

Improving governance from the ground up

This book is based on a simple idea. No one is better placed to judge a government than those it governs, and no one is better positioned to monitor government services to ensure that they perform well and transparently than the citizens who use those services. This book charts the work of 16 civil society organizations—all from developing and transition economies—that have put this idea into practice. These organizations, referred to here as “independent monitoring organizations,” unofficially monitor the decisions and actions of elected officials and unelected bureaucrats. The organizations are small, with limited resources and usually fewer than a dozen analysts. But they have insightfully diagnosed problems with government services as well as offered workable solutions that they have disseminated into the public discourse. And though their results have been out for only a few months at the time of this writing, several have already seen their solutions implemented.

In rich countries independent monitoring is almost a given. Civil society organizations, think tanks, advocacy groups, universities, lobbyists, professional organizations, and the like produce a constant stream of policy analysis, continuously monitor government spending and performance, and regularly offer proposals for change. For all practical purposes, the only outside assessments of rich countries that are done by public organizations are the comparative studies of the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF) Article IV consultations.¹ One OECD government assessing another’s education policies and offering advice on how to improve them is nearly unthinkable—though it might be useful in many cases.

In developing and transition economies the situation is the opposite: external assessments of policies, institutions, and expenditures are common—particularly by bilateral donors and international organizations—while those by homegrown institutions are few and far between. The smaller and poorer the country, the less domestic capacity for internal assessment it is likely to have and the more likely that assessments of the government will be external. Because these external assessments are typically connected to aid programs, any policy changes they produce are also heavily influenced by external actors. If assessment from the outside is “external accountability” and assessment from the inside is “internal accountability,” one might say that rich countries have less of the former and more of the latter, while poorer countries have the opposite.

The Transparency and Accountability Project shows that external and internal accountability share many features. Indeed, local organizations may take advantage of many of the same tools used by external agents. The key differences are in focus and strategy (see table 1.1, which ignores overlap between the two approaches for the sake of clarity). External accountability is typically achieved through visits of external teams that collaborate with a limited number of consultants from the country. These teams can rarely muster the resources, time, and personnel to penetrate into state and local government activities and may encounter additional barriers, such as language. Thus an external group can focus only on central government policies and budgets. Internal accountability, by contrast, is delivered by local independent monitoring organizations, which range from think tanks to small advocacy organizations. They face the opposite problem. Though usually interested in having a voice in national issues, they tend to approach problems from the ground up and often have limited access to national policymakers. Table 1.1 shows some of the key differences between external and internal accountability actors. The table is far from exhaustive, and its generalizations may not apply to all organizations engaged in either external or internal accountability. But it is helpful for understanding the core strengths and weaknesses of each approach.

External analysts begin their work knowing that the government, their ostensible client, will likely shelve all or most of their analysis and recommendations, unless they carry the promise of new resources. So external analysts’ true clients are their own organizations. They conduct analyses to form recommendations that become terms for aid. In the process, external analysts typically produce first-rate analysis and often identify champions of reform within the government to further their cause. But fundamentally, external analysis is for external clients.

Several other characteristics of external accountability decisively influence its products. External analysts, usually professionals, use a standard economic framework to review public expenditures, paying close attention to the macroeconomic

