In different situations, we'll get different types of results. And by doing a careful analysis of this in any particular situation, it should allow us to come up with priorities of where to act.

Now, let's – I'm going to just take two kind of limits. The first type of situation is where you have institutional – strong institutional democracy, which is at the heading here. And then the other end of it is going to be a situation where you have a leadership dominated system. So, I'll go back to the picture and explain.

So, the first one is the one we tend to think of when we tend to think of strengthening civil society. And that's one where this – all of these arrows are working fairly well, and citizens are able to influence government through the top parts of it quite – through the intermediaries and elections quite substantially. And government is at risk of failure if it doesn't respond to those.

The second one, leadership lead situation, is where the government is a much more powerful agent and the citizens are much less powerful. So, if you just have those two things in mind, in the situation where the institutions work very well, then how do you – what are the key drivers? Well, it's mostly on the citizens' side to make sure that the signals are getting through better, that the quality of the signals are quite high, and that the government actually continues to be responsive to those signals.

Here are some examples of the sorts of problems you would face in that situation. And I don't need to read this slide to you, but it's the idea of getting citizens to participate more in institutions that work, strengthening the institutions so that they are better transmitters of signals, and then, on the government side, improving the ability of the government to hear those signals and to respond to the signals at the get.

But this is often the way people conceptualize the problem when in fact this sort of situation probably characterizes a very small percentage of the environments

where people in this room would actually be acting. So let's go to the other extreme where you have a leadership dominated system. In those cases, as Professor Fukuyama said, in the extreme you may want to walk away from them because the sorts of things you bring to the table probably won't have much impact. But in this case the key drivers may be actually to improve the quality of the leaders first and foremost, since you can't do much about what goes on inside the society. So most of the key drivers there are on the leadership side and to the degree possible to be able to improve the ability of citizens to cooperate or to weigh in.

Just a brief story on this one. Just last October in the case of Uzbekistan we were trying to find a way in a very strong leadership dominated system to be able to engage in what was a very corrupt system. And the one thing that the Uzbeks would agree to and the World Bank would agree to was one small wedge in the door which was to have – to develop parent-teacher associations in schools and start to hold the schools accountable for governance and results. So even in those situations that's what's meant by how to slightly empower citizens in a situation where they really don't have much power. And I'll kind of skip through those because that's just elaborating what you would try to do in a situation like that. Now, the tentative conclusions here are first of all that the governance structures are quite different and that therefore investing to move towards more accountable systems requires, again it sounds like plagiarism of Professor Fukuyama, but very careful analysis of the situation first with clear measure about what could be accomplished; those two things preferably done from the inside rather than from the outside. Then very selective investments and a substantial amount of patience about what could really be accomplished. Furthermore, no silver bullets, another apparent plagiarism from the earlier presentation today, but this concept of signals and actions

indicates that there are actually different channels: citizens, institutions, responsiveness or directedness of government and what is the interest group landscape in the country as different possible areas of action. And finally, as we've seen today they're many different slivers of action; they may be media, they may be legal rules of the game, they may be democracy promotion, they may be supporting civil society organizations directly, they may be improving the human capital out there to be able to do analytical work. Often these things are pursued as silos, and they may be done partially without any framework like this or two of the things may be done or three of the things may be done, the point being that they're not done in a coordinated effort of really strategically thinking though what to do. In fact, often different agencies are doing these things. So the point – the final point here is that in this area to have an impact for the money being spent it's quite essential I think even more so than other areas where we work to make sure that the different inputs are coordinated and deployed where they can have the most effect. So thanks, that's it and I'm looking forward to hearing the others and then hearing the audience.

SPEAKER: (Off mike)

MR. KRAFCHIK: Thank you. I'm going to talk a little bit about the role of civil society in the budget process. We've talked a lot today – we've recognized a lot today that we've underinvested in the demand for good governance and poverty reduction and maybe over invested in the supply side. But you definitely need the supply side and the demand side to work together. So to try and take this discussion forward a little bit, what is happening on the demand side? Well, on the demand for accountability or for budget reform you have five major actors: You have civil society, the media, the legislature, the judiciary, and the order to general or supreme ordered institutions. Those

are the five actors that have formal or informal mandates to hold the government accountable for their expenditures and their revenue policies. Now if you look over the last ten or fifteen years the most progress in budget oversight amongst those five actors has actually been within civil society. And what I'm going to do is tell you a little bit about the story of the growth of these organizations which I'm going to call applied budget groups, and the growth of this work which I'll call budget work. I'm not suggesting this is a silver bullet here. But I am suggesting that in building up these institutions very carefully and over considerable period of time we have a very important piece of the accountability and transparency puzzle that we can build around. So, what are budget groups? These are independent civil society organizations with dedicated and important programs to analyze and influence public (off mike). Ten years ago there were perhaps – fifteen years ago there were perhaps five of these institutions operating middle income countries. To date we have these institutions operating in over 80 countries. What do they have in common? They have three things in common. The first is, and as Bob Greenstein talked about this morning, they try and bring together applied fiscal research and advocacy of action. There might not do the research and action in the same organization but there's a key concept here and the concept is to link applied research with action in public finance. Now this is not something new in many social sciences but it's probably something akin to revolution in public finance. Secondly, they specialize in producing timely, accessible and useful information. And this information largely focuses on the impact of the budget on poor people; that's new. For many years, as we heard about this morning or this afternoon, there've been private sector organizations which have played a very active role in budget debates and been able to be quite influential in that sphere. It's time we learned from them. Here's the growth of civil

society organizations that can help represent the interests of broader members of the community. But aside these three common strategies this is a very diverse range of organizations and they operate in a very diverse range of context. First three levels of development. This work started in middle income countries: South Africa, India, Argentina, and Mexico are some of them. But spread very quickly by the end of the 1990s to very broad range of low income countries in Africa and Central America, for example. And the growth is actually strongest at the moment in Africa. Political systems. They operate across a diverse range of systems. They operate in parliamentary systems as well as presidential systems. They operate in democracies as well as autocracies. And they represent a very broad range of civil society. The trend started perhaps with think tanks in middle income developing countries. But as concerns with budget expenditures or budget execution were amplified and as concerns with citizens needs became more apparent the trend spread towards a broader base of community based organizations, issue based organizations. Organizations operating with a membership base closer to the grass roots. So we're looking at a very broad and diverse movement with some very key points in common.

Now, the types of work are also very diverse and they span the entire range of the budget process as they need to. To go through these very quickly. Many organizations start are simply focusing on building budget literacy, building budget awareness and strengthening citizen engagement in budgets. During the drafting stage when the budget's being prepared by the executives, organizations engage in several ways. Karin will talk about results revenue tracking which is important way to see that the coffers are really as full as they should be or as they can be. Many groups focus on procurement monitoring, as Nancy talked about, and others focus on priority setting; finding ways to

tap into citizens' perception of what the real needs are and finding ways to pass that information into the government drafting stage. During approval stage, which is traditionally been an area where civil society organizations have tried to influence the budget most groups focus on a variety of critical analytical exercises. Looking at the impacts of the budget on macropolicy variables impact of various sectors on the poor, welfare education, for example, and looking at some of the revenue in tax issues. Many groups also focus on preparing the legislature helping the legislature to engage in these debates. A lot of attention as I've mentioned over the last few years has actually shifted more towards monitoring the execution part of the budget rather than allocations of the budget. And the groups engage in a variety of expenditure tracking exercises or exercises to look at the distinction between real – between planned expenditures and actual expenditures, which tend to diverge very sharply in too many countries. And then there's an increasing amount of work that looks at the evaluation of all the stage of the budget process. That includes social audits, performance audits, all the tracking and impact monitoring, and I'll give you a couple of examples of these in a moment. What does success look like? To what end is all this energy going? As it's been said numerous times today, it takes considerable time to build an organization that can have an effective impact on public policy and on budgets in particular. We have found that over a period of five to six years a number of organizations that we've been working with have started to make an appreciable significant impact on both budget transparency and budget policy issues. For example, there's a wonderful organization in Mexico call Funda. When the Fox government came to power at the end of the 1990s one of the commitments they made was to reduce or eliminate rural maternal mortality. Three years into that regime a very large reproductive health coalition was concerned that the Fox government was not

living up to their promise but they didn't know how to prove this. So they went to an organization called Funda which specializes in analyzing budgets and asked for their assistance. What FUNDA was able to do was produce a set of analyses that proved that (a) government wasn't spending enough. If you looked at what it cost to provide obstetric care in developing countries there wasn't enough being spent. Secondly, they were spending the money in the wrong states. The money was concentrated in the states where the problem was the lowest. And thirdly if you crawl through the health budget in Mexico at both the national or federal and the state level there was several areas where the government was spending money that was not a major concern in the country and could be reprioritized. Now this piece of evidenced based analysis gave the reproductive health coalition an opportunity to intervene in the budget process and build allies around that intervention from within the government that allowed them to pressurize the Mexican government and ultimately increase the expenditure on maternal health by over 500%. So that's a success story; it doesn't always happen, you don't get anywhere near 500% and often it's – you don't even really want to spend more money. But the point is that you can find civil society organizations that through innovation can burrow themselves into very close systems and make appreciable change happen for the poorest people. The second example I was going to point to is the work of an organization called the Public Service Accountability Monitor in South Africa.

They work in one of the provinces in South Africa that's one of the poorest, misgoverned and traditionally most corrupt provinces in the country. They hit upon a problem in their accountability chain and that is that South Africa has a reasonably good order to general system but (off mike) of the order to general does not allow them to engage in policy issues. SO they can take their data, they can pass it to the

public accounts committee in their legislature, the legislature can debate it; they have no capacity to change the budget – or the following budget and there it sits. So what the public service – what PSAM does is they take that report from the auditor general and use it to make a noise and thereby build up the capacity of the legislature and other actors to push the government to follow up on the auditor general's recommendation. And they do that very simply; every month they find the heads of the departments of those services and they say, we read the auditor general's report and there were some damning conclusions about your department, we'd love to hear what you're doing about it. The next month they find them again similarly, the third month, the fourth month it happens. On the first month they tape record the conversation and each month they pass this information and they (off mike) the tape recorders to the media build up the capacity of the media to understand these issues to understand how they can make an impact. And ultimately in this case one of their first victories was in 2002 the national government appointed an independent inspectorate that was responsible for clearing the backlog of over 700 corruption cases that were pending in the (off mike) legislature. They view that success as a platform to bold even greater successes in their work but again it's a second story where a relatively close budget process you have an organization that uses its innovation and capacity to burrow in and make a difference.