TABLE 1.1

Key differences between external and internal accountability

Focus	External accountability	Internal accountability
Level of government	<ul style="list-style-type: none"> National (and large states, as in Brazil or India, for example) 	<ul style="list-style-type: none"> National, state, and local Service delivery points
Issues	<ul style="list-style-type: none"> Macro framework External (trade) policies Growth policies High-level efficiency and equity Institutional framework for budget preparation, execution, and fiduciary review Budget balance and medium-term expenditure framework establishing broad priorities Poverty profiles based on household data and poverty assessments of program impacts 	<ul style="list-style-type: none"> Funds reaching the service delivery point Availability of inputs needed to provide a service Decisionmaking and budgets: how local needs influence allocations from above Equity of allocations and allocation formulas across similar locales Management of funds and services Monitoring absent employees
Timing of reports	<ul style="list-style-type: none"> Driven by the analyst organization; for example, a report on fiduciary systems prior to making a loan. 	<ul style="list-style-type: none"> Driven by the government's decisionmaking and electoral calendars
Dissemination	<ul style="list-style-type: none"> Written and oral dissemination in international language (English, French, Spanish) Dissemination limited in duration and audience, often private with passive public disclosure 	<ul style="list-style-type: none"> Written in local or international language or both Oral dissemination in local language Wide and repeated dissemination sought through all local outlets
Client	<ul style="list-style-type: none"> Self and government (the latter often reluctantly) Donors 	<ul style="list-style-type: none"> Citizens of the country, including subgroups Government and donors (usually for specific projects)
Topics	<ul style="list-style-type: none"> Driven by standard economic frameworks (macro, micro, public finance) and assessment tools (incidence analysis, cost effectiveness) Other special topics of interest to the analyst organization (gender, global public goods) 	<ul style="list-style-type: none"> Practical problems related to outputs (such as construction), costs and quality (such as procurement), or service delivery Inequities between groups Performance Special topics of interest to the organization

(continued)

TABLE 1.1 (continued)

Key differences between external and internal accountability

Focus	External accountability	Internal accountability
Recommendations	<ul style="list-style-type: none"> • Broad changes in expenditure priorities, often over multiple budget cycles • Changes in national programs to improve efficiency and equity of spending • Institutional improvements • Procedural, legal, and administrative rule changes 	<ul style="list-style-type: none"> • Specific changes to allocations locally to solve problems (reduce excess teachers to accommodate more nonsalary spending, for example) • Managerial and supervisory changes (to reduce absenteeism, for example) • Changes in amount spent to meet stated governmental goals (for example, if the stated strategy is to raise education spending, then it should rise, not fall)
Monitoring of policy change	<ul style="list-style-type: none"> • Several times a year over the period of the relevant agreement 	<ul style="list-style-type: none"> • Constant, although attention spans vary and issues change

framework, the revenue side of the budget, and broad spending allocations over time. Thus their recommendations are typically at a fairly high level and would require changes to national programs and priorities. Their reports, in international languages like English, French, or Spanish, have limited and passive dissemination (online and perhaps in a few specialized bookstores). Inasmuch as external organizations monitor the implementation of their recommendations, they do so through periodic, formal supervisory visits, perhaps twice a year, augmented by support on the ground from the organizations' local offices.

By contrast, internal organizations have several clear advantages in increasing government accountability. They can monitor the government 24/7, they work in the local language, and they usually disseminate their findings and recommendations widely and actively to convince their fellow citizens to take action. They also have a personal stake in improving government services. As citizens, internal analysts tend to be problem-focused: something does not work, and they want it fixed. This focus does not preclude the same aims as external agents, but the small organizations discussed here typically know that they have clear advantages in focusing on particular programs or on limited domestic spending issues at the municipal, district, or regional level. Their suggested changes rarely stop with abstract economic principles, although many internal analysts would be perfectly capable of working at that level. Instead, they take much of the environment as unchangeable

TABLE 1.2

Independent monitoring organizations supported by the Transparency and Accountability Project

Organization	Country	Year founded	Professional staff	Type of organization
2A Consortium	Albania	1993	5	Think tank
Bandung Institute of Governance Studies	Indonesia	1999	10	Advocacy nongovernmental organization
Center for Democratic Development	Ghana	1998	13	Analytic nongovernmental organization
Centre for Budget and Policy Studies	India	1998	15	Analytic nongovernmental organization
Centro de Análisis y Difusión de la Economía Paraguaya	Paraguay	1990	8	Think tank
Centro de Implementación de Políticas Públicas Para el Equidad y el Crecimiento	Argentina	2000	68	Think tank
Centro de Investigación de la Universidad del Pacífico	Peru	1972	35	Part of academic institution
Centro de Investigaciones Económicas Nacionales	Guatemala	1982	9	Think tank
Gdansk Institute for Market Economics	Poland	1990	62	Think tank
Indo-Dutch Project Management Society	India	1988	11	Other
Institute for Development and Social Initiatives	Moldova	1993	10	Think tank
Institute for Urban Economics	Russian Federation	1995	41	Think tank
Institute of Policy Analysis and Research	Kenya	1994	9	Think tank
Integrated Social Development Centre	Ghana	1987	50	Advocacy nongovernmental organization
Pusat Telaah dan Informasi Regional	Indonesia	1999	12	Advocacy nongovernmental organization
Societatea Academica din Romania	Romania	1996	6	Think tank

organizations overcome some of the many challenges of independent monitoring. The rest of this book focuses exclusively on the work of the independent monitoring organizations. But the rest of this chapter discusses some of the insights that emerged from the collaboration of the independent monitoring organizations with project staff and with each other, on issues from selecting a topic to developing recommendations and advocating for change. These are not intended to be cut-and-dried solutions or blueprints for certain success but simply a record of what the independent monitoring organizations themselves found helpful.

Selecting an analytical topic

Before an independent monitoring organization takes any of the steps described here, its first task is to select a topic. During the pilot phase of the project, differing models of support were tested that provided varying degrees of flexibility in choosing a topic. The first round of grants had few restrictions: an independent monitoring organization simply needed to use public budgets to assemble spending by programs (health and education were the suggested programs) to address a timely and relevant policy question. This request for proposals yielded projects on a wide range of topics: implementation of results-based budgeting reforms in Peru and the Russian Federation; central-to-local government budgeting problems in Indonesia, Poland, and the Russian Federation; and sector-specific budgeting in Ghana and India. These studies were creative and relevant to the local context, but they were so different from each other that opportunities for peer learning across the organizations on analytical techniques were limited—though the organizations still learned a great deal from each other on the policy issues, results, constraints, and differing practices.

Subsequent funding rounds altered the approach, with organizations asked to use a common set of tools—public expenditure tracking surveys and absenteeism studies in health or education—to address an issue of local importance. This approach did not limit independent monitoring organizations' creativity, as this book clearly reveals. The resulting work examined a wide variety of facility types (such as primary health clinics and hospitals), levels of government, and specific programs or funding schemes—but it also facilitated peer review and collaborative skills development. In other words, slightly limiting the independent monitoring organizations' methods enormously improved peer learning while keeping most of the variety in policy issues.

While outside funding can be valuable to independent monitors, independent monitoring organizations must also be able to do work that fits within their organizational goals and capitalizes on their particular strengths—especially with small-

scale, short-term projects like those highlighted in this book. Project-specific funding can encourage organizations to stray from their long-term developmental plan. Independent monitoring organizations were therefore actively encouraged to use project funding in ways that would enhance the capabilities of the organizations to achieve their goals both then and in the future. The most successful studies came from organizations that chose their topics in part to facilitate their own development. In some cases organizations achieved this by using a new methodology to study a sector or program that is a focus area for them; in other cases organizations used the opportunity to explore new problems that still contributed to their larger organizational mission. Subsequent requests for proposals have asked applicants to explain how the choice of topic helps the organization develop relative to its strategic goals and mission.

Step 1. Gather the budget data

Budget data are the raw material of independent monitoring. But independent monitoring organizations often face difficulty obtaining data or getting permission to gather data. These barriers cannot be overemphasized, and in most low- and middle-income countries there is an unfinished agenda of transparency that needs to be pursued vigorously. But initial barriers to gathering data are sometimes not as daunting as they may appear. Despite some near-disasters, all the independent monitoring organizations featured in this book solved problems of access to data with a combination of local knowledge and sheer persistence. Formal barriers turned out to be less important than knowing which government offices held the needed data, finding the right people and knowing how to approach them, and working tirelessly to organize information that at first seemed unusable.