I could talk more about the other ones perhaps at question time but let me go on and talk a little bit about some of the success factors. What makes an organization work? What makes an organization have success in this very difficult area? And I'm just going to point to six factors. The first one has been mentioned several times today and that's access to budget information and access to opportunity to participate in the budget process. The budget process is traditionally very closed even in relatively

developed countries. Budget information is very hard to access. Budgets tend to be lumpy; they tend to mostly be fixed with very little discretionary capacity and processes tend to lump the decision making into very discreet parts of the – so even in developed countries it's difficult. But in developing countries access to information is a major, major problem. In the open budget index which is a research project that we coordinate looking at budget transparency n over 60 countries. What we found recently is that nine out of ten of those countries did not provide sufficient information for citizens to hold their governments accountable for public expenditures. That's the extent of the problem. We also find that there are major problems in the operation of legislatures and auditors general in holding the government accountable even though they have a constitutional responsibility and mandate to do that. So those are some of the issues you're working against. What we do know though is that civil society organizations can use relatively little information very effectively. And so you can start from a base of relatively little information and relatively little access and ramp your efforts up. But if you're to do this work in a sustained way in a way that has prolonged and sustainable impact you need deepening sources of information and access to formal as well as informal channels of participation. Secondly, this is a complex sentence: dedicated domestic organizational capacity in year round effort is the only way I could get it into one point. But there are a couple of points I want to make very briefly. The first one that has been made several times that I won't dwell on is the issue that it needs to be a domestic organization. Secondly, this organization needs to dedicate resources to specializing in budget issues. They might not have the entire organization specializing in budget issues but they need to dedicate a part of their organization that watches budget year round. Civil society's been shut out of the budgetary process for the last 300 years; to break in is going to take a

considerable sustained and dedicated effort over a considerable period of time. Reading the budget once a year and producing an analysis and passing it on to the legislature just will not cut it. Watching each stage of the process, finding what information you can in each of those stages using it in other stages is really the way to go. Thirdly, much has been said today about the need for analytical and advocacy skills. This is important. I think the most you need actually to do good effective budget work is common sense but there are a set of analytical skills, relatively basic analytical skills which can be learned in a relatively short period of time but need to be mastered. But you also need to help people to understand the advocacy skills and advocacy experience and expertise that you need. For an effective civil society engagement in budget is about combining both of these skills. You don't have to be an economist. I think it's an advantage not to be an economist. Some of the most effective people that I've worked with are probably philosophers and English scholars. One of the phrases I often use is that I think it is easier to teach an activist to be a budget analyst than to teach an economist to be an activist. And I talk from very painful experience of my own. The basic function of each of these organizations, the basic skills – or the basic expertise that they need to learn is how to produce information that's accurate, that's accessible and that's timely that can be used in the budget process. That's the core to building credibility and an audience. And if there's anything that organizations can learn from experience around the world from doing this it's that that's the mantra. It makes impact possible. But impact itself rarely depends on relationships. Depends on relationships within civil society, between civil society and other oversight institutions and under relationships with government. And I could talk for a long time on this so very briefly. One of the dangers of civil society of budget work was in civil society is that budgets tend to be relatively complex on purpose

I think and analyzing them tends to be a very technical area. The people that speak the language of budget are usually the people sitting in the finance ministry in the government. And so it's very easy for the civil society organization that it's trying to find both expertise in budgets to increasingly align themselves with parts of the executive and there is a problem with potential for capture. So that's one of the problems but you also have to realize that your connections to civil society that ensure that you're asking the right questions and that you have a power base to draw on if you need that. SO that's one of the tensions in budget work that organizations need to look out for but it's that connection within civil society – the potential to form coalitions depending on the particular issues that determine whether you're going to be able to intervene or not.

Other oversight institutions. I wanted to pick up on one point that was made earlier today. I think that the most progress in budget oversight has been from civil society institutions. But there are several other actors, particularly auditor generals and legislatures which have a mandate to engage in this area as well and considerable obstacles. I think t hat if civil society – if we're going to be talking about an effective movement to improve budget oversight in many countries around the world we have to start thinking about the oversight system and the role of a formal coalition of actors including civil society and legislatures and auditors general and the media and perhaps judiciaries that can work together in different circumstances as Charlie said depending on the particular constraints of bottlenecks that you're trying to overcome in different coalitions to push this issue forward. Civil society has huge capacity to move this as I've showed in several examples but they're not going to be able to do it alone. Together with the set of other institutions they have a chance. And finally relationships with government. This is a tricky one. I think budget groups have worked most effectively

when they simply don't take a confrontational stance with the government but when they also find ways to be an ally of government in the transition. And I think the most effective institutions look at their relationship with governments as one of a critical ally. An ally of government that is trying to improve governance and trying to reduce poverty but at the same time you attain the right to be critical whenever that's necessary. I'm going to stop there I think. Just to make one final point and that is we're at a point I think in this movement where we begin to gain some currency in the international development arena for the idea of stronger demand for governments and the central role that civil society can play in furthering that agenda. We've got some very nice significant example of real impact in civil society institutions have managed to make a real impact in this area but we face a massive challenge. And the massive challenge is how to make sure that more organizations can have these sorts of impact more often in more countries and to a greater degree. To do that each of these organizations face massive challenges and I think the major challenges are access to schools, access to information, sustainable funding and peer networks. And the organization that I work with the international budget project tries to focus exactly on these four critical optical civil society budget groups face. We try to approach work in each obstacle by using organizations around the world to provide support to peers, networks, to other institutions to try and advance this issue further. In that way I think that an international institution can use its relatively bland tools to help further an agenda which puts the expertise at country level in charge and giving it the greatest capability to use its innovative potential. Thank you.

MS. LISSAKERS: Thank you, somebody has to be last. I promise I will also be brief. The revenue watches to some degree the yin to Warren's yang in that we look at the front end of budget accountability. That is to say the revenue inflow. And we

do that because it the citizens don't know how much money the government is getting – the economy is taking in, then they can't very well ask where the money is going. You need one piece of information to get the other piece of information. We focus on countries that are heavily dependant on extractive industries, specifically oil, gas and mining f or two reasons one because of what is called the paradox of plenty. The fact that some of the wealthiest countries are also the poorest countries that is to say they have enormous resources natural – resources in the ground or in the sea and generate tremendous amounts of money for somebody but in too many cases not for the people who live in that country who should be the primary advantage. Second we focus on this set of countries because the accountability challenge in these cases is even greater than in many other countries because the government has an autonomous source of resources in its control it doesn't have to go to the citizens for taxes, it doesn't have to tax businesses; the money just flows out of the ground and therefore the moment for citizens parliaments et cetera to assert some measure of control and demand accountability. So setting up effective surveillance monitoring accountability mechanisms in these economies is particularly difficult. We do this through many of the mechanisms that have been described by elders. In the end accountability comes from the citizens and you have to get information to the citizens, you have to help civil society groups to use the information. We work with civil society groups in all the way s that Warren mentioned in forms of support for budget groups. We help to build local and international and regional coalitions of activists who are focusing on oil, gas and mining. We provide a lot of training not just on the revenue side of it but also training on the mechanics of the industry at issue whether its mining or oil and gas so the activist actually have some understanding of how those businesses work. I mean, you have a lot of activist groups

protesting in many countries where there has been a history of poverty and wealth generation, take Bolivia. SO you have a lot of resource populism now asserting itself but some of that is not particularly effective or constructive because it's based on a lot of misconceptions about how much money – how the money is generated, how the industry operates and what's needed to have a successful rather than an abusive extractive sector. We – the revenue of our institute is not opposed to extractive industries per se but we think there is a balanced and sound way to manage these industries which benefit society but can still also be a proper investment climate for the industry whether it's local or international. We're very – media is terribly important and again we do the same thing there we do media training on the how to cover the oil, gas and mining sector. We produce a lot of research material which I think is very important and building these networks particularly regional networks of (off mike) has been very effective in strengthening their work individually and collectively. They learn from each other. But we are very flexible and very opportunistic because as Professor Fukuyama said you have to think about the pit. And there are countries where you have a better opening to work directly with the government to make changes to – than to work with a civil society group because they are weak or there just isn't an opportunity. Sometimes we work with industry because it's the companies who are operating that are most interested in having some sort of monitoring. For example, in the Caspian it was British Petroleum that asked us to help organize a civil society monitoring process for the BTC pipe line because they were worried about local protests interrupting the construction of the pipe line which was already occurring and that gave us an opening to help to build in a monitoring mechanism not just for the actual physical construction but also for the financing and the expenditures in all three countries around the pipeline construction. It was a process that

helped the company it also helped the citizens – asked for the company to account for its actions but also for the governments that were contracting with the pipeline. And in Mongolia the source foundation – and we are a spin-off of the source foundation – supports say public policy program on television and that program did a sort of 60 Minutes expose about a gold mining operation that was extracting and exporting a lot of gold and wasn't paying a penny of taxes because it had an eight year tax holiday for a mine that would be exhausted in seven. And this created a huge public raucous. The program happened to coincide with the election cycle and because it created so much political heat the politicians suddenly scrambled around to see how they could respond. And we then provided a lot of technical advice. I mean, the World Bank was there, the IMF too, but I think we came in and we probably more willing to say you know, a windfall profit fax is probably not going to drive away investors and your royalty rate is lower than other compared or mining states for example. You know, here's what's happening – what other countries are doing, here's the range of options, here's the tradeoff with different fiscal regimes and so on. And that led to a new fiscal regime windfall profits tax which immediately generated actually quite dramatic increase in government revenues which then made the government much more interested in having a broader dialogue on some other issues like extraction industries transparency initiative. And the international piece of this is also very important not just because outsiders can provide sustenance and support the local activists but also because the international community can create benchmarks that governments want to meet for a variety of reasons. It may be because the state oil company wants to list a foreign exchange or it may be because if you take Kazakhstan there's a big modernization push. It's still a highly autocratic state but the government wants to modernize and it wants to look good

outside. And the extraction industry's transparency issue for example, it's not a conditionality imposed by anybody, it's a voluntary standard; it's a process of mutual disclosure by all the extractive companies operating in the country, and by the government in tandem. It is a way of concretely increasing public availability of information on the extractive revenues being generated in the economy.

And it's done on a quarterly reporting basis. And there's two sorts of oversight mechanisms for them and one of them is a domestic multi-stake holder committee that's a requirement. If you're going to meet the IPI standard you have to create a local committee – implementing committee which includes the companies, the government and civil society. And in Nigeria for example this has become an important vehicle for dialogue on broader issues, the same in Azerbaijan and Kazakhstan. It is now – it gives civil society a seat at the table that they haven't had before. And it's politically beneficial for the government because it makes for less hostile and suspicious relationship with citizen's groups. But it's the combination of this domestic implementation process and the fact that there's an international validation process which is also multi-stake holders. There's a board – an EITI board which includes company representatives, implementing country representatives and various civil society representatives both from producing companies and groups like ours that are sort of international level activists. I think you have to be opportunistic to be effected; you have to think about what are the incentives for all the players for the politician, for the industry and for citizens. But just one last point about making these accountability exercises will never go anywhere unless you show results and in the end the results are going to be at the local level. What people really care about is whether they have clean water or they have a school or they have a health clinic in their community. It's all very well to talk

about governance and accountability at the national level. And we are starting to do much more work on the sub national level, on the provincial and local level on a pilot basis partly because in many oil and mining states now there is a sharing – a revenue sharing formula so a lot of money is going into the provincial governments and local governments in Indonesia for example because they've had a big decentralization law. And you see huge amounts of money are pouring into the provincial ones and local levels and those officials – governments really don't have the capability to manage that money transparently and citizens are only beginning to catch on that all this money's pouring in and they should be seeing some results on the health basis. So we are going to do some local revenue transparency monitoring projects in Peru and in Indonesia to see if we can get a viable model that can be translated into other areas. But we have a saying in the US that all politics is local and I think it is absolutely true with regard to accountability over extractive revenues. And you have to follow the money all the way to the ground.