This may be an area where collaboration with external researchers might be helpful: external researchers often have the leverage to gain access to information that governments otherwise endeavor to keep inaccessible.

Steps 2 and 3. Follow the money and examine the spending

The studies featured in this book show that most independent monitoring organizations already have or can quickly acquire the skills and knowledge needed to gather primary data and conduct high-quality basic quantitative analyses—tasks that are often integral to steps 2 and 3, following the money and examining the spending. And a little technical assistance can go a long way in helping with these tasks. The Transparency and Accountability Project was designed to provide such assistance to any organization that wanted it. The project set up a help desk that offered independent monitoring organization analysts technical support and that

arranged local mentors who could offer sustained guidance. The project also provided assistance in project planning, background information relevant to selected tasks, and examples of survey instruments to help with following the money and examining the spending. For example, conducting an absenteeism study for the first time is a complex logistical task, so it is helpful to have access to the tools that others have used and to understand the steps involved to allow proper planning. The peer learning and peer review opportunities mentioned above also provided opportunities for professional interaction among the analysts and an opportunity to be a little competitive, as analysts could show each other what they had accomplished. All these elements made a clear difference for the organizations and helped a heterogeneous group produce impressive results in a limited time frame.

Step 4. Recommend solutions

Independent monitoring organizations have clear advantages in developing recommendations, and those featured in this book proved masters at the particulars of local decisionmaking and “the art of the possible.” Several of their recommendations were so clever and obvious that it seems a given that they should be implemented immediately. But designing feasible recommendations presented challenges for some organizations, some of which the peer review process helped address. Sometimes recommendations that could solve a problem would contravene the purpose of the policy being studied. For example, per student financing of primary schools is unfair to small schools, and an independent monitoring organization studying equity in education funding might advocate doing away with it. But per student financing aims to make funding transparent and equal for each child and to encourage the consolidation of schools so small that one teacher teaches several grades. Given these policy goals, an organization arguing for higher funding for smaller schools might not get far. The peer review process allowed independent monitoring organizations’ recommendations to be discussed among an international audience of different perspectives and backgrounds, helping organizations pare down recommendations, eliminate unrealistic or misdirected recommendations, and concentrate on the recommendations most likely to produce tangible improvements in government services.

Step 5. Disseminate and advocate

The independent monitoring organizations needed little or no support on dissemination and advocacy. These are areas where external monitors have the most trouble, but they are the bread and butter of the sort of organizations participating in the Transparency and Accountability Project. The 16 independent monitoring

organizations that participated in the project knew their target audiences and developed innovative ways to reach them—from videos to cartoons to press conferences to providing content for other advocacy organizations that could push the recommendations as their own, all in local languages and appropriate to local audiences. The independent monitoring organizations' target audiences were frequently government officials, but some of the most effective and useful recommendations and dissemination and advocacy strategies were directed toward service users and other nongovernmental organizations. Many analysts appeared on television or radio as they pressed their findings and recommendations. And peer learning events provided a forum for independent monitoring organizations not only to share milestones and successful dissemination products with their peers but also to compare advocacy strategies and ideas with like-minded organizations. In follow-up conversations after the project, independent monitoring organization representatives frequently cited fellow grantees' methods and tools as new strategies for their organization to test. Even now, just months after the conclusion of the first phase of the Transparency and Accountability Project, the effectiveness of these efforts in learning and impact on the ground is easily apparent. The following pages show that many of the independent monitoring organizations' findings and recommendations are now fully integrated into the public discourse of their countries, and in several cases, already adopted.

What cannot be done locally is international dissemination of these independent monitoring organizations' work—to other independent monitoring organizations that could undertake similar work in their own locales and to external monitors that might not realize the opportunities they are missing. That dissemination is our responsibility, and this book is part of that effort.

Note

1. An obligation of IMF membership, Article IV consultations are typically an annual independent external review and assessment by IMF staff of a country's economic performance and policies, the results of which are discussed by the IMF's Executive Board.