SPEAKER: Thank you. Now we would like to open it up to comments and discussions so if you raise your hand we'll bring the microphone to you and if you would just identify yourself and then your question or comment and then what we might do is collect (off mike)

MS. KAHN: Hi, my name is Mona Kahn, I'm with the Fund for Global Human Rights. We support human rights organizations in 13 countries and one of the things that we're continually running into in certain countries is the fact that for civil societies economic and social rights are a relatively new area. Many groups have come from sort of a civil and political rights analysis. And what we're struggling to find are technical assistance resources to really – not just – to understand how do you build within communities the idea that the state is responsible perhaps for honoring its obligations to

make – deliver basic services to the population. And to develop skills around their own budget analysis and then how do you use that as an advocacy tool. So I will be pestering to you individually to help the relief fund because I'm interested if you could talk about what are resources within regions, within countries that might be available to build civil society capacity to do budget analysis as an advocacy tool as well as resources that might exist in the US and in Europe.

SPEAKER: Thank you. We have a question over here and then this one over here.

MS. PADCOE: The last speaker Karin and this question just before me brought up the issue of local government capacity and that level in general. Enviably, some countries have extractive resources that go to the local level that they can monitor and program but I happen to be focused on the moment on very poor countries that don't have those resources like Haiti for example. And I'm also thinking about Jordan which has a lot of poverty pockets. And I'm wondering if the panel could say something about the alliance between local government and CSOs to lobby central government on revenue formulas and decentralization – fiscal decentralization. And I'm also concerned about the issue that local government is not monolithic, it is layered. And for example in Haiti you have fiscality at the communal level and at the national level. You have in between these levels -- at least two levels – which don't have fiscality but exist in the constitution and have local government roles and that is the department which is sort of (off mike) to the state or something like that and then below that you have an (off mike) which three of those in each department and then below the level of commune where you have fiscality you've got more levels which gets closer to the neighborhood, closer to where citizens can actually monitor but again they don't have a real fiscality. So that said – and

then often local government is also reporting to a ministry of interior for example which is often a ministry of (off mike) for those two kinds of entities and that ministry often has more of a security concern rather than an empowerment concern. It may often be in fact an opponent of decentralization. So my question is also how do you get alliances going at the critical ministries where you need for example, ministry of finance, ministry of interior, where you need to get alliances going and reduce the threat that they feel so that the local level can be empowered and can have more resources delegated to it.

SPEAKER: Thank you. This question and then we'll turn it to the panel.

MR. BRIDLE:Tom Bridle from National Democratic Institute. I asked this basic question in the morning too which is about the role of national legislatures in office and there's a lot of talk about civil society and the role that civil society played in accountability and monitoring government. But one thing that all these countries have in common is that they have really essentially completely dysfunctional national legislatures and one of the exceptions for example is Nigeria where you really have now the Nigerian legislature is starting to become a little bit more active and more effective. So my question is isn't some of this conversation overstating the importance of civil society and understating the importance of national legislatures, because if we don't have a national legislature that can really hold a government to account will you ever have a truly balanced and transparent government system?

SPEAKER: Thank you. Why don't I turn it first to Warren and then Karin and then Charlie?

MR. KRAFCHICK: I'll deal with two issues, the rights question and the legislatures. On the rights question there is a growing body of literature and practice in organizations that are trying to link economic, social and rights concerns with budgets.

There's children-budgeting exercises that happens in over 20 countries at the moment where the researchers link the national convention on the rights of the child which is linked to the UN convention on the rights of the child to individual government ministry expenditures annually monitor that progress. There's a gender budgeting exercise which happens in 15 or so countries which similarly try to link government expenditures to the convention on the elimination of discrimination against women. There's work that happens in the right to health and there's work starting at the moment on budgeting and the right to food in FAO. What we've been doing on this issue is to try and create both a training course and a set of training and technical assistance providers drawn from developing countries that can act as resources to other countries. There is a course now which is a ten or twelve day course which looks at analytical and advocacy initiatives to push economic, social, and cultural rights issues and it's specifically targeted using the budget as a tool for these. Two or three of these courses have been held already and the next one's to be held in Liberia in April. SO it's – either come talk to me after this or if you want to look on our website which is internationalbudget.org you'll see there's a theme page link – there's a theme page specifically about budgets and rights and will link you to these training programs. There's also an amazing text on the right to help in Mexico up on our website which gives a very detailed explanation of how the maternal mortality and HIV work which is similar happened in Mexico and exactly the analytical steps and advocacy steps that the organization took to try and develop the expertise to both analyze the information and then to push it in the political – On the legislatures I completely agree with you I don't – I try to emphasize the point that civil society can't do this alone. I do think that civil society has taken the furthest strides in this area but if there's to be systematic progress in changing the oversight system, which is obviously

what we need we need to bring in legislatures and auditors general and the media and possibly the judiciary as well into this issue. The positive fact of legislatures in the budget process is just about every country that I know of the constitution says that the legislature has to approve the budget. The problem is that legislatures face a series of legal incapacity problems in order to meet their constitutional obligation. So in most countries there's considerable obstacles on they're capacity to change the budget. Or if you can't change the budget the executives have got very little incentive to listen to you. And then there's a set of problems on the capacity side and the problems on the capacity side is they've got only dependant research capacity, they also have very little access to information, and then they've got very little access to the executives. So where do you start, I think is the question – starting to address the legislatures. I know that India has done considerable work on this. My answer is I think you start on trying to build independent research capacity either within the legislature or in combination between some skeleton start in the legislature and drawing on civil society outside of the legislature. And my kind of simple calculations in about 12 countries shows that you could probably do that by increasing the parliamentary budget by a mere 5%, and I think that would be a great investment. Once the legislature has the capacity to start doing effective research they'll be taken more seriously by the population, they'll be taken more seriously by the executives, and they'll start finding a way to exercise their oversight responsibilities more effectively; there will be more at stake for them.

SPEAKER: Karin, I don't know if you have any comments.

MS. LISSAKERS: Well, on the last question I did give (off mike). It's very important. In the end it's the parliament that supposed to make the laws (off mike). But we in fact have in our long term strategy a goal of increasing our (off mike) very

systematically. We work directly with the committees in the individual matters of parliament; we walk them through different tech models and so on. But we don't – we haven't yet organizationally created a sort of game plan if you will for engaging parliaments in a more systematic way.

And the same with the local civil society and local governments. And many of this is very challenging in a huge – if you take a huge country like Indonesia or Nigeria for example because as Ngozi said, it's much easier for everybody to focus on the capital and that includes the local NGOs who are more willing to go and talk to the minister – or try and talk to the minister or speak to the capital. But actually getting them to go to their local town council and say now that we think Ngozi we have –we know what your budget distribution is from – what are you doing with it? Human rights is a fascinating study in four districts in the state about – because the budget numbers, the revenue numbers – what was actually being delivered in terms of school and health care and so on? The answer is basically nothing -- nothing. But getting the local groups – civil society groups – to engage in that I think it is extremely dangerous. You know, you're probably not going to get killed if you go ask uncomfortable question in Abuja but if you go act uncomfortable questions of the local mayor you may just disappear tomorrow. But it's also a systematic approach to capacity building with NGOs at that level.

SPEAKER: Charlie?

MR. GRIFFIN: I don't have much to add except to say that there were two things that were -- apart from the technical assistance part which I think Warren completely covered, the two issues that were brought up – I think one was decentralization and the different layers of government. And as we all know central

government are geniuses at adding layers of government with no resources below and calling it decentralization. Similarly to the extent that legislatures can ask questions you make central government bureaucrats uncomfortable. So I would – the reason I say that is in both cases greater involvement of civil society institutions actually should naturally cause some pull for money and power down to local levels of government and probably removal of levels of government that don't have any function. And secondly it seems to me that their natural partner in holding the executive accountable is the legislature.

SPEAKER: Other questions, comments? Let's start over here and then over there and then one up front there.

MR. ELLER: Hi, Nathaniel Eller from Global Integrity which works with teams of local journalists and teams to do anti-corruption assessments. And I had sort of a more practical question to Smita as a funder and to the other three as consumers to NGO funding. How – we hear this all the time and I'm sure Warren and others who work with in country folks and sort of pleas for help. We have great ideas or their budget monitoring or there are other things yet we're faced with very long time lines (off mike) funding for implementing and so we can never catch up to the process. We see problems but it takes us six or twelve or eighteen months to tap into funding particularly from western donors whether it's (off mike) foundations or governments or multilateral. So I'm just curious whether they're ideas or you've heard of ideas or how we can potentially move forward to some different type of funding vehicle or a hybrid that gets us into a more accelerated framework where we can respond collectively whether it's from the donor's side but also at the grass roots level to actually responding to problems in more real time.

SPEAKER: And then I think there was a question over there and then

one up front.

MS. WARREN: Reese Warren, Task Relief Services. This is a question for Warren and Karin. Warren you spoke about the importance of working with people in the government and you also noted the danger – the potential for capture. And Karin spoke about working close with governments. And I wondered if you could both talk a little bit more about how you walk that line; how you balance effective work with the perception of being captured. Excuse me, avoiding the perception of being captured.

SPEAKER: Thank you, Pamela (off mike) a visiting African scholar from Uganda. I just have a small comment. Thank you for the presentation, it was very informative. I think in my view higher academic institutions I think have the technical capacity and could in many ways be used as avenues for strengthening the technical capacities of civil (off mike) organizations. I'm saying this from experiencing Uganda well. We've specifically aligned ourselves with Uganda's network to try and lobby and engage in policy related research and hold policy dialogues to influence policy decisions. And I think more thought ought to be given to (off mike) alliances because the academic civil society can go a long way in trying to ensure that quality work is done in this respect. Thank you.

SPEAKER: Thanks. We have another question right here then we'll let the panel.

SPEAKER: Hi, my name is Otto (off mike) with the Yemen Embassy. This is more of a comment than a question. I just wanted to hear your opinion about this. First, the issue of government or public perception of the credibility of the civil society. When a solution is proposed by civil society sometimes it is not taken as seriously as if the same exact solution was proposed by an expert who comes from outside, from the US

or from Europe. And this creates frustration, and also not – it does not get the solution that is needed that is based on reality on the ground rather than solutions that come from afar that doesn't really know the complexity of the (off mike). If you have some issues of how to go beyond that. And the other question is about the lack of trust with the government and the civil societies in many of the areas. The civil societies for the most part think of the government as guilty until proven innocent regardless of the issue and regardless of the dialogue that's going on. And many of the countries would think of the civil societies as weak or doesn't know realities or think are serious and doesn't know much about the practice. So these two challenges to the work of civil societies and governments, what are your opinions about how to go over them -- I don't – it may not really reflect on the specific discussion of this panel but I thought I would like to hear your opinion. Thank you.

SPEAKER: Thanks. Why don't I give the chance to the panel to respond? Someone want to go first?

MS. LISSAKERS: (off mike) the question about how do we avoid capture by governments. I think the key is to be completely open in public about what you're doing and saying the same things to NGOs and to the public as you're saying to the government if you have a direct dialogue with them. That would certainly – take Mongolia for example, working with everyone I believe. We did the same training and the same – presenting tax options and policy options to the opposition party to the governing party (off mike) civil society; we didn't hide anything. And the other is to try to work – I think if you're working effectively with both civil society groups and parts of the government – it's not always possible to do that in every country and you have to make a judgment about who you want to engage with. And I can't say that we have a

clear policy or guidelines for their governments but when you see a government that may be very distasteful in some ways and certainly not democratic by our standards. When you see an opening to make the progress or help them make the progress on the (off mike). Do you really want to be (off mike) or do you want to miss this opportunity and (off mike)

MR. KRAFCHIK: I would second everything that Karin just said. To add just on the relationship of the state story, just two points. The first one is that I think if you're working on budgets, as I've said you really go back to the mantra. The mantra is that you provide information that's accurate, that's accessible, that's timely and that's objective. And as long as you keep that as your standard in life and in every single thing that you do, that's the reputation that you build up for your organization. And it will be very hard for any institution whether they come from the states, or from civil society, from the legislature or elsewhere to consistently create problems for you. SO that's the first way to prevent state capture. The second issue is that in practice it ends up being considerably harder to manage a complex critical ally relationship. And you could have one day – I started doing this work in South Africa in the ministry for democracy and there'd be days on budget day, for example, in mid-February where I'd have a day that would start off by producing a press statement that highlights what the government has done well in the last budget year. And the day would end in critiquing the government's budget that had just been presented. And that's what you have to start managing, you have to learn that your relationship with ministers, with members of parliament sometimes has good days and sometimes they have bad days. And it's unbalanced, the relationship that you're engaging, and it's trying to push a transition forward. SO those are the two points that I though of on that.

SPEAKER: Karin, do you want to come in on the second question?

MS. LISSAKERS: Yes. I think one of the reasons we put so much emphasis on the training of civil society and education of civil society is so that they can be effective and credible And we as the government or we as a company operating in it (off mike). That is one of the functions that international NGOs and outsiders can form is to help provide the training and the education so that they really understand the material and can use it effectively (off mike) . We do training, we're actually expanding – we're creating a summer course to focus on oil, gas and mining which will have a component of training people on the industry. What's the (off mike) sharing contract, what type of licensing arrangement standard, how the financial (off mike) frame and so on. And then there will be a piece on revenue monitoring and different approaches to revenue regimes and advocacy and so on. And Warren said the same thing (off mike) . And also something that should be done apart from this. We actually work (off mike) .

SPEAKER: Charlie?

MR. GRIFFIN: It almost sounds trite but in all of these areas that were covered by these questions in terms of how to get funding, how to walk the tightrope between capture and not capture, the role of universities and the perception of civil society organizations it really boils down to developing a track record of having the best quality analysis but also coupled with some capability to speak publicly as well as Warren does and to make your case extremely well. Because in all these areas you're competing with others who are also trying to do the same thing. That's why I say it's almost trite but it really comes down to the skills involved in doing this objectively.

SPEAKER: I'll just briefly speak to the funding question. You're point is that funding timelines is out of sync with the windows of opportunity. And that reflects what is sometimes a disturbing trend in terms of how funders are structuring their (off mike) , which is moving away from core instructional support funding for organizations – where organizations have the resources to take advantage of those windows of opportunity whenever they may arise to more discreet project funding. And we see this time and time again that the discreet projects and change and impact is not necessarily happen on a grant cycle timeline, and so all I can say is that certainly in this area but more broadly in our work we look where we can to providing that general operating support for organizations that we think are effective for precisely the reasons that you mentioned; that we can't identify when those opportunities will arise. As for whether it would make some sense to have sort of a rapid response fund, that's an open question. Certainly for example, it's not a rapid response fund but the International Budget Project does have a small grants program. And once again I think those kinds of funds would be best managed by folks who are closer to the ground and issues as opposed to funders because we are again often several steps removed from being able to identify properly when an opportunity and a quick turnaround would make a difference.

SPEAKER: A question over here, and then let me say just because I'm conscious we're heading towards the end of a long and lively day so after this why don't we take one more and then wrap up.

MS. BROWN:Hi, my name is Vonda Brown, I'm with the Open Society Institute, an American program and I have a question for Warren. You talked about the six factors for success for civil society organization working in budget

monitoring, and I know that it's difficult to get all six in one organization. Which one of any of those six do you think is the most important, at least to get started, with an organization because as many probably have seen in the last couple of years there are a number of organizations that are looking at budget monitoring as a mechanism for them to use in their national government and they are trying to develop these skills. So when you're looking at all these organizations that are thinking about using this which one of those six would you think – or more than one – have to exist before they start working. Thank you.

MR. KRAFCHIK: Well, there's six success factors because I could only get six under the side, I would love to have ten. But if you push me on this I say the most important is to producing accurate, accessible and timely information. The budget is an issue where institutions don't have a track record of engaging in extreme obstacles in trying to access to government and access information. You need to build up your reputation; you need to build up a reputation that civil society can produce good evidence-based analysis can be used. Once you've done that you'll be taken seriously and then I think the others will start flowing.

SPEAKER: A last question? You have the final word – well not quite the final word.

SPEAKER: My name is Natalia (off mike) , professor in economics from Ukraine, and I would like to refresh this situation from the other side because (off mike) from US side, from western side and I was a country advisor and technical expert from Ukraine for more than 25 international projects including the civil society development project and it's very important to find key people – very good local experts to collaborate with you and your projects, you know, execution. And it's very

important to train these people; it's very important to connect government and non-government or civil organizations because we had experienced collaboration because NGO organizations in Ukraine together with government. It is very important to connect them, to show how people can participate in decision making process together with government. And it's very important to train governmental people, governmental authorities and public and local – civil society organization, NGO organizations. So all of these – I would call them technical assistance projects – they are very important for our country for the former Soviet Union. You talked about Kazakhstan – yes it's very rich country – potentially rich country but it's very corrupted country and it's a long way to make it real civil society – a long way to make Ukraine civil society, and of course Russia. So you're on the right way and it's necessary to continue this project for this country. So collaboration with people, collaboration with the public and government and connect them, it's very important in this project. And of course to find a right consultant, technical expert, to collaborate with because sometimes people come from US and from other western countries and they don't know local situations and don't know what people need. You are coming with ready projects but sometimes it's best way to go from local situation from this countries and their needs and maybe present these needs to funding organizations. SO thank you very much.

SPEAKER: Thank you. I don't know if the panelists have closing comments at this point or – well I've been given the charge of summarizing but to be honest with you I'm probably going to throw up my hands and simply leave us with, you know, throughout the day we started from I think the broad based theoretical and we've ended today with some very practical sets of examples of international civil society organizations who are looking to strengthen domestic accountability by, once

again I think I'll call upon Karin's words, in sort of opportunistic an flexible ways in working with local organizations and actors. And again when we're talking about whether it's training, technical assistance on an analytic capacity, I think one thing is key that underlie what both Warren, Karin and what Charlie has said is that it's demand driven input as opposed to we will build it and they will come. So let me end there and turn it back to David DeFerranti one of our hosts to conclude the day.

MR. DEFERRANTI: Thank you, and take heart, I will be brief. First a few procedural things. The proceedings of this day will be up on the Brookings website within a week or so and the recording is pretty good so you'll probably capture it all. Second, there will be a series of regular lunch speakers to continue these discussions beginning in April, held here at Brookings so watch for that. And third, you now know who we are and how to contact us and connect with us so we encourage that amongst all these institutions, Revenue Watch Institute, International Budget Project, Transparency and Accountability Program, Transparency International, Hewlett which is a funder – more than a funder in a sense of challenging people who think about this work. There are a lot of interactions which could be synergistically very powerful but it does require continuous fresh infusions of new ideas so please take advantage of that.

Very briefly to capture a few points of the day and since we all need a sort of last stimulus to the gray cells at this point, imagine that 300 billion people are around this room watching and caring about not only what we've said but what we are going to do going out of this room.

Why 300? Well somebody wrote a very interesting book saying how many people have ever lived up to today and came to a whole book – demographer came to an estimate of 100 billion people and running out to the future for a ways add another

100, and then because those estimates are kind of hokey anyway add another 100 billion. So these are the 300 billion who really care and we should challenge ourselves to try to contribute to making the lives better of those who have yet to come. So what might they – since we're getting imaginary – have the chance to tell us what to take away?

I think a lot of the answer to what they might be looking for has been said and I don't propose to repeat it and it's been summarized myself and others during the day including Smita in the last session. There's a lot about "all development is local;" let me take that variation of the phrase. There's everything from Tom Heller's "it's a tough world out there with special interests eating at each other all the time" to Frank's cautions about being realistic and so on. I would add a theme, not greatly emphasized but underlying part implicitly of what everyone has said – this business takes persistence. It takes being at it a long time and working very hard at it. So those are things, but I just want to mention a few others that come to mind and then be done.

I would guess that those 300 billion people would expect us to use this opportunity to get to the bottom of things in the sense of looking for what it's going to take to change the way we think and act and therefore, what is funded and what is done with funding. That this is an opportunity to do that that doesn't rise often. There's a lot of interest in this area and delay could mean getting into ruts that then become difficult to get out of. So this is a time to think about the hard questions that underlie what we've been thinking about. So I would think that grappling with that is part of what lies ahead for us.

Secondly, grapple with – or don't lose sight of the problems that we're trying to solve. We've been talking a lot about instruments and means including strengthening civil society organizations but it has come up several times that is for a

purpose other than just having a vibrant civil society sector and that purpose which we could debate – but it is important to debate it in my book – would be about bettering the lives of people through service delivery but also through creating opportunities of economic, social expansion of opportunities that (off mike) .

Grapple also with the fact that as I've listened and talked during the day, a lot of what we were getting at – nibbling around the edges of – is about transition of how societies work or often don't work very well now to something that works better, and that's very hard work which we don't understand completely. The business of what we're doing opens doors to very fundamental questions about political structures, about democracy, about how you get things done, about who speaks for whom and through formal but also through informal mechanisms and I have a sense that the years ahead requires some deeper poking around conceptually in that area.

I think that we should grapple also with the question: Is this about empowering civil society, promoting a movement? Or is it about promoting certain practices, openness, transparency and so on? Or is it about bringing about change and getting to that as an end? I think there's more debate, more exchange of views for us to do about that. Grapple also – this is a follow to what I was just saying – with the other avenues, other opportunities besides strengthening civil society organizations and legislatures I think is a good example, media as well. And that gets back to the fact that when we look at what isn't working and ask what needs to be done to make things work better that sometimes maybe other things than we would normally expect.

And finally grapple also – to pick up one of the last points about the state capture issue that was raised, I found myself thinking we ought to worry about that. We also ought to worry about capturing the state in the sense of getting access to people. We

heard from the U.S. experience in the case of the (off mike) budgeting and policy priorities. If the president of the country calls up and says come tomorrow at 1:00 o'clock and sit down with the minister of finance and redesign the program should we run away from that because of state capture? I would argue no; that's an opportunity. That needs to be thought about. And finally, finally grapple with the fact that we now need to go across the hall, have a reception, talk about all of this and relax.

Thank you.

